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### Coventry Shareholder Committee

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**Time and Date**

2.30 pm on Friday, 24th March, 2023

**Place**

Committee Room 3 - Council House

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**Public Business**

1. **Apologies for Absence**

2. **Declarations of Interest**

3. **Minutes of the Last Meeting** (Pages 3 - 8)

To agree the minutes of the meeting held on 28<sup>th</sup> September 2022.

4. **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.

5. **Business planning cycle for 2023-24 for the Coventry Municipal Holdings Group** (Pages 9 - 22)

Report of the Managing Director for Coventry Municipal Holdings Limited

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

**Private Business**

7. **Business planning cycle for 2023-24 for the Coventry Municipal Holdings Group** (Pages 23 - 142)

Report of the Managing Director for Coventry Municipal Holdings Limited

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

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Julie Newman, Chief Legal Officer, Council House, Coventry

Thursday, 16 March 2023

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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**Lara Knight / Suzanne Bennett**  
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**suzanne.bennett@coventry.gov.uk**

# Public Document Pack Agenda Item 3

## Coventry City Council

### Minutes of the Meeting of Coventry Shareholder Committee held at 2.00 pm on Wednesday, 28 September 2022

Present:

Members: Councillor G Duggins (Chair)  
Councillor P Hetherton  
Councillor P Seaman

Coventry Municipal  
Holdings Limited: G McKelvie (Director)  
P Mudhar (Director)  
G Sangha (Director)  
A Walster (Director)

Employees (by Service):

Chief Executive M Reeves (Chief Executive)  
Finance B Hastie (Chief Operating Officer)  
Law and Governance J Newman (Director of Law and Governance), L Knight

Apologies: Councillors R Brown, K Caan, AS Khan, M Mutton, J O'Boyle,  
K Sandhu and D Welsh

## **Public Business**

### **1. Declarations of Interest**

There were no disclosable pecuniary interests.

### **2. Minutes**

The minutes of the meeting held on 30<sup>th</sup> March 2022 were agreed and signed as a true record. There were no matters arising.

### **3. Exclusion of Press and Public**

RESOLVED that the Coventry Shareholder Committee agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 12 below headed 'Annual Performance Report Year End 31<sup>st</sup> March 2022' on the grounds that the report involves the likely disclosure of information as defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

#### 4. **Annual Performance Report Year end 31 March 2022**

The Coventry Shareholder Committee considered a report of the Managing Director for Coventry Municipal Holdings Limited, which provided a backward look over the 12 months of operation from April 2021 to March 2022 for Coventry Municipal Holdings and its subsidiaries.

A corresponding private report detailing confidential financial matters was also submitted for consideration (Minute 5 below refers).

Coventry Municipal Holdings (CMH) was officially incorporated on 5<sup>th</sup> November 2021, when it acquired the shares from the Council in the following companies, although the Council remained as the ultimate shareholder for the Group:

- Tom White Waste Limited (TW)
- Coombe Abbey Park Limited (CAPL)
- No Ordinary Hotels Limited (NOHL)
- Coventry Technical Resources Limited (CTR)
- Coventry Regeneration Limited (CRL)

The Group Governance Agreement required CMH to produce an Annual Performance Report, looking back at the operation of the group to the year-end 31<sup>st</sup> March 2022. The public Annual Performance Report was provided at Appendix 1 to the report.

The Committee noted that there had been a number of challenges with regards to the financial position for the subsidiaries in the group with the leisure sector recovering from the impact of Covid-19 and Tom White experiencing additional operating costs, higher material disposal costs, together with the correction of historic accounting practices. These had been referenced in the Business Plan approved by the Shareholder Committee at their meeting on 30<sup>th</sup> March 2022.

One of the key drivers for incorporating CMH was to improve the governance and reporting for the Council's commercial investments. The changes implemented by CMH across the group had addressed points raised by Grant Thornton in their Value for Money Annual Report on Company Governance for 2020/21, which was presented to the Audit and Procurement Committee in July 2022 (their Minute 22/22 refers).

The company had been working with the subsidiaries to embed the policies that make up the Group Governance Agreement. 2021/22 had focussed on strengthening the information provided to Board of Directors and worked closely with the Management Teams and Directors to achieve the aspirations of their original Business Plans. No dividends had been declared for the year. Final decisions on whether to offer a dividend to the Shareholder would be made by the Group Board of Directors when the final audited accounts for the Group are received.

It was noted that the draft consolidation position for the Group was not yet finalised as the individual audited accounts for each of the entities was not yet available as this was still being undertaken by the auditors. The CMH consolidated accounts would be based on the performance of the group from the date that CMH was

incorporated to the 31<sup>st</sup> March 2022. The individual entity accounts would reflect the duration of their trading (12 month period) and a further report would be produced when the audited accounts were available to present the final financial position for the group.

Further details for the group were included in Section 3 of the Appendix, with a summary of the drivers for the 2021/22 year as identified below:

- Tom White Limited
  - Additional operational costs.
  - Higher material disposal costs due to changes in the local disposal market.
  - Driver availability post-Covid and post-Brexit.
  - Benefit of new contracts.
  - Correction of historic accounting practices.
  
- Coombe Abbey Park Limited
  - Partial trading due to Covid restrictions.
  - Refinancing of the existing loans in the company allowed the company to manage its financial commitments and outgoings whilst recovering from the impact of limited trading.
  - Staff shortages following Covid restrictions being relaxed and the impact of Brexit.
  - New contracts being secured and existing contract performing well.
  
- Coventry Technical Resources Limited
  - Steady trading with the Council as expected in the budget.
  - Addition of staff in line with the business plan.

With regard to other subsidiaries, the Committee noted that Coventry Regeneration Limited had a very limited number of transactions each year in relation to operation of the business. The company holds a small cash balance which was used to generate a small return as interest. There were no other trading activities taking place. No Ordinary Hotels Limited was effectively a dormant company and there were no transactions in the company for the year.

A summary of the key business activities for each of the subsidiaries during 2021/22 was also provided. The main business activities did not change throughout the year, although there were some additions to the portfolio for each subsidiary, which were set out in the report.

The financial performance as well as matters and challenges that had influenced each of the companies were set out and are summarised below:

Tom White Limited – Performance for 2021/22 had been influenced and impacted by the ongoing culture change from a family business to a corporate SME; changes to the management team; the introduction of a data led approach to business management; a rebrand to ‘Tom White’ with clear new values associated with ‘profit for purpose’, ‘focus on our people’ and ‘doing the right thing environmentally’; supporting the City Council strike action with emergency waste management services; escalating costs

associated with delivering the normal course of business; and driver availability post-covid and post-Brexit. These matters had impacted on the financial operation of the business. Audited accounts were not yet available but would be published at Companies House in due course.

Coombe Abbey Park Limited – Performance against the business plan had been influenced and impacted during 2021/22 by the hotel being required to close at the start of 2021 due to government restrictions, with partial trading from April in the form of outdoor dining and restrictions lifted in July 2021; ongoing restrictions and requirements around social distancing and the need to limit capacity at events had an ongoing impact across the year; in August the greater removal of restrictions then saw unprecedented demand in the leisure sector; ongoing availability of staff in the market (post-Brexit); the diverse nature of CAPL, with outlets in the park, Go Ape and new No Ordinary Hospitality contracts in the city meant that the non-hotel business grew revenues; and new outlet were opened following capital investment in the Coombe visitor centre, the performance from which will deliver in to 2022. The audited accounts for the company were not yet available, but would be published at Companies House in due course.

Coventry Technical Resources Limited – performance was as expected against the budget, with provision of services as anticipated for the 2021/22 year. It was forecast that there would be a small profit, with all costs recharged to the Council as part of the agreed employment terms for each appointment. The cash balance held would be transferred to the Council following a restructure of the balance sheet for CTR to enable it to make payment of these fund by way of dividend to CMH and through to the Council. A copy of the audited account would be published at Companies House when available.

The performance of CMH was driven by the management charge levied against the subsidiaries, which covers the head office overheads of the Company. These were duly charged in 2021/22. The report indicated that whilst CMH was not a trading entity, some of the CMH Directors' time was provided back to the Council and recharged accordingly.

The audited accounts for CMH were not yet available. The draft unaudited financial statement had been prepared for the period that CMH had been incorporated. This was based on the reported position for the key subsidiaries set out in the report to the 31<sup>st</sup> March 2022, under an International Financial Reporting standards (IFRS) basis.

The accounts had been consolidated based on the merger accounting basis which reflected the movements with entities under common control without inflating the balance sheet. Any movement in the investment value paid for the shares and the net asset value for each entity would be held in a merger reserve rather than under the fixed assets category of the balance sheet as goodwill. As the value of the net assets changed year on year, this value would be adjusted as required, in the reserve. This accounting treatment had been adopted as it met the requirements for mergers as a result of a business combination. The value of the investment in the company shares was only realised at the point they were disposed.

The consolidated accounts for CMH were based on International Financial Reporting Standards whereas the entity accounts for TW and CAPL would be based on UK Generally Accepted Accounting Practice (UKGAAP) where there were some differences in the accounting standards being applied, a relevant example of this was IFRS16 accounting for leases standard. Under IFRS 16 there were now a number of leases appearing on the Statement of Financial Position (balance sheet) as part of the non-current (fixed) assets which would not have been treated as such under UK GAAP. A copy of the final consolidated accounts for CMH would be published at Companies House once it is available.

In July 2022, the Audit and Procurement Committee received a report from the external auditors, Grant Thornton, in relation to the Company Governance for 2021/22. The report related to the period prior to incorporating CMH and, as such, a number of recommendations had already been delivered through the new structure and Governance arrangements. The report included the recommendations from Grant Thornton, along with a response and details of any outstanding actions. These were accepted by the Committee.

**RESOLVED that, the Coventry Shareholder Committee accept the Annual Performance Report for Coventry Municipal Holdings Group for the year ended 31<sup>st</sup> March 2022.**

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

There were no other items of public business.

6. **Annual Performance Report Year end 31 March 2022**

Further to Minute 3 above, the Coventry Shareholder Committee considered a private report of the Managing Director for Coventry Municipal Holdings Limited, which set out the commercially confidential matters relating to a backward look over the 12 months of operation from April 2021 to March 2022 for Coventry Municipal Holdings and its subsidiaries.

**RESOLVED that, the Coventry Shareholder Committee accept the Annual Performance Report for the Coventry Municipal Holdings Group for the year ended 31<sup>st</sup> March 2022.**

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

There were no other items of private business.

(Meeting closed at 2.55 pm)

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**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

**24<sup>th</sup> 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 2023-24 for the Coventry Municipal Holdings Group

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**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.

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**Executive summary:**

Coventry Municipal Holdings Limited (CMH) was incorporated in November 2021. As required by the Group Governance Agreement, CMH along with its subsidiaries, present their Business Plans for the year ahead ending 31st March 2024. This report has been prepared to present the key points with the detailed plans appended to the Private report.

Each of the companies is focused on strengthening in their underlying business and building on the existing foundations they have in place, growing their customer base, maintaining the quality of service delivery while managing the increasing cost pressures they are each facing. They each continue to place energy into their strategic development plans, which target increasing the level of financial return that can be provided back to the Shareholder, year on year.

Furthermore, and specifically to 2023/24;

- Tom White (TW) will be focused on the delivery of the Material Recycling Facility (MRF) development approved for development within the 2022/23 business plan, while maintaining their revenue position during the construction phase by using 3rd party recycling processors;

- TW will mobilise their haulage services, intended initially to service the operations of Sherbourne Recycling Ltd, the Councils (and others) municipal material recycling company;
- Coombe Abbey Park Limited (CAPL) will face a challenging year ahead with continued pressure on the hospitality sector and customers with pressure on their disposable incomes and will continue to make prudent management decisions to maintain financial performance;
- CAPL (and its subsidiary No Ordinary Hospitality) will continue to seek further management contracts to diversify its core business and provide market resilience;
- CAPL will also conclude the long term site development plan for the hotel during 2023/24 that will address maintenance issues and offer a significantly expanded customer offer;
- Coventry Technical Resources continues to focus on providing resourcing solutions for the Council.

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:**

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 Group budget as set out in the Private report for Coventry Municipal Holdings Limited and its subsidiaries
- (6) Approve the updated timetable at table 4 under Clause 2.12 below for the approval of the Business Plans and update the Group Governance Agreement to reflect the new timelines

**List of Appendices included:**

None - individual entity business plans are appended to the Private Report

**Background papers:**

None

**Other useful documents**

Public Council Reports – Restructuring Coventry City Council Subsidiaries – 7<sup>th</sup> September 2021

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CIId=130&MIId=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. Coventry Municipal Holdings Limited (CMH) was incorporated on the 5<sup>th</sup> November 2021 along with the restructure of the wholly owned subsidiaries
  - 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)
- 1.2. The subsidiaries and CMH group present their forecasts for the year ending 31<sup>st</sup> March 2023 and the budgets for the new financial year ending 31<sup>st</sup> March 2024.
- 1.3. The vision for Coventry Municipal Holdings (CMH) 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. The mechanisms for the delivery of these strategic objectives are included in the Business Plans and summarised in this report.

## 2. Options considered and recommended proposal

- 2.1. **Option 1: Do not approve the Business Plans** – 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 2023/24 or contractual agreements they wish to enter into.
- 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 or to continue to meet the needs of the underlying business.
- 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 2023/24 and beyond in their individual company business plans. For CMH the strategic objectives remain as:

- **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 2023/24 is included in the Private Report. More detailed information for each entity is included in the business plans.
- 2.6. The main areas of focus for each company are summarised below. Further details are available in the entity business plan.
- 2.7. Coventry Municipal Holdings**
- To explore the creation of an investment fund for use across the group, considering the range of financial instruments available and what may be suitable based on the aspirations of the group
  - Standardise the employee benefits offer across the group and where possible enhance the offer to all contracted employees, ideally in a cost neutral way.
  - The senior management team are seeking to appoint a Managing Director across the group within CMH. The timing of this appointment is currently uncertain and as such has not been included in the budget for 2023/24.
  - Explore the back office services provided across the group and see if there is any merit in consolidating these or changing the manner in which they are delivered.
  - There is some further work to do on the group audit and non-audit services contract we have in place based on conversations with the Council's auditors. CMH will lead on these on behalf of the group alongside the Council to ensure the arrangements in place meet the needs of the group and the Council.
- 2.8. Tom White**
- The main capital investment in the year relates the redevelopment of the material recycling facility (MRF) for TWW. This was approved as part of the business plans last year and funding was secured from the Council in October 2022. 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 business case will be updated ahead of entering into the contract to ensure the project is still within the funding envelope and will deliver the expected financial and non-financial benefits.

- Focus on mobilising the haulage operation to service the Sherbourne Recycling Limited (SRL) contract needs, which commences with the placing of an order for 10 HGVs, the expenditure of which has been previously approved within the 2022/23 business plan.
- Robust cost control across the business, seeking to maximise efficiency where ever possible now that the operational and financial foundations are well established – seeking the marginal gains

## 2.9. No Ordinary Hospitality and Coombe Abbey Park Limited

- Actively market NOHM and the management offer to set the company up as a leisure business across multiple sites and offers focusing on the following market segments; Local Authorities, Historic Trusts and Owner/Operator.
- Invest in the production of a detailed development plan for the hotel, together with detailed business case, for Board consideration for implementation in 2023/24 – looking at site redevelopment at Coombe to increase bedroom numbers and additional guest amenities
- Greater focus on operational costs as these continue to increase, looking for new ways of operating to protect margins over the coming year and beyond
- Delivery of the Paid Play Facility within Coombe Park and the associated catering outlet

## 2.10. Coventry Technical Resources

- CTR will continue to respond to the needs of the City Council during 2023/24, and is anticipating a number of further posts to be established and services offered back to the Council accordingly.

2.11. **Update to Group Governance Agreement** - The Business Plans are key documents for the companies to move forward to achieve the projections and objectives set out above.

2.12. There has been a delay in the creation of the Business Plans for each trading entity and then subsequently a delay in the group Business Plans each year. The Group governance agreement sets out the current timelines for approval but it is difficult to adhere to these based on other commitments in the trading entities. To resolve this going forward, it is proposed that the timescales are revised to make them more realistic and achievable for the trading entities, CMH and Shareholder Committee. The table below sets out the current dates in line with the GGA and the new proposed dates. The Group governance agreement would be updated to reflect the new timescales if this is approved.

**Table 1: Proposed dates for the approval of the Business Plans**

	<b>Current</b>	<b>Proposed</b>
Entity plans to CMH Board	31st Oct	7th Jan
CMH to provide feedback on entity Business Plans	30th Nov	28th Jan
CMH Board approve entity Business Plans	30th Nov	4th Feb
CMH Group Business Plan to Shareholder Committee	31st Dec	16th Mar
Final CMH Group Business Plan with any feedback from Shareholder Committee submitted for review	31st Jan	16th Mar
Shareholder Committee approve CMH Group Business Plans	28th Feb	25th Mar
Each Business plan formally adopted	1st Mar	31st Mar

2.13. Approval of the Business Plans is the recommended option along with the proposed changes to the Group Governance Agreement timeline for seeking approval.

### **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 2023/24 for each entity.

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

#### **5.1. Financial Implications**

##### **Expected financial position**

The budgets as set out in Private Report indicate that the group may be able to declare dividend in 2023/24 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.

##### **Strategic financial overview**

The financial position falls short of the expected returns on the acquisition of the two larger subsidiaries. Since the acquisition of CAPL in December 2017 the turnover of the hotel operation alone has increased by 11% (forecast to 31st March 2023) as well as the addition of a further 10 business units across 4 sites. The business was affected by Covid 19 due to lockdown and the impact this has had on the hospitality sector. The company has sought to secure revenue through events, weddings, food and beverage outlets and diversifying their business portfolio through the provision of management contracts. This has supported revenue growth in the business, but the company has experienced higher than expected costs, affected by Covid 19, Brexit and the rising cost of inflation which has seen increases in the cost base from staffing to food and beverage and beyond, which cannot be fully recovered through increased prices and as such reduces the margins achieved by the business. NOHM is actively pursuing other management contracts and opportunities to grow the business utilising the skills and experience of the management team and wider workforce to generate revenue to ultimately make returns to the shareholder in the future .

CAPL has continued to meet the contractual payments due the Council in relation to rent, revenue and profit share on some of the catering outlets and repayment of the commercial loan arrangements in place, providing a return to the shareholder in a more tax efficient manner.

When TWW was acquired in March 2020, since the acquisition there have been unexpected costs associated with the operation of the fleet, lower availability of equipment, increased expenditure of repairs and maintenance and the impact of Covid19 and Brexit, which have affected the level of dividends that the underlying business can declare. The investment in the new MRF will help to increase the financial performance of the business and as a result will lead to an improved return to the shareholder from financial year 2024/25 onwards. A dividend was declared by TWW following acquisition of £0.5m, this is due to be paid to CCC in 2023/24. Although Tom White Waste has been supporting the Council during the industrial

action, there is ongoing work to do to consider how the two commercial waste operations can work more efficiently together.

### **Utilisation of Cash**

CTR holds legacy cash that will remain in CTR until such time they are required by the Council or if approval is granted to utilise these within the group as part of the investment fund. This would require approval through the usual channels.

### **Audit arrangements**

For the year accounts to be produced for 22/23, the companies will all fall under the same external auditor, LDP Luckman's. The cost for Audit Services and Corporation Tax advice has been built into the budgets and will be incurred by each respective entity. There has been discussion with Grant Thornton in relation whether the audit and non-audit services should continue to be delivered by the same company. These conversations are ongoing and the ideal arrangement for the Council and the group will be implemented going forward.

## **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 future 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. A number of the contracts in place with Coombe Abbey Park (LACo) 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. There is a risk in relation to the Council's commercial investments and the role that CMH plays in mitigating this risk on the Council's Corporate risk register. This risk is being presented to Audit Committee on the 20<sup>th</sup> March for addition to the Corporate Risk Register.

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 based on the financial performance expected during 2023/24. Dividends will be declared if and when the businesses are in a position to make this payment and the respective officers will be informed within the Council.



**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.

**Report author(s):**

Name: Parmi Mudhar

Title: Financial Director for CMH

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Enquiries should be directed to the above person

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Grant McKelvie	Director	CMH	28/02/2023	01/03/2023
Kirston Nelson	Director	CMH	28/02/2023	01/03/2023
Pete Fahy	Director	CMH	28/02/2023	09/03/2023
Lara Knight	Governance Services Co-ordinator	Law and Governance	28/02/2023	
<b>Names of approvers: (officers and members)</b>				
Finance: Paul Jennings	Finance Manager	Finance	28/02/2023	03/03/2023
Legal: Gurbinder S Sangha	Major Projects Lawyer/ Company secretary	Law and Governance	28/02/2023	09/03/2023
Director: Andrew Walster	Director	CMH	28/02/2023	14/02/2023
Member: Councillor George Duggins	Cabinet Member for Policy and Leadership	CCC		

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**EXTRACT Corporate Risk Register – February 2023**

**Risk Scores**

Likelihood is scored on a scale of 1 to 5 with 5 being high. For a description of likelihood scores refer to Section 4, Risk Management Methodology, of the Risk Management Policy.

Impact is scored on a scale of 1 to 5 with 5 being high. For a description of impact scores refer to Section 4, Risk Management Methodology, of the Risk Management Policy.

To calculate the total score, multiply the likelihood score by the impact score and arrive at a total score. This is done twice, firstly to calculate an inherent risk score and secondly a residual risk score, after risk mitigations are applied.

A risk scoring above 15 is red, those between 6 to 14 are amber and those between 1 to 5 are green.

**One Coventry Enabler: Continued financial stability of the Council**

**Service Area: Cross-cutting**

No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
31	<b>A Council that makes thoughtful, well researched and robust business case backed commercial investments to derive additional sustainable income streams to the Council so that it has additional funds to provide services to residents, deliver policy priorities, and achieve its One Coventry</b>	Assists the Council to deliver services to residents.	Likelihood Score	Each of the investments have been undertaken following detailed due diligence, with any matters arising being activity managed post investment.	Likelihood Score	Managing Director CMH
5		The Council will be better able to navigate a deteriorating financial backdrop to local government funding caused by inflation and recession.	Impact Score	Ongoing investment decisions promoted by any of the companies are subject to further due diligence, risk assessment and a robust business case. Material aspects of these are supported with external advice, such as legal, technical, and financial / tax advice.	3	
4					Impact Score	
Total					2	
					Total	

No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
	<p><b>Plan through being more financially robust.</b></p> <p>If the Council does not make well researched commercial investments, that are supported by sound business cases it will be financially weaker and consequently less able to deliver its One Coventry Plan priorities and provide services to vulnerable residents.</p>	<p><b>Tom White Investment:</b></p> <p>Assists the Council to achieve its One Coventry priority to tackle the causes and consequences of climate change, by significantly increasing commercial waste recycling rates, a reduction in the use of raw materials in UK industry, and the promotion of the circular economy. A reduction of waste sent abroad and to landfill.</p> <p>Reinvesting the profits for environmental and social purposes through the Council in support of the One Coventry Plan.</p> <p><b>Coombe Abbey Park investment:</b></p> <p>The use of Council assets is enhanced such as St Marys Guildhall and</p>	<p>Score</p> <p>20</p>	<p>The Council has taken care to invest in a broad range of activities to protect against financial shocks to specific sectors.</p> <p>Suitably experienced or qualified Board Directors are in post in each of the company boards. They oversee the investment performance and ensure accountability for outcomes.</p> <p>Companies (and their Directors) are subject to the legally binding Group Governance Agreement. The Agreement sets out clearly the level of decisions that can be made within each company, what comes to the parent holding company (CMH) for decision, and what is reserved back to Shareholder Committee and/or Full Council.</p> <p>There is at least one Council Director on each company board, at least two Directors from Coventry Municipal Holdings (CMH) on each company board and regular reports to Shareholder Committee (a subcommittee of Cabinet).</p> <p>Each company prepares a robust annual business plan and financial budget that is approved by the Shareholder Committee for delivery.</p> <p>The company Board Directors review and challenge business performance each month against the</p>	<p>Score</p> <p>6</p>	

No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
		<p>parks, resulting in a financial return on these assets, improved quality of life for residents and a significantly enhanced visitor experience.</p> <p><b>General Financial:</b></p> <p>The Council benefits from loans made to its wholly owned companies, on an entirely commercial basis.</p> <p>The Council receives rental income from property leased from the Council by the investment companies.</p> <p>The protection of rent payments made to the Council.</p> <p>The risk on loan repayments to subsidiary companies rests with the Council as shareholder.</p>		<p>business plan and financial budget, reporting any matters arising to the holding company board.</p> <p>The holding company (CMH) board reviews and challenges company performance every quarter. Shareholder Committee receive a formal Performance Report for the preceding year by October in each year, to advise formally on company performance following issuance of company accounts, and an informal report on year-to-date performance mid-year.</p> <p>The availability of appropriate information, the regularity of information review and challenge, the knowledge and experience of Board Directors, the breadth of reporting and clarity on decision making (contained within the Group Governance Agreement) means that financial performance of the investments is well understood, challenged, and supported to mitigate risks.</p> <p>Risks of companies not supporting the One Coventry Plan are mitigated through the annual business planning process, with Board Directors at each level and the Shareholder Committee ensuring that the plans support the Council's One Coventry Plan priorities, with sufficient engagement to allow these to be influenced, as necessary.</p>		

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