

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 19TH NOVEMBER 2013**

REPORT BY: **DIRECTOR OF ENVIRONMENT**

SUBJECT: **CLOSURE OF AD WASTE ACCOUNTS AND FINANCIAL BALANCES**

1.00 **PURPOSE OF REPORT**

- 1.01 To update Cabinet on the liquidation of AD Waste and closure of the Company's accounts following the transfer of the service into Council control.
- 1.02 To provide Cabinet with details of the remaining financial balances and the outstanding commitments from the organisations operations.

2.00 **BACKGROUND**

- 2.01 On the 29th October 2008 the Council's Executive approved the decision to transfer AD Waste operations into Council control and the transfer subsequently took place on 1st October 2010. The net value of the company at transfer, after taking account of its liabilities, was £2,831,474 which mainly comprised of the Property and Fleet assets owned by the Company.
- 2.02 The Council has already taken possession of the Company's land and vehicles (valued at approx £2.2m). It also receives the income from the gas engines at the landfill sites. The liquidator's report relates to the remaining assets and value in the company.
- 2.03 The transfer related to the following operations which had been previously carried out by the company:-
- Waste Transfer operations and the control of the Waste Transfer Station at Brookhill;
 - Household Recycling Centre operations; and
 - The management of two landfill sites at Brookhill and Standard Industrial Estate in Buckley, together with the electricity generation equipment and leachate management plants at the sites.

- 2.04 Both of the landfill sites were no longer in operation at the point of transfer and whilst remodelling works at both sites were at an advanced stage neither site had been declared formally closed.
- 2.05 A liquidator was appointed by the company to oversee the formal liquidation and the formal order was confirmed on 11th September 2013.
- 2.06 The fiscal balance which transferred to the County Council at the point of liquidation amounted to £870k. These monies are classed as a capital receipt to the Council.

3.00 CONSIDERATIONS

- 3.01 A risk assessment of the former AD Waste's operations has been undertaken to ensure they are managed effectively and comply with relevant environmental regulations. A number of works are deemed necessary to address points raised during the risk assessment and these are set out below :-

- 3.01.1 Reinstatement of Standard landfill site, following West Pennine Recycling operations - £112,000.

Following the fire on the Buckley Standard site which WPR (UK) leased from AD Waste, a large stockpile of their material was left on the site. As the landowner, NRW are insisting that the Council remediates the site and removes the waste material. The reinstatement will involve moving around 20,000 tonnes of waste.

- 3.01.2 Weighbridge refurbishment and revised operating system at all waste handling sites - £60,000.00.

The current system of weighbridge management needs to be improved to provide a system of auditing the waste entering and leaving the Council's waste facilities. An upgrade would ensure all waste entering and leaving the sites is both recorded and logged. The new system would improve the integration with the WG waste returns, reducing back office administration costs.

- 3.01.3 Upgrade of electricity generation engines at Brookhill - £95,000.00

The landfill site at Brookhill includes an electricity generation system which operates from the gas produced within the landfill site. The electricity generated produces an annual income of approximately £400k. Investment is required for a planned generator engine rebuild, which will be required in 2014-15 and without which the energy production level will be reduced or end completely. This work would help to safeguard the current annual income generated from the site as, if the engines fail, the Council will be required to burn off the excess gas through flares.

3.01.4 Upgrade of Leachate Management System - £20,000

The site at Brookhill includes a facility to treat the waste fluids leaching from both Brookhill and Standard landfills. Without the facility, the leachate would need to be sent to a private company for treatment at significant cost. Investment is required in a new roof for the facility to ensure the plant is able to continue to operate at maximum efficiency.

The facility is a digestion unit relying on high temperatures to trigger the bacteria to convert the waste prior to disposal. The roof is intended to provide additional insulation to improve the efficiency of the operation. The facility is currently receiving additional leachate from Hafod landfill site as part of an efficiency savings proposal of £50k pa introduced from the 2013-14 budget strategy. Providing the additional insulated roof will provide surety for the additional income in the longer term.

3.01.5 Upgrade of CCTV Monitoring Systems at all waste sites - £70,000.00

There is currently limited CCTV coverage at HRC and other waste sites. The rise in the value of scrap metal and other material taken to the sites has resulted in a high number of thefts from the sites. The proposed investment would significantly improve the monitoring arrangements on every HRC site. The CCTV network is linked to the weighbridge monitoring system and, if approved, will allow constant monitoring of the weighbridges and HRC sites from the Alltami Depot.

3.02 The financial liability of £112k shown within 3.01.1 for the reinstatement of Standard landfill site, following West Pennine Recycling operations, is intended to cover the cost of dealing with the material which is still on the site following the operations of the company and which NRW are requiring to be removed or treated. It should be noted that this figure may vary should NRW not approve the Council's proposals for removing the material.

3.03 The figures in 3.01 do not include the £98,985.45 write off of the bad debt associated with the revenue cost of the immediate clear up operations following the fire in 2010 and which is subject to a separate Cabinet report on this Agenda. The bad debt provision following the WPR fire was provided from within Environment Directorate budget allocations.

3.04 The proposed investment set out in paragraph 3.01 is £357k and, if approved, will safeguard the Council's operations into the future, including the continued generation of income from the gas engines at Brookhill and the Leachate Management System, from which the Council currently earns £50k pa from an external company.

3.05 Should Members approve the investment set out in paragraph 3.01, it is proposed that the residual £513k (£870k - £357k) is added to the Council's in year Capital Programme budget.

3.06 Whilst the two landfill sites are progressing through a formal closure process they still represent a liability to the Council. The requirement to provide funding for ongoing monitoring works which are required at the sites is necessary under a legal obligation to make financial provision for such work at all current or recently operated landfill sites. A contingency fund of £1.091m has therefore been set aside from AD Waste accounts to provide funds for a 60 year monitoring regime at these sites, as required by the license. This figure is not included in the closing balance of £870k and is in addition to the monies which are the subject of this report.

4.00 RECOMMENDATIONS

4.01 That Cabinet note that the liquidation arrangements for AD Waste have now been finalised.

4.02 That Cabinet approves that the additional works set out in paragraph 3.01 are funded from the liquidated balance.

4.03 That Cabinet approves the remaining balance of £513k from the transfer of the company is added to the Council's in year Capital Programme Budget.

5.00 FINANCIAL IMPLICATIONS

5.01 The financial balances are as detailed within the report. Members should note that £288k of works has previously been funded from the Council's Capital Programme, pending liquidation of the Company.

5.02 Full details of final company outturns are available on the Council Statement of Accounts for 2012-13.

5.03 The bad debt provision following the WPR fire was provided from within Environment Directorate budget allocations.

6.00 ANTI POVERTY IMPACT

6.01 No impact.

7.00 ENVIRONMENTAL IMPACT

7.01 Management and maintenance of closed landfill sites continue to be the responsibility of the Council and they have the potential to create significant environment issues without strict controls being maintained.

8.00 EQUALITIES IMPACT

8.01 Not applicable.

9.00 PERSONNEL IMPLICATIONS

9.01 None applicable.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 With Cabinet Member.

12.00 APPENDICES

12.01 None.

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

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