

REQUEST FOR DIRECTOR DECISION – DD1489

Title: Proposed bad debt write-offs - 2015/16

Executive Summary:

The Authority raises invoices on a regular basis, sends out reminder letters and actively chases customers for payment. Debts deemed not economical to pursue, given the costs of recovery or insolvency of the customer, are classified as irrecoverable and written off in accordance with the Greater London Authority's ("GLA") bad debt policy.

Decision:

To approve the write off the following debts:

- GLA debts - £14,647
- Debts transferred from the London Development Agency ("LDA") - £100,000

AUTHORISING DIRECTOR


I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Martin Clarke

Position: Executive Director of Resources

Signature:



Date:

24.3.16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

In addition to income from government grants and council tax, the Authority raises income from various other sources such as publications, subscriptions, project fees, sale of data, sponsorships and other miscellaneous charges and these constitute the Authority's sundry debtors. The Authority raises invoices on a regular basis, sends out reminder letters and actively chases customers for payment. However, when the Authority's collection methods have been exhausted and the level of debt is below a level suitable for court referral, the debt is deemed to be irrecoverable and is submitted for write off against the bad and doubtful debt provision.

Paragraph 16.10, in the approved Financial Regulations, states that, "Provided appropriate steps have been taken to recover monies due to the Authority, the Head of Financial Services may authorise the writing off of sums owed by a single debtor up to £50,000. Sums to be written off, in relation to a single debtor between £50,000 and £150,000, will require the approval of the Executive Director of Resources". The Head of Financial Services has delegated powers from the Executive Director of Resources in his absence.

GLA Debtors (Appendix 1)

The proposed write off value of £14,647 comprises eight debtors (see appendix 1).

Three debts totalling £7,600 relate to planning application meetings, KR Planning and Lifshutz Davidson Associates have disputed the VAT charge and hence only part paid the invoice leaving the vat outstanding (£800 each). There was no mention of vat on the GLA website when booking.

£6,000 owed by Empyrean Developments Ltd has been in dispute since April 2015. Accounts Receivable have been unable to recover the outstanding amount and believe it would not be cost effective to pursue this legally.

Bradley Media has gone into liquidation and owes £1,440 for filming at City Hall.

The MSM Asia invoice £4,167 (vat only), is being proposed for write off as they did not provide an offsetting invoice for services provided under a barter arrangement.

The final three debts, (HM Treasury £300, Malaysian Pancake Co £540, and Prima Vista £600) relate to miscellaneous services which Accounts Receivable have been unable to recover.

LDA Debtors

LDA debtors transferred to the GLA following the abolition of the LDA on 31 March 2012. Of these, £100,000 in respect of a grant reclaim is irrecoverable as the Park Royal Partnership from which the LDA had sought to recover the grant was wound up on 31 March 2014. A specific provision was set aside in March 2013 in the event of non-payment, as such this write off will not fall as a charge on the 2015/16 financial year.

2. Equality comments

There are no direct equalities implications arising from this decision. However, as per the Equalities Act 2010, the GLA has a responsibility to give due regard to promoting equality in all its activities, including financial administration and decision-making. Given the efforts to recover the above mentioned debts, the proposed bad debt write offs are in line and consistent with previous bad debt write off decisions.

3. Other considerations

a) Links to strategies and Strategic Plan

The collection of debt and the subsequent write off of debt deemed to be uncollectible contribute to the proper administration of the Authority's financial affairs.

b) Impact assessments and Consultation

No consultation is required.

c) Risk

The Authority has credit control processes in place to maximise the collection of debts. However, in the event that a debt is deemed bad, it is written off against the bad and doubtful debt provision thereby avoiding the need for unplanned in year charges against the Authority's general fund account.

4. Financial comments

The corporate bad debt provision currently stands at £318,000 and is therefore sufficient to fund the proposed write offs. The provision is reviewed annually to ensure that adequate provision is maintained.

VAT of £1,380.00, previously paid over to HMRC, will be reclaimed under the Bad Debt Relief Scheme.

5. Legal comments

The Director may approve officers recommendations if satisfied that commercially sufficient steps have been taken to recover the debt and the amount of resource/cost involved in continuing recovery activity is disproportionate to the debt concerned.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Anthony Alleyne has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Tom Middleton has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Allen

Date

24.3.16

Appendix 1

Appendix 1

GLA - Proposed bad debt write off 2015-16

<i>Customer Name</i>	<i>Invoice date</i>	<i>Gross Amount</i>	<i>Service provided</i>
Bradley Media	23/09/2014	£ 1,440.00	Firming at City Hall 19th August 2014
Empyrean Developments Ltd	28/04/2015	£ 6,000.00	D&P/3531/01 Blackfriars Medical Centre
H M Treasury	27/08/2015	£ 300.00	Bonus - 01/01/15 - 31/03/15
KR Planning	25/04/2012	£ 800.00	Pre Planning Application Meeting Balance 1800002374
Lifshutz Davidson Sandilands Assoc.	25/04/2012	£ 800.00	Pre Planning Application Meeting Balance 1800002369
Malaysian Pancake Company	20/06/2014	£ 540.00	Food Trader Eid Festival 17/08/13
MSM Asia Ltd	27/03/2015	£ 4,166.67	Sponsorship of Vaisakhi VIK 2014(vat only)
Prima Vista	17/11/2011	£ 600.00	Prima Vista filming 13th Oct 11
		£14,646.67	

