

Coventry City Council
Minutes of the Meeting of Scrutiny Co-ordination Committee held at 10.00 am on
Wednesday, 25 October 2023

Present:

Members: Councillor N Akhtar (Chair)
Councillor M Ali
Councillor P Male
Councillor C Miks
Councillor G Ridley
Councillor E Ruane
Councillor R Singh
Councillor R Thay
Councillor CE Thomas

Other Members: Councillor Duggins, Cabinet Member for Policy and Leadership

Employees
(by Service Area):

Law and Governance O Aremu, T Robinson, C Sinclair, G Singh Sangha

Streetscene and Regulatory Services A Walster (Director of Streetscene and Regulatory Services), P Mudhar

Business Investment and Culture A Williams (Director of Business Investment and Culture) S Weir

Apologies: None

Public Business

15. Declarations of Interest

There were no declarations of interest.

16. Minutes

The Minutes of the meeting held on 12 July 2023 were agreed and signed as a true record. There were no matters arising.

17. Exclusion of Press and Public

RESOLVED that the Scrutiny Board agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the private reports in Minute 23, 24 and 25 below headed 'Coventry Municipal

Holdings Limited Annual Performance Report year ended 31 March 2023’, ‘Sherbourne Recycling Limited Annual Performance Report year ended 31 March 2023 and ‘UKBIC Ltd Annual Performance Report year ended March 31 2023 and 2023/24 Forecasts’ on the grounds that the reports involve the likely disclosure of information as defined in 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 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.

18. Coventry Municipal Holdings Limited Annual Performance Report year ended 31 March, 2023

The Board considered a report of the Chief Operation Officer (Section 151 Officer) which had been considered by the Coventry Shareholders Committee on 26 September 2023. The Annual Performance Report focussed on a backward look over the 12 months of operation from April 2022 to March 2023 for Coventry Municipal Holdings (CMH) and its subsidiaries which included the following entities:

- oombe Abbey Park Limited (CAPL), including two subsidiaries: C
- o Ordinary Hospitality Management Limited (NOHM) N
- oombe Abbey Park (LACo) Limited (CAPL LACo) C
- om White Waste Limited (TWW), including two subsidiaries: T
- &M Metals & Waste Limited (A&M) A
- om White Waste (LACo) Limited (TWW LACo) T
- oventry Regeneration Limited (CR) C
- oventry Technical Resources Limited (CTR) C
- o Ordinary Hotels Limited (NOH) N

The Group Governance Agreement (GGA) required CMH to produce an Annual Performance Report looking back at the operation of the Group to the year-end 31st March 2023.

Coventry Municipal Holdings Limited (CMH) was established in November 2021 as an intermediary parent company to strengthen the governance arrangements for the Council's existing company investments. CMH acquired the share capital of Council owned subsidiaries following an allotment of shares. The Council remains the ultimate parent company for the companies within the CMH group.

Coombe Abbey Park Limited (CAPL) was acquired by the Council in December 2017. CAPL operated Coombe Abbey Hotel in the surroundings of Coombe Abbey Park. The Council already owned the freehold of the hotel, which is let on a long-term lease to CAPL, held preference shares in the company and provided loan financing. The Council owned and operated Coombe Abbey Country Park, and the acquisition of the hotel management company provided an opportunity for the Council to consolidate its interest in an important leisure and cultural destination in the city. Following the acquisition, all future dividends were due to the Council as sole shareholder.

CAPL is operating a 15-month financial year from 1st January 2022 to 31st March 2023. This would align the company's annual reporting date with the Council and the other companies within the CMH group for future years. This approach met a recommendation made by the Council's external auditor. CAPL's financial year will run from April to March from 2023/24 onwards.

Tom White Waste Limited (TWW) was acquired by the Council in March 2020. The Council aimed to achieve significant service benefits due to the synergies with internal services and the competitive advantage of becoming the largest Commercial Waste service in the city as a combined entity. TWW would also provide financial returns to support the Council's budgetary position.

Coventry Technical Resources Limited (CTR) held the consideration for the sale of the shares in Arena Coventry Limited in 2014/15. These funds were due be transferred to the Council in 2023/24 following a restructure of the balance sheet for CTR.

A corresponding private report detailing confidential financial matters was also submitted for consideration (Minute 23 below refers).

The Board questioned Officers and received responses on several matters including:

- Reasons for the report also having a separate Private report which would be considered in Private session.
- Funding for future restorations.

In noting the report, the Board asked that consideration be given to receiving future reports after the audited accounts were published in order that the information currently contained within the private reports would then be in the public domain.

19. Sherbourne Recycling Limited Annual Performance Report year ended 31 March, 2023

The Board considered a report of the Chief Operating Officer (Section 151 Officer) which had been considered by the Coventry Shareholder Committee on 26 September 2023. The Annual Performance Report was focused on a backward look over the 12 months of operation from April 2022 to March 2023 for Sherbourne Recycling Limited (SRL). The report had been brought to the Coventry Shareholder Committee to enable the Council's interest in the company to be

monitored and for the assessment of performance made by company management to be accepted by the Shareholder.

The Shareholders Agreement required SRL to produce an Annual Performance Report looking back on the operation of the company for the year ended 31 March 2023.

Sherbourne Recycling Limited (SRL) was incorporated in February 2021 after the successful completion and contract award for the design and construction of a Material Recycling Facility (MRF) located in Coventry. Coventry City Council and seven other local authorities (North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council) jointly own the company and will be customers of the facility once it is operational in the Autumn of 2023.

The Council was the largest single shareholder having invested £0.215m to acquire a 21.50% shareholding. Walsall Council holds 19.66% and Solihull Metropolitan Borough Council holds 14.63%. The shareholding proportions were based on the waste tonnage that each authority was projected to deliver to the facility in 2018. This was agreed by all parties at the time and had been locked into the Shareholder Agreement that governs the relationship between the eight shareholders.

The rationale for investing in the company was to have greater control over the processing of the recycled waste material collected by each Council.

As the construction phase draws to a close, the facility was preparing to become operational from Autumn 2023.

A corresponding private report detailing confidential financial matters was also submitted for consideration (Minute 24 below refers).

The Board questioned Officers and received responses on several matters including:

- Transfer financing
- Accounts and shares for Sherbourne Recycling Ltd
- Use of AI at the facility

In noting the report, Members agreed that a site visit to the Material Recycling Facility it would benefit their understanding of the company's operations.

20. UKBIC Ltd Annual Performance Report year ended 31 March 2023 and UKBIC 2023/24 Forecasts

The Board considered and noted a report of the Chief Operating Officer (Section 151 Officer) which had been considered by the Coventry Shareholder Committee on 26 September 2023.

The Annual Performance Report focused on a backward look over the period of operation covering 1st April 2022 to 31st March 2023 for UKBIC Ltd and provided a summary of forecasts for the coming financial year.

The UK Battery Industrialisation Centre (UKBIC) Limited was a state of the art, 20,000m² battery manufacturing research and development facility on Rowley Road which was formally opened in July 2021. UKBIC was an open access facility designed to allow UK manufacturers to trial and industrialise the next generation of batteries for electric vehicles and other applications, which is essential to the UK's net zero ambitions.

Between November 2017 and October 2019, the Council approved the acceptance of £108m grant funding from Innovate UK's Faraday Battery Challenge towards the total cost of £126m to develop the UKBIC facility. The remaining £18m was provided in the form of an £18m repayable grant (essentially an interest free loan) from WMCA.

The Faraday Battery Challenge was established by government in 2018 to invest in research and innovation projects, and facilities, to drive the growth of a strong battery business in the UK. Securing UKBIC in the Coventry area was critical to the future of the area's world-class automotive and advanced manufacturing cluster.

UKBIC Ltd was established to operate the facility. CCC owns 100% of the shares in UKBIC Ltd and has two CCC directors who sit on the board, including the Chair. The remaining board seats are made up of the UKBIC Managing Director and Finance Director, a representative from Government's Advanced Propulsion Centre (APC) and independent battery/automotive industry experts. In addition, the Faraday Challenge Director attends the board as an observer.

The Faraday Battery Challenge reviews and approves the UKBIC Ltd business plan on a regular basis to ensure that the business is sustainable and that it was meeting the technology needs of the UK automotive industry, and was currently providing core operational funding to UKBIC Ltd.

A corresponding private report detailing confidential financial matters was also submitted for consideration (Minute 25 below refers).

The Board questioned Officers and received responses on several matters including the importance of continued scrutiny of the financial element of the operation and in line with this Members requested attendance data on their Board meetings. The Board also agreed that it would welcome a site visit to UKBIC and Officers confirmed this would be arranged.

21. Scrutiny Co-ordination Committee Outstanding Issues and Work Programme 2023/2024

The Board noted the Work Programme.

There were no outstanding issues.

22. Any Other Items of Public Business

There were no other items of public business.

23. Coventry Municipal Holdings Limited Annual Performance Report year ended 31 March, 2023

Further to Minute 18 above, the Board noted a private item of the Chief Operating Officer (Section 151 Officer) which set out the commercially confidential matters relating to the Coventry Municipal Holdings Limited Annual Performance Report.

24. Sherbourne Recycling Limited Annual Performance Report year ended 31 March, 2023

Further to Minute 19 above, the Board noted a private item of the Chief Operating Officer (Section 151 Officer) which set out the commercially confidential matters relating to the Sherbourne Recycling Limited Annual Performance Report.

25. UKBIC Ltd Annual Performance Report year ended March 31st 2023 and UKBIC 2023/24 Forecasts

Further to Minute 20 above, the Board noted a private item of the Chief Operating Officer (Section 151 Officer) which set out the commercially confidential matters relating to the UKBIC Ltd Annual Performance report.

26. 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 12.45 pm)