

Coventry City Council

Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 8 October 2019

Present:

Members: Councillor G Duggins (Chair)
Councillor A Khan (Deputy Chair)
Councillor K Caan
Councillor P Hetherton
Councillor T Khan
Councillor K Maton
Councillor J Mutton
Councillor M Mutton
Councillor J O'Boyle
Councillor P Seaman

Deputy Cabinet Members Councillor P Akhtar
Councillor B Gittins
Councillor G Lloyd
Councillor D Welsh

Non-Voting Opposition Members: Councillor A Andrews
Councillor G Ridley

Other Members: Councillor N Akhtar
Councillor R Brown
Councillor J Clifford
Councillor R Lakha
Councillor J McNicholas
Councillor C Thomas

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive),

People G Quinton (Deputy Chief Executive (People)), D Ashmore,
A Errington, N Hart, P Ward

Place M Yardley (Deputy Chief Executive (Place)), B Hastie,
G Hood, P Jennings, L Knight, R Moon, J Newman, S Weir

Apologies: Councillor R Ali

RECOMMENDATION

31. **Declarations of Interest**

As Directors of the UK Battery Industrialisation Centre Ltd, B Hastie and R Moon declared interests in the matter referred to in Minute 37 below, headed 'UK Battery Industrialisation Centre – Loan from WMCA'. They withdrew from the meeting during the consideration of this matter.

37. **UK Battery Industrialisation Centre - Loan from WMCA**

The Cabinet considered a report of the Deputy Chief Executive (Place), which detailed a loan from the West Midlands Combined Authority (WMCA) in relation to the UK Battery Industrialisation Centre (UKBIC).

The report indicated that more and more car manufacturers are announcing their intention to move towards building electric cars, and the demand for batteries will increase sharply over the next ten to twenty years. Currently, expertise in battery development is concentrated in Asia, Germany and the United States, and the UK is lagging behind.

The UK Government announced the Faraday Challenge, part of the Industrial Strategy Fund, during the summer 2017. It aims to fund battery research and development work to ensure that the demand for batteries leads to the creation of jobs here in the UK rather than overseas in battery manufacturing. One of the strands of the Faraday Challenge aims to bridge the gap between battery research in universities and large-scale battery production by car manufacturers.

In November 2017, as part of a national competition £80m of Faraday Challenge funding was awarded to the consortium of Coventry City Council, Coventry & Warwickshire Local Enterprise Partnership (CWLEP) and Warwick Manufacturing Group (WMG), University of Warwick to develop a manufacturing scale-up facility in the West Midlands region. The funding was awarded through an open competition run by the Advanced Propulsion Centre (APC) and Innovate UK.

This funding award was approved by Cabinet and Council in November 2017 with the authorisation to accept £80m of Faraday Challenge funding and up to £40m of local match funding, which at the time formed part of the West Midlands Combined Authority (WMCA) Devolution Deal 2 bid to central Government. Since then the Devolution Deal 2 has not materialised the project has been looking to secure other sources of local match funding.

Earlier this year the project scope was enhanced in response to industry demand and the full cost rose to £126m. In response, Innovate UK awarded an additional £28m through the Faraday Challenge on the condition that a newly revised local contribution of £18m was found to match the Faraday Challenge grant investment.

The UKBIC Partnership (CWLEP, WMG and Coventry City Council) has managed to secure the £18m from the WMCA in the form of a repayable grant. This funding will be secured against UKBIC assets and repaid using UKBIC Ltd surpluses over time. The funding will be of no cost to the Council.

The Cabinet were advised that the UKBIC programme is part-way through development and progressing well. The programme is due for completion in March 2020 when the UKBIC facility will open for business. Construction work is well underway on the site on the outskirts of Coventry alongside the procurement of machinery and a team of 50 has been recruited to date.

RESOLVED that, subject to agreement with Innovate UK, Cabinet recommend that Council:

- 1) Authorise the Council to act as Accountable Body and accept the £18m contribution from the WMCA as a repayable grant and to make the necessary adjustment to the Capital Programme.**
- 2) Delegate authority to the Director of Business Investment and Culture, the Finance Manager (Corporate Resources) and the City Solicitor and Monitoring Officer to undertake the necessary due diligence, negotiate the terms and conditions of the funding agreement with the WMCA and also enter into the necessary agreement.**
- 3) Delegate authority to the Director of Business Investment and Culture and the Finance Manager (Corporate Resources) following consultation with the Cabinet Member for Strategic Finance and Resources (in the event that the legal documentation are not completed before the end of October) to commit the necessary agreed funding in recommendation 1 above up to a value of £5m for the delivery of the Project.**
- 4) Delegate authority to the Director of Business Investment and Culture, the Finance Manager (Corporate Resources) and the City Solicitor and Monitoring Officer to finalise the terms of the transfer of the funding to UKBIC and the repayment mechanism back to the Council.**