

WARRINGTON BOROUGH COUNCIL
RECORD OF DECISION TAKEN BY AN OFFICER

DECISION TITLE: SOLAR FARM INVESTMENT

Executive Board Decision No and/or Forward Plan No (Executive decisions only)	EB EB69 & EB73 - 8 th October 2018
Directorate Ref No (Non Executive decisions only) If applicable	N/A
Decision detail	<p>Further to the Executive Board reports of 8 October 2018 and 11 February 2019 and the Record of an Officer Decisions (Records) of 31 October 2018, 21 December 2018 and 31 January 2019, the Director of Corporate Services and the Head of Legal and Democratic Services, after consultation with the Executive Board Member, Corporate Finance, decided on the acquisition method and transactional arrangements for each of the solar farms.</p> <p>The delegation from the 8 October 2018 Executive Board is summarised in the previous Records.</p> <p>As was set out the previous Records in order to secure the grid connections with Northern Powergrid (without which the project will not be able to proceed), the Council agreed to make interim staged payments to the SPVs as detailed in the previous Records, collectively known as “the Advance”. Pursuant to the previous Records the deadline for Gridserve/the SPVs to repay the Advance is 28 February 2019.</p> <p>To ensure the Council was protected, a number of securities were put in place in the event that the Advance was not repaid. Those securities are still in place and to confirm, if Gridserve default in making the repayment of the Advance the Council are able to:-</p> <ul style="list-style-type: none"> - Enforce a share charge over the SPVs; or - Novate the grid connections agreements from the SPVs; and/or - Exercise the option on the leases for both sites. <p>In summary, the protections would enable the Council to take overall control of the projects for both sites.</p> <p>The shares in the SPVs are currently held by one of Gridserve’s group companies, Gridserve Projects UK Limited (GSUK), however as part of the financial structuring of the project, Gridserve’s funders require a newly formed, clean company to be set up to hold the shares. This company will be Gridserve WBC Limited (NEWCO). The shares in the SPVs will therefor transfer from GSUK to NEWCO and this will require our consent, as we hold a charge.</p> <p>To enable the shares in the SPVs to be transferred to NEWCO, the Council are required to sign the following documents:</p>

	<ul style="list-style-type: none"> - Deed of release – which releases the existing security to allow the shares to be transferred from GSUK to NEWCO; - Charge Deed – this is the replacement security to be issued in favour of WBC by NEWCO – this will be put in place at the same time as the release, thereby ensuring the Council retains its security; and - Deed of Novation – this moves the obligations currently on GSUK under the advance agreement (also attached as it needs to be appended to the Novation) to NEWCO, therefore placing contractual obligations on NEWCO for the new security to link with. <p>The security will remain in place and there is no detriment to the Council.</p>
Reason for decision	<p>The Executive Board delegated the approval of the acquisition method as well as completion of all necessary contracts any related documents to complete the transaction to the Director of Corporate Service and the Head of Legal and Democratic Services.</p> <p>The previous Record of an Officer Decisions recorded the decisions taken by the Head of Legal and Democratic Services and the Director of Corporate Services, which was decision that was delegated from Executive Board on 2 October 2018.</p> <p>As the proposal relates to the security previously put in place as stated in the previous Record, this Record sets out the reasons for why this has been made.</p>
Decision Maker/Responsible Officer	Lynton Green, Director of Corporate Service and Paul Clisby, Legal Services Manager and Acting Monitoring Officer.
Directorate	Corporate Services
Lead Executive Board Member consulted (if applicable)	Cllr Russ Bowden – Executive Member Corporate Finance
Decision Date	14 February 2019
Date Decision was published / notified (normally within 2 clear working days of decision being made)	5 July 2019
Summary of options considered	Should the Council choose to decide not to proceed in the way proposed in this Record, Gridserve would likely be unable to obtain finance for the schemes which in turn would inevitably delay the scheme.
Interests declared	None
Background Papers	Executive Board Report 8 October 2018.

(if applicable) <i>(period expires after 4 years from date of decision)</i>	Record of an Officer Decision 31 October, 21 December 2018 and 31 January 2019.
Confidential / exempt information Category (if applicable)	Part 2 report

NB. This form expires after 6 years.