

Debt Policy

Upper Medway IDB

Board policy and procedure for the recovery and management of debt and credit

January 2026

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Summary

The purpose of the Debt Collection Policy is to establish guidelines for the recovery of all debts outstanding to the Board and to specify the way these debts are to be collected.

The Policy will use all available options to collect from those owing the Board for services provided using a “firm but fair” approach. Those experiencing genuine difficulties will be assisted in any way possible.

The Board recognises that it is essential to make early contact with debtors and the consolidated action of all departments will enhance collection and under pins this policy.

Principles of Recovery Action

- Demands are produced and dispatched in accordance with legal requirements and comply with the published timetable.
- Every effort is made to maximise benefit entitlement
- These are clear written guidelines for all staff involved in recovery action. Also, clear information for debtors and advice agencies
- Advice and information are available for debtors at every stage of the recovery process
- Treat individuals equally, consistently, and fairly, regardless of age, gender, disability and sexual orientation and to ensure that individual’s rights under the Data Protection and Human Rights legislation are protected.

Procedures

- Must be effective, ensuring that where people have the means, they fulfil their obligations by paying their debts
- Must acknowledge the debtors’ obligations to their dependants
- Must identify problems as early as possible
- Must effectively distinguish between the debtors who cannot pay and those who will not pay
- Must allow for full appraisal of a debtor’s circumstances, providing sensible repayment arrangements where necessary
- Must achieve a fair balance between the claims of the Board and competing creditors
- Must be efficient and cost effective.
- Must provide money advice referral (e.g. Citizens Advice Bureau) where a need is identified

Detail

- Collect current year plus an amount from any outstanding arrears – to ensure that debts do not continue to increase
- Any un-collectable debts to be written off in accordance with the financial regulations
- The debtor should be able to make one payment to clear their liability on multiple debts
- Adequate processes and controls ensure that debt data is up to date, accurate and complete.
- The system must be continually monitored so action occurs – e.g. on default
- Designated officer empowered to make corporate decisions
- Case conferences should be held in the more complex cases. This to include the Clerk and the Finance Chairman of each Board
- Extra care should be taken to try and collect the debt prior to the debtor leaving their employment, address or the country.

Debt Recovery and Write-off Policies

The Board recovers the following key sources of income:

- Rates
- Aged debts relating to drainage rates
- Outstanding and overdue invoices from rechargeable works

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Type of Debt Legislation Recovery Methods

- Demand-Reminder-Final
- Council Tax Admin Liability Order
- & Enforcement Attachment to Earnings
- Regulations 1992 Bailiffs
- NNDR L.G.F.A 1988 Demand-Reminder-Final
- Liability Order-Distraint
- Attachment to Earnings
- Charge Regulation for early payment
- Notices Orders Notice to Owner
- Bailiffs

1 Introduction

This document details the Board policies on the demanding, collection and recovery of monies due to the Board.

- The Finance Officer on behalf of the Board has the duty to recover outstanding amounts.
- The Board consider that it is essential that all monies due are recovered effectively and efficiently.

The Board objectives in relation to debt are:

- To minimise the debt held at any one time.
- To provide an approach to the demanding, recovery and collection of debt that is fair, consistent, and accountable.
- To use cost effective and fair collection and recovery practises ensuring that those with the means to pay do pay

The Board recognise that it is essential to make early contact with debtors and that.
the role of the Finance Officer is important in managing the amounts outstanding.
This policy approach should ensure that each debtor is treated at all times with suitable care as dictated in the section 'Stakeholder Care'.

2. Definition of a Debtor

A debtor is anybody (individual or organisation) who has received a demand or invoice from the Board but has not paid the full amount due.

- The Board will seek immediate payment wherever possible.
- Will normally expect that monies owed to be paid within 30 days of the invoice date.
- Recovery action will commence after 28 days of the dated invoice.

3. Definition of Debt

A debt is defined as any amount of income that has not been paid by the due date.
All invoices and demands are raised as soon as regulations state or when practicable. They must include:

- What the demand is for, including reference to the Land Drainage Act where necessary
- Purchase Order Number (where applicable)
- When payment is due
- Who to contact for further information and advice
- Methods of payment available

4. Stakeholder Care

It is important for the Board to be able to collect any income that it is entitled to. However, it is the duty of the Board to be fair to all individuals, businesses, and organisations. The system for paying demands should be simple and flexible within reason. When a stakeholder has difficulty paying the Board we will demonstrate understanding and will try and help where practicable. The Board reserves the right to ensure there is no detriment to the duty to collect all outstanding income.

5. How to get help

The Board will offer advice to all its stakeholders. Stakeholders can help by contacting the Board if there is a problem. If someone needs further assistance there are many advice centres and websites available. However, as these are likely to change, they are not listed here except for:

The National Debt Line
0808 808 4000
www.nationaldebtline.co.uk

Stakeholders should take care and check for fees and charges when selecting companies for their services.

6. Demanding and Invoicing Arrangements

The responsibility for the demanding, collection and recovery of aged debtor demands is held by the Finance Officer with the assistance of Clerk'.
The minimum value of any demand to be entered onto the aged debtor system will be reviewed annually by the Finance Officer together with the Clerk and Chairs of the Finance Committees.

All aged debts that meet the criteria defined in this Policy should be raised through the Aged Debt procedure using DRS or Sage reports as evidence.

- Members of staff should not raise summons unless they are legally enforceable.
- Actions to recover debt should be based on fairness but also on a case by case basis, i.e. that all deemed in a position to pay the debt should or common action is taken against those who do not, within reason.

Demands**,** invoices and all similar documentation will be issued promptly by the Finance Officer and will be:

- Accurate
- State clearly payments required and the time frame
- List the options for payment and promote electronic methods as the most efficient and secure ((Agreed))
- State the Land Drainage Act paragraph or section relating to the demand.
- Include advice to contact the Board administration office if any problems making payment or have an invoice query
- Include details of the consequences of late or non-payment

7. Payment of Demands and Invoices

- An Invoice should be paid as soon as possible,
- A reminder will be issued after 10 working days if payment is not received.
- For demands, the payment is due at the point of receipt, else will follow the procedure for recovery in the accompanied document and as referenced within appendix 2 – collecting aged debts
- If a stakeholder is unable to pay the debt in full each case will be assessed according to the type of debt and the ability to pay.

The Board will consider:

- Deferral
- Monthly instalments
- Reductions or discounts (where the debt is cleared as a result)
- Immediate payment by Credit/Debit card

Once an arrangement is made Stakeholders are expected to comply with the arrangement. Should payment not be received, discussions with the Clerk will take place on how to proceed with recovery of the debt.

Various options will be discussed:

- Invite Stakeholder to call into the office
- Payment scheme
- Proceed recovery though our legal process and the court
- Proceed recovery through debt recovery agents

At all times the Stakeholder will be kept informed and given the opportunity to discuss payment arrangement with staff at the Board Offices.

8. Consequence of Late or Non-Payment

Any late or non-payments will be collected by the Finance Officer in the first instance. There is no provision for charging fees or fines for these payments and, as such, the only time increases to the account can be made are for the reasonable recovery of the court fees incurred, should that further action be necessary.

The Clerk will retain the responsibility and management of this action in conjunction with the Responsible Finance Officer and the Board Chairman. It will remain an option to drop any charges as part of an agreed repayment plan that is required by stakeholders in order for them to fulfil the demand set out in the Land Drainage Act 1991 (see section 4 and 5 of this document).

All debts should be clearly demonstrated at each Board meeting and the collection stage for debt made clear by the Finance Officer as part of their report.

9. Enforcement Action

It is inevitable that for a variety of reasons some money due to the Board will not be paid as requested. In all cases, the Board will follow the relevant statutory or civil process to enforce payment. The enforcement of debt collection is the responsibility of the Finance Officer. The Board recognise that prompt recovery action is essential in managing its debt and maximising income.

The Board aims to:

- Regularly monitor the level and age of debt
- Regularly review irrecoverable debts for write off

The general principles of enforcement action are:

- Demands are produced and dispatched in accordance with legal requirements and comply with the published timetable.
- There are clear written guidelines for all staff involved in enforcement action.
- Provision of clear information for debtors and advice agencies
- Advice and information are available for debtors at every stage of the recovery process

10. Enforcement Procedures

Staff dealing with the recovery of debt should ensure that detailed records of actions are recorded within the relevant accounts receivable system so that a clear audit trail is provided.
Generally, the enforcement procedures:

- Must be effective, ensuring that where people have the means, they fulfil their obligations by paying their debts
- Must acknowledge the debtors' obligations to their dependants
- Must try to sort out debt problems as early as possible
- Must effectively distinguish between the debtors who cannot pay and those who will not pay
- Must allow for full appraisal of a debtors' circumstances – providing sensible repayment arrangements
- Must achieve a fair balance between the claims of competing creditors
- Must be efficient and cost effective
- Must provide money advice referral (e.g. Citizens Advice Bureau) where a need is identified
- Collect current year plus an amount from any outstanding arrears – to ensure that debts do not continue to increase
- Any uncollectable debts to be written off in accordance with the financial regulations
- The debtor should be able to make one payment to clear their liability on multiple debts
- Processes and controls must ensure that debt data is up to date, accurate and complete
- The system must be continually monitored so action occurs – e.g. on default
- Designated officers must be empowered to make corporate decisions
- Case conferences should be held in the more complex cases

11. Supplying services to debtors in arrears

The Finance Officer will supply the Clerk with a monthly report showing the status of debts raised and before taking court action against the debtor:

- Employing debt collection agents to recover the debt
- Requesting that the debt be written off

It is the responsibility of the Clerk to determine how to supply services to a debtor who is in arrears. However, prior to the Board service being withdrawn completely from a debtor, the Clerk must identify if the service can be legally stopped and then contact the debtor to explain the action to be taken and the reasons behind it. In relation to watercourse maintenance and management this may include the release of previously adopted sections of watercourse and returning them to riparian management as documented in the Land Drainage Act.

12. Write Offs

The Board recognise that where a debt is irrecoverable, prompt and regular write off of such debts is good practice. The Board will seek to minimise the cost of write offs by taking all necessary action to recover what is due. All debts will be subject to the full recovery, collection and legal procedures as outlined in thin this Debt Policy.
This is an issue closely monitored by our external auditors, currently the PKF Littlejohn, as well as the internal auditors. Every effort must be made to secure payment and proof of such action provided with the request to write-off the debt.
Before any debt can be written, it needs to be demonstrated that all reasonable attempts have been made to collect the debt and that it is no longer economic to do so. Any debts presented for write-off to must be supported by sufficient evidence of recovery action

Actions should include following up through a specialist agency to trace addresses
where they are not known.
Other reasons for writing off a debt may include:

- Where the debtor has died and there are no or insufficient funds in the estate
- to settle the debt
- Where the debtor is subject to formal insolvency proceedings and there is no
- likelihood of a dividend
- Where the debt is statute barred i.e. more than six years old where there is no communication

Any proposed write off needs also to identify the budget implications, including whether there is a bad provision to cover the write off or not.

The Financial Regulations includes the following on the recovery of debt:

Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off, unless the debt has a factual inaccuracy or administrative error in the calculation or other administrative error. In all cases the reason for cancellation shall be documented.

Once raised, no bona fide debt or part of the debt may be written off, unless the reason for write off is fully documented and approved by the Finance Officer and Clerk together with the Finance Committee Chairs.

- all debts arising from bankruptcies and liquidations, which are not covered by distributions from liquidators, receivers, or administrators; and

Any outstanding debt can only be written off with the consent of the Clerk following approval by the Board or where delegation to the finance committee has been made.

It is the responsibility of all administrative members of staff to assist with appropriate recovery action in conjunction with the Finance Officer, including legal action where necessary, for debts not paid promptly, by providing any further information requested by the debtor, and in pursuing the matter on the Board behalf.

The Finance Officer shall as soon as possible after 31st March notify the Clerk of all uncollected income on accounts not rendered relating to the previous financial year (i.e. Goods and services delivered by 31st March but not yet paid for, known as "Reserved Debtors").” Write offs are reported as part of the monthly Financial Management reporting.

13. Aged Debts

Aged debts will be considered any outstanding rate that has been unpaid over at least 2 years. This includes debt that is under negotiation but may be considered low risk or non-consequential by the Board until resolution is found with the debtor.
The Finance Officer or any other administration staff associated with debt collection will provide evidence to the Clerk to enable them to make an informed decision. This should include:

- Debtor reference
- Total sum
- Reason for debt
- Action taken to date to recover the debt

The Clerk must sign to approve the write offs and ensure the Board has been informed. Under the Financial Regulations, the Clerk and Finance Officer have delegated authority to write off debts as agreed with the Board. Officers should consider the use of discounts or reduction offers to clear debts over 2 years old that are substantial (over £100) prior to enforcement.

In certain circumstances it may be necessary to seek bailiff action where significant monies have been accrued. The limit for bailiff intervention will be **any outstanding rates over £1500** that have been ignored through the above process and/or are now beyond 2 years of non-payment once over £1500.

The Board retains the right to either write off or chase debt as deemed appropriate and will remain within the confines of the Land Drainage Act 1991 and any other legislations that govern this recovery process.

14. External Contractors

If the Board uses private contractors to provide necessary expertise and resource to complete specific parts of the enforcement process, suitable checks will be carried out to ascertain they are ‘fit for purpose’. All private contractors used will be suitably accredited for the role they undertake and meet the Board requirements for having the appropriate workplace procedures in place.

15. Complaints

Errors or mistakes made in the process of collecting monies and revenues due to the Board will normally be resolved using the Board complaints procedure.
Debtors may wish to complain to the Board if:

- Something has been done wrong or deemed to have been done wrong
- Something has not been done when it should have been
- The stakeholder has not been treated in a professional or civil manner

If this happens, the Board will:

- Take any complaint about services seriously
- Investigate any complaint thoroughly
- Inform complainants of the outcome of the investigation

16. Data Protection

All staff within the administration should be aware of the guidelines of the Data Protection Act. However, we have to be mindful when sharing information to trace and recover the debts that we are working within the guidelines of the Act.

17. Future Developments

- To develop an approach towards sharing debtor information
- To reduce the number of outstanding aged debtor invoices
- It is planned to use debt recovery agents (where necessary) to improve debt recovery
- Continue to monitor methods of payment to best effect
- To continue to keep all persons up to date with their levels of outstanding debt so sensible decisions can be made
- It is planned to expedite the process of write offs whenever it is impossible or uneconomical to recover the debt

18. VAT

Inland Revenue regulations state that VAT cannot be reclaimed on debts written off after 4.5 years.

APPENDIX I – AVAILABLE METHODS OF PAYMENTS

- Using the website payment page – various options for electronic payment with receipt provided as standard (Available September 2023)
- Internet Banking / BACS / Fast Pay – Receipt can be offered by email on request.
- Post – Cheques can be made out to the appropriate Board for which the demand relates (soon to be removed as a standard payment option)
- Phone – Credit and debit card payments can be taken over the phone (soon to be removed as a standard payment option)
- In Person – It is possible to pay at our office. It is requested that this is not done for security reasons (soon to be removed as a standard payment option)
- Direct Debit – Currently Unavailable

Any stakeholder who is unable to complete a payment via DRS or their internet banking / similar electronic means should request the option to pay by alternative means by contacting the office via enquiries@medwayidb.co.uk

APPENDIX 2 – STAFF INSTRUCTIONS FOR COLLECTING AGED DEBT

The following sets out the responsibility of staff in relation to the raising and the collection of aged debt: To ensure that the Board identifies debts which require recovery action, and such action is taken promptly they must regularly review their monthly monitoring reports of outstanding debts. It is an important responsibility to ensure that the Board recovers its debts.

The process will be as follows:

- Send demand
- Send 1st reminder for those over £10
- Send 2nd reminder for those over £20
- Report to Board
- Send final notice of intention to take the debtor to recovery court
- Apply to small claims court for recovery of all debts over £100 (with addition of court fees placed on outstanding).
- Report to the Board
- Write off debts where there is no significant risk or no recognised chance to recover following the above procedure and that of the prescribed (usually every 2 years)

The Financial Regulations state that:
It is the responsibility of all to assist with appropriate recovery action in conjunction with the Finance Officer including legal action where necessary, for debts not paid promptly, by providing any further information requested on the debtor, and in pursuing the matter on the Board behalf.
The Finance Officer shall as soon as possible after 31st March notify the Clerk of all uncollected income on accounts not rendered relating to the previous financial year (i.e. Goods and services delivered by 31st March but not yet paid for, known as "Reserved Debtors").”

Requests as Per ADA Guidelines and DEFRA IDB1:

- Keep adequate records to fully support the amounts to be invoiced.
- Know of the maximum amount that they can approve and of the need to keep within their limit. These are held by the Clerk
- Complete aged debtor requests to the standard required by the Board including clear description of the reason for the debt.
- Do not raise invoices for debts less than £25. Where amounts of below £100 are required, more cost-effective procedures for payment should be considered, including write-off, first.
- Regularly review their debt and work with to take action to recover it.

Oliver Pantrey

Clerk

Amendments March 2022

- Removed Lower Medway IDB References
- Removed plural use when referring to the Board
- Changed Clerk of Works to Clerk

Amendments November 2023

- Changed payment method options to include website payment page.

Amendments January 2026

- Amended section 7 – payment – to include the use of discretionary reduction or discounts in order to resolve accounts
- Added section 8 – Consequence of Late/Non-Payment
- Added to section 13 – Aged debtors to set out thresholds
- Added to appendix 2 – instruction on collecting aged debt – to better align with procedure
- Generally worked through elements to align policy and procedure and reduce legal risk as a result of inconsistency.