

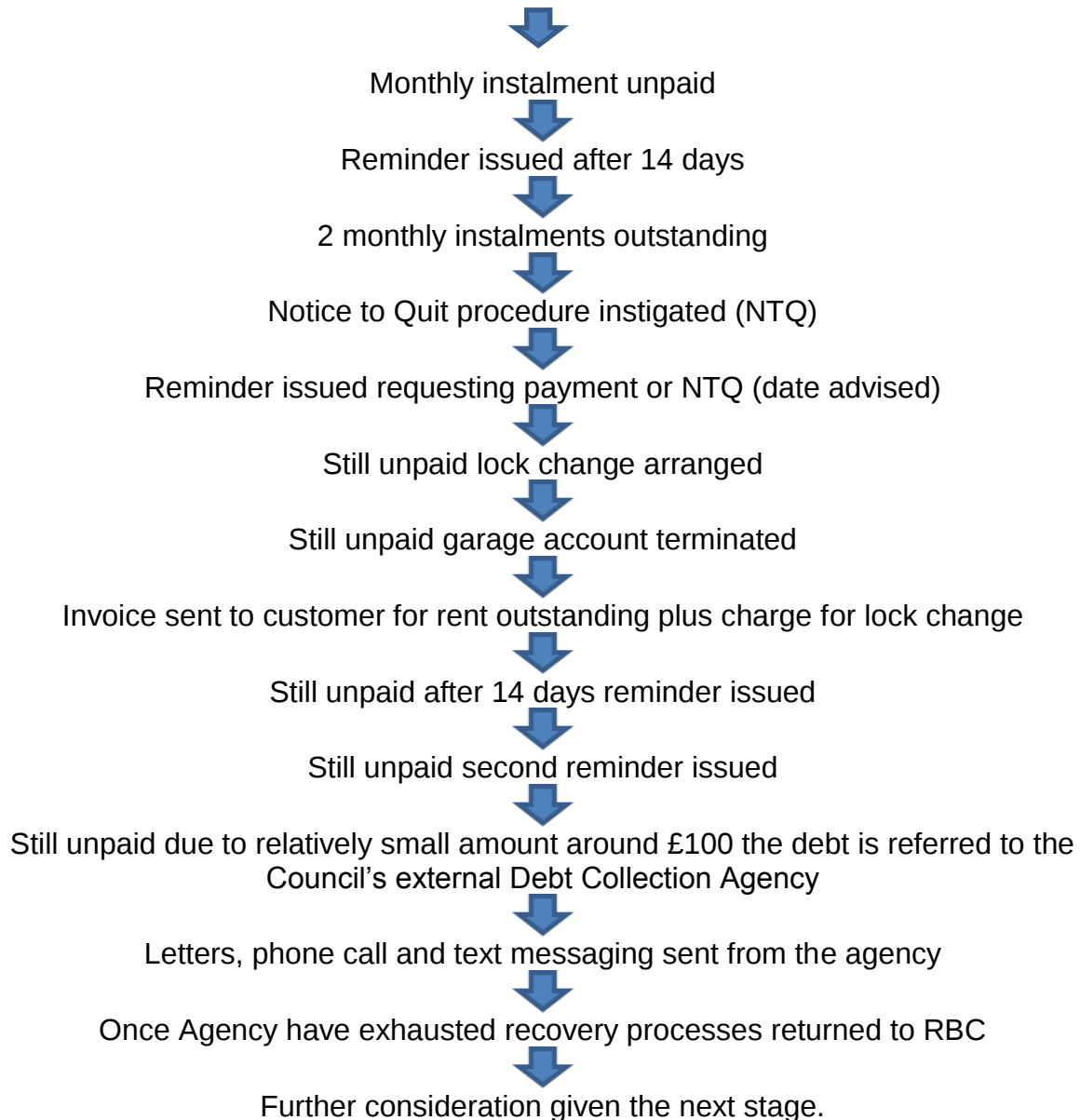
DEBT RECOVERY REPORT - APPENDIX 1

RECOVERY PROCESS

Garage Rental – non council tenants – Current arrears £6662.57

Garage rentals are advised to the Income Team on a weekly basis and are managed by the Housing Locality Team based at Woodrow.

Invoice issued to customer at the start of tenancy to the end of the current financial year, this includes information on the monthly instalments due.



Questions asked at this stage - Is there any prospect of recovery through County Court? How much would it cost in Court Fees to recover the debt?

Consider writing off debt

Commercial Rents – Current arrears £45,753.96

For this example a shop lease managed by Worcestershire Council Property Team has been used. Rents are invoiced quarterly 21 days in advance of the due date.

Rent unpaid 7 days after the due date reminder issued



Still unpaid further reminder issued informing customer if not paid Bailiffs will be instructed



Still unpaid Income Team liaise with Property Services over Bailiff action



Councils Bailiff instructed to collect/distrain on outstanding rental under Distress for Rent legislation. The leaseholder will also be responsible for the charges incurred. These charges are set under the legislation.

If Bailiff action is inappropriate e.g. no goods on which to levy, then consideration will be given to forfeiture action as the Authority may be happy for the unit to be returned.

If this action is also unsuitable then a Money Claim through County Court can be considered.

All these actions are considered with liaison with the Property Services Team and Court Costs are incurred by the customer.

Former Tenancy Arrears

Tenancies can end for many reasons, some of which are property abandoned, tenant deceased, mutual exchange, imprisonment, or property no longer required.

Income Officers assess the new cases each week to decide on the recovery path to take.

Each reason will require a different recovery path for example if a tenant abandoned the property a trace procedure is required. This currently will run for a 12 month period before any consideration is given to writing off debt. Attempts will be made at regular intervals to retrace the debtor during the period using the tracing options available to us.

Initial 7 day reminder letter sent



Still unpaid 2nd reminder issued



Still unpaid an assessment is made as to the further recovery required either:

County Court action or Referral to Debt Collection Agent

To consider County Court action we must consider ability to repay the debt, court fees/costs can be considerable. Below are some possible outcomes that need to be considered before any County Court action is entered into:

Is the debtor working, can an attachment of earning be made? Costs to the debtor incurred.

Does the debtor own their own property? Can a charging order be granted? Costs to the debtor incurred.

Does the debtor have funds in a bank account? Can a third party debt order be made? Costs to the debtor incurred.

All these questions need to be answered before County Court authorised as costs can be considerable.

Whereas costs for County Court are recharged to the debtor, charges are incurred by referring debts to a Debt Collection Agent are paid directly by the Authority at a commission rate of 17.5% on balances collected. Therefore the Income Team will ensure all appropriate recovery methods are exhausted as the Authority is liable for commission payment if the Agency manages to collect the outstanding charges.