**What is a Company Voluntary Arrangement (CVA)?**

A CVA is a procedure under the Insolvency Act which allows a company to come to an arrangement with its creditors over the payment of its debts. To become effective, the CVA Proposal requires the approval of 75% or more in value of a company’s creditors voting on the proposal.

However, the CVA Proposal will not be approved if more than 50% of the total value of the unconnected creditors vote against it.

If a CVA is validly approved, it will bind all creditors who were entitled to vote on the CVA (whether or not they so voted) or would have been so entitled had they received notice of it. This means that whether or not the Council agrees or disagrees with the terms in the CVA, if it is approved then the Council is bound by the terms of the CVA