



# Debt Policy

<b>Approval date: 01/04/2026</b>	<b>Approved by: Board</b>
<b>Applies to:</b> Board Members, officers and employees of the Board.	<b>Linked Documents:</b> Financial Regulations   Scheme of Delegation   Procurement Policy   Rates and Levies Collection Policy.
<b>Frequency of review: 2 years</b>	<b>Next review date: April 2028</b>

## 1. Introduction

This policy sets out the Board’s approach to the demanding, collection, recovery, and, where necessary, write-off of monies owed. It applies to all debts due to the Board, including:

- Drainage rates.
- Aged debts relating to drainage rates.
- Outstanding and overdue invoices from rechargeable works, consent applications and Surface Water Development Contributions.

Responsibility for debt recovery lies with the Finance Officer under the direction of the Clerk & Engineer. The Clerk shall report the position on debts and write-offs to the Finance Committee quarterly.

The Board’s objectives in relation to debt are to:

- Minimise the level of outstanding debt at any given time.
- Ensure recovery processes are fair, consistent, and accountable.
- Adopt cost-effective collection practices that secure payment from those with the means to pay.
- Make early contact with debtors to improve outcomes and minimise escalation.

## 2. Principles of Recovery Action

The Board’s approach to debt recovery is based on the following principles:

- All demands and reminders will be issued in accordance with statutory requirements and the Board’s published timetable.
- Debtors will be provided with clear, accessible information at every stage of the recovery process.
- Staff involved in debt recovery will follow clear written guidelines, ensuring consistency and fairness.
- Every effort will be made to ensure that debtors are receiving any benefits, allowances, or entitlements that may assist them in meeting their obligations.
- All individuals will be treated equally, consistently, and with respect, regardless of age, gender, disability, sexual orientation, or other protected characteristic.
- Debtors’ rights under the UK GDPR, Data Protection Act 2018, and Human Rights legislation will be upheld at all times.



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### 3. Procedures

Debt recovery procedures will be guided by the following principles:

- Effectiveness – ensuring that those with the means to pay fulfil their obligations.
- Sensitivity – recognising a debtor's obligations to dependants and personal circumstances.
- Early intervention – identifying potential problems at the earliest opportunity.
- Differentiation – distinguishing between those who cannot pay and those who will not pay.
- Fairness – offering sensible repayment arrangements where appropriate and balancing the Board's claims against competing creditors.
- Efficiency – ensuring processes are cost-effective and proportionate.
- Support – referring debtors to independent money advice agencies (e.g. Citizens Advice Bureau) where appropriate.

### 4. Definition of a Debtor

A debtor is any individual or organisation that has received a demand or invoice from the Board but has not paid the full amount due. For drainage rates, the debtor is the person shown as liable under Section 47 of the Land Drainage Act 1991.

- The Board will seek immediate payment wherever possible.
- Monies owed are normally expected to be paid within 30 days of the invoice date.
- Recovery action will commence after 28 days from the date of invoice.

### 5. Definition of Debt

A debt is any amount of income that has not been paid by the due date.

All invoices and demands must include:

- A clear description of the charge, including reference to the Land Drainage Act where applicable.
- Purchase Order Number (if relevant).
- Due date for payment.
- Contact details for queries or advice.
- Payment methods available.
- Consequences of late or non-payment.



### 6. Stakeholder Care

The Board has a duty to collect monies it is entitled to, while also ensuring processes are fair, proportionate, and flexible where possible.

- Payment systems will be simple and accessible.
- Stakeholders experiencing financial difficulties will be encouraged to contact the Board at the earliest opportunity. Where appropriate, they will be signposted to independent money advice services such as Citizens Advice or National Debtline.
- Independent money advice referrals will be provided where appropriate.
- Vulnerable debtors (e.g. due to illness, disability, or bereavement) will be treated with additional sensitivity.

### 7. Demand and Invoice Arrangements

- Responsibility for issuing demands and invoices lies with the Finance Officer, supported by the Clerk.
- All demands and invoices shall be issued in accordance with the Purchase Ordering and Payment Procedure and recorded in the accounting system to provide a full audit trail.
- The minimum value of any demand to be entered onto the aged debtor system will be reviewed annually by the Finance Officer, Clerk, and Chair of Finance Committee.
- All aged debts must be raised through the approved procedure, using DRS or Xero reports as evidence.
- Staff must not raise summons unless legally enforceable.
- Recovery action will be based on fairness, but those with the means to pay will be expected to do so.

### 8. Enforcement Action

Where payment is not made, the Board will follow the relevant statutory or civil enforcement process. The Finance Officer and Clerk are responsible for enforcement.

Enforcement will be guided by the following:

- Demands must be issued in line with statutory requirements and timetables.
- Clear written guidance must be available to staff.
- Debtors and advice agencies must be provided with accurate information.
- Records of actions must be kept providing a full audit trail.
- Where drainage rates remain unpaid, the Board may pursue recovery through summons and liability order proceedings in the Magistrates' Court, in accordance with Section 49 of the Land Drainage Act 1991.

Enforcement action will be taken in line with statutory requirements and the Board's Debt Procedure.



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All actions will be recorded to ensure a clear audit trail, and recovery will be guided by the principles of fairness, proportionality, and cost-effectiveness.

### 9. Supplying Services to Debtors in Arrears

- The Finance Officer will provide the Clerk with a monthly report on debt status.
- Before legal action is taken, the Clerk will consider:
  - Use of debt collection agents.
  - Whether the debt should be written off.
- Services may only be withdrawn where it is legally permissible and after the debtor has been contacted.

### 10. Write Offs

- Irrecoverable debts will be written off promptly, in accordance with Financial Regulations.
- Write-offs require evidence of all reasonable recovery attempts. Each case shall be supported by documentation (e.g. correspondence, legal notices, or evidence of insolvency) retained on file for audit).
- Debts may be written off where:
  - The debtor has died, and the estate has insufficient funds.
  - The debtor is subject to insolvency proceedings with no likely dividend.
  - The debt is statute-barred (six years old, with no contact).

Delegations:

- **Clerk and Finance Officer:** may jointly authorise the write-off of debts up to £5,000, supported by full evidence of recovery action.
- **Clerk and Chair of the Finance Committee:** required for any debt exceeding £5,000, with the decision reported to the next meeting of the Finance Committee and recorded in the write-off register.

All write-offs will be reported as part of quarterly financial management reporting. Annual totals shall also be disclosed within the Statement of Accounts.

### 11. Aged Debts

When seeking approval for write-off of aged debts, the following evidence must be provided:

- Debtor reference.
- Total sum outstanding.
- Reason for debt.
- Actions taken to recover.

Aged-debt reports shall be reviewed by the Finance Committee at least quarterly, with trends and high-risk items highlighted.



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### 12. External Contractors

Where private contractors are used for enforcement, the Board will ensure that:

- Contractors are suitably accredited and 'fit for purpose'.
- Appropriate workplace procedures and standards are in place.

### 13. Complaints

Debtors may complain if:

- An error has been made in recovery.
- Action has not been taken when it should have been.
- They feel they have been treated unprofessionally.

Complaints will be handled under the Board's Complaints Procedure.

Where a complaint relates to enforcement activity by an external agent, the contractor's own complaints procedure will first be followed, with escalation to the Board if unresolved.

### 14. Data Protection

All debt recovery activities will be undertaken in compliance with the UK GDPR and Data Protection Act 2018. Information will only be shared where lawful and necessary to trace or recover debts.

### 15. Continuous Improvement

The Board aims to:

- Reduce the number of aged debtor invoices.
- Improve recovery through the use of debt recovery agents where necessary.
- Continue to monitor and improve payment methods.
- Expedite the write-off process where recovery is impossible or uneconomic.

Performance indicators for debt recovery (e.g. collection rate, aged-debt value, time to recovery) will be monitored annually by the Finance Committee to identify trends and improvements.

### 16. VAT

In accordance with HMRC regulations (VAT Notice 700/18), VAT may be reclaimed on debts written off after 6 months, up to a maximum of 4 years and 6 months.



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## Version Control

<b>Version</b>	<b>Date Approved</b>	<b>Summary of Changes</b>
1.0	01/04/2026	Initial policy approved