



Record of decision

**THE FOLLOWING DECISIONS WERE TAKEN BY THE CABINET ON
THURSDAY, 10 SEPTEMBER 2020**

**THE CALL IN PERIOD FOR THESE DECISIONS EXPIRES AT 5.00 PM ON
MONDAY, 21 SEPTEMBER 2020**

Members of the Cabinet who were present

Cllrs Dave Stewart (Chairman), Barry Abraham, Paul Brading, Steve Hastings, Stuart Hutchinson, Clare Mosdell, Gary Peace, Brian Tyndall, Ian Ward, Wayne Whittle

Members also present (non-voting)

Cllrs Geoff Brodie, Andrew Garratt, Debbie Andre

Agenda Item	Loan Investment in Perpetuus Tidal Energy Centre (PTEC)
Decision reference	21 (20/21)
Summary of discussion	<p>The Cabinet Member for Business and Regeneration gave the background to the council's involvement in the tidal energy project since 2013. The council had loaned £1 million to PTEC to set up a test bed, create jobs and enable green technology on the island. However, anticipated government subsidy had not been forthcoming and the project had been delayed. Due to the council's current financial situation as a result of the COVID pandemic, it was not a good time to find further funds of £244,000 to loan to PTEC. Several Members indicated that they were in favour of renewables and the creation of jobs, but felt that they could not support a further loan to PTEC at the current time. It was believed that essential services were a priority.</p> <p>The Leader reported that following the publication of the paper PTEC has attempted to secure the additional funding required, based on the recommendations set out. It reported that there may be a possibility of it doing so provided also that the council's original loan is extended, its repayment is made alongside the other loan which capitalised the company and council come off the Board of the company in recognition of its reduced shareholding in the company.</p>

	<p>The Leader then proposed an additional recommendation (below) made on the basis that these changes could be made in the spirit of the council's original intent for PTEC to create jobs and investment and put the Isle of Wight at the forefront of the renewable energy agenda.</p>
<p>Decision taken</p>	<p>Option C - not to make any further investment in PTEC at this time, and</p> <p>Option E - authorise PTEC to raise the required funds by selling up to two thirds of the council's shareholding in the company, and</p> <p>Additional Recommendation made at the meeting - The council's original loan term is extended for five years, is repayable alongside the other loan which capitalised the company and the council release its position on the PTEC Board, subject to the additional funding being secured.</p>
<p>Reason for the decision and corporate objective it aligns with</p>	<p>It was believed that the recommendations offered a compromise with the project still able to continue.</p> <p>A decision to do nothing is likely to lead to the demise of the PTEC project. It would lose the benefits of the timebound options for the marine lease and licenses that it currently controls, and which are the most valuable assets in its ownership. Without significant progress on the project there is a risk that these consents will lapse and the project will collapse with the loss of the council's existing £1 million investment, a challenge to meet its net zero carbon aspirations by 2030 and the loss of an opportunity to recover from COVID19.</p> <p>If PTEC were able to raise the necessary funds from the sale of some or all of the council's shares then the project could proceed and the opportunity for delivering the hoped-for economic benefits increased. Whilst the council would still be entitled to the repayment of its original loan, it would be foregoing its ability to 'direct' the work of the company (including the incorporation of some of the conditions set out in Appendix 1) and also the benefit of any future dividends from its shares. However, there is no likelihood of any dividend should the project fail at this juncture.</p>
<p>Other options considered and rejected</p>	<p>Option A – to make a further loan investment of £244,000 in PTEC subject to the conditions set out in appendix 1.</p> <p>Option B – to make a further loan investment of £244,000 subject to the conditions set out in appendix 1, only once confirmation from PTEC that the full funding to achieve financial close is secured.</p> <p>Option D – suggest PTEC seek other equity investing partners.</p>