

Executive

Debtors Update Report

Item no: 8

Report by: David Sanni **Job title:** Chief Accountant
Date: 26 Febraury 2019
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Summary

This report details the level of outstanding debt owed to London Councils from all sources as at 31 December 2018. 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 2018.

A summary of the level of London Councils outstanding debts as at 31 December 2018 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 December 2018

Period	Borough / TfL / GLA Debts £000	Other Debts £000	Total Debts £000
Debts invoiced up to 31/7/2018	-	10	10
Debts invoiced between 1/8/2018 – 31/12/2018	1,432	13	1,445
Total	1,432	23	1,455

Recommendations The Executive is asked:

- To note the level of outstanding debt of £7.48 in relation to borough, TfL and GLA invoices raised up until 31 July 2018, a reduction on the outstanding figure of £2.863 million reported to the Executive at its meeting on 11 September 2018;
- To note the level of outstanding debt of £1.432 million in respect of borough, TfL and GLA invoices raised in the period 1 August to 31 December 2018;
- To note the level of outstanding debt of £22,608.92 in relation to other debtors invoices raised up until 31 December 2018;

- To approve the write-off of £6,249.80 in respect of the recovery of unused European Social Fund (ESF) community grant funding as detailed in paragraph 7: and
 - To note the specific action being taken in respect of significant debtors, as detailed in paragraph 5 and 7 of this report.
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Debtors Update Report

Introduction

1. London Councils' Executive received a report at its meeting on 11 September 2018 which detailed the level of outstanding debt due from member boroughs, TfL and the GLA for invoices raised up to 31 July 2018. 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 2018, as reported to the Executive on 11 September 2018

Debtor	Debt Amount (£)
Member boroughs	2,860,514.60
TfL	2,000.00
GLA	372.30
Total	2,862,886.90

2. The unpaid balance of £7.48 at 31 December 2018 was settled in January 2019.

Borough/TfL/GLA Debt 1 August to 31 December 2018

3. Appendix A to this report shows the level of outstanding debt owed to London Councils by its member boroughs and TfL/GLA issued over the period 1 August to 31 December 2018, which totals £1.432 million. This debt is profiled as illustrated in Table 3 below:

Table 3 – Outstanding Borough/TfL and GLA debt 1 August to 31 December 2018

Debtor	0-30 days (£000)	30-60 Days (£000)	60-90 Days (£000)	Over 90 Days (£000)	Total (£000)
Member boroughs	167	1,052	83	128	1,430
TfL	-	-	2	-	2
GLA	-	-	-	-	-
Total	167	1,052	85	128	1,432

4. 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 £213,000 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

5. All borough, TfL and GLA debts over 60 days were paid by 1 February 2019.

Other Debtors

6. 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 2018. An aged analysis of these debts is summarised in table 4 below:

Table 4 – Non-borough/TfL/GLA outstanding debt as at 31 December 2018

	Total Debt (£)	No. of invoices
2013/14 debts	200.00	1
2014/15 debts	9,905.82	2
2018/19 debts over 90 days old	138.50	2
2018/19 debts 61 to 90 days old	7,365.50	10
2018/19 debts 31 to 60 days old	850.50	5
2018/19 debts 30 days or less	4,148.60	8
Total	22,608.92	28

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

- **Repayment of ESF Community Grants - £10,105.82 – 3 invoices**

Table 5 below contains a list of three organisations awarded community grants under the discretionary ESF co-financing programme that have been asked to repay their unused grant funding.

Table 5 – List of Community Grant debtors

Name of organisation	Outstanding repayment at 31 July 2018
Community Business Enfield	6,249.82
Creative Innovation	200.00
Kimbanguist Association of London	3,656.00
Total	10,105.82

ESF Community Grants were awarded to voluntary organisations for projects which help unemployed and economically inactive people move into or closer to the labour market. The organisations were asked to repay their grant funding as they had not

complied with the terms of their grant funding agreement. The organisations initially refused to refund their grant awards and were referred to the City of London Solicitor's Department for legal action to be taken to recover the funds. Creative Innovation and the Kimbanguist Association of London have agreed to settle their debts by paying monthly instalments.

There has been no progress on the negotiations with Community Business Enfield. The company was awarded a grant of £12,500 in February 2014 and was paid an advance of £6,249.82 (approximately 50%) in accordance with the terms of the community grants programme. The grant was awarded for a period from March to October 2014 for the provision of language and ICT courses. The company was unable to provide evidence to demonstrate that it delivered the agreed service and an invoice was issued to recover the advance funding.

The company refused to refund the advance claiming extenuating circumstances which prevented the delivery of the service and requested an extension to the project. The extension was refused on the basis that a viable project could not be delivered to the specification included in the funding agreement within the proposed timeframe. Despite numerous correspondence between London Councils and Community Business Enfield the debt remains unpaid. There has been no communication from the company since May 2016 and the latest correspondence was returned stating that the company was no longer at its registered address.

The Companies House website shows that a compulsory strike off notice was issued in March 2018, HMRC raised an objection to the notice which indicates that they are a creditor whose debt will take precedence over London Councils. The most recent set of accounts submitted to Companies House for the year ended March 2016 shows a level of reserves less than the debt owed by the company. Given the circumstances, it is unlikely that the debt of £6,249.82 will be recovered. The debt has already been fully provided for in London Councils' existing bad debt provision and a write-off will have no impact on the 2018/19 revenue account. Formal approval is, therefore, requested from the Executive for the write-off of these debts.

- **Conerstone Training and Support Ltd - £3,000.00 – 1 invoice**

The balance consists of one invoice that relates to the company's commercial return on its London Ventures partnership agreement. The invoice was paid in January 2019.

- **LeanLinking APS - £3,000.00 – 1 invoice**

The balance consists of one invoice that relates to the company's commercial return on its London Ventures partnership agreement. London Councils officers have chased the outstanding debt with the venture partner and have been informed that it should be settled before the end of February 2019.

8. The City of London's role in raising London Councils' debtor invoices is detailed in paragraph 4 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.
9. If the debt write-off recommended in this report is approved, the overall level of debtors will reduce by £6,249.82 from £1,454,972.36 to £1,448,722.54 as at 31 December 2018.

Summary

10. This report details the level of outstanding debt owed to London Councils from all sources as at 31 December 2018. 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 2018.
11. A summary of the level of London Councils outstanding debts as at 31 December 2018 is shown in Table 1 below:

Table 1- Summary of London Councils Outstanding Debts at 31 December 2018

Period	Borough / TfL / GLA Debts	Non-borough / TfL / GLA Debts	Total Debts
	£000	£000	£000
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Debts invoiced between 1/8/2018 – 31/12/2018	1,432	13	1,445
Total	1,432	23	1,455

Recommendations

12. The Executive is asked:

- To note the level of outstanding debt of £7.48 in relation to borough, TfL and GLA invoices raised up until 31 July 2018, a reduction on the outstanding figure of £2.863 million reported to the Executive at its meeting on 11 September 2018;
- To note the level of outstanding debt of £1.432 million in respect of borough, TfL and GLA invoices raised in the period 1 August to 31 December 2018;
- To note the level of outstanding debt of £22,608.92 in relation to other debtors invoices raised up until 31 December 2018;
- To approve the write-off of £6,249.80 in respect of the recovery of unused European Social Fund (ESF) community grant funding as detailed in paragraph 7: and
- To note the specific action being taken in respect of significant debtors, as detailed in paragraph 5 and 7 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 from 1 August to 31 December 2018
- Appendix B: Outstanding Other Debts at 31 December 2018

Background Papers

London Councils Debtors working papers 2018/19
Report to Executive on 11 September 2018

Appendix A - Outstanding Borough/TfL/GLA debts invoiced from 1 August to 31 December 2018

Number	Customer Name	Customer Number	Type	Transaction Date	Original	Balance Due	Days Late	0 - 30 days	30 - 60 days	60 - 90 days	Over 90 days
4231485	London Borough of Barnet	65237	2	01/10/2018	73,238.00	73,238.00	91				73,238.00
4236268	London Borough of Barnet	65237	2	06/12/2018	160.00	160.00	25	160.00			
	London Borough of Barnet Total				73,398.00	73,398.00		160.00	0.00	0.00	73,238.00
4233824	London Borough of Bexley	82583	3	31/10/2018	9,411.15	9,411.15	61			9,411.15	
4236667	London Borough of Bexley	82583	3	10/12/2018	96.00	96.00	21	96.00			
	London Borough of Bexley Total				9,507.15	9,507.15		96.00	0.00	9,411.15	0.00
4233825	London Borough of Brent	80673	4	31/10/2018	36,212.51	36,212.51	61			36,212.51	
	London Borough of Brent Total				36,212.51	36,212.51		0.00	0.00	36,212.51	0.00
4233826	London Borough of Bromley	78518	5	31/10/2018	11,894.68	11,894.68	61			11,894.68	
4234407	London Borough of Bromley	78518	5	07/11/2018	589,910.00	589,910.00	54		589,910.00		
	London Borough of Bromley Total				601,804.68	601,804.68		0.00	589,910.00	11,894.68	0.00
4231499	London Borough of Camden	73305	6	01/10/2018	46,700.00	20,095.00	91				20,095.00
4236271	London Borough of Camden	73305	6	06/12/2018	23,464.00	23,464.00	25	23,464.00			
	London Borough of Camden Total				70,164.00	43,559.00		23,464.00	0.00	0.00	20,095.00
4236272	Croydon Council	71501	7	06/12/2018	23,456.00	23,456.00	25	23,456.00			
	Croydon Council Total				23,456.00	23,456.00		23,456.00	0.00	0.00	0.00
4236664	London Borough of Ealing	88277	8	10/12/2018	300.00	300.00	21	300.00			
4236782	London Borough of Ealing	88277	8	12/12/2018	135.00	135.00	19				
	London Borough of Ealing Total				435.00	435.00		435.00	0.00	0.00	0.00
4236274	London Borough of Enfield	95679	9	06/12/2018	7,608.00	7,608.00	25	7,608.00			
	London Borough of Enfield Total				7,608.00	7,608.00		7,608.00	0.00	0.00	0.00
4236277	Royal Borough of Greenwich	124082	10	06/12/2018	7,144.00	7,144.00	25	7,144.00			
	Royal Borough of Greenwich Total				7,144.00	7,144.00		7,144.00	0.00	0.00	0.00
4236280	London Borough of Hackney	37291	11	06/12/2018	31,992.00	31,992.00	25	31,992.00			
	London Borough of Hackney Total				31,992.00	31,992.00		31,992.00	0.00	0.00	0.00
4234433	L. B. Hammersmith and Fulham	101404	12	07/11/2018	55,567.00	55,567.00	54		55,567.00		
	L. B. Hammersmith and Fulham Total				55,567.00	55,567.00		0.00	55,567.00	0.00	0.00
4235159	London Borough of Hounslow	67448	17	16/11/2018	513.00	513.00	45		513.00		
4236286	London Borough of Hounslow	67448	17	06/12/2018	10,072.00	10,072.00	25	10,072.00			
	London Borough of Hounslow Total				10,585.00	10,585.00		10,072.00	513.00	0.00	0.00
4234444	London Borough of Islington	5693	18	07/11/2018	75,966.00	75,966.00	54		75,966.00		
	London Borough of Islington Total				75,966.00	75,966.00		0.00	75,966.00	0.00	0.00
4234452	Royal Borough of Kensington & Chelsea	111455	19	07/11/2018	53,362.00	53,362.00	54		53,362.00		
	Royal Borough of Kensington & Chelsea Total				53,362.00	53,362.00		0.00	53,362.00	0.00	0.00
4231579	Royal Borough of Kingston	75215	20	01/10/2018	33,408.00	33,408.00	91				33,408.00
	Royal Borough of Kingston Total				33,408.00	33,408.00		0.00	0.00	0.00	33,408.00
4230615	London Borough of Lambeth	3330	21	17/09/2018	1,440.00	1,440.00	105				1,440.00
4234457	London Borough of Lambeth	3330	21	07/11/2018	277,134.00	277,134.00	54		277,134.00		
4236291	London Borough of Lambeth	3330	21	06/12/2018	31,504.00	31,504.00	25	31,504.00			
	London Borough of Lambeth Total				310,078.00	310,078.00		31,504.00	277,134.00	0.00	1,440.00
4236303	London Borough of Newham	54574	25	06/12/2018	24,000.00	24,000.00	25	24,000.00			
4236666	London Borough of Newham	54574	25	10/12/2018	3,000.00	3,000.00	21	3,000.00			
	London Borough of Newham Total				27,000.00	27,000.00		27,000.00	0.00	0.00	0.00
4236306	LB of Richmond Upon Thames	92507	27	06/12/2018	4,136.00	4,136.00	25	4,136.00			
	LB of Richmond Upon Thames Total				4,136.00	4,136.00		4,136.00	0.00	0.00	0.00
4233921	London Borough Tower Hamlets	9237	30	31/10/2018	25,137.62	25,137.62	61			25,137.62	
	London Borough Tower Hamlets Total				25,137.62	25,137.62		0.00	0.00	25,137.62	0.00
4233890	Transport For London	382905	35	31/10/2018	2,000.00	2,000.00	61			2,000.00	
	Transport For London Total				2,000.00	2,000.00		0.00	0.00	2,000.00	0.00
	Grand Total				1,458,960.96	1,432,355.96		167,067.00	1,052,452.00	84,655.96	128,181.00

Appendix B - Outstanding Other Debts at 31 December 2018

Number	Customer Name	Customer Number	Transaction Date	Original Amount (£)	Balance Due (£)	Days Late
4117848	Creative Innovation	576747	17/03/2014	3,204.39	200.00	1,750
2013/14 debts				3,204.39	200.00	
4129152	Community Business Enfield	577767	10/09/2014	6,249.82	6,249.82	1,573
4140378	Kimbanguist Association of London	583505	16/03/2015	6,009.50	3,656.00	1,386
2014/15 debts				12,259.32	9,905.82	
4226837	LeanLinking ApS	592102	18/07/2018	3,000.00	3.50	166
4230400	West London Alliance	570578	12/09/2018	135.00	135.00	110
2018/19 debts over 90 days				3,135.00	138.50	
4231843	Argus Media Ltd	575395	03/10/2018	150.00	150.00	89
4232006	Poplar Harca	430662	08/10/2018	240.00	240.00	84
4232030	Wellington Street Partners Ltd	588245	08/10/2018	35.00	35.00	84
4232580	Equalities National Council	592630	12/10/2018	17.50	17.50	80
4232637	Paypal (UK) Limited	592652	15/10/2018	35.00	35.00	77
4232886	Cornerstone Training and Support Limited	591151	17/10/2018	3,000.00	3,000.00	75
4232897	East Sussex County Council	82316	17/10/2018	176.40	176.40	75
4232926	LeanLinking ApS	592102	17/10/2018	3,000.00	3,000.00	75
4232943	NHS Lambeth CCG	566733	17/10/2018	312.00	312.00	75
4233576	Environment Agency	275477	29/10/2018	399.60	399.60	63
2018/19 debts over 60 days				7,365.50	7,365.50	
4234685	Environment Agency	275477	12/11/2018	321.30	321.30	49
4234959	East Sussex County Council	82316	14/11/2018	288.00	288.00	47
4235182	Ocean Media Group Ltd	590206	16/11/2018	35.00	35.00	45
4235183	Local Government Association	358901	16/11/2018	96.00	16.00	45
4235279	Tribal Group PLC	588359	19/11/2018	190.20	190.20	42
2018/19 debts over 30 days				930.50	850.50	
4235987	South East Employer's Organisation	467145	03/12/2018	1,138.50	1,138.50	28
4235992	South East Employer's Organisation	467145	03/12/2018	699.60	699.60	28
4236017	Thames Water Utilities Ltd	9121	03/12/2018	1,146.90	1,146.90	28
4236245	Central London Community Healthcare NHS Trust	592535	05/12/2018	243.00	243.00	26
4236662	Velocity RDT Limited	592995	10/12/2018	35.00	35.00	21
4236778	East Sussex County Council	82316	12/12/2018	322.80	322.80	19
4236808	3Fox International Ltd	593056	12/12/2018	226.80	226.80	19
4237122	Headstogether Consulting Ltd	583750	17/12/2018	336.00	336.00	14
2018/19 debts 30 days or less				4,148.60	4,148.60	
Total other debts at 31 December 2018				31,043.31	22,608.92	