
Coventry Shareholder Committee

Time and Date

3.00 pm on Wednesday, 30th March, 2022

Place

Committee Rooms - Council House

Please note that in line with current Government and City Council guidelines in relation to Covid, there will be reduced public access to the meeting to manage numbers attending safely. If you wish to attend in person, please contact the Governance Services Officers indicated at the end of the agenda.

1. **Apologies for Absence**

2. **Declarations of Interest**

3. **Exclusion of Press and Public**

To consider whether to exclude the press and public for the private item(s) of business for the reasons shown in the report.

4. **Business Planning Cycle for 2022-23 for the Coventry Municipal Holdings Group** (Pages 3 - 10)

Report of the Director for Coventry Municipal Holdings Limited

5. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved**

6. **Business Planning Cycle for 2022-23 for the Coventry Municipal Holdings Group** (Pages 11 - 122)

Report of the Director for Coventry Municipal Holdings Limited

(Listing Officer: P Mudhar, Tel: 02476 971391)

7. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved**

Julie Newman, Director of Law and Governance, Council House, Coventry

Tuesday, 22 March 2022

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Suzanne Bennett email: lara.knight@coventry.gov.uk /

suzanne.bennett@coventry.gov.uk

Membership: Councillors R Brown, K Caan, G Duggins (Chair), P Hetherington, AS Khan, M Mutton, J O'Boyle, K Sandhu, P Seaman and D Welsh

Public Access

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Any member of the public who would like to attend the meeting in person is required to contact the officer below in advance of the meeting regarding arrangements for public attendance. A guide to attending public meeting can be found here:

<https://www.coventry.gov.uk/publicAttendanceMeetings>

Lara Knight / Suzanne Bennett
email: lara.knight@coventry.gov.uk /
suzanne.bennett@coventry.gov.uk

A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Coventry Shareholder Committee

30th March 2022

Name of Cabinet Member:

Cabinet Member for Policy and Leadership - Councillor G Duggins

Director approving submission of the report:

Managing Director for Coventry Municipal Holdings Limited – Andrew Walster

Ward(s) affected:

All

Title:

Business planning cycle for 2022-23 for the Coventry Municipal Holdings Group

Is this a key decision?

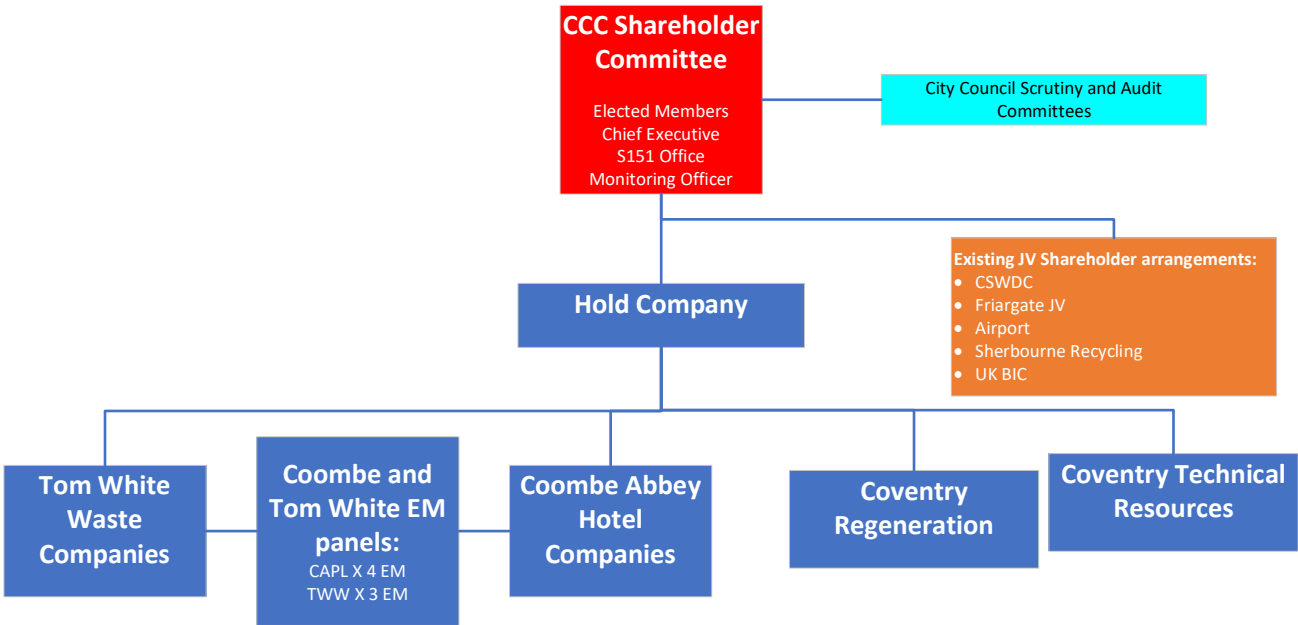
Yes - the proposals involve financial implications in excess of £1m per annum and are likely to have a significant impact on residents or businesses two or more electoral wards in the City.

Executive summary:

On the 5th November 2021, Coventry City Council incorporated Coventry Municipal Holdings Limited (CMH) and restructured their wholly owned company investments. The organisational structure in Figure 1 was implemented to strengthen their governance arrangements to ensure companies are managed in a robust and transparent manner

Each of these companies have prepared their own business plans for 2022/23 and an overview for 2023-2025. The plans are appended to the Private report. These individual subsidiary business plans are summarised within the group business plan for Coventry Municipal Holdings and an overview is included in this report along with drawing out key capital and revenue investments which are included in the business plans for 2022/23. This report is prepared to present the key points which are included in the detailed plans.

Figure 1: Coventry Municipal Holdings Limited Group



The business plans set out some of the successes and challenges experienced by the companies this year and present the budget for next year which, in accordance with the Group Governance Agreement, requires Coventry Shareholder Committee approval to proceed.

Recommendations:

Subject to consideration of the private report on this matter, the Coventry Shareholder Committee is asked to:

- (1) Approve the business plans for Coventry Municipal Holdings Limited
- (2) Approve the business plan for Coombe Abbey Park Limited group
- (3) Approve the business plan for Tom White Waste group
- (4) Approve the business plan for Coventry Technical Resources Limited.
- (5) Approve the business case investment in the new Materials Recycling Facility as included within and appended to the Tom White Waste Business Plan
- (6) Approve the incorporation of Tom White Haulage Limited as more fully described within the Tom White Waste business plan.
- (7) Approve the Group budget as set out in Table 1 for Coventry Municipal Holdings Limited and its subsidiaries.
- (8) Approve the appointment of LDP Luckman's as the auditors for the group of companies for a period of 3 years with the option to extend for a further year.

List of Appendices included:

None

Background papers:

None

Other useful documents

Public and Private Council Reports – Restructuring Coventry City Council Subsidiaries – 7th September 2021

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=130&MId=12520&Ver=4>

Has it or will it be considered by scrutiny?

No

Has it or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

1. Context (or background)

- 1.1. The Council took a decision in September 2021 to create a holding company structure to manage their wholly owned Council investments. Coventry Municipal Holdings was incorporated on the 5th November along with the restructure of the wholly owned subsidiaries from the Council to move under CMH (see Figure 1).
- 1.2. The CMH group includes the following companies:
 - Tom White Waste Limited (TWW) and subsidiaries: A&M Metals, TW(LACo) (the Teckal company)
 - Coombe Abbey Park Limited (CAPL) and subsidiaries: No Ordinary Hospitality Management (NOHM), Coombe Abbey Park (LACo) (the Teckal company)
 - Coventry Technical Resources Limited (CTR)
 - Coventry Regeneration Limited (CR)
 - No Ordinary Hotels Limited (effectively a dormant company)
- 1.3. The vision for Coventry Municipal Holdings (CMH) for 2022/23 and beyond is;
 - To provide excellent governance across its own activities and those of its subsidiaries in accordance with the Group Governance Agreement
 - To derive value from commercial activity in line with the strategic corporate objectives that may be used to off-set budget pressures and enhance services delivered by Coventry City Council
 - To have a positive social and environmental impact through its undertakings and activities
 - To grow the portfolio of activity of CMH and its subsidiaries in a risk balanced manner through organic growth, further acquisition and investment in business process and infrastructure
 - To provide a vehicle for investment
- 1.4. Key information to work towards the delivery of the strategic objectives is summarised in this report and included in the Business Plans which form part of the corresponding private report.

2. Options considered and recommended proposal

- 2.1. **Option 1: Do nothing** – without approval of the business plans the entities will be working outside of the requirements of the Group Governance Agreement and therefore within the existing budgets and may not be able to move forward with plans they have for 2022/23 or contractual agreements they have entered into which would be operational in the coming year.
- 2.2. The Business Plans are prepared to support each company to grow organically with some investment where required to support the success of the business. Without approval of these plans the companies will not be in a position to meet the strategic objectives they have each set out.
- 2.3. This is not the recommended option

- 2.4. **Option 2: Approve the Business Plans for CMH Ltd and each subsidiary entity** - each entity has set out their vision and strategic objectives for 2022/23 and beyond in their entity business plans. For CMH the strategic objectives are:
- **Deliver positive social impacts** for the residents of Coventry in the context of both CMH's direct activities, and by delivering 'profit for purpose', off-setting budget pressures with income and dividends derived from CMH and its subsidiaries' activities
 - **Drive commercial growth** through all subsidiaries and through CMH led initiatives, exploring opportunities for business acquisition, development of new businesses and investment in business process, resource and infrastructure
 - **Support the delivery of the business plans of the subsidiaries** with resource capability and capacity and investment as appropriate
 - **Focus the activity of CMH** within the environment and leisure sectors
 - **Environment** sector, with the intention of supporting the Council's climate change strategy with commercial activity that contributes to mitigating climate change, expanding on the activity of Tom White
 - **Leisure** sector, that supports growth of business in the leisure sector to increase resilience of the existing investment in the sector at Coombe Abbey, and benefit from the growth in the UK leisure sector
 - **Explore the ability to set up an investment fund** that is capable of supporting investment in the existing subsidiaries and further initiatives that will deliver this business plan
- 2.5. A Summary of the budget for 2022/23 is included in the Private report which includes the budget to March 2023. For CAPL this represents a 15 month trading period incorporating two of the quietest quarters in the hospitality calendar. This is to realign their year end to the end of March in line with the wider group.
- 2.6. More detailed information for each entity is included in the respective business plans.
- 2.7. The CMH Group are on track to deliver a dividend that was declared by TWW in a previous accounting year but not yet paid and following a restructure of the balance sheet for CTR, a dividend which reflects the proceeds from the sale of the shares in Arena Coventry Limited.
- 2.8. The private report includes the forecast capital and revenue investments which have been included in the individual business plans.
- 2.9. A key capital investment is for TWW who are exploring options to secure funding for the investment in redeveloping the material recycling facility (MRF) on their site. The Business Case for the MRF redevelopment is covered in more detail in the TWW Business Plan. The investment is focused on enhancing the environmental performance of the Company and for businesses in Coventry, as more material will be recovered for beneficial use rather than disposal and should deliver zero material being sent to landfill. The net financial impact has been included within the budget for 2022/23 onwards.
- 2.10. TWW business plan also considers the creation of a new subsidiary – Tom White Haulage Limited. This new company will be created to undertake the haulage contract being discussed with Sherbourne Recycling limited. The capital and revenue investment will only be undertaken if this contract is signed.
- 2.11. The Business Plans are key documents for the companies to move forward to achieve the projections and objectives set out above.
- 2.12. Approval of the Business plans is the recommended option.

3. Results of consultation undertaken

3.1. No consultation undertaken

4. Timetable for implementing this decision

4.1. Upon approval the Business Plan will be used to set the Budget for 2022/23 for each entity.

5. Comments from Chief Operating Officer (Section 151 Officer) and Director of Law and Governance

5.1. Financial Implications

The budgets as set out in Private Report indicate that the group may be able to declare dividend in 2022/23 which will be revenue income for the Council. Each entity would declare a dividend that would go to CMH to then be passed onto the Council. The dividend will be paid subject to available cash in the business.

The companies have undertaken a procurement exercise to appoint a group external auditor. LDP Luckman's a local Coventry firm scored the highest marks as part of the evaluation process. CMH, CTR and CR will form part of the contract for the year ending 2021/22 to produce a set of audited group accounts for CMH and all the entities will be part of the audit review from 2022/23 onwards. The cost for Audit Services and Corporation Tax advice has been built into the budgets and will be incurred by CMH and recharged across the group as head office charges.

It is expected that the full time employed Commercial Director shall be joined by a full time Finance Director in 2022/23, and full time Managing Director in 2023/24. The Budget and Financials reflect this additional level of staffing. The additional staffing is considered necessary to ensure sufficient capacity and capability resides within CMH to be able to deliver the business plans working closely with each subsidiary.

5.2. Legal Implications

The decisions which are being made are in compliance with the Terms of Reference of Shareholder Committee and align with the Group Governance Agreement and the Delegations Policy.

Other implications

5.3. How will this contribute to the achievement of the council's key objectives / corporate priorities (corporate plan / scorecard) / organisational blueprint / LAA (or Coventry SCS)?

The dividend revenue declared by the entities in the group of companies will support the Council to deliver its core aims. The investment being pursued by TWW for the developed on a new material recycling facility will deliver environmental benefits through greater recycling and extraction of recyclable materials rather than a focus on waste disposal. Coombe Abbey Park and the work that is underway with St Mary's Guildhall, War Memorial Park support making Coventry an attractive and enjoyable place to be through the leisure offer they provide.

5.4. How is risk being managed?

The risks and mitigations for the entities are detailed in each entity business plan. Please refer to the appended business plans for more details.

It is noted that the subsidiary companies are in waste & environment (construction) and in leisure, both of which are sensitive to the geo political global environment and may be impacted by matters outside the control of the operating companies or of CMH. The Board shall monitor these matters and impacts to performance of CMH, mitigate where ever possible, and report the same to the Shareholder Committee from time to time as appropriate.

5.5. What is the impact on the organisation?

CCC should receive dividend income which will go towards delivery of the Council's priorities. CMH is forecasting to deliver a dividend during the financial year 2022-23.

5.6. Equalities / EIA?

No Equalities impact assessment has been undertaken.

5.7. Implications for (or impact on) the environment?

The investment in the new material recycling facility should send zero waste to landfill, use less diesel fuel and is exploring the installation of solar PVs on the building. All of these initiatives will have a positive impact on the environment through carbon reduction and a greater focus on waste recovery which can then be sold on the commodity market or used as a fuel source.

5.8. Implications for partner organisations?

The Business Plans for each entity have been prepared by the respective organisation with support from CMH Board. Any impact on partner organisations has been covered in the Business Plans.

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Kirston Nelson	Director	CMH	16/03/2022	16/03/2022
Pete Fahy	Director	CMH	16/03/2022	16/03/2022
Lara Knight	Governance Services Co-ordinator	Law and Governance	18/03/2022	18/03/2022

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Names of approvers: (officers and members)				
Finance: Paul Jennings	Finance Manager	Finance	21/3/2022	22/03/2022
Legal: Gurbinder S Sangha	Major Projects Lawyer/ Company secretary	Law and Governance	9/3/2022	16/03/2022
Director: Andrew Walster	Director	CMH	16/03/2022	21/03/2022
Member: Councillor George Duggins	Cabinet Member for Policy and Leadership	CCC	22/03/2022	22/03/2022

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