

Coventry City Council
Minutes of the Meeting of Coventry Shareholder Committee
held at 2.00 pm on Tuesday, 26 September 2023

Present:

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

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

UKBIC Limited R Moon (Director)
 A Williams (Director)

Employees (by Directorate):

Chief Executive J Nugent (Chief Executive)
Finance B Hastie (Chief Operating Officer), M Philips
Law and Governance J Newman (Director of Law and Governance), L Knight
Regeneration and Economy S Weir

Apologies: Councillors J O'Boyle, K Sandhu and D Welsh

Public Business

5. Declarations of Interest

There were no disclosable pecuniary interests.

6. Minutes

The minutes of the meeting held on 1st August 2023 were agreed and signed as a true record.

7. Exclusion of Press and Public

RESOLVED that the press and public be excluded under Section 100(A)(4) of the Local Government Act 1972 for the consideration of the following private reports on the grounds that the reports involve the likely disclosure of information defined in Paragraphs of Schedule 12A of the Act as indicated, and that in all circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information:

Minute Number	Report Title	Paragraph(s) of Section 12A of the Act
12	Coventry Municipal Holdings Limited Annual Performance Report Year Ended 31st March 2023	3
13	Sherbourne Recycling Limited Annual Performance Report Year Ended 31st March 2023	3
14	UKBIC Ltd Annual Performance Report Year Ended 31st March 2023 and UKBIC 23/24 Forecasts	3

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

The Committee considered a report of the Chief Operating Officer (Section 151 Officer), which set out the performance of the Coventry Municipal Holdings Limited (CMH), and its subsidiaries, for the 12 month period from April 2022 to March 2023.

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. The Group Governance Agreement (GGA) requires the CMH to produce an annual performance report looking back at the operation of the Group over the last year, including the following subsidiaries:

Coombe Abbey Park Limited (CAPL)
 Tom White Wast Limited (TWW)
 Coventry Regeneration Limited (CR)
 Coventry Technical Resources Limited (CTR)
 No Ordinary Hotels Limited (NOH)

In respect of CAPL, the Committee noted that Covid and inflationary pressures had been a significant impact, which had also been observed across the hospitality industry. Management focus had been on cost control and improving the hotel's positioning within the market.

With regard to TWW, the draft accounts indicated a positive EBITDA (earnings before interest, taxation, depreciation and amortisation) and an overall profit for 2022/23. TWW had experienced a sustained increase in turnover in recent years, but the company had been impacted by inflationary pressures. The management team had taken actions to address these pressures and were confident that the position at year end had improved following a difficult start to the year.

CTR provided resourcing solutions and consultancy support to the Council under a series of contracts and had made a small profit in 2022/23 from the margin on contracts for the provision of resourcing solutions to the Council

CR had a limited number of transactions and NOH was effectively a dormant company.

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 also received interest repayments on service loans from CAPL and TWW.

The report sought approval to make amendments to the company budgets that were approved by the Committee in March 2023. It was noted that the Council was not required to provide any additional resources as a result of these amendments.

A corresponding private report detailing confidential financial matters was also submitted for consideration (minute 12 below refers).

RESOLVED that, the Coventry Shareholder Committee accept the performance assessment and proposed budget amendments provided by Company Management in the Annual Performance Report for Coventry Municipal Holdings Group for the year ended 31st March 2023.

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

The Committee considered a report of the Chief Operating Officer (Section 151 Officer), which set out the performance of Sherbourne Recycling Limited for the 12 month period from April 2022 to 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.

Coventry City 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 was locked into the Shareholder Agreement that governs the relationships between the eight shareholders.

The Committee noted that the construction phase was drawing to a close and the facility was preparing to be operational from Autumn 2023. As a non-trading entity, the draft accounts showed the costs incurred by SRL during the

construction phase. The company had not incurred administrative costs without the revenue to support the expenditure while the MRF was not operational. Each of the Shareholders had committed to provide loan financing to cover the cost of constructing the MRF, with the loan agreements in proportion to each authority's shareholding.

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

A corresponding private report detailing confidential financial matters was also submitted for consideration (minute 13 below refers).

RESOLVED that the Coventry Shareholder Committee accept the assessment made by company management in the Sherbourne Recycling Limited annual performance report for the year ended 31st March 2023.

10. **UKBIC Ltd Annual Performance Report year ended March 31st 2023 and UKBIC 23/24 forecasts**

The Committee considered a report of the Chief Operating Officer (Section 151 Officer), which set out the performance of UKBIC Limited for the 12 month period from April 2022 to March 2023 along with a forecast for the coming financial year.

The UK Battery Industrialisation Centre (UKBIC) Limited is a state of the art, battery manufacturing research and development facility, funded by £108m from the UK Government (through Innovate UK) and £18m from the West Midlands Combined Authority (WMCA), which was formally opened in July 2021. The facility is operated by UKBIC Ltd which is owned by Coventry City Council. 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.

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 areas world-class automotive and advanced manufacturing cluster.

UKBIC Ltd was established in order to operate the facility. Coventry City Council owns 100% of the shares in UKBIC Ltd, and has two Council directors who sit on the board, including the Chair. The remaining board seats are made of 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 is meeting the technology needs of the UK automotive industry, and is currently providing core operational funding to UKBIC Ltd.

A corresponding private report detailing confidential financial matters was also submitted for consideration (minute 14 below refers).

RESOLVED that the Coventry Shareholder Committee accept the annual performance report for the UKBIC Ltd up to the year ending 31st March 2023.

11. **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.

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

Further to Minute 8 above, the Committee considered a private report of the Chief Operating Officer (Section 151 Officer), which set out the commercially confidential matters relating to a backward look over the 12 months of operation from April 2022 to March 2023 for Coventry Municipal Holdings Limited and its subsidiaries.

RESOLVED that the Coventry Shareholder Committee accept the performance assessment and proposed budget amendments provided by Company Management in the annual performance report for the Coventry Municipal Holdings Limited for the year ending 31st March 2023.

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

Further to Minute 9 above, the Committee considered a private report of the Chief Operating Officer (Section 151 Officer), which set out the commercially confidential matters relating to a backward look over the 12 months of operation from April 2022 to March 2023 for Sherbourne Recycling Limited.

RESOLVED that the Coventry Shareholder Committee accept the performance assessment and proposed budget amendments provided by Company Management in the annual performance report for the Sherbourne Recycling Limited for the year ending 31st March 2023.

14. **UKBIC Ltd Annual Performance Report year ended March 31st 2023 and UKBIC 23/24 forecasts**

Further to Minute 8 above, the Committee considered a private report of the Chief Operating Officer (Section 151 Officer), which set out the commercially confidential matters relating to a backward look over the 12 months of operation from April 2022 to March 2023 for UKBIC Limited.

RESOLVED that the Coventry Shareholder Committee accept the performance report, attached as Appendix 1 to the report, for the UKBIC Limited for the year ending 31st March 2023.

15. **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 3.25 pm)