

**WARRINGTON BOROUGH COUNCIL**  
**RECORD OF DECISION TAKEN BY AN OFFICER**

**DECISION TITLE:                    SOLAR FARM INVESTMENT - EXTENSION**

Executive Board Decision No and/or Forward Plan No (Executive decisions only)	EB EB69 & EB73 - 8 <sup>th</sup> October 2018
Directorate Ref No (Non Executive decisions only) If applicable	N/A
Decision detail	<p>Further to the Executive Board report of 8 October 2018 and the Record of an Officer Decisions (Records) of 31 October 2018, 21 December 2018, 31 January 2019 and 20 February 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 below:-</p> <ul style="list-style-type: none"> <li>i. £359,640.70 plus VAT in respect of the Hull site Northern Powergrid costs;</li> <li>ii. £372,000.00 plus VAT in respect of the York site Northern Powergrid costs;</li> <li>iii. £138,750 plus VAT in respect of the Hull site Gridserve costs;</li> <li>iv. £140,000 plus VAT in respect of the York site Gridserve costs.</li> </ul> <p>Collectively known as “the Advance”.</p> <p>As part of the structuring of the agreement to make payment of the Advance, Gridserve/the SPVs agreed to repay the Advance to the Council, by no later than 31 December 2018 this was detailed in the Record of 31 October. As detailed in the Record of 21 December and 31 January 2019, the Advance was further deferred until 28 February 2019.</p> <p>As was detailed in the 31 January 2019 Record, due to a change in the financing arrangements put in place by Gridserve, the primary funder Investec has advised that they will not fully forward fund both the York and Hull developments. The funding for the York site was finalised on 22 February 2019 and the Council have entered into the relevant legal documents to secure the purchase of the York site.</p> <p>Gridserve have subsequently now repaid the portion of the Advance relating to the York site totalling £614,400 (inclusive of VAT). The remainder of the Advance relating to Hull</p>

site totalling £598.068.84 (inclusive of VAT) is still outstanding.

Gridserve have been working towards securing funding for the Hull site, however that finance is not yet in place and as such they will be unable to meet the payment deadline of 28 February 2019.

As previously advised, ensure the Council was protected when making the gridpayments, a number of securities were put in place in the event that the Advance was not repaid. The securities in relation to York will now be released, however the Hull securities remain in place and will do so until the remainder of the Advance is repaid. To confirm, if Gridserve default in making the repayment of the Advance the Council are able to:-

- 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.

Whilst the Council would be able to take the projects forward at each site if we exercised the options, a significant amount of work would be required as detailed below:-

- Procurement of a contractor to construct the Hull solar farms;
- Re-negotiation of the suite of contracts which have been agreed in relation to the York site and would have been used for Hull;
- The Council would likely have to find a new Sleeving/balancing contractor as Statkraft comes as part of the Gridserve deal;

There would also be a fundamental split between the operation and general running of both sites and at this stage the Council does not believe that this would be the best course of action in relation to the successful running of the Hull site.

The recommendation is therefore that the repayment deadline of 28 February 2019 is extended to 30 April 2019.

It is hoped that during this time Gridserve are able to secure the external finance require to fund the Hull development and in turn repay the Advance and comply with the agreement, at which time the Council's securities would be lifted.

Finally it should be noted that the Executive Board report of 11 February 2019 confirmed that Officers and external lawyers working on the project will work with GRIDSERVE to see what assurances or warranties can be obtained from GRIDSERVE and their funders in respect of Hull development. In the last variation, GRIDSERVE have agreed to meet the Council's costs incurred in relation to the Hull site, should the documents require substantial amendments beyond the agreed York documents.

Reason for decision

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

	<p>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 to extend the deadline for payment is being recommended beyond the previous dates 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 Caroline Owen, 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	28 February 2019
Date Decision was published / notified (normally within 2 clear working days of decision being made)	5 March 2019
Summary of options considered	Should the Council choose to decide not to proceed in the way proposed in this Record, Gridserve would likely default in repaying the Advance which would likely lead to the Council having to take over the Hull project, which in turn would the complications as set out in the “Decision Detail” section.
Interests declared	None
Background Papers (if applicable) <i>(period expires after 4 years from date of decision)</i>	Executive Board Report 8 October 2018 and 11 February 2019 Record of an Officer Decision 31 October 2018, 21 December 2018, 31 January 2019
Confidential / exempt information Category (if applicable)	Part 2 report Category 3, Shedule 12A

**NB. This form expires after 6 years.**