

Executive

Debtors Update Report

Item no: 9

Report by: David Sanni **Job title:** Head of Financial Accounting
Date: 28 February 2017
Contact Officer: David Sanni
Telephone: 020 7934 9704 **Email:** david.sanni@londoncouncils.gov.uk

Summary

This report details the level of outstanding debt owed to London Councils from all sources as at 31 December 2016. This report also details the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 July 2016.

A summary of the level of London Councils outstanding debts as at 31 December 2016 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 July 2016

Period	Borough / TfL / GLA Debts £000	Other Debts £000	Total Debts £000
Debts invoiced up to 31/7/2016	11	31	42
Debts invoiced between 1/8/2016 – 31/12/2016	995	64	1,059
Total	1,006	95	1,101

Recommendations

The Executive is asked:

- To note the level of outstanding debt of £10,911 in relation to borough, TfL and GLA invoices raised up until 31 July 2016, a reduction on the outstanding figure of £4.064 million reported to the Executive at its meeting on 13 September 2016;
- To note the level of outstanding debt of £994,622.20 in respect of borough, TfL and GLA invoices raised in the period 1 August to 31 December 2016;

- To note the level of outstanding debt of £95,607.94 in relation to other debtors invoices raised up until 31 December 2016;
 - To approve the write-off of £18,750 in respect of three invoices to recover European Social Fund (ESF) community grant funding as detailed in paragraph 8; and
 - To note the specific action being taken in respect of significant debtors, as detailed in paragraph 6 and 8 of this report.
-

Debtors Update Report

Introduction

1. London Councils' Executive received a report at its meeting on 13 September 2016 which detailed the level of outstanding debt due from member boroughs, TfL and the GLA for invoices raised up to 31 July 2016. The position reported to this meeting is illustrated in Table 2 below:

Table 2 – Outstanding Borough/TfL and GLA debt invoiced up until 31 July 2016, as reported to the Executive on 13 September 2016

Debtor	Debt Amount (£)
Member boroughs	4,061,988.03
TfL	1,500.00
GLA	599.70
Total	4,064,087.73

Current Position

2. The current position in respect of outstanding debt due from member boroughs, TfL and the GLA up to 31 July 2016 is detailed in Table 3 below:

Table 3 – Outstanding Borough/TfL and GLA debt invoiced up until 31 July 2016, as at 31 December 2016

Debtor	Debt Amount (£)
Member boroughs	10,911.00
TfL	-
GLA	-
Total	10,911.00

3. A breakdown of the outstanding debt is included at Appendix A to this report. The current balance at February 2017 has been reduced to £312. Finance officers are liaising with the appropriate borough officers with the aim of resolving the remaining debt by the end of March 2017.

Borough/TfL/GLA Debt 1 August to 31 December 2016

4. Appendix B to this report shows the level of outstanding debt owed to London Councils by its member boroughs and TfL/GLA over the period 1 August to 31 December 2016, which totals £994,622.20. This debt is profiled as illustrated in Table 4 below:

Table 4 – Outstanding Borough/TfL and GLA debt 1 August to 31 December 2016

Debtor	0-30 days (£000)	30-60 Days (£000)	60-90 Days (£000)	Over 90 Days (£000)	Total (£000)
Member boroughs	255	487	93	160	995
TfL	-	-	-	-	-
GLA	-	-	-	-	-
Total	255	487	93	160	995

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 £253,000 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. All significant borough, TfL and GLA debts over 60 days were paid by 1 February 2017.

Other Debtors

7. Appendix C 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 2016. An aged analysis of these debts is summarised in table 5 below:

Table 5 – Non-borough/TfL/GLA outstanding debt as at 31 December 2016

	Total Debt (£)	No. of invoices
2013/14 debts	350.00	1
2014/15 debts	12,259.32	2
2015/16 debts	18,750.00	3
2016/17 debts between 30 – 60 days old	8,357.40	13
2016/17 debts 30 days or less	55,891.22	12
Total	95,607.94	31

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

- **Repayment of ESF Community Grants - £31,009.32 – 6 invoices**

Table 6 below contains a list of six organisations awarded community grants under the discretionary ESF co-financing programme that have been asked to repay their unused grant funding.

Table 6 – List of Community Grant debtors

Name of organisation	Outstanding repayment at 31 December 2016
Ardent Foundation	6,250.00
Community Business Enfield	6,249.82
Creative Innovation	350.00
Cross Wave Ltd	6,250.00
Forte Creations	6,250.00
Kimbanguist Association of London	6,009.50
Total	31,009.32

Three organisations have been referred to the City of London Solicitor's Department for legal action to be taken to recover the debts. The organisations referred to the legal team are:

- Community Business Enfield;
- Creative Innovation; and
- Kimbanguist Association for London.

Negotiations continue to take place between these organisations, London Councils' officers and the City of London Solicitor's Department. The remaining three organisations, listed below, were investigated for possible fraudulent claims:

- Ardent Foundation;
- Cross Wave Ltd; and
- Forte Creations Ltd.

As reported to the Executive in September 2016, these three organisations which all operate in the London Borough of Tower Hamlets were awarded community grants of £12,500 each in May 2015 and issued advanced funding of £6,250. A review of the evidence provided in their claims revealed that a number of the participants on their projects were bogus or ineligible for enrolment on the programme and forged invoices

were presented for events that had not occurred. In addition to these issues there were other similarities with the three organisations such as addresses and training and publicity material which highlight the link between the organisations. The organisations were notified of the withdrawal of their grant and asked to repay the advanced funding. The case was referred to the police in October 2015 but the matter was not pursued due to the low materiality of the loss. The Companies House website shows that Cross Wave Ltd and Forte Creations Ltd have been dissolved with Ardent Foundation due to be struck off the register this month. Given the circumstances, it is unlikely that these debts of £18,750 will be recovered. The debts have already been fully provided for in London Councils' existing bad debt provision and a write-off will have no impact on the 2016/17 revenue account. Formal approval is, therefore, requested from the Executive for the write-off of these debts.

9. 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.
10. If the debt write-off recommended in this report is approved, the overall level of debtors will reduce by £18,750 from £1,101,141.14 to £1,082,391.14 as at 31 December 2016.

Summary

11. This report details the level of outstanding debt owed to London Councils from all sources as at 31 December 2016. This report also details the reduction in the level of outstanding debt due from boroughs, TfL and the GLA in the period to 31 July 2016.
12. A summary of the level of London Councils outstanding debts as at 31 December 2016 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 December 2016

Period	Borough / TfL / GLA Debts	Non-borough / TfL / GLA Debts	Total Debts
	£000	£000	£000
Debts invoiced up to 31/7/2016	11	31	42
Debts invoiced between 1/8/2016 – 31/12/2016	995	64	1,059
	1,006	95	1,101

Recommendations

13. The Executive is asked:

- To note the level of outstanding debt of £10,911 in relation to borough, TfL and GLA invoices raised up until 31 July 2016, a reduction on the outstanding figure of £4.064 million reported to the Executive at its meeting on 13 September 2016;
 - To note the level of outstanding debt of £994,622.20 in respect of borough, TfL and GLA invoices raised in the period 1 August to 31 December 2016;
 - To note the level of outstanding debt of £95,607.94 in relation to other debtors invoices raised up until 31 December 2016;
 - To approve the write-off of £18,750 in respect of three invoices to recover European Social Fund (ESF) community grant funding as detailed in paragraph 8; and
 - To note the specific action being taken in respect of significant debtors, as detailed in paragraph 6 and 8 of this report.
-

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 up to 31 July 2016

Appendix B: Outstanding Borough/TfL/GLA debts invoiced from 1 August to 31 December 2016

Appendix C: Outstanding Other Debts at 31 December 2016

Background Papers

London Councils Debtors working papers 2016/17

Report to Executive on 13 September 2016

Appendix A - Outstanding Borough/TfL/GLA debts invoiced up to 31 July 2016

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late
4165286	London Borough of Lambeth	3330	22/02/2016	312.00	312.00	313
4172430	City of Westminster	65194	06/06/2016	10,599.00	10,599.00	208
	Total			10,911.00	10,911.00	

Appendix B - Outstanding Borough/TfL/GLA debts invoiced from 1 August to 31 December 2016

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late	0-30 days	30-60 days	60-90 days	Over 90 days
4187591	LB of Barking & Dagenham	83338	21/12/2016	2,180.10	2,180.10	10	2,180.10			
	LB of Barking & Dagenham Total			2,180.10	2,180.10		2,180.10	0.00	0.00	0.00
4180982	London Borough of Barnet	65237	28/09/2016	98,793.00	98,793.00	94				98,793.00
4184618	London Borough of Barnet	65237	09/11/2016	93,788.00	93,788.00	52		93,788.00		
4186103	London Borough of Barnet	65237	30/11/2016	4,080.00	4,080.00	31		4,080.00		
	London Borough of Barnet Total			196,661.00	196,661.00		0.00	97,868.00	0.00	98,793.00
4181749	London Borough of Bexley	82583	07/10/2016	9,398.85	9,398.85	85			9,398.85	
	London Borough of Bexley Total			9,398.85	9,398.85		0.00	0.00	9,398.85	0.00
4184624	London Borough of Brent	80673	09/11/2016	104,656.00	104,656.00	52		104,656.00		
4184982	London Borough of Brent	80673	14/11/2016	1,008.00	1,008.00	47		1,008.00		
4187470	London Borough of Brent	80673	19/12/2016	6,430.17	6,430.17	12	6,430.17			
	London Borough of Brent Total			112,094.17	112,094.17		6,430.17	105,664.00	0.00	0.00
4186695	London Borough of Camden	73305	09/12/2016	14,320.00	14,320.00	22	14,320.00			
	London Borough of Camden Total			14,320.00	14,320.00		14,320.00	0.00	0.00	0.00
4186696	Croydon Council	71501	09/12/2016	24,000.00	24,000.00	22	24,000.00			
	Croydon Council Total			24,000.00	24,000.00		24,000.00	0.00	0.00	0.00
4186699	London Borough of Enfield	95679	09/12/2016	8,232.00	8,232.00	22	8,232.00			
	London Borough of Enfield Total			8,232.00	8,232.00		8,232.00	0.00	0.00	0.00
4185193	Royal Borough of Greenwich	124082	16/11/2016	2,176.37	2,176.37	45		2,176.37		
4186700	Royal Borough of Greenwich	124082	09/12/2016	5,224.00	5,224.00	22	5,224.00			
	Royal Borough of Greenwich Total			7,400.37	7,400.37		5,224.00	2,176.37	0.00	0.00
4186706	London Borough of Hackney	37291	09/12/2016	3,176.00	3,176.00	22	3,176.00			
4187589	London Borough of Hackney	37291	21/12/2016	212.40	212.40	10	212.40			
	London Borough of Hackney Total			3,388.40	3,388.40		3,388.40	0.00	0.00	0.00
4184651	L. B. Hammersmith and Fulham	101404	09/11/2016	52,709.00	52,709.00	52		52,709.00		
4186707	L. B. Hammersmith and Fulham	101404	09/12/2016	12,248.00	12,248.00	22	12,248.00			
	L. B. Hammersmith and Fulham Total			64,957.00	64,957.00		12,248.00	52,709.00	0.00	0.00
4181799	London Borough of Haringey	79442	07/10/2016	41,312.01	41,312.01	85			41,312.01	
4184659	London Borough of Haringey	79442	09/11/2016	91,459.00	91,459.00	52		91,459.00		
4186691	London Borough of Haringey	79442	09/12/2016	120.30	120.30	22	120.30			
	London Borough of Haringey Total			132,891.31	132,891.31		120.30	91,459.00	41,312.01	0.00
4182685	London Borough of Harrow	79451	17/10/2016	336.00	336.00	75			336.00	
4184671	London Borough of Harrow	79451	09/11/2016	46,808.00	46,808.00	52		46,808.00		
4186709	London Borough of Harrow	79451	09/12/2016	31,936.00	31,936.00	22	31,936.00			
	London Borough of Harrow Total			79,080.00	79,080.00		31,936.00	46,808.00	336.00	0.00
4186283	London Borough of Havering	67402	05/12/2016	4,080.00	4,080.00	26	4,080.00			
	London Borough of Havering Total			4,080.00	4,080.00		4,080.00	0.00	0.00	0.00
4186710	London Borough of Hillingdon	71486	09/12/2016	6,016.00	6,016.00	22	6,016.00			
	London Borough of Hillingdon Total			6,016.00	6,016.00		6,016.00	0.00	0.00	0.00
4186711	London Borough of Hounslow	67448	09/12/2016	14,408.00	14,408.00	22	14,408.00			
	London Borough of Hounslow Total			14,408.00	14,408.00		14,408.00	0.00	0.00	0.00
4184617	London Borough of Islington	5693	09/11/2016	4,080.00	4,080.00	52		4,080.00		
	London Borough of Islington Total			4,080.00	4,080.00		0.00	4,080.00	0.00	0.00

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late	0-30 days	30-60 days	60-90 days	Over 90 days
4181466	Royal Borough of Kensington & Chelsea	111455	04/10/2016	40,390.50	40,390.50	88			40,390.50	
4184690	Royal Borough of Kensington & Chelsea	111455	09/11/2016	52,844.00	52,844.00	52		52,844.00		
4186712	Royal Borough of Kensington & Chelsea	111455	09/12/2016	17,264.00	17,264.00	22	17,264.00			
4186807	Royal Borough of Kensington & Chelsea	111455	12/12/2016	211.50	211.50	19	211.50			
	Royal Borough of Kensington & Chelsea Total			110,710.00	110,710.00		17,475.50	52,844.00	40,390.50	0.00
4186713	Royal Borough of Kingston	75215	09/12/2016	4,032.00	4,032.00	22	4,032.00			
4187599	Royal Borough of Kingston	75215	21/12/2016	11,708.00	11,708.00	10	11,708.00			
	Royal Borough of Kingston Total			15,740.00	15,740.00		15,740.00	0.00	0.00	0.00
4186717	London Borough of Lambeth	3330	09/12/2016	22,832.00	22,832.00	22	22,832.00			
	London Borough of Lambeth Total			22,832.00	22,832.00		22,832.00	0.00	0.00	0.00
4184621	London Borough of Lewisham	39651	09/11/2016	4,080.00	4,080.00	52		4,080.00		
4184942	London Borough of Lewisham	39651	14/11/2016	72.00	72.00	47		72.00		
4186718	London Borough of Lewisham	39651	09/12/2016	15,392.00	15,392.00	22	15,392.00			
	London Borough of Lewisham Total			19,544.00	19,544.00		15,392.00	4,152.00	0.00	0.00
4181489	City of London	5408	04/10/2016	1,070.00	1,070.00	88			1,070.00	
	City of London Total			1,070.00	1,070.00		0.00	0.00	1,070.00	0.00
4184410	London Borough of Newham	54574	08/11/2016	24,000.00	24,000.00	53		24,000.00		
4186073	London Borough of Newham	54574	30/11/2016	4,914.00	4,914.00	31		4,914.00		
4187130	London Borough of Newham	54574	14/12/2016	23,992.00	23,992.00	17	23,992.00			
	London Borough of Newham Total			52,906.00	52,906.00		23,992.00	28,914.00	0.00	0.00
4186726	LB of Richmond Upon Thames	92507	09/12/2016	3,816.00	3,816.00	22	3,816.00			
	LB of Richmond Upon Thames Total			3,816.00	3,816.00		3,816.00	0.00	0.00	0.00
4181107	City of Westminster	65194	28/09/2016	61,473.00	61,473.00	94				61,473.00
4185067	City of Westminster	65194	14/11/2016	408.00	408.00	47		408.00		
4186729	City of Westminster	65194	09/12/2016	22,936.00	22,936.00	22	22,936.00			
	City of Westminster Total			84,817.00	84,817.00		22,936.00	408.00	0.00	61,473.00
	Grand Total			994,622.20	994,622.20		254,766.47	487,082.37	92,507.36	160,266.00

Appendix C - Outstanding Other Debts at 31 December 2016

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late
4117848	Creative Innovation	576747	17/03/2014	3,204.39	350.00	1,020
2013/14 debts				3,204.39	350.00	
4129152	Community Business Enfield	577767	10/09/2014	6,249.82	6,249.82	843
4140378	Kimbanguist Association of London	583505	16/03/2015	6,009.50	6,009.50	656
2014/15 debts				12,259.32	12,259.32	
4158510	Cross Wave Ltd	585644	18/11/2015	6,250.00	6,250.00	409
4158512	Ardent Foundation	585622	18/11/2015	6,250.00	6,250.00	409
4158514	Forte Creations Limited	585621	18/11/2015	6,250.00	6,250.00	409
2015/16 debts				18,750.00	18,750.00	
4184029	Bournemouth University	481054	02/11/2016	600.00	600.00	59
4184639	Dawson Books	451747	09/11/2016	35.00	35.00	52
4184712	Wellington Street Partners Ltd	588245	09/11/2016	192.00	192.00	52
4184946	Agilisys Ltd	577354	14/11/2016	2,179.00	2,179.00	47
4185223	Department for Communities & Local Government	513151	16/11/2016	690.00	690.00	45
4185247	Peter Bedford Housing Association	405619	16/11/2016	240.00	240.00	45
4185495	Bournemouth University	481054	21/11/2016	300.00	300.00	40
4185598	Spitalfields Housing Association Ltd	588329	22/11/2016	150.00	150.00	39
4185709	Oxygen Finance Ltd	575294	23/11/2016	192.00	192.00	38
4185860	Thames Water Utilities Ltd	9121	25/11/2016	954.00	954.00	36
4185862	First4skills Limited	576680	25/11/2016	233.40	233.40	36
4185897	Mid Ulster District Council	585540	28/11/2016	2,400.00	2,400.00	33
4185901	Vesta Chartered Town Planners	588358	28/11/2016	192.00	192.00	33
2016/17 debts over 60 days				8,357.40	8,357.40	
4186288	Southend-On-Sea Borough Council	369664	05/12/2016	414.00	414.00	26
4186292	Calder Conferences Ltd	575018	05/12/2016	444.00	444.00	26
4186299	Peter Bedford Housing Association	405619	05/12/2016	456.00	456.00	26
4186595	London LGPS CIV Limited	586448	08/12/2016	33,271.20	33,271.20	23
4186605	Bournemouth University	481054	08/12/2016	1,200.00	1,200.00	23
4186692	Bournemouth University	481054	09/12/2016	1,500.00	1,500.00	22
4186703	Calder Conferences Ltd	575018	09/12/2016	450.00	450.00	22
4186721	Shared Services Connected Limited	586572	09/12/2016	16,903.82	16,903.82	22
4186819	National Development Team for Inclusion	587799	12/12/2016	295.80	295.80	19
4186830	Southend-On-Sea Borough Council	369664	12/12/2016	327.30	327.30	19
4187559	Electrical Safety First	577947	21/12/2016	269.10	269.10	10
4187598	Biggin Hill Primary School	588536	21/12/2016	360.00	360.00	10
2016/17 debts 30 days or less				55,891.22	55,891.22	
Total other debts at 31 December 2016				98,462.33	95,607.94	