



Coventry Shareholder Committee

Time and Date

2.00 pm on Tuesday, 26th September, 2023

Place

Diamond Rooms 1 and 2 - Council House

Public Business

1. **Apologies for Absence**
2. **Declarations of Interest**
3. **Minutes** (Pages 5 - 6)
 - a) To agree the Minutes of the meeting held on 1 August, 2023
 - b) Any matters arising
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. **Coventry Municipal Holdings Limited Annual Performance Report year ended 31st March 2023** (Pages 7 - 14)

Report of the Director for Coventry Municipal Holdings Limited
6. **Sherbourne Recycling Limited Annual Performance Report year ended 31st March 2023** (Pages 15 - 20)

Report of the Director for Coventry Municipal Holdings Limited
7. **UKBIC Ltd Annual Performance Report year ended March 31st 2023 and UKBIC 23/24 forecasts** (Pages 21 - 26)

Report of the Director of Property Services and Development
8. **Any other items of public business which the Chair decides to take as matters of urgency because of the special circumstances involved**

Private Business

9. **Coventry Municipal Holdings Limited Annual Performance Report year ended 31st March 2023** (Pages 27 - 72)
Report of the Director for Coventry Municipal Holdings Limited
(Listing Officer: M Phillips email mike.phillips@coventry.gov.uk)
10. **Sherbourne Recycling Limited Annual Performance Report year ended 31st March 2023** (Pages 73 - 94)
Report of the Director for Coventry Municipal Holdings Limited
(Listing Officer: M Phillips, e mail mike.phillips@coventry.gov.uk)
11. **UKBIC Ltd Annual Performance Report year ended March 31st 2023 and UKBIC 23/24 forecasts** (Pages 95 - 114)
Report of Director of Property Services and Development
(Listing Officer: S Weir, email stephen.weir@coventry.gov.uk)
12. **Any other items of private business which the Chair decides to take as matters of urgency because of the special circumstances involved**

Julie Newman, Chief Legal Officer, Council House, Coventry

Monday, 18 September 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 L Bigham, R Brown, K Caan, G Duggins (Chair), P Hetherington, AS Khan, J O'Boyle, K Sandhu, P Seaman and D Welsh

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Lara Knight / Suzanne Bennett
email: lara.knight@coventry.gov.uk /
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Coventry City Council
Minutes of the Meeting of Coventry Shareholder Committee held at 2.00 pm on
Tuesday, 1 August 2023

Present:

Members: Councillor G Duggins (Chair)
 Councillor L Bigham
 Councillor P Hetherton

Employees (by Service Area):

Public Health and V De Souza
Wellbeing

Law and Governance J Newman (Chief Legal Officer), S Bennett

Apologies: Councillor R Brown, K Caan, AS Khan, J O'Boyle, K Sandhu,
 P Seaman and D Welsh

Public Business

1. Declarations of Interest

There were no disclosable pecuniary interests.

2. Minutes

The Minutes of the meeting held on 24 March, 2023 were agreed and signed as a true record.

There were no matters arising.

3. Changing Places Toilet Installation at War Memorial Park

The Coventry Shareholder Committee considered a report of the Director of Public Health and Wellbeing which indicated that, as part of the ongoing commitment to meeting the Public Sector Equality Duty, Coventry City Council is proposing to install a Changing Places Toilet in War Memorial Park in order to provide suitably accessible toileting facilities for people with complex disabilities. The report sought approval of the Committee, acting as the Charitable Trustees of the War Memorial Park, to approve that installation.

Changing Places Toilets meet the needs of people with profound and multiple learning disabilities, as well as people with other physical disabilities. These toilets provide the right equipment including a height adjustable adult-sized changing table, a tracking hoist system, adequate space for a disabled person and carer, a peninsular WC with room either side and a safe and clean environment including tear off paper to cover the bench, a large waste bin and a non-slip floor.

Over the last 2-years, the Council has successfully received £260,190 of funding (during Rounds 1 and 2 of the Government's Changing Places Toilets programme) to install five Changing Places facilities at Albany Theatre, Tesco Arena, ShopMobility, Coombe Abbey Park and War Memorial Park and have until March 31st 2024 to install the Changing Places toilets for which funding has been granted.

The Council holds the legal title to the War Memorial Park by virtue of a conveyance dated 27 January 1921. The land was transferred to the Council to be held 'to the use' of the Corporation and its successors and assigns 'to be maintained by the Corporation and dedicated in perpetuity as a public park or Recreation Ground for the people or for use for Agricultural Shows Flower Shows or similar purposes with a right to charge for admission' the wording of this conveyance clearly settled the land (including the War Memorial Park) on charitable trust and as such the Council is now the sole corporate trustee of the Trust. Any decisions relating to the War Memorial Park need to be taken by the Coventry Shareholder Committee acting as the Charitable Trustees.

The Committee welcomed the installation of Changing Places toilets across the City.

RESOLVED that the Coventry Shareholder Committee, acting as the Charitable Trustees of the War Memorial Park, approves the installation of a Changing Places toilet at the War Memorial Park and delegates authority to the Director of Public Health & Wellbeing to enter into the works contract.

4. **Any Other Items of Urgent Public Business**

There were no other items of urgent public business.

(Meeting closed at 2.15pm)



Public report Shareholder Committee

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
Scrutiny Co-Ordination Committee

26 September, 2023
25 October, 2023

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Chief Operating Officer (Section 151 Officer) – B Hastie

Ward(s) affected:

None

Title:

Coventry Municipal Holdings Limited Annual Performance Report year ended 31st March 2023

Is this a key decision?

No

Executive summary:

The Annual Performance Report is focused 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 includes the following entities.

- Coombe Abbey Park Limited (CAPL), including two subsidiaries:
 - No Ordinary Hospitality Management Limited (NOHM)
 - Coombe Abbey Park (LACo) Limited (CAPL LACo)

- Tom White Waste Limited (TWW), including two subsidiaries:
 - A&M Metals & Waste Limited (A&M)
 - Tom White Waste (LACo) Limited (TWW LACo)

- Coventry Regeneration Limited (CR)
- Coventry Technical Resources Limited (CTR)
- No Ordinary Hotels Limited (NOH)

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

Recommendations:

The Coventry Shareholder Committee is recommended:-

- 1) To consider and accept the performance assessment and proposed budget amendments provided by Company Management in the Annual Performance Report for the CMH Group for the year ended 31st March 2023.

List of Appendices included:

None.

Background papers:

Business Planning Cycle for 2022-23 for the Coventry Municipal Holdings Group (Shareholder Committee 30th March 2022, Item 4)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=773&MID=12662#A135819>

Coventry Municipal Holdings - Annual Performance Report year Ended 31 March, 2022 (Scrutiny Co-ordination Committee 19th October 2022, Item 24)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=151&MID=12873#A137257>

Loan for Material Recycling Facility (Cabinet, 11th October, Item 41)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=124&MID=12818>

Other useful documents

External Auditor's Value for Money Report on Coventry Council - Company Governance 2020-21 (Audit and Procurement Committee 25th July 2022, Item 19)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=553&MID=12763#A136552>

Has it or will it be considered by Scrutiny?

Yes – Scrutiny Co-Ordination Committee – 25 October, 2023

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

Yes – Audit and Procurement Committee – 27 November, 2023

Will this report go to Council?

No.

Report Title: Coventry Municipal Holdings Limited Annual Performance Report year ended 31st March 2023

1. Context (or background)

- 1.1. 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.
- 1.2. Coombe Abbey Park Limited (CAPL) was acquired by the Council in December 2017. CAPL operates 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 owns and operates 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 are due to the Council as sole shareholder.
- 1.3. CAPL is operating a 15-month financial year from 1st January 2022 to 31st March 2023. This will align the company's annual reporting date with the Council and the other companies within the CMH group for future years. This approach meets a recommendation made by the Council's external auditor. CAPL's financial year will run from April to March from 2023/24 onwards.
- 1.4. 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.
- 1.5. Coventry Technical Resources Limited (CTR) holds the consideration for the sale of the shares in Arena Coventry Limited in 2014/15. These funds are due to be transferred to the Council in 2023/24 following a restructure of the balance sheet for CTR.

2. Options considered and recommended proposal

- 2.1. **Option 1 – Not recommended – Do nothing** – the Group Governance Agreement (GGA) is a legally binding document that was entered into by the entities within the CMH group. It sets out the governance and reporting requirements for the group which includes presenting a report on the Annual Performance Report for the Group to the Coventry Shareholder Committee each year. This report has been drafted to meet this requirement.

This is not the recommended option.

- 2.2. **Option 2 – Recommended – Accept the Annual Performance Report** which has been drafted in line with the GGA, to meet the reporting requirements to the Coventry Shareholder Committee and ensure transparency and consistency in relation to information on the Council's wholly owned investment.

Accepting the performance assessment and proposed budget amendments provided by company management in the Annual Performance Report is the recommended option.

Performance Overview

CAPL has been significantly affected by COVID and inflationary pressures, which are issues that have been observed across the hospitality industry. Management's focus is on cost control and improving the hotel's positioning within the market. Further information is available in the Private report and the accounts will be published at Companies House once the audit is complete.

The draft accounts indicate that TWW generated a positive EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) and made an overall profit in 2022/23. Further information is available in the Private report and the accounts will be published at Companies House once the audit is complete.

TWW have experienced a sustained increase in turnover in recent years, but the company has been impacted by inflationary pressures. The management team have taken actions to address these pressures and are confident that the position has improved at year end following a difficult start to the year.

Coventry Technical Resources Limited (CTR) provides resourcing solutions and consultancy support to the Council under a series of contracts. CTR made a small profit in 2022/23 from the margin on contracts for the provision of resourcing solutions to the Council. Further information is available in the Private report and the accounts will be published at Companies House once the audit is complete.

Coventry Regeneration Limited (CR) has a limited number of transactions and No Ordinary Hotels Limited (NOH) is effectively a dormant company.

Treasury Returns

During 2022/23, the Council received treasury returns from its property assets and service loans. The Council received lease payments from CAPL for Coombe Abbey Hotel and other properties on the site. The Council received interest repayments on service loans from CAPL and TWW.

Budget Amendments

The Annual Performance Report provided by company management seeks approval to make amendments to the company budgets that were approved by Coventry Shareholder Committee in March 2023. The Council is not required to provide any additional resources as a result of these budget amendments.

MRF Project

Update on the MRF Project as further set out in the Private report.

3. Results of consultation undertaken

- 3.1. No consultation has been undertaken.

4. Timetable for implementing this decision

- 4.1. Upon approval of this report the CMH group will be satisfied that the Council, as Shareholder, have accepted the performance assessment made by company management for the year ending 31st March 2023.
- 4.2. The filing deadline for all entities within the CMH group for the year ended 31st March 2023 is 31st December 2023. The final accounts are due to be available on Companies House by the filing deadline.

5. Comments from Chief Operating Officer (Section 151 Officer) and Chief Legal Officer

5.1. Financial Implications

- 5.2. **Investment Valuation** – The Council has commissioned external valuation advice on its equity interest in CMH. The fair value of the shareholding is included in the Private report.

- 5.3. The financial statements of the subsidiaries within the CMH group will be consolidated into the Council's group accounts as the Council has control over these entities as the ultimate parent company.

5.4. Legal Implications

- 5.5. CMH has acted in accordance with the Group Governance Agreement which sets out the policies and obligations on the group. The group have submitted their confirmation statements and requirements to Companies House on the submission requirement dates. The audited accounts will be submitted to Companies House as soon as they are finalised.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

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

TWW are continuing to focus on tackling the causes and consequences of climate change which was a key consideration in the Council's decision to acquire the company. During 2022/23, TWW improved the availability of plant and reorganised their sites to balance production capacity with offtake demand, increasing materials recovery and reducing volumes sent to landfill. TWW are looking to progress a number of future projects to improve the recycling of plastics, wood, aggregates and counterfeit goods. Each of these projects has the potential to support a circular economy regionally, improve recycling rates, and create green jobs in Coventry.

The Council's control over the hotel management company and the surrounding land at Coombe Abbey Park, will continue to provide opportunities to increase the economic prosperity of the city and the region. For example, the Go Ape course continues to be a popular visitor attraction and CAPL's subsidiary company No Ordinary Hospitality Management (NOHM) gained recognition in the marketplace in 2022/23.

The Council received treasury returns from the CMH group, related to leased property assets and service loans which contributed towards the continued financial sustainability of the Council.

Dividends have not yet been declared for 2022/23, with this position due to be reviewed by the CMH Board of Directors when the final accounts are available.

6.2. How is risk being managed?

The Council is managing risks at a corporate level through its treasury management strategy and quarterly budget monitoring.

Company management have identified specific risks and mitigations for the companies within the CMH group. This includes the risk of operating in industries (hospitality / waste management) influenced by macroeconomic factors and liquidity risk due to inflationary pressures.

The financial and performance risks presented by the Council's company investments are being considered for inclusion in the latest update of the Corporate Risk Register.

6.3. What is the impact on the organisation?

The Council must continue to provide the appropriate staffing resources to manage the performance and investment value of its equity interests, assess the condition of property assets held by subsidiaries and manage the repayment of service loans, seeking external advice where needed.

6.4. Equalities / EIA?

The Public Sector Equality Duty (PSED) contained in section 149 of the Equality Act 2010 requires public authorities to have due regard to several equality considerations when exercising their functions. The Council has control over all of the companies within the CMH group and it is important for the Council to consider the PSED in its role as sole shareholder. The companies within the CMH group have developed Equality & Diversity policies and it is not expected that any specific groups will be disproportionately impacted, either positively or negatively, by the recommendations in this report.

No equality impact assessment has been carried out as the recommendations in this report do not constitute a new project or review existing / develop new Council strategies, policies, guidelines or services.

6.5. Implications for (or impact on) climate change and the environment?

TWW is expected to continue to make a positive impact on climate change and the environment. Further details are provided in section 6.1 of this report as performance in this area is a key reason that TWW contributes towards the One Coventry Plan.

6.6. Implications for partner organisations?

The report focuses a number of commercial companies, which have a relationship with the Council.

Report author(s):

Michael Phillips
Lead Accountant – Business Partnering

Service Area:

Financial Management

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Parminder Mudhar	Financial Director	Coventry Municipal Holdings	23/08/2023	05/09/2023
Gurbinder Singh Sangha	Major Projects Commercial Lawyer / Company Secretary	Law and Governance / Coventry Municipal Holdings Limited	24/08/2023	06/09/2023
Grant McKelvie	Commercial Business Director	Coventry Municipal Holdings	24/08/2023	07/09/2023
Peter Fahy	Director	Coventry Municipal Holdings	24/08/2023	06/09/2023
Kirston Nelson	Director	Coventry Municipal Holdings	24/08/2023	12/09/2023
Andrew Walster	Director	Coventry Municipal Holdings	24/08/2023	12/09/2023
Suzanne Bennett	Governance Services Co-ordinator	Law and Governance	24/08/2023	25/08/2023
Names of approvers for submission:				
Finance: Tina Pinks	Corporate Finance Manager	Financial Management	12/09/2023	18/9/2023
Legal: Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	12/09/2023	18/9/2023
Director: Barry Hastie	Chief Operating Officer (S151 Officer)	Financial Management	12/09/2023	18/9/2023

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Public report Shareholder Committee

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

26 September, 2023

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Chief Operating Officer (Section 151 Officer) – B Hastie

Ward(s) affected:

None

Title:

Sherbourne Recycling Limited Annual Performance Report year ended 31st March 2023

Is this a key decision?

No

Executive summary:

The Annual Performance Report is focused on a backward look over the 12 months of operation from April 2022 to March 2023 for Sherbourne Recycling Limited (SRL). The report is being 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 requires SRL to produce an Annual Performance Report looking back on the operation of the company for the year ended 31st March 2023.

Recommendations:

- 1) The Coventry Shareholder Committee is recommended to consider and accept the assessment made by company management in the SRL Annual Performance Report for the year ended 31st March 2023.

List of Appendices included:

None.

Background papers:

Proposed Development of a Regional Materials Recycling Facility with Partnering Authorities
(Cabinet 27th August 2019, Item 23)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=124&MID=11942#A129021>

Investment in Material Recycling Facility – Update
(Council 16th March 2021, Item 103)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=130&MId=12238>

Other useful documents

None.

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.

Report Title: Sherbourne Recycling Limited Annual Performance Report year ended 31st March 2023

1. Context (or background)

- 1.1. 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.
- 1.2. The Council is 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 are 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 has been locked into the Shareholder Agreement that governs the relationship between the eight shareholders.
- 1.3. The rationale for investing in the company was to have greater control over the processing of the recyclate waste material collected by each Council.
- 1.4. As the construction phase draws to a close, the facility is preparing to become operational from Autumn 2023.

2. Options considered and recommended proposal

- 2.1. **Option 1 – Not recommended – Do nothing** – The Shareholders Agreement (SA) is a legally binding document that was entered into by SRL and the shareholders. It sets out the governance and reporting requirements which includes presenting an Annual Performance Report to the Shareholder Committee each year. This report has been drafted to meet this requirement.

This is not the recommended option.

- 2.2. **Option 2 – Recommended – Accept the Annual Performance Report** which has been drafted in line with the SA, to meet the reporting requirements to the Shareholder Committee and ensure transparency and consistency in relation to information on the Council's investment.

Accepting the assessment made by company management in the Annual Performance Report is the recommended option.

Performance Overview

As a non-trading entity, the draft accounts show the costs incurred by SRL during the construction phase. The company has incurred administrative costs without the revenue to support this expenditure while the MRF is not yet operational.

Each of the Shareholders have committed to provide loan financing to cover the cost of constructing the MRF. The loan agreements are in proportion to each authority's shareholding.

The SRL Board of Directors will review the payment of dividends if funds are available for distribution in the future. The primary benefits to the Council in the short term will be the operational savings on waste services and treasury income on the lease / loan.

3. Results of consultation undertaken

3.1. No consultation has been undertaken.

4. Timetable for implementing this decision

4.1. Upon approval of this report, SRL will be satisfied that the Council, as Shareholder, have accepted the performance assessment made by company management for the year ending 31st March 2023.

4.2. The final accounts will be circulated to the Coventry Shareholder Committee when they are finalised. The filing deadline for SRL's accounts for the year ended 31st March 2023 is 31st December 2023. The final accounts are due to be available on Companies House by the filing deadline.

5. Comments from Chief Operating Officer (Section 151 Officer) and Chief Legal Officer

5.1. Financial Implications

The financial statements of SRL will be consolidated into the Council's group accounts as the Council has significant influence over the company. This influence is evidenced by the size of shareholding (over 20%), board representation and material transactions with the company such as the shareholder loan and lease of the land at Whitley Depot.

The commercial loan provided by the Council to SRL is not due for repayment until the facility is operational. Any interest due during the construction phase will be added to the loan and repaid over the term of the loan.

5.2. Legal Implications

SRL has acted in accordance with the Shareholders Agreement which sets out the policies and obligations on the company. SRL submitted their annual confirmation statement to Companies House in February 2023. The audited accounts will be submitted to Companies House as soon as they are finalised.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

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

The forecast reduction in carbon dioxide emissions with Council vehicles not having to travel to alternative facilities, the reduction in the amount of waste due to the production of higher quality output materials and the powering of the facility using low carbon fuel sources will contribute to tackling the causes and consequences of climate change.

The savings on the existing haulage costs to transport waste to for processing and the additional income generated by the sale of recycled materials will help to contribute towards the continued financial sustainability of the Council.

6.2. How is risk being managed?

The Council have provided a shareholder loan to SRL which creates risk due to currency fluctuations, default and interest rate risk. The risk of default is mitigated by regular monitoring of company performance, SRL budgeting for the repayments in their business plan and the

security provided by a legal charge over the assets of the company. The lease agreement for the site at Whitley Depot includes a regular rent review every five years over the 45-year term.

The financial and performance risks presented by the Council's company investments are being considered for inclusion in the latest update of the Corporate Risk Register.

6.3. What is the impact on the organisation?

The Council must continue to provide the appropriate staffing resources to manage its equity interest and the commercial loan, seeking external advice where needed. The long-term investment value was assessed by an external valuer as at 31st March 2023. The valuers report included a valuation of the MRF site by a chartered surveyor.

6.4. Equalities / EIA?

The Public Sector Equality Duty (PSED) contained in section 149 of the Equality Act 2010 requires public authorities to have due regard to several equality considerations when exercising their functions. While the Council does not have control over the operations of SRL and are not involved in day-to-day operations, it does have significant influence. It is important for the Council to consider the PSED in its role as a shareholder. SRL's objectives are to provide a safe place of work for all and to be a good neighbour that positively contributes to the local community and demonstrates strong social and environmental practices. SRL have developed an Equality & Diversity policy and all policies and procedures were reviewed within 6 months of company incorporation by appointed HR consultancy support. This provides assurance that no specific groups are likely to be negatively impacted by the operations of the company.

No equality impact assessment has been carried out as the recommendations in this report do not constitute a new project or review existing / develop new Council strategies, policies, guidelines or services.

6.5. Implications for (or impact on) climate change and the environment?

The development and future operation of the MRF is expected to make a positive impact on climate change and the environment. Further details are provided in section 6.1 of this paper as performance in this area is a key reason that SRL contributes towards the One Coventry Plan.

6.6. Implications for partner organisations?

SRL is operated in partnership with seven other local authorities from across the region.

Report author(s):

Michael Phillips
Lead Accountant – Business Partnering

Service Area:

Financial Management

Tel and email contact:

Tel: 02476 972315
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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Parminder Mudhar	Financial Director	Coventry Municipal Holdings	23/08/2023	05/09/2023
Gurbinder Singh Sangha	Major Projects Commercial Lawyer	Law and Governance / Sherbourne Recycling Limited	24/08/2024	06/09/2023
Grant McKelvie	Commercial Business Director	Coventry Municipal Holdings	24/08/2024	07/09/2023
Andrew Walster	Director	Sherbourne Recycling Limited	24/08/2023	12/09/2023
Layla Shannon	Business Manager	Sherbourne Recycling Limited	24/08/2024	04/09/2023
Richard Dobbs	Managing Director	Sherbourne Recycling Limited	24/08/2024	04/09/2023
Suzanne Bennett	Governance Services Co-ordinator	Law and Governance	24/08/2023	24/08/2023
Names of approvers for submission:				
Finance: Tina Pinks	Corporate Finance Manager	Financial Management	12/09/2023	18/9/2023
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Director: Barry Hastie	Chief Operating Officer (S151 Officer)	Financial Management	12/09/2023	18/9/2023
Member: Councillor George Duggins	Cabinet Member for Policy and Leadership	-	12/09/2023	18/9/2023

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Coventry Shareholder Committee

26 September 2023

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Chief Operating Officer (S151 Officer)

Ward(s) affected:

None

Title:

UKBIC Ltd Annual Performance Report year ended March 31 2023 and UKBIC 23/24 forecasts

Is this a key decision?

No – An update on the position for the period covering April 2022 to March 2023.

Executive summary:

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

UKBIC is a state of the art battery manufacturing research and development facility, funded by £108m from the UK Government (through Innovate UK, part of UK Research & Innovation) and £18m from the West Midlands Combined Authority (WMCA). The facility is operated by UKBIC Ltd which is owned by Coventry City Council (CCC). The Council is also accountable body for the grant funding used to establish the facility.

An Annual Performance Report for UKBIC Ltd has been prepared which is appended to the private section of this report.

Recommendations:

The Coventry Shareholder Committee is recommended to:

(1) Accept the Annual Performance Report attached to Appendix 1 of the corresponding private report for the UKBIC Ltd up to the year ended 31st March 2023.

List of Appendices included:

The following appendices are attached to the corresponding private report:

Appendix 1 – UKBIC Ltd – Annual Performance Report for 2023

Background papers:

None.

Other useful documents

None.

Has it or will it be considered by Scrutiny?

No – However, a separate report will be submitted to the Audit and Procurement Committee

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.

Report title: UKBIC Ltd Annual Performance Report year ended March 31 2023

1. Context (or background)

- 1.1. The UK Battery Industrialisation Centre (UKBIC) Limited is a state of the art, 20,000m² battery manufacturing research and development facility on Rowley Road which was formally opened in July 2021. UKBIC is 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.
- 1.2. 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.
- 1.3. 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 is critical to the future of the area's world-class automotive and advanced manufacturing cluster.
- 1.4. UKBIC Ltd was established in order 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.
- 1.5. 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 is meeting the technology needs of the UK automotive industry, and is currently providing core operational funding to UKBIC Ltd.

2. Options considered and recommended proposal

- 2.1. **Option 1- Do Nothing.** The Council's governance and reporting requirements for companies in its ownership requires the presentation of an Annual Performance Report to the Shareholder Committee each year. Failure to present this report will mean that the Council is not provided with visibility over the performance of this company. This report has therefore been prepared to meet this requirement.
- 2.2. This is not the recommended option.
- 2.3. **Option 2 – Accept the Annual Performance Report.** The Annual Performance Report appended to this report sets out the performance of UKBIC Ltd up to the year ending on March 31st 2023, and provides a summary of forecasts for the coming financial year, as well as setting out UKBIC priorities for that period. This has been drafted in line with the Council's governance and reporting requirements for companies in its ownership.
- 2.4. The most important points in the UKBIC annual performance report are summarised in the private section of this report.
- 2.5. The preferred option is acceptance of the UKBIC Annual Performance Report.

3. Results of consultation undertaken

3.1. No consultation has been undertaken.

4. Timetable for implementing this decision

4.1. Upon the approval of this report, UKBIC Ltd will be notified that the Shareholder has accepted the performance position for the year ending 31st March 2023.

5. Comments from Chief Operating Officer (Section 151 Officer) and Chief Legal Officer

5.1. Financial Implications

The Council advanced a £0.5m cashflow loan to UKBIC Ltd on 4th April 2022. The final repayment is due in 2027/28.

During the capital project phase, between April 2018 and March 2022, the Council purchased plant and machinery assets on behalf of UKBIC using grant funding from Innovate UK and a loan from WMCA. These assets were transferred to UKBIC under a peppercorn lease.

UKBIC receives grant funding from Innovate UK towards its operating expenses.

The Council will consolidate the results of UKBIC into its group accounts as it has control over the company as the sole shareholder.

The corresponding private report provides an update on UKBIC's business planning and forecasts for the coming financial year.

5.2. Legal Implications

There are no legal implications arising from the content of this report.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

The Council's ownership of UKBIC contributes to the Economic Prosperity theme in the One Coventry Plan. In Coventry and Warwickshire, almost 40,000 people are employed in the automotive industry, and with the sale of new internal combustion engine vehicles due to cease in 2035 it is essential that CCC supports our local automotive industry to transition to design, development and production of electric vehicles. Having UKBIC in the area along with other world class innovation assets such as WMG, Coventry University, MTC and MIRA makes the area highly attractive for investment in electric vehicles and other clean technologies.

6.2. How is risk being managed?

A key risk mitigation is the Council's Directors having two seats on the UKBIC Ltd board, including the chair. No decisions can be taken on the operation of UKBIC without the approval of the Council's two director board members. Financial risks for example linked to the WMCA Loan are mitigated by the fact that CCC has security of UKBIC's land and buildings. Finally, the oversight provided by the Faraday Battery Challenge provides essential input on UKBIC's business plan to ensure that it is meeting the needs of the UK automotive industry, as well as the associated grant funding that they provide.

6.3. **What is the impact on the organisation?**

In order to manage Coventry City Council's (CCC) ownership of UKBIC Ltd it is necessary for staff in the Economic Development Service, Finance and Legal to ensure that UKBIC is reported correctly in the Council's accounts, and that conditions of the original Innovate UK grant continue to be met, and that the terms of the WMCA loan are complied with. There is also an ongoing time commitment from the two CCC Directors who sit on the UKBIC Board.

6.4. **Equalities / EIA?**

No equalities impact assessment has been undertaken.

6.5. **Implications for (or impact on) climate change and the environment?**

UKBIC's work in supporting the transition to electric vehicles and away from internal combustion engines will contribute to CCC's plans to tackle climate change and improve the environment.

6.6. **Implications for partner organisations?**

UKBIC is based in the Warwick District Council (WDC) municipal area. CCC has supported UKBIC Ltd to ensure that they have a good working relationship with WDC.

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Finance: Mike Phillips	Lead Accountant – Business Partnering	Finance	29/08/23	29/08/23
Other Members				
Names of approvers for submission: (officers and members)				
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Legal: Oluremi Aremu	Head of Legal and Procurement Services	Law and Governance	25/08/23	28/08/23
Director: Barry Hastie	Chief Operating Officer	-		
Members: Cllr G Duggins	Leader of the Council	-		

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