

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 4th JUNE 2024
REPORT OF THE EXECUTIVE DIRECTOR (RESIDENT SERVICES AND CLIMATE
CHANGE)

PARENT COMPANY GUARANTEE – WASTE MANAGEMENT CONTRACT

1 Executive Summary

- 1.1 In March 2020 the council entered into a contract with Urbaser Limited for Waste Management Services. For security, the Council also entered into a Parent Company Guarantee with Urbaser's parent company, Urbaser S.A.U.
- 1.2 Ownership of Urbaser Limited is due to change from Urbaser S.A.U to FCC Environment (UK) Ltd. As a result a novation of the Parent Company Guarantee (PCG) is required.

2 Recommendation(s)

- 2.1 That Cabinet agree that a Deed of Novation is entered into that transfers the liabilities of Urbaser S.A.U., under the Parent Company Guarantee, to FCC Environment (UK) Ltd

3 Explanation

- 3.1 On 27th March 2020, the Council entered into a PCG with Urbaser S.A.U in relation to the waste and recycling contract with Urbaser Limited (The Contractor)
- 3.2 Urbaser S.A.U. were the parent company of Urbaser Limited, at the time and the PCG allows the Council to call upon the Contractor's parent to remedy any breach so that the Contractor's obligations under the contract are met.
- 3.3 The entire issued share capital of Urbaser Limited is being sold to FCC Environment(UK) Limited by Urbaser S.A.U , so a novation of the PCG is required to pass the liabilities of the outgoing Parent Company, under the PCG, to the incoming Parent Company.

Implications

4 Legal Implication(s)

The parties to the Deed of Novation will be: (1) Urbaser S.A.U; (2) FCC Environment (UK) Limited; and (3) WHBC. The Form of the Novation will be agreed by the Legal Services Manager and the agreed Novation will be executed as a deed under seal.

The Novation will take effect on the date that the ownership of Urbaser Limited transfers from Urbaser S.A.U to FCC Environment (UK) Limited.

5 Financial Implication(s)

Due diligence has been undertaken on FCC Environment (UK) Limited and they would have sufficient assets and wealth to meet their obligations under the PCG.

6 Risk Management Implications

There are considered to be little risk associated with this report

7 Security and Terrorism Implication(s)

None directly associated with this report.

8 Procurement Implication(s)

The contract for Waste and Recycling Services will remain with Urbaser Limited.

9 Climate Change Implication(s)

None directly associated with this report.

10 Human Resources Implication(s)

None directly associated with this report.

11 Health and Wellbeing Implication(s)

None directly associated with this report.

12 Communication and Engagement Implication(s)

None directly associated with this report.

13 Link to Corporate Priorities

13.1 The subject of this report is linked to the Council's Corporate Priority to run an effective council and specifically to be accountable and adopt a first-time right approach.

14 Equality and Diversity

An EqIA was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies.

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