

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....17th March 2022

1. Title of Item/Report

Tees Valley Waste Project

2. Record of the Decision

Cabinet had previously agreed to procure an Energy for Work Facility (ERF) in partnership with Tees Valley authorities, Durham County Council and Newcastle City Council which had been outlined in reports to Cabinet in October 2019 and July 2020.

Cabinet was now provided with an update regarding all aspects of the TV ERF project including planning, landowner, procurement process, the development of the Project Agreement and other project documents.

The report outlined the requirement and rationale for setting up the Local Authority Special Purpose Vehicle (LA SPV) between the partner authorities to manage the contract with the successful provider. It outlines how this would be governed as well as the commercial principles as to how costs / liabilities shall be shared between the seven Councils over the term of the Project.

RESOLVED that:-

1. Cabinet approve the creation of the LA SPV.
2. Cabinet authorise the Council entering into the Shareholders' Agreement and Delegate Authority to the Director of Finance, Development & Business Services in consultation with Cabinet Member and Director of HR, Legal & Communications.
3. Cabinet Delegate Authority to the Director of Finance, Development & Business Services in consultation with Cabinet Member and Director of HR, Legal & Communications to finalise and enter into the Waste Supply and Support Agreement with the LA SPV and to provide Delegated Authority from the Councils' perspective for the LA SPV to award the Contract and enter into the Project Agreement with the successful Contractor (Financial Close), and to enter into the 50-year lease with STDC (Teesworks) for the site.

4. Cabinet delegate authority to the Director of Finance, Development & Business Services in consultation with Cabinet Member and Director of HR, Legal & Communications to enter into the Council Guarantees.

5. Cabinet delegate authority to the Director of Finance, Development & Business Services in consultation with Cabinet Member and Director of HR, Legal & Communications to finalise and agree the Business Plan and provide sufficient resources to allow the LA SPV to reach Financial Close and then to monitor and manage the Contract on behalf of, and with, the Councils for the term.

### 3. Reasons for the Decision

The recommendations in this report are required to progress the arrangements for the Tees Valley ERF project as follows:-

1. A LA SPV is required to be established as a Limited Company incorporated and registered at Companies House. It will be the Contracting entity representing the seven Councils (the Shareholders) and will enter into the Project Agreement with the successful Contractor and the lease with STDC (Teesworks) for the site.

2. The regulation and management of the LA SPV shall be governed by the Shareholders' Agreement (SHA). Each Council (Shareholder) will be required to formally enter into the Shareholders' Agreement approximately three months in advance of the Project Agreement being entered into with the successful Contractor (Financial Close).

3. The terms of the commercial arrangements between the seven Councils (the Shareholders) in relation to the LA SPV will be defined and governed by the Waste Supply and Support Agreement (WSSA). The WSSA is required to be formally entered into by the seven Councils (Shareholders) in parallel with the LA SPV awarding the Contract and entering into the Project Agreement with the successful Contractor.

4. Each Council will be required to enter into two 'Council Guarantees'. The first will be to provide resilience to the LA SPV and to provide comfort to the Contractor that the LA SPV is fundamentally robust to meet its obligations under the Project Agreement. The second is to underwrite the LA SPV's obligations (rent etc.) under the 50-year lease for the site.

5. A Business Plan for the LA SPV has been produced which details

the 'structural' and operational costs of the Company.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

N/A

7. Date and Time by which Call In must be executed

Midnight - Friday 25th March 2022

Proper Officer  
21 March 2022