

Executive

Debtors Update Report

Item no: 9

Report by: David Sanni **Job title:** Head of Financial Accounting
Date: 3 March 2015
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Summary

This report details the level of outstanding debt owed to London Councils from all sources as at 31 December 2014. 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 2014.

A summary of the level of London Councils outstanding debts as at 31 December 2014 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 December 2014

Period	Borough / TfL / GLA Debts £000	Other Debts £000	Total Debts £000
Debts invoiced up to 31/7/2014	24	61	85
Debts invoiced between 1/8/2014 to 31/12/2014	1,458	220	1,678
Total	1,482	281	1,763

Recommendations

The Executive is asked:

- To note the level of outstanding debt of £23,559.47 in relation to borough, TfL and GLA invoices raised up until 31 July 2014, a reduction on the outstanding figure of £4.056 million reported to the Executive at their meeting on 9 September 2014;
- To note the level of outstanding debt of £1.458 million in respect of borough, TfL and GLA invoices raised in the period 1 August to 31 December 2014;

- To note the level of outstanding debt of £281,368.33 in relation to other debtors invoices raised up until 31 December 2014; 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 9 September 2014 which detailed the level of outstanding debt due from member boroughs, TfL and the GLA for invoices raised up to 31 July 2014. 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 2014, as reported to the Executive on 9 September 2014

Debtor	Debt Amount (£)
Member boroughs	3,520,324.14
TfL	122,913.02
GLA	412,758.60
Total	4,055,995.76

Current Position

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

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

Debtor	Debt Amount (£)
Member boroughs	23,559.47
TfL	-
GLA	-
Total	23,559.47

3. A breakdown of the outstanding debt is included at Appendix A to this report. Finance officers are currently liaising with the appropriate borough officers with the aim of clearing the bulk of this debt by the end of March 2015.

Borough/TfL/GLA Debt 1 August to 31 December 2014

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 2014, which totals £1.458 million. This debt is profiled as illustrated in Table 4 below:

Table 4 – Outstanding Borough/TfL and GLA debt 1 August to 31 December 2014

Debtor	0-30 days (£000)	30-60 Days (£000)	60-90 Days (£000)	Over 90 Days (£000)	Total (£000)
Member boroughs	98	837	286	236	1,457
TfL	1	-	-	-	1
GLA	-	-	-	-	-
Total	99	837	286	236	1,458

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 £635,000 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 the 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:
- LB of Brent – £76,121.50 - 6 invoices (Now £66,464.06 – 4 invoices)**
 The balance is made up of six invoices that relate to charges for TEC parking services for the second quarter of 2014/15 (£44,033.68), Taxicard subscriptions for the second and third quarters of 2014/15 (£22,083.00), contribution to the discretionary ESF match funded programme (£8,333.33) and charges for TEC parking services for abandoned/untaxed vehicles (£1,671.49). The invoice for the match funded programme and an invoice for the TEC parking services for abandoned/untaxed vehicles (£1,324.11) were paid in January 2015. The borough's Chief Finance Officer has been advised of the outstanding Taxicard subscriptions and finance officers are currently liaising with colleagues in the borough to ensure the debts are settled as soon as possible.

- **LB of Camden - £68,936.44 – 3 invoices (Now £66,968.73 – 1 invoice)**

The balance is made up of three invoices that relate to charges for TEC parking services for the second quarter of 2014/15 (£66,968.73), 2014/15 annual parking core subscription (£1,500) and charges for TEC parking services for abandoned/untaxed vehicles (£467.71). The invoices for the annual parking core subscription and the TEC parking services for abandoned and untaxed vehicles have now been paid. Borough officers have confirmed that the remaining invoice will be paid as soon as possible.

- **LB of Ealing - £42,736.50 – 1 invoice (Now Nil)**

The balance consists of one invoice that relates to charges for TEC parking services for the second quarter of 2014/15. This invoice was paid in January 2015.

- **LB of Haringey - £34,083.99 – 3 invoices (Now Nil)**

The balance is made up of three invoices that relate to a contribution to the discretionary ESF match funded programme (£33,250), an interest charge on the late payment of Concessionary Fares scheme contribution to TfL (£782.45) and other charges (£51.54). All three invoices have been paid.

- **LB of Havering - £64,922 – 1 invoice**

The balance consists of one invoice that relates to the subscription to London Councils Grants Committee for the third quarter of 2014/15. Finance officers are currently liaising with colleagues in the borough to ensure the debt is settled as soon as possible.

- **RB of Kensington & Chelsea - £46,923.50 – 1 invoice (Now Nil)**

The balance consists of one invoice that relates to the Taxicard subscription for the third quarter of 2014/15. This invoice has now been paid.

- **LB of Lambeth - £37,385.99 – 1 invoice (Now Nil)**

The balance consists of one invoice that relates to charges for TEC parking services for the second quarter of 2014/15. This invoice has now been paid.

- **LB of Newham - £112,510.50 – 2 invoices (Now Nil)**

The balance is made up of two invoices that relate to the Taxicard subscription for the third quarter of 2014/15 (£106,710.50) and the annual subscription to London Care Services for 2014/15 (£5,800). Both invoices have been paid.

- **LB of Waltham Forest - £37,195.86 – 1 invoice (Now Nil)**

The balance consists of one invoice that relates to charges for TEC parking services for the second quarter of 2014/15. This invoice has now been paid.

7. The total value of the debts detailed in paragraph 6 above is £520,816.28 and consists of 19 invoices. If these amounts are excluded from all the debts that are over 60 days old which total £545,302.75, a sum of £24,486.47 remains outstanding in respect of 5 invoices, an average of £4,897.29 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 31 March 2015.

Other Debtors

8. 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 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 over 90 days old	12,672.39	5
2014/15 debts between 60 – 90 days old	4,148.30	5
2014/15 debts between 30 – 60 days old	91,157.70	16
2014/15 debts 30 days or less	115,675.30	15
Total	281,368.33	43

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

- **Cratus Communications - £2,288 – 1 invoice**

The balance is made up of one invoice that relates to a charge for an exhibition stand and delegate places at London Councils' summit held in November 2014. London Councils' officers are currently liaising with the organisation to ensure the debt is settled as soon as possible.

- **Repayment of ESF Community Grants - £12,113.79 – 5 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
London Bangla Press Club	2,860.29
Mosaada Centre for Single Women	1,517.93
Total	12,113.79

- **UBM Information Ltd - £1,048.80 – 2 invoices**

The balance is made up of two invoices that relate to charges for the use of meeting rooms at the Southwark Street offices. Both invoices have been paid.

- **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 currently 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.

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12. A summary of the level of London Councils outstanding debts as at 31 December 2014 is shown in Table 1 below:

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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 up to 31 July 2014
Appendix B: Outstanding Borough/TfL/GLA debts invoiced from 1 August to 31 December 2014
Appendix C: Outstanding Other debts at 31 December 2014

Background Papers

London Councils Debtors working papers 2014/15
Report to Executive on 9 September 2014