

Coventry City Council
Minutes of the Meeting of Cabinet Member for Strategic Finance and Resources
held at 11.00 am on Wednesday, 22 September 2021

Present: Councillor R Brown (Cabinet Member)

Members:

Other Members: Councillor T Sawdon (Shadow Cabinet Member)

Employees:

S Bennett, Law and Governance
B Hastie, Director of Finance
P Jennings, Finance
S Weir, Business, Investment and Culture

Public Business

1. Declarations of Interest

The Director of Finance, Barry Hastie, declared an interest in the matter referred to in Minute 4 below relating to “UK Battery Industrialisation Centre Funding” as he is a City Council appointed Director of the UK Battery Industrialisation Centre. Barry left the meeting for consideration of this item.

2. Minutes of Previous Meeting

The Minutes of the meeting held on 5 March, 2020 were noted.

In relation to Minute 29/19 – “Agency Worker – Performance Management Report” it was noted that a report on Agency Workers had been considered by Cabinet on 31 August, 2021.

3. Support to Cheylesmore Food Hub

The Cabinet Member for Strategic Finance and Resources considered a report of the Director of Finance which indicated that the Cheylesmore Food Hub is a registered charity which was established to provide the local community with access to emergency food support. In order to improve the effectiveness of the service that the Hub provides, representatives of the Hub have requested help from the Council to fund the cost of a vehicle. The Hub undertakes a service which is closely aligned to Council objectives and has worked alongside the Council in providing local poverty relief in particular through the period marked by the Covid pandemic.

The recommended option identified in the report is that the Council identifies a vehicle due for disposal from its own fleet and gifts this to the Cheylesmore Food Hub. The Council operates a fleet of vehicles which it uses to deliver a wide range of its services. These vehicles are replaced periodically based on a combination of their age and working condition. Those that are owned outright by the Council

(rather than being leased) are disposed of by auction. The vehicles will often continue to have a useful working life at this point and therefore can offer a practical and cost effectiveness option for organisations or individuals that take on their ownership. The disposal income foregone by the Council would be funded from the Cabinet Member's Policy Contingency budget and paid to the Fleet Management Service.

RESOLVED that the Cabinet Member for Strategic Finance approves the provision of a vehicle of estimated value £2,000 via a grant agreement to the Cheylesmore Food Hub.

4. UK Battery Industrialisation Centre Funding

The Cabinet Member for Strategic Finance and Resources considered a report of the Director of Business, Investment and Culture which indicated that Coventry is home to the UK Battery Industrialisation Centre (UKBIC) which formally opened for business in July 2021. UKBIC is a state of the art £130m battery research facility which works to support the UK automotive industry to develop the next generation of electric vehicle batteries.

Since the Council, its partners and the major funders of the project Innovate UK began to plan the project in 2017, the pace of change in the automotive industry has increased even more quickly than was forecast, with legislation coming into force which will ban the sale of new internal combustion engine vehicles by 2030.

The full operational phase of the plant has been delayed by the pandemic due to the global reduction in manufacturing resulting in the slippage of planned commercial contractual income for the company. Now that the facility is up and running, UKBIC is focussing on winning orders from the automotive industry for the critical Research and Development work that it does. The demand for this work is now returning strongly such that it will be necessary for UK Battery Industrialisation Centre Ltd to secure short term funding for both the existing operational and ramp-up costs of additional staffing required and other expenses in order to support automotive manufacturers with these orders, many of which are linked to the ongoing aspirations to secure high-volume battery manufacturing in UK 'gigafactories'.

The UK Government's Faraday Challenge is proposing to provide the additional funding to UK Battery Industrialisation Centre Ltd for this purpose, some immediately, and further grant monies in 2022/23 and 2023/24. The timing of these expected monies is such that there will be an immediate need for cash flow support in October/November 2021. It is proposed that the Council (in its role as UK Battery Industrialisation Centre Ltd's shareholder) provide UK Battery Industrialisation Centre with a cash flow facility of up to £500,000, which would be a secured interest bearing loan that contributes towards a total of approximately £2m required in the current financial year to continue operating, with the Faraday Challenge providing the remainder including subsequent years.

The report sought delegated authority to negotiate the detailed terms of the loan which would be made on a commercial basis. The City Council will aim to recover all the funding it provides to UK Battery Industrialisation Centre Ltd plus interest charged at a rate that is compatible with Subsidy Control (state aid law) and will

take appropriate security on the loan to cover any event of default. UK Battery Industrialisation Centre Ltd will only be able to draw down the loan once the remaining funding has been committed by Government. This is the recommended option because it provides the necessary funding for UK Battery Industrialisation Centre Ltd to match against additional cash from Government whilst enabling the Council to recover its initial funding contribution. This option will provide the backing which UK Battery Industrialisation Centre Ltd needs in order to support the city's ambitions as a centre for the automotive industry as it turns electric post-2030 and support the Council's ambitions to secure a gigafactory.

RESOLVED that the Cabinet Member for Strategic Finance and Resources:-

- 1) Subject to the satisfactory conclusion of the due diligence in Recommendation 2 below, approves the provision of a cash flow facility by way of a secured loan to UK Battery Industrialisation Centre Ltd of up to £500,000**
- 2) Delegates authority to the s151 officer in conjunction with the Director of Law and Governance, following consultation with the Cabinet Member for Strategic Finances and Resources and the Shadow Cabinet Member for Strategic Finance and Resources, to complete the necessary due diligence, agree terms and conditions, and to enter into the necessary legal agreements**

5. Any Other Items of Urgent Public Business

There were no other items of urgent public business.

(Meeting closed at 11.20am)