

Executive

Debtors Update Report

Item no: 8

Report by: David Sanni **Job title:** Head of Financial Accounting
Date: 8 September 2015
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Summary

This report details the level of outstanding debt owed to London Councils from all sources as at 31 July 2015. This report also details the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 December 2014.

A summary of the level of London Councils outstanding debts as at 31 July 2015 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 July 2015

Period	Borough / TfL / GLA Debts £000	Other Debts £000	Total Debts £000
Debts invoiced up to 31/12/2014	-	70	70
Debts invoiced between 1/1/2015 to 31/7/2015	3,182	428	3,610
Total	3,182	498	3,680

Recommendations

The Executive is asked:

- To note the level of outstanding debt of £347.38 in relation to borough, TfL and GLA invoices raised up until 31 December 2014, a reduction on the outstanding figure of £1.481 million reported to the Executive at it's meeting on 3 March 2015;
- To note the level of outstanding debt of £3.182 million in respect of borough, TfL and GLA invoices raised in the period 1 January to 31 July 2015;

- To note the level of outstanding debt of £497,977.23 in relation to other debtors invoices raised up until 31 July 2015; and
 - To note the specific action being taken in respect of significant debtors, as detailed in paragraph 6 and 9 of this report.
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Debtors Update Report

Introduction

1. London Councils' Executive received a report at its meeting on 3 March 2015 which detailed the level of outstanding debt due from member boroughs, TfL and the GLA for invoices raised up to 31 December 2015. The position reported to this meeting is illustrated in Table 2 below:

Table 2 – Outstanding Borough/TfL and GLA debt invoiced up until 31 December 2014, as reported to the Executive on 3 March 2015

Debtor	Debt Amount (£)
Member boroughs	1,479,862.72
TfL	1,498.97
GLA	-
Total	1,481,361.69

Current Position

2. The current position in respect of outstanding debt due from member boroughs, TfL and the GLA up to 31 December 2014 is detailed in Table 3 below:

Table 3 – Outstanding Borough/TfL and GLA debt invoiced up until 31 December 2014, as at 31 July 2015

Debtor	Debt Amount (£)
Member boroughs	347.38
TfL	-
GLA	-
Total	347.38

3. The outstanding balance consists of one invoice which has now been paid.

Borough/TfL/GLA Debt 1 January to 31 July 2015

4. Appendix A to this report shows the level of outstanding debt owed to London Councils by its member boroughs and TfL/GLA over the period 1 January to 31 July 2015, which totals £3.182 million. This debt is profiled as illustrated in Table 4 below:

Table 4 – Outstanding Borough/TfL and GLA debt 1 January to 31 July 2015

Debtor	0-30 days (£000)	30-60 Days (£000)	60-90 Days (£000)	Over 90 Days (£000)	Total (£000)
Member boroughs	2,538	78	80	484	3,180
TfL	-	-	2	-	2
GLA	-	-	-	-	-
Total	2,538	78	82	484	3,182

5. Under the terms of the Financial Services SLA with the City of London, reminders in respect of unpaid invoices are sent out to debtors by the City on behalf of London Councils after 21 and 35 days. If a debt is still outstanding after 42 days, it is handed back over to London Councils for further action to be taken. Finance officers are, therefore, actively pursuing the debt of £566,000 that has been outstanding for over 60 days. The aim is to ensure that the majority of the unpaid debt at any point in time has been outstanding for less than 30 days, with a minimal amount being outstanding for between 30 and 60 days. Boroughs, TfL and GLA are urged to ensure that any disputed amounts are promptly reported back to London Councils, detailing the full nature of the dispute. In cases where the value and/or number of outstanding invoices owed by a borough are unacceptably high, the debts are referred to the Chief Executive and Borough Treasurer through contact from London Councils Chief Executive and /or Director of Corporate Resources to assist in the recovery of the funds.

Significant Borough/TfL/GLA Debtors

6. The significant individual borough, TfL and GLA debtors within the outstanding balances over 60 days are detailed below, updated reflect further payments received in the period to 25 August:

- **LB of Brent – £20,732.39 - 7 invoices (Now £18,507.33 – 3 invoices)**

The balance is made up of seven invoices that relate to the concessionary fares administration charges for 2015/16 (£8,674.00), contribution to the discretionary ESF match funded programme (£8,333.33), charges for TEC parking services for abandoned/untaxed vehicles (£1,525.06), annual parking core subscription 2015/16 (£1,500.00) and the annual contribution to the Andy Ludlow Homelessness Awards (£700.00). Three invoices that relate to TEC parking services for abandoned and untaxed vehicles amounting to £1,526.06, plus the invoice of £700 for the Andy Ludlow Award have been paid. The borough's Chief Finance Officer has been advised of a number of the remaining debts and finance officers are currently liaising with colleagues in the borough to ensure the debts are settled as soon as possible.

- **RB of Greenwich - £81,255.00 – 4 invoices (Now £79,931.00 – 2 invoices)**

The balance is made up of four invoices that relate to the subscription to London Councils Grants Committee for the first quarter of 2015/16 (£70,572.00), the registration of PCN debts at the county court for April 2015 (£9,359.00), the annual contribution to the Andy Ludlow Homelessness Awards (£700.00) and a regional GLPC job evaluation course (£624.00). The latter two invoices have now been paid and borough officers have confirmed that the Grants Committee subscription will also be paid in August 2015. Finance officers will continue to liaise with colleagues in the borough to ensure the remaining debts are settled as soon as possible.

- **LB of Hounslow - £30,000.00 – 1 invoice**

The balance is made up of one invoice that relates to the London LGPS Common Investment Vehicle (CIV) implementation fund. The payment of this contribution is subject to approval by a borough committee that will sit in September 2015. The invoice will be paid once the committee approves the contribution.

- **RB of Kensington & Chelsea - £65,384.50 – 2 invoices (Now £8,674 – 1 invoice)**

The balance consists of two invoices that relate to the Taxicard subscription for the first quarter of 2015/16 (£56,710.50) and the concessionary fares administration charges for 2015/16 (£8,674.00). The borough's Town Clerk has been informed of the outstanding invoices, and the first outstanding amount has now been paid. Finance officers shall continue to liaise with colleagues in the borough to ensure the remaining debt is settled as soon as possible.

- **RB of Kingston - £41,937.05 – 1 invoice**

The balance consists of one invoice that relates to a contribution to the discretionary European Social Fund (ESF) match funded grant programme. Finance officers are currently liaising with colleagues in the borough to ensure the debt is settled as soon as possible.

- **LB of Lambeth - £153,129.80 – 9 invoices (Now £41,890.80 – 7 invoices)**

The balance consists of ten invoices that relate to the annual subscription to London Councils Joint Committee for 2015/16 (£109,739.00), the annual subscription to London Councils Ltd (£39,280.80), job evaluation courses (£1,560), annual parking

core subscription 2015/16 (£1,500.00), annual contribution to the Andy Ludlow Homelessness Awards (£700.00) and the registration of PCN debts at the county court for April 2015 (£350.00). The annual subscription to London Councils Joint Committee and the annual parking core subscription have been paid leaving a balance of £41,890.80. The borough's Strategic Director, Enabling has been informed of the remaining debts and finance officers shall continue to liaise with colleagues in the borough to ensure they are settled as soon as possible.

- **LB of Newham - £91,776.37 – 3 invoices (Now £85,976.37 – 2 invoices)**

The balance is made up of three invoices that relate to the subscription to London Councils Grants Committee for the first quarter of 2015/16 (£85,060.00), the annual subscription to London Care Services for 2015/16 (£5,800.00) and TEC parking services for abandoned/untaxed vehicles for the fourth quarter of 2014/15 (£916.37). The annual subscription to London care Services has now been paid. The borough's Executive Director of Resources and Commercial Development has been informed of the outstanding invoices and finance officers shall continue to liaise with colleagues in the borough to ensure they are settled as soon as possible.

7. The total value of the debts detailed in paragraph 6 above is £306,916.55 and consists of 17 invoices. A further sum of £238,086.86 covering 14 invoices has been paid in the period 1-25 August. If these amounts are excluded from all the debts that are over 60 days old which total £566,584.63, a sum of £21,581.22 remains outstanding in respect of 18 invoices, an average of £1,198.96 per invoice outstanding. In addition to the reminders sent out by the City of London, the borough officers have also been contacted by letters and telephone but some of the debts still remain unpaid. Finance officers will continue to chase up these debts with the relevant borough officers with a view to clearing as much as possible in the period up until 30 September 2015.

Other Debtors

8. Appendix B to this report shows the level of outstanding debt owed to London Councils by third parties other than member boroughs, TfL and the GLA at 31 December 2014. An aged analysis of these debts is summarised in table 5 below:

Table 5 – Non-borough/TfL/GLA outstanding debt as at 31 December 2014

	Total Debt (£)	No. of invoices

2012/13 debts	57,010.25	1
2013/14 debts	704.39	1
2014/15 debts	221,064.89	16
2014/15 debts between 60 – 90 days old	286.20	1
2014/15 debts between 30 – 60 days old	170,077.80	7
2014/15 debts 30 days or less	48,833.70	14
Total	497,977.23	40

9. The significant individual debtors within the outstanding balances over 60 days are:

- **British Parking Association (BPA) - £202,077.60 – 5 invoices**

This balance is made up of invoices that relate to the operation of the Parking on Private Land Appeals (POPLA) service. London Councils is actively seeking to resolve this issue with the BPA as the end of the contract period on 30 September approaches.

- **Repayment of ESF Community Grants - £18,123.29 – 6 invoices**

Table 6 below contains a list of organisations awarded community grants under the discretionary ESF co-financing programme that have been asked to repay their unused grant funding. London Councils' officers are liaising with the organisations to establish if there are any underlying reasons why these debts have not been paid. Where appropriate, the cases will be referred to the City of London Solicitor's Department for advice on the course of legal action to be taken to recover the debts.

Table 6 – List of Community Grant debtors

Name of organisation	Outstanding repayment at 31 December 2014
CDI London	1,485.75
Community Business Enfield	6,249.82
Creative Innovation	704.39
Kimbanguist Association of London	6,009.50
London Bangla Press Club	2,860.29
Mosaada Centre for Single Women	1,517.93
Total	18,123.29

- **Uganda Community Relief Association (UCRA) - £57,010.25 – 1 invoice**

The balance is made up of one invoice that relates to the repayment of funds awarded under the ESF Co-financing programme. The repayment invoice was issued as London Councils' officers acquired evidence to suggest that there had been double funding of UCRA's project by London Councils and the UK Border Agency.

UCRA disputed the invoice and the case was referred to the City of London Solicitor's Department to take legal action to recover the outstanding debt. UCRA made a counter claim for £ 43,745 in respect of unpaid grant funding relating to an eligible contractual period of the project. Representatives of both parties attended a mediation meeting in February 2015 and further negotiations are still taking place.

10. The City of London's role in raising London Councils' debtor invoices is detailed in paragraph 5 of this report. For those debts that have reached the 42 day cut-off point, letters are prepared seeking immediate payment, otherwise London Councils will consider taking further action. The Finance Section undertakes prompt follow up action as soon as the debt is referred back by the Corporation.

Summary

11. This report details the level of outstanding debt owed to London Councils from all sources as at 31 July 2015. This report also details the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 December 2014.

12. A summary of the level of London Councils outstanding debts as at 31 July 2015 is shown in Table 1 below:

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13. The Executive is asked:

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Financial Implications for London Councils

The financial implications are incorporated into the body of the report.

Legal Implications for London Councils

None.

Equalities Implications for London Councils

None.

Appendices

Appendix A: Outstanding Borough/TfL/GLA debts invoiced from 1 January to 31 July 2015

Appendix B Outstanding Other debts at 31 July 2015

Background Papers

London Councils Debtors working papers 2015/16

Report to Executive on 3 March 2015