

COUNTY COUNCIL
12th February 2020

CWM Environmental Ltd
Loan Funding requirement

The purpose of this report is to secure an appropriate funding facility to CWM Environmental Ltd for the purposes of financing the Company's office relocation to Nantycaws, the settlement of any end of lease payments that may fall due following the vacation of the current accommodation at Cillefwr together with the acquisition of additional land adjoining the Nantycaws Site.

Executive Board Recommendations:

To agree to a funding facility as follows:

1. Total loan facility £800k
2. Duration of arrangement – 10 years for the land acquisition, 5 years for the buildings related costs.
3. Interest at 1% above the rate set by the PWLB for 10 and 5 years respectively reflecting the security that will be available to the Council.
4. Funding facility to be operated on a draw-down arrangement – funds only drawn when required.
5. Approval of the release of funding is to be delegated to the Director of Corporate Services in conjunction with the Executive Board member for Resources, with the facility to be administered as follows:
 - a) Release of funding only when
 - i) Approved by the Company Board and endorsed by the CWM Environmental Ltd Shareholder group.
 - ii) Director of Corporate Services satisfied that the loan repayments are provided for within the Company's Business Plan and are affordable.
 - b) The conclusion of the detailed loan agreement to be delegated to the Director of Corporate Services.

Reasons

To agree the funding facility to enable the company to proceed with the office relocation.

Relevant scrutiny committee to be consulted No

Exec Board Decision Required YES

Council Decision Required YES

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr David Jenkins, Executive Board Member for Resources, Cllr Hazel Evans, Executive Board Member for Environment

Directorate: Corporate Services

Name of Director:
Chris Moore

Designations:

Director of Corporate Services

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EXECUTIVE SUMMARY
COUNTY COUNCIL
12th February 2020

CWM ENVIRONMENTAL LTD – LOAN FUNDING REQUIREMENT

CWM Environmental Ltd which is a wholly owned subsidiary of the authority has requested a loan facility to enable it facilitate the following:

1. In May 2020 the 15 year lease for the former MRF Unit, and the current office accommodation, occupied by CWM Environmental Ltd (CWM) at Alltynap Road, Johnstown expires and in preparation for this accommodation needs to be provided for some 12 office based staff at the Nantycaws site.
A number of options have been explored by the CWM Board, including the modification and extension of the existing weighbridge offices, with the preferred economically viable option being the installation of refurbished modular buildings at Nantycaws.
2. In addition to the cost of developing the accommodation at Nantycaws, further costs are likely to be incurred in surrendering the current lease.
3. An opportunity has now arisen to acquire the freehold of an additional 58 acres of land that immediately adjoins its site at Nantycaws, which secures the land for the future development of the company.

Funding specifics:

- Total loan facility £800k
- Duration of arrangement – 10 years for the land acquisition, 5 years for the buildings related costs.
- Interest at 1% above the rate set by the PWLB for 10 and 5 years respectively reflecting the security that will be available to the Council.
- Funding facility to be operated on a draw-down arrangement – funds only drawn when required.
- Approval for the management of the loan arrangement and the release of funding is to be delegated to the Director of Corporate Services in conjunction with the Executive Board member for Resources, with the facility to be administered as follows:

- a) Release of funding only when
 - i) approved by the Company Board and endorsed by the CWM Environmental Ltd Shareholder group.
 - ii) Director of Corporate Services satisfied that the loan repayments are provided for within the Company's Business Plan and are affordable.
- b) The conclusion of the detailed loan agreement to be delegated to the Director of Corporate Services.

DETAILED REPORT ATTACHED ?

NO

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Chris Moore

Director of Corporate Services

| Policy, Crime & Disorder and Equalities | Legal | Finance | ICT | Risk Management Issues | Staffing Implications | Physical Assets |
|---|------------|------------|-----------|------------------------|-----------------------|-----------------|
| NO | YES | YES | NO | NO | NO | NO |

2. Legal

CWM Environmental Ltd is a wholly owned subsidiary of CCC established under the requirements of the 1990 EPA act.

s. 68(6)(f) Local Government and Housing Act 1989 enables the authority to lend money for the purpose of enabling the company to acquire fixed assets.

3. Finance

The loan will be for £800,000 with interest charged at 1% above the rate set by the PWLB for 10 and 5 years.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Chris Moore

Director of Corporate Services

1. Scrutiny Committee

N/A

2. Local Member(s)

N/A

3. Community / Town Council

None

4. Relevant Partners

None

5. Staff Side Representatives and other Organisations

None

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

| Title of Document | File Ref No. | Locations that the papers are available for public inspection |
|--|--------------|--|
| CWM Environmental Ltd 2019 Business Plan | | www.carmarthenshire.gov.uk |