


## OFFICER DELEGATED DECISIONS FORM

### Tees Advanced Manufacturing Park – Extension of Option Agreement – AD Site

Delegated Authority
<p>1. Executive Report 19<sup>th</sup> December 2017 – <i>Tees Advanced Manufacturing Park – Delivery and Investment Enablement [Parts A &amp; B]</i>:</p> <p>- <b>Part A [Delegated Authority]:-</b></p> <p>2. It is recommended that the Executive: [...]</p> <p>    c) that any changes to: [...]</p> <p>        ii) <b><i>all operational decisions and contractual arrangements;</i></b></p> <p>...be delegated to the Executive Director for Growth and Place, and Director of Finance, Governance and Support in consultation with the Executive Member for Resources and the Deputy Mayor / Executive Member for City Centre Strategy.</p> <p>- <b>Part B [Original Confidential Decision]:-</b></p> <p>1. [...] <b><i>Part B should be considered in tandem with Part A of this report.</i></b></p> <p>2. <b><i>In addition to the recommendations of Part A</i></b> of this report, it is recommended that the Executive: [...]</p> <p>    b) approves the onward disposal of a land parcel, once acquired and remediated, to facilitate the development of the Anaerobic Digestion plant and the Gas Turbine Plant;</p>
Subject of decision:
<p>2. As part of the Executive approval in 2017, Cleveland Property Investments Limited (CPIL) was contractually granted a time limited option to purchase a site at the northerly extremity of the site (see Appendix 1), for an Anaerobic Digester at a fixed purchase price of £391,000 – equal to the same price per acre that the Council paid to acquire the site.</p> <p>3. The original proposal for an AD Plant (energy production through the digestion of food waste) has evolved to a Pyrolysis Plant (production of energy and other products through the environmentally sustainable recycling of plastic waste). The AD Plant was unviable due to problems obtaining a sustainable supplies of food waste; whereas securing the supply of plastic is not an issue for the Pyrolysis Plant.</p> <p>4. A consequence of this change was the requirement to resubmit for a variation to the original planning consent (0/0255/VAR – Variation of condition no 2 (Approved Plans &amp; Documents) on planning application 18/0122/FUL, Riverside Park Road Middlesbrough). The redesign of the site has been a lengthy process, and although the planning decision is imminent, CPIL’s option is set to expire on 14<sup>th</sup> August 2020.</p> <p>5. The investors behind the Pyrolysis Plant are not the same as those behind the original AD Plant. The Pyrolysis Plant investors are not prepared to be contractually required to enter into a Development Agreement with CPIL as was originally planned in respect of the AD Plant.</p> <p>6. Given the Pyrolysis Plant represents a multi-million pound foreign-direct investment and substantial progress has been made to achieve planning approval for the project, it is recommended that CPIL be granted more time to secure the investment and that it be relieved of the requirement to obtain planning consent and a development agreement prior to any purchase of the site and that the Council is protected through additional buy-back provisions linked to development milestones instead. This will facilitate the sale of the site and will secure the development as CPIL will be in a position to provide an undertaking to the inward investors that the land interest has been secured.</p> <p>7. As the existing option expires on 14<sup>th</sup> August, it is further recommended that the Director of Finance provides CPIL with a Letter of Comfort that the variation to the existing option will be made.</p>

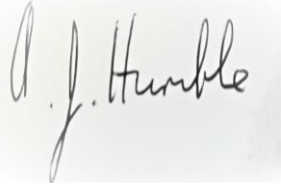
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<b>Text of decision:</b>
<p>8. That the Director of Finance provides CPIL with a Letter of Comfort, undertaking the Council to a Variation of the existing Option Agreement with a new expiration date of 14<sup>th</sup> December 2020.</p> <p>9. That the terms of the revised Option are substantially the same as those contained in the current Option dated 16<sup>th</sup> August 2018 save for the following (and also any additional variations) that may be considered necessary :-</p> <ul style="list-style-type: none"><li>a) the Option term is extended with an new expiry date of 14<sup>th</sup> December 2020;</li><li>b) that the Option Trigger Events of the requirement to obtain the grant of planning permission and the purchaser entering into a development agreement between the purchaser and a developer for the site are removed;</li><li>c) that the Option contains an additional buy back provision for the Council to buy back the Site at the original disposal price if the following conditions are not met within 18 months:<ul style="list-style-type: none"><li>i. obtain detailed planning consent;</li><li>ii. provide any enabling infrastructure; and</li><li>iii. to commence construction;</li></ul>...this buy-back option to be in addition to the buy-back option if the Site is not developed to Practical Completion at 3 years from the completion date.</li><li>d) any onward sale by CPIL is subject to the same conditionality set out in 9. b) above;</li><li>e) that disposal price is agreed to be revised upwards to £400,000 further to receipt of an up to date valuation; and</li><li>f) that the Site is to be developed as a Pyrolysis Plant as opposed to an Anaerobic Digestion Plant as provided for in the original Executive approval.</li></ul>
<b>Declarations of Interest by any member or relevant local government body:</b>
None.
<b>Date of decision:</b>
12 <sup>th</sup> August 2020
<b>Reason for decision:</b>
To capture inward investment and develop a Pyrolysis Plant without recourse to public funds.
<b>Service area:</b>
<b>Economic Growth</b>
<b>Officer proposing decision:</b>
Andrew Cain   Tel: 01642 729124   E-mail: andrew_cain@middlesbrough.gov.uk
<b>Other options considered (if any):</b>
In the current economic climate, it would be remiss of the Council to not consider the extension of the Option, given the potential inward investment.
<b>List of background papers</b>
Executive Report 19 <sup>th</sup> December 2017 – <i>Tees Advanced Manufacturing Park – Delivery and Investment Enablement [Parts A &amp; B]</i>
Signed:  Date: 12 <sup>th</sup> August 2020

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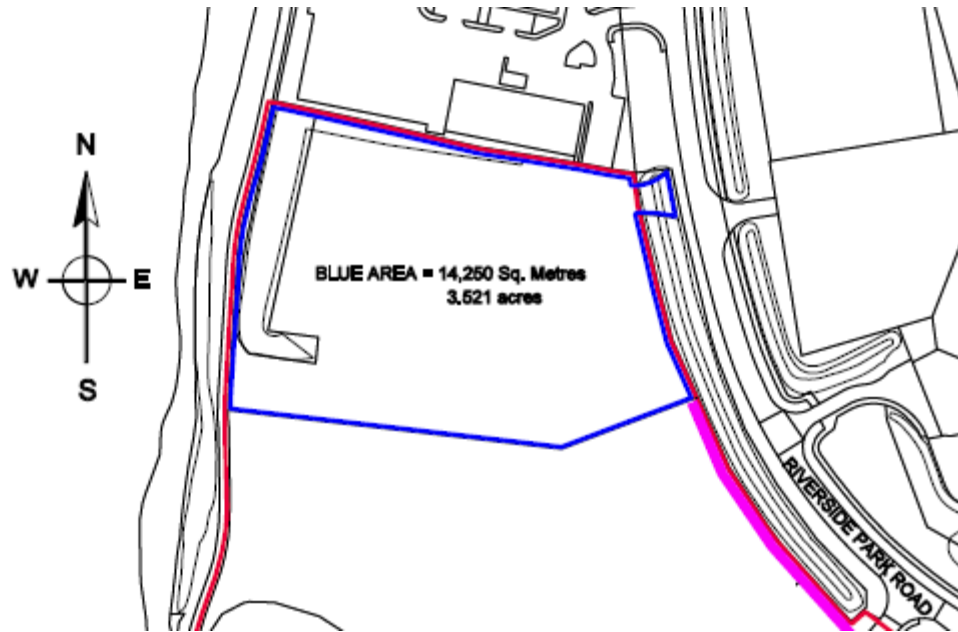
<b>Kevin Parkes, Executive Director of Growth and Place</b>	
	Date: 12 <sup>th</sup> August 2020
Signed:	
<b>Andrew Humble, Head of Financial Planning and Support</b>	

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**APPENDIX 1 – AD/Pyrolysis Plant Site**

**Site Area/Measurement**



**Site Context (Adjacent to TeesAMP, Phase 1)**

