

WRITE-OFF OF IRRECOVERABLE ARREARS 2022/23

Presented by the Head of Finance

SUMMARY

This report advises Members of delegated action taken by the Head of Finance in accordance with Financial Regulations to write-off any irrecoverable arrears below the value of £2,000.

Amounts over this value require approval of the full Authority. There are no individual sums of irrecoverable arrears over £2,000 for 2022/23.

During 2022/23, there have been three debts written-off under delegated authority totalling £1,000.

RECOMMENDATION

Members Note: (1) the debts written off under delegated authority in 2022/23.

BACKGROUND

- 1 Members agreed delegated authority to the Head of Finance to write-off irrecoverable debts with a value of up to £2,000 each subject to an annual report on the exercise of that delegation to Authority. This delegation is set out in Financial Regulations (FR 401).
- 2 This report advises Members of action taken by the Head of Finance during 2022/23 to write-off debts considered irrecoverable or uneconomic to pursue.

USE MADE OF DELEGATED POWERS TO WRITE-OFF DEBTS

- 3 Debts written-off under delegated authority occur where costs of recovery are anticipated to significantly exceed the debt and that the likelihood of recovery is small. Debt write-off is only considered when all normal recovery procedures have been followed and exhausted.
- 4 The Head of Finance has approved the write-off of three debts under delegated authority totalling £1,000 during the 2022/23 financial year. A general bad debt

provision of £1,100 was set aside for non-recoverable debts and therefore these write-offs will have no direct impact on revenue in the 2022/23 accounts.

- 5 The three debts written-off in 2022/23 related to hire of sporting facilities at Lee Valley VeloPark and Lee Valley Athletics Centre. All were passed to an external legal recovery company and the customer is either untraceable, or has entered into administration and there is little chance of obtaining settlement.
- 6 Currently the Authority has 11 debts which have been passed to external recovery services. In total, these amount to £57,520, including VAT, court fees, and costs, and relate to periods from 2016 to 2021. Whilst these are in the recovery stage, unless otherwise advised, we assume the full debt will be recovered. Where there is an expectation that this may not be possible, we will in first instance make a bad debt provision. We have an existing provision of £16,800 directly relating to one of these debts, which has been outstanding since 2018. Additionally, we have made a further provision for £620 relating to another debt outstanding since 2020.
- 7 The Authority raised 2,993 invoices during 2022/23, collecting net income of approximately £5.87 million. The written-off debt represents only 0.02% of invoices raised during the year.
- 8 In addition, there were a number of debts owing to the Authority, that are for accounting purposes effectively written-off as part of the Settlement Agreement with Lee Valley Leisure Trust Limited (T/A Vibrant Partnerships) (in Liquidation) (the Trust) and the Liquidator following litigation brought against the Authority following the end of the Leisure Services Contract. In addition, there were sums that the Authority had agreed may be owing to the Trust which for accounting purposes will now be treated as cancelled. These do not require further reporting or authorisation as they have effectively been approved by the Authority by virtue of entering into the Settlement Agreement.

ENVIRONMENTAL IMPLICATIONS

- 9 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 10 In addition to the specific bad debt provision of £17,420 relating to debts in recovery stage, the Authority has made an additional provision of £2,000 against other current debts that may potentially be written-off at a future date. This represents 0.5% of the outstanding accounts receivable debtor balance as at 31 March 2023, and is in line with historic write-off trends.

HUMAN RESOURCE IMPLICATIONS

- 11 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

- 12 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

- 13 There are no risk management implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

- 14 There are no equality implications arising directly from the recommendations in this report.

Author: Keith Kellard, 01992 709 864, kkellard@leevalleypark.org.uk

BACKGROUND REPORTS

Financial Regulations

October 2020

ABBREVIATION

the Trust Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)
(in Liquidation)

PREVIOUS COMMITTEE REPORTS

Authority	Paper A/4317/22	Write-off of Irrecoverable Arrears 2021/22	28 April 2022
Authority	Paper A/4296/21	Write-off of Irrecoverable Arrears 2020/21	29 April 2021
Authority	Paper A/4280/20	Write-off of Irrecoverable Arrears 2019/20	23 April 2020
Authority	Paper A/4269/19	Write-off of Irrecoverable Arrears 2018/19	25 April 2019
Authority	Paper A/4253/18	Write-off of Irrecoverable Arrears 2017/18	26 April 2018

This page is blank