Committee(s):	Date(s):
Finance Committee of the Barbican Centre Board Barbican Centre Board	11 January 2017 25 January 2017
Subject: Barbican Centre – Bad Debts Annual Update	**Public**
Report of: Chief Operating & Financial Officer	**For Information**

Summary

The Barbican generates significant income each year through invoiced income. A very small percentage of these invoices become bad debts. This report provides an update on bad debts for the Barbican for the period up to April 2015.

This report informs Members that the Managing Director, under delegated authority intends to write off 55 items, each below £5,000, with a total value of £17,584.73

Recommendation

That Members note the intention of the Managing Director to write off 55 items, each below £5,000, with a total value of £17,584.73.

Main Report

Summary of Write-offs

1. This report provides an annual update on bad debts and relates to debts incurred over the period from August 2013 to April 2015. Over this period, the Barbican generated approximately £22 million in invoiced income.

2. There are no material debts that require Member approval. The Managing Director intends to write off 55 credit items below the delegate write-off limit of £5,000. Of these debts, 38 debts are less than £250. A rigorous recovery process was followed in attempt to collect these debts. In most cases, the debts were too small to make legal recovery economically viable.

3. This write-off will be met from the Barbican’s local risk budget; provisions have been made in the Barbican’s accounts in the financial years 2013/14, 2014/15 and 2015/16

Recovery Process

Event Income

4. The majority of Barbican invoiced income is a result of conference and

exhibition events. The Barbican will invoice most of the charges relating to an event prior to its commencement. Except under exceptional circumstances, the event will not be allowed to take place if these advance invoices are not paid. During most events, further items will be ordered that will have to be invoiced post-event.

Non-Event Income

5. The Barbican issues a large number of non-event related invoices (around 1,500 per year) for a large range of different items (such as rental of car parking spaces or programme advertising income). The amount invoiced is usually under £500. Where possible the Barbican seeks to gain payment before a service is provided.

Recovery Process

6. The Barbican engages in strenuous efforts in order to recover outstanding amounts. After the Barbican's payment terms (30 days) have been exceeded, the Barbican's credit controller will contact the debtor and will continue to chase until the payment is received.

7. If the client is clearly unable to remit the full balance, under certain circumstances a payment plan will be agreed. If it is unlikely that payment will be received, a judgement is made, based primarily on the amount outstanding, as to whether to pass the debt to the Comptroller and City Solicitor for further action.

8. The recovery progress of all debts is reviewed monthly by the Head of Finance and monthly debt reports are sent to Heads of Departments and other budget holders.

Authority to Write-off

9. The Managing Director has delegated authority to write off debts to a maximum of £5,000 in any one case, subject to the approval of the Chamberlain.

10. Under Standing Order 52 (1) the Barbican Centre Board may authorise the writing off of debts in excess of £5,000.

Debts from the Period Concerned still in Debt Recovery Process

11. The Barbican, with the help of the Comptroller and City Solicitor's Department, are currently engaged in further recovery process with 49 debtors for the period 1st April 2013 to 30th April 2015. These debts total £134,996. We anticipate much of this debt will be recovered, therefore we have not requested that these be written off at this time.

Funding

12. The write-offs will be met from the Barbican's local risk budget; a provision was made in the accounts from 2013/14, 2014/15 and 2015/16.

Consultees

13. The Chamberlain has been consulted in the preparation of this report.

Chamberlain's Comment

14. The Accounts and Audit Regulations 2003 require that bad debts should only be written off with the approval of the Chief Financial Officer (The Chamberlain) or his nominated representative. This approval has been given.

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