

Committee	Debtor system	Proposed Basis for 2019/20
Finance (City Fund)	Accounts Receivable (General debtors)	A good working relationship has now been established between the Finance and Administration Manager and an Estates Finance contact at HMCTS. Quarterly invoices are raised by CoL and sent directly to the HMCTS Estates finance contact, and their central AP team, quoting required ref. no. for the CCC site. The debt management is now part of the local monthly MH/CCC Aged debt review, and the direct contacts can be chased up as required. a follow up email will be sent by the CoL Finance Manager to chase up the payment. It is therefore not anticipated that a provision will be required.
Police	Accounts Receivable (General debtors)	Significant debt has been reviewed on an individual basis. The calculation is consistent with approach used in 2017/18. Of the over one year items, the £78k owed by DANY is still under investigation and it is likely that credit notes will be issued. The remainder is under investigation by Finance Business Partner, Russell Smith.
Policy & Resources	Accounts Receivable (General debtors)	P&R has very little income so the budget manager is asked to review the current outstanding debts and let the finance team know what the expected outcomes are for these items. Depending on what the budget manager feeds back will depend on if a provision is made or if we ask for the debt to be written off. Also alot of debtors tend to be internal departments or other local authorities.
Finance (City's Cash)	Property Accounts Receivable	PROCESS 1. For each fund extract relevant invoices from the CoL aged debt report.2. Review unallocated cash and identify relevant balance sheet where necessary. Extract unallocated cash relating to City Surveyor's department and merge with extracts from aged debt report and apportion between age buckets to avoid creating negative balances in any columns.3. Sort and sub-total the debts into aged amounts by tenant and analyse between former and current tenants removing any credit balances for reclassification.METHODOLOGY4. Review minimum of 80% by value of this debt with surveyors to establish specific bad and doubtful debt position.4A. Make provision for those debts identified by Comptrollers as bad and doubtful. 5. The CIPFA standard aged provision rates are applied to the remaining balances. 6. Run write off report to check what has been written off during the year.7. Combine opening provision with write-offs and compare to new provision required to calculate adjustment required and prepare necessary journal.
Finance (City's Cash)	Accounts Receivable (General debtors)	MH fixed commission invoices are raised for each contract quarter locally, with a surplus commission invoice in Sept/Oct to reflect the end of the contract year (Sept-Aug) - following finalisation of the commission tracker. Direct contact has now been established with CH & Co's Head of Finance and their central AP team so that invoices can be sent directly (rather than via the local unit admin). The final fixed commssion invoice of the fin. year will be rasied early March, so we would expect prompt payment for year end, or shortly after.
Remembrancer	Accounts Receivable (General debtors)	Bad debt is not really an issue with event hire invoicing at MH or CCC. Event hire income is continually monitored and the aged debt report is run as part of the monthly reports for the local budget monitoring, so there is a monthly capture along with any notes for an audit trail, and any issues are escalated if need be.
Policy & Resources	Accounts Receivable (General debtors)	P&R has very little income so the budget manager is asked to review the current outstanding debts and let the finance team know what the expected outcomes are for these items. Depending on what the budget manager feeds back will depend on if a provision is made or if we ask for the debt to be written off. Also alot of debtors tend to be internal departments or other local authorities.
City of London School for Boys	Other Systems	Tuition fee debt at 31/03/20 to be analysed by Bursar and debts considered bad will be provided for. The Bursar chases overdue debts and in doing so seeks to understand the reasons that payment has not been made. If, in their view, the debt is unlikely to be paid this will be considered to be a doubtful debt and provided for. The bad debt provison consists of the total of all such debts.

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City of London School for Girls	Other Systems	Tuition fee debt at 31/03/20 to be analysed by Bursar and debts considered bad will be provided for. The Bursar chases overdue debts and in doing so seeks to understand the reasons that payment has not been made. If, in their view, the debt is unlikely to be paid this will be considered to be a doubtful debt and provided for. The bad debt provision consists of the total of all such debts.
City of London Freemans School	Other Systems	Tuition fee debt at 31/03/20 to be analysed by Bursar and debts considered bad will be provided for. The Bursar chases overdue debts and in doing so seeks to understand the reasons that payment has not been made. If, in their view, the debt is unlikely to be paid this will be considered to be a doubtful debt and provided for. The bad debt provision consists of the total of all such debts.
Establishment (Guildhall Admin)	Accounts Receivable (General debtors)	Establishment has very little income so the budget manager is asked to review the current outstanding debts and let the finance team know what the expected outcomes are for these items. Depending on what the budget manager feeds back will depend on if a provision is made or if we ask for the debt to be written off. Also alot of debtors tend to be internal departments or other local authorities.
Barbican Centre	Accounts Receivable (General debtors)	For debt less than 6 months old a 1% provision has been calculated, for older debts, provisions have been made on a case by case basis, with exceptions being people on a payment plan or associate companies. The provision for international touring programme debt takes into account the impact of Brexit and higher default we have experienced in this area.
Planning and Transportation	Property Accounts Receivable	Debts are analysed between: 1. Drains & Sewers 2. Off-Street Parking Provision is assessed respectively: 1. All debts are historic, and have been referred to C&CS. Likelihood of recovery extremely low, 100% provision made. 2. No provision made as debts relates to just two tenants who have been reliable payers to date.
Planning and Transportation	Accounts Receivable (General debtors)	Debts are analysed between: 1. Planning Obligations 2. Street Scene 3. Highways 4. Building Control 5. Structural Maintenance Provision is assessed respectively: 1. No provision required, development will not be permitted to proceed until debts paid so very low risk of default. 2. No provision required, all debts relate to third party contributions to carry out street works, which will not go ahead if debt is unpaid, so extremely low risk of default. 3. Generally no provision, all debts relate to third party contributions to carry out recoverable works, which will not go ahead if debt is unpaid, so extremely low risk of default. Specific provision is made at 100% if any works carried out where it has been identified that there is no written agreement to pay in place. 4. No provision (TBC) 5. No provision required, Service Level Agreements in place so very low risk of default.
Planning and Transportation	Parking Charge Notices (PCNs)	Provision is calculated based on historical analysis of PCN collection rates from 2012/13 onwards, taking into account factors including cancellations and write-offs, cash receipts and age of debt.

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Port Health and Environmental Services	Property Accounts Receivable	<p>Debts are analysed between:</p> <ol style="list-style-type: none"> 1. Debts up to 3 months old 2. Older debts uneconomical to pursue 3. Debts relating to property and income transferred to another committee <p>Provision is assessed respectively:</p> <ol style="list-style-type: none"> 1. No provision required, debts can be deducted from rent deposit if unpaid 2. 100% provision 3. No provision as any provision should be made by the owning committee
Port Health and Environmental Services	Accounts Receivable (General debtors)	<p>Cemetery: Superintendent at the Cemetery reviews each debt and using their many years of experience of dealing with the various funeral directors is able to attach a percentage to each debt. Generally, the funeral directors are "good payers" and the odd couple that have proved troublesome are given warnings and then no longer used by the Cemetery. Despite the large amount of income taken, there are few bad debts and in a lot of years there is no provision made. In terms of external factors, the nature of the business means that there are natural busy and quiet periods and a period of "freak" weather in either summer or winter could suddenly lead to a huge spike in income. Similarly, mild summers/winters see income levels reduce. The cemetery keep their prices competitive and offer lower rates than other cemeteries in the local area, this combined with the excellent reputation they have means that any drop in income is often due to factors outside their control, rather than a drop in market share. Economic factors seem to be less of an issue than weather factors. Customers unable to afford funerals will often seek loans to ensure they can pay the fees outright. The sensitive nature of it seems to ensure that customers would rather pay it all up front rather than having the payment hanging over them after they have "said goodbye" to their loved one.</p> <p>Other services:</p> <p>Debts are analysed, in order, between:</p> <ol style="list-style-type: none"> 1. Debts settled between 31st March and calculation of the provision 2. Debts due to be collected by Direct Debit 3. All other debts up to 30 days old 4. Debts requiring specific provision, based on recovery status (typically those that are over 120 days old and uneconomical to pursue, and those that have
Licensing	Accounts Receivable (General debtors)	<p>Debts are analysed between:</p> <ol style="list-style-type: none"> 1. Debts settled between 31st March and calculation of the provision 2. Debts relating to premises licences for sale of alcohol, less than 1 month old 3. Debts relating to premises licences for sale of alcohol, more than 1 month old 4. Massage & Special Treatment licence renewals issued in advance 5. Other <p>Provision is assessed respectively:</p> <ol style="list-style-type: none"> 1. No provision required as already paid 2. Premises unable to carry out licensed activity if debt is unpaid, so risk of default is extremely low. Based on past experience, a provision of 0.5% made to allow for premises operators ceasing trading 3. Premises unable to carry out licensed activity if debt is unpaid, debts this old therefore mean there is a high chance that the premises operator has ceased trading and will not pay. 25% provision made for debts up to 3 months old, 75% for debts 3-6 months old, and 100% for debts more than 6 months old. 4. Very low risk of default, any provision would not be a material amount, no provision 5. Any debts over 120 days old will be individually assessed for likelihood of recovery and provision made accordingly; balance will use a % taking into consideration past experience and any known future factors likely to influence chance of recovery, whilst also considering materiality.
Spitalfields Market	Accounts Receivable (General debtors)	<p>No provision required for the majority of debts as New Spitalfields Market hold rent deposits for each tenant which can be used to offset any outstanding debts upon reassignment of their lease.</p> <p>For small sundry debts that quickly become uneconomical to pursue a provision of £500 is maintained.</p>

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Spitalfields Martket	Property Accounts Receivable	No provision required as New Spitalfields Market hold rent deposits for each tenant which can be used to offset any outstanding debts upon reassignment of their lease.
Markets Committee	Accounts Receivable (General debtors)	No provision required for the majority of debts as Billingsgate Market and Smithfield Market hold rent deposits for each tenant which can be used to offset any outstanding debts upon reassignment of their lease. For small sundry debts that quickly become uneconomical to pursue a provision of £1000 (£500 per market) is maintained.
Markets Committee	Property Accounts Receivable	No provision required as Billingsgate Market hold rent deposits for each tenant which can be used to offset any outstanding debts upon reassignment of their lease.
Barbican Residential	Accounts Receivable (General debtors)	The Barbican debts are analysis on a case base. The calculations for older debt provisions have also been made on a case by case basis, except for people who are on a payment plan. Most of the debt, is recoverable in Barbican, percentages are not used in the calculation the reason is most majority of the clients are leaseholders.
Barbican Residential	Property Accounts Receivable	The Budget manager will identify which debts are to be part of the bad debt provision for 2019/20. Debts will be assessed on individual cases. If we do not receive a response on specific debts, i.e. if people personal circumstances change than the standard percentage provision for debts crossing financial years reduced down approximately by percentage in new year. E.g. – long leaseholders - ultimately their service charge and rent debts can be subject to forfeiture action. The top 85% of debt by value over 3 months old is reviewed taking the C&CS comments into account in respect to bad and doubtful debts and then individually by tenant case with the management surveyors to determine likely recoverability. The remainder of the debt is then aged and provision is calculated using varying percentages based on past debt collection experience.
Community and Children's Services	Property Accounts Receivable	Relates to flats at the former spitalfields market - all debt relates to current tenants and provisions are based on an individual basis. The housing and homelessness team are in contact with their tenants and we ask their advice when allocating a % to the debt. We will look at their current circumstances and past payment history
Community and Children's Services	Orchard	Current Tenants B&B / Temp accomodation: each debt is looked at individually and based on the clients circumstances. The Housing & homelessness team are in contact with these tenants and we will ask their advice when allocating a % of debt to provide for. Former tenants B&B / Temp accomodation: as these have moved on and do not leave forwarding addresses, it is hard to track them down so usually provide 100% however all items are sent to the homelessness team prior to calculation of provision incase they have forwarding details for any of the tenants.
Community and Children's Services	Accounts Receivable (General debtors)	debt is mainly social care clients contribution towards their care. Debt meetings are held monthly between DCCS and finance officers in which debts are discussed and updates given. At yr end, a provision is made based on each individual's circumstances - factors such as past debt rates, employment, communication with client is taken into account when deciding what % of debt to provide for.
Community & Children Services	Other Systems	this debt relates to those clients for whom the City have Court of protection. In can take a while for us to be able to access the clients bank account so city pay for care costs on behalf of the client until we can access their account. Debts are not considered bad at all as they will be paid as soon as access is granted

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Culture, Heritage & Libraries	Property Accounts Receivable	<p>The only property income comes through LMA sub-letting the building. The rent review is still ongoing, which would see an increase in rent, part of which would be passed on to the sub-tenants, however, the amount of rent paid is still below market value and therefore “a good deal” for both LMA and the sub-tenant, making rent defaults unlikely. The sub-tenant has a good payment history and there has been no suggestion that this is likely to change in the future even with the increased rent.</p> <p>Historic debt fully provided for in 15-16, 16-17, 17-18 and 18-19, same treatment again 19-20. Both the City Surveyor and the Building Manager at LMA are consulted with percentages for any debts being provided by the LMA, who are best placed to estimate the likelihood of recovery. This is gained through the years of experience they have in the role. The percentage applied is their guestimate of the likely probability of the debt being paid.</p>
Culture, Heritage & Libraries	Accounts Receivable (General debtors)	<p>Historically, Culture has always had very small levels of bad debt. Last year saw an increase of under £1000. The service does not provide statutory services, nor services that people “need”, but more luxury services that people “want”. In view of this, any major economic downturn is more likely to lead to a loss of income, rather than an increase in debt provision. Simply put, customers will just choose not to acquire our services, such as room hire, events, royalty payments/repro licences or guided tours, some of which are billed in advance. Much of this income is from repeat customers, who have a good payment history, whilst new customers, again are unlikely to request such services if they’re struggling financially. The debt is broken down at DOS level and separate working papers created for each budget manager. The sheets are emailed to each manager and they review the debts and using their knowledge of the debt and customer, as well as experience gained in the role, (most budget managers have been in the role for a number of years), they provide a percentage based on the likelihood of recovery. There are certain customers who they know that may default and they assign a higher percentage to these (the percentage is multiplied by the debt outstanding) regardless of the age of the debt. Although, there are not too many of these and they are low value, (often under £100). Income recent and fully confident all will be received. This area generally has zero provision. Most of the income here comes through the tills rather than raised through invoices. The invoices raised in 18/19 related more to advertising services, such as on leaflet racks or on the screens. Again, if there was a real downturn in this industry owing to Brexit or other circumstances, advertising budgets are often a victim and therefore the CIC are more likely to see income dry up rather than debts occur. The company involved in this advertising during 18/19 has a good payment record, with the level of income raised a small percentage compared to income received through the tills.</p>
Open Spaces, City Gardens and West Ham Park	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by City Gardens Team. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
Open Spaces Committee	Property Accounts Receivable	Property debt usually very small. Will be assessed by City Gardens Team on an individual customer basis.
HRA	Accounts Receivable (General debtors)	Percentages are not used in the calculation how are they determined. Debt is sorted into former and current tenants for HRA. The Rent Team monitor the debt, the debt by value over 3 months old is reviewed taking the legal action and C&CS comments into account in respect to doubtful debts, then individually by tenant case with the management surveyors to determine likely recoverability. The remainder of the debt is then aged and provision is calculated using varying percentages based on past debt collection experience. The HRA provision for debts more than 2 years, is 100% provision accounted for.
HRA	Orchard	The debt for each Income system is analysed into appropriate categories i.e. by service area, income stream, stage of recovery, former/current tenants - For current tenants, an average HRA weekly rent used to categorize the Debt in different age brackets and provide provision. The approach and factors considered when determine the required provision, is all former tenant arrears provided 100% provision is accounted. The current tenants debt is reviewed on individual bases, and is recoverable by the rent team.

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HRA	Property Accounts Receivable	Debts will be assessed on individual basis. Provisions is provided by Budget Managers after analysing outstanding debts. If no response is received on specific debts, the standard percentages are applied to HRA, which is 3-6 Months 0%; 6-12 Months 25%; 12+ Months 100%; Former Tennant 100%. The remainder of the debt is then aged and provision is calculated using varying percentages based on past debt collection experience.
Culture, Heritage & Libraries	Accounts Receivable (General debtors)	Historically, these areas have very small levels of bad debt. The majority of income taken at Keats House and the Monument is paid at the till. The invoices raised are often for events or room hire from companies who generally will pay up on time. The provision provided is often under £10. At Keats House, the Curator applies percentages to the debts based on experience and where there may only be a handful of debts, they are able to scrutinise each one closely. The Monument's debts are often tied in with Tower Bridge where customers buy tickets through 3rd parties (such as London Pass). Generally these all pay
Open Spaces	Accounts Receivable (General debtors)	Historically no debts on Bunhill Fields. Any debts would be assessed on an individual customer basis should there be any
Open Spaces	Property Accounts Receivable	Historically no debts on Bunhill Fields. Any debts would be assessed on an individual customer basis should there be any
Open Spaces Directorate	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by Learning Team/Directorate. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
Epping Forest & Commons	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by Epping Forest. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
Epping Forest & Commons	Property Accounts Receivable	Debts will be assessed by Epping Forest by category type and resources allocated to collections. Where unlikely to recover debt 90% (mainly the smaller utility wayleave debts for example invoices for 5 pence will have less resources dedicated to collection) Where should recover the debt 50% (mainly handgates/motorgate wayleaves, higher value invoices where more resources dedicated to collection). Where certain will recover debt 0%. If there are other rental/licence debts, they get assessed individually by Epping on a customer basis.
Burnham Beeches	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by Burnham Beeches. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
Burnham Beeches	Property Accounts Receivable	Debts will be assessed by Burnham Beeches by category type and resources allocated to collections. Where unlikely to recover debt 90% (mainly the smaller utility wayleave debts for example invoices for 5 pence will have less resources dedicated to collection) Where should recover the debt 50% (mainly handgates/motorgate wayleaves, higher value invoices where more resources dedicated to collection). Where certain will recover debt 0%. If there are other rental/licence debts, they get assessed individually by Burnham on a customer basis.
West Wickham & Coulsdon Commons	Property Accounts Receivable	Debts will be assessed by West Wickham by category type and resources allocated to collections. Where unlikely to recover debt 90% (mainly the smaller utility wayleave debts for example invoices for 5 pence will have less resources dedicated to collection) Where should recover the debt 50% (mainly handgates/motorgate wayleaves, higher value invoices where more resources dedicated to collection). Where certain will recover debt 0%. If there are other rental/licence debts, they get assessed individually by West Wickham on a customer basis.

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Westwickham and Coulsdon Commons	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by City Commons. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
Ashted Common	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by City Commons. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
Ashted Common	Property Accounts Receivable	Debts will be assessed by Ashted Common by category type and resources allocated to collections. Where unlikely to recover debt 90% (mainly the smaller utility wayleave debts for example invoices for 5 pence will have less resources dedicated to collection) Where should recover the debt 50% (mainly handgates/motorgate wayleaves, higher value invoices where more resources dedicated to collection). Where certain will recover debt 0%. If there are other rental/licence debts, they get assessed individually by Ashted on a customer basis.
Queen's Park and Highgate Wood	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by North London Open Spaces. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
Queen's Park and Highgate Wood	Property Accounts Receivable	Debts will be assessed by Queens Park and Highgate Wood by category type and resources allocated to collections. Where unlikely to recover debt 90% (mainly the smaller utility wayleave debts for example invoices for 5 pence will have less resources dedicated to collection) Where should recover the debt 50% (mainly handgates/motorgate wayleaves, higher value invoices where more resources dedicated to collection). Where certain will recover debt 0%. If there are other rental/licence debts, they get assessed individually by Queens Park and Highgate Wood on a customer basis.
Hampstead Heath	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by North London Open Spaces. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
Hampstead Heath	Property Accounts Receivable	Debts will be assessed by Hampstead Heath by category type and resources allocated to collections. Where unlikely to recover debt 90% (mainly the smaller utility wayleave debts for example invoices for 5 pence will have less resources dedicated to collection) Where should recover the debt 50% (mainly handgates/motorgate wayleaves, higher value invoices where more resources dedicated to collection). Where certain will recover debt 0%. If there are other rental/licence debts, they get assessed individually by Hampstead Heath on a customer basis.
West Ham Park	Accounts Receivable (General debtors)	Debts will be assessed on individual customer basis by West Ham Park. Unit 4 (who are involved in the debt monitoring) may apply a provision based on knowledge of the debt if Dept provide a Nil provision response.
West Ham Park	Property Accounts Receivable	Property debt usually very small. Will be assessed by West Ham Park on an individual customer basis.
Culture, Heritage & Libraries	Accounts Receivable (General debtors)	Historically, Tower bridge has very small levels of bad debt. The majority of income taken is paid at the till. The invoices raised are often for events or room hire from companies who generally will pay up on time. Tower Bridge's debts are often tied in with the Monument (see above for a full explanation).

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Property Investment Board	Property Accounts Receivable	PROCESS 1. For each fund extract relevant invoices from the CoL aged debt report.2. Review unallocated cash and identify relevant balance sheet where necessary. Extract unallocated cash relating to City Surveyor's department and merge with extracts from aged debt report and apportion between age buckets to avoid creating negative balances in any columns.3. Sort and sub-total the debts into aged amounts by tenant and analyse between former and current tenants removing any credit balances for reclassification.METHODOLOGY4. Review minimum of 80% by value of this debt with surveyors to establish specific bad and doubtful debt position.4A. Make provision for those debts identified by Comptrollers as bad and doubtful. 5. The CIPFA standard aged provision rates are applied to the remaining balances. 6. Run write off report to check what has been written off during the year.7. Combine opening provision with write-offs and compare to new provision required to calculate adjustment required and prepare necessary journal.
Property Investment Board	Accounts Receivable (General debtors)	1. For each fund extract relevant invoices from the CoL aged debt report.2. Review minimum of 80% by value of this debt with surveyors to establish specific bad and doubtful debt position.3. The CIPFA standard provision rates are applied accordingly to the remaining balances as follows:-4. Combine opening provision with write-offs and compare to new provision required to calculate adjustment required and prepare necessary journal.
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Property Investment Board	Other Systems	<p>PROCESS 1. For each fund extract relevant invoices from the CoL aged debt report.2. Review unallocated cash and identify relevant balance sheet where necessary. Extract unallocated cash relating to City Surveyor's department and merge with extracts from aged debt report and apportion between age buckets to avoid creating negative balances in any columns.3. Sort and sub-total the debts into aged amounts by tenant and analyse between former and current tenants removing any credit balances for reclassification.METHODOLOGY4. Review minimum of 80% by value of this debt with surveyors to establish specific bad and doubtful debt position.4A. Make provision for those debts identified by Comptrollers as bad and doubtful. 5. The CIPFA standard aged provision rates are applied to the remaining balances. 6. Run write off report to check what has been written off during the year.7. Combine opening provision with write-offs and compare to new provision required to calculate adjustment required and prepare necessary journal.</p>