

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 19 NOVEMBER 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **CORPORATE SUNDRY DEBT - WRITE-OFF**

1.00 **PURPOSE OF REPORT**

1.01 To request authorisation to write off three corporate sundry debt invoices amounting to £98,985.45 and relating to a single company that is no longer trading.

2.00 **BACKGROUND**

2.01 Financial Procedure Rules (section 9.6c) requires that debts in excess of £25,000 being considered for write off are referred to cabinet for further consideration and approval.

3.00 **CONSIDERATIONS**

3.01 The consideration to write off debts is only ever recommended to cabinet after all recovery options have been considered and/or taken and it is no longer possible to secure payment of the debt.

3.02 The write off recommendation in this case relates to WPR UK Ltd (previously known as West Pennine Recycling Ltd). The company was principally involved in commercial activities relating to the recycling of non-metal waste and scrap. The company was first incorporated in January 2008 and began to trade as a skip and transfer business from a rented yard and outbuildings, owned by the Council, at Standard Landfill Site, Spencer Industrial Estate, Buckley.

3.03 The company hired skips on a one off basis and also on contract to factories and businesses. It collected waste which was then separated at its premises. Items which would be recycled were removed from the waste and the residual waste was tipped at landfill.

3.04 The premises were destroyed by a major fire on 20th September 2010 and subsequently abandoned by the tenants, leaving a major environmental liability. Given that the Council was the landowner, an environmental clean up was undertaken by the Council and WPR were billed for the expense incurred.

- 3.05 Following the clean up, an Invoice amounting to £95,778.32 was raised by the Council in January 2011 in relation to the clean-up which involved the removal, transportation and disposal of waste from the WPR UK Ltd transfer station at Standard Landfill Site, Buckley to Govy Landfill Site at Chester between 4th and 7th January 2011.
- 3.06 Two further invoices, much smaller in value, were raised by the Council in February 2011 and April 2011 in relation to £329.07 recharges for electricity consumption and a further recharge of £2,788.06 associated with the clean up of the premises at Standard Landfill site.
- 3.07 In line with the Councils normal collection process for recovering unpaid debts, statutory reminder letters were issued to WPR after the expiry of the 30 day repayment terms offered by the Council. In May 2011, the Council wrote to the company to advise that recovery action through the County Court would be taken if payment was not made.
- 3.08 Despite the issue of this letter, outlining the Councils intention of taking further action, no payments were made by WPR UK Ltd.
- 3.09 On the 15th June 2011, Directors of WPR UK Ltd decided to convene meetings of shareholders and creditors with a view to voluntary liquidation on the basis that the Directors were unable to generate sufficient income and profit to meet their commercial liabilities. Following the meeting of creditors, Rooney Associates, as licensed Insolvency Practitioners, were appointed as the liquidation of WPR.
- 3.10 As an unsecured creditor, the Council has submitted a claim to the liquidators in respect of the unpaid invoices. The liquidators have confirmed that asset realisations are estimated to realise £40,000. Preferential creditors have submitted claims amounting to £20,000 and with non preferential creditors amounting to £547,000, there will be an estimated net deficiency of £527,000 for non preferential creditors. There is therefore no prospect of a dividend being paid to the Council in the future.

4.00 RECOMMENDATIONS

- 4.01 That Cabinet approves the write off of three Corporate sundry debts invoices amounting to £98,985.45.

5.00 FINANCIAL IMPLICATIONS

- 5.01 Each year, Directorates are required to make provision for debts considered to be bad. As a result, this debt has been identified as being irrecoverable and adequate budget provision has been set aside to write off this debt.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 In recommending this debt for write off, consultation has been undertaken internally with the Environment Directorate.

12.00 APPENDICES

12.01 None.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Financial Procedure Rules (section 9.6c)

Notification of Liquidation and Meeting of the Company's creditors on 15th June 2011.

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