

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 identity, 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

23rd April 2024

Name of Cabinet Member:

Cabinet Member for Policy and Leadership - Councillor G Duggins

Director approving submission of the report:

Director of Finance and Resources

Ward(s) affected:

All

Title:

Business Planning Cycle for 2024-25 for the Coventry Municipal Holdings Group

Is this a key decision?

No

Executive summary:

Coventry Municipal Holdings Limited (CMH) was incorporated in November 2021 as an intermediary parent company within the Council's group structure. As required by the Group Governance Agreement (GGA), CMH along with its subsidiaries, present their Business Plans for the year ahead ending 31st March 2025. This report has been prepared to summarise the key points with the detailed plans appended to the Private report.

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 GGA, requires Coventry Shareholder Committee approval to proceed.

Recommendations:

Coventry Shareholder Committee is recommended 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.

List of Appendices included:

The following appendices are attached to the corresponding private report:

- Appendix 1 – CMH Business Plan 24-25
- Appendix 2 – Tom White Waste (TWW) Business Plan 24-25
- Appendix 3 – Coombe Abbey Park Limited (CAPL) Business Plan 24-25
- Appendix 4 – Coventry Technical Resources (CTR) Business Plan 24-25
- Appendix 5 – CMH response to the Local Partnership LA Co Review Guidance document

Background papers:

None

Other useful documents

Cabinet report Business planning cycle for 2023-24 for the Coventry Municipal Holdings Group (Coventry Shareholder Committee, 24th March 2023)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=773&MId=12714&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

Report Title: Business Planning Cycle for 2024-25 for the Coventry Municipal Holdings Group

1. Context (or background)

1.1. Coventry Municipal Holdings (CMH) is required by the Group Governance Agreement (GGA) to present the group Business Plan for approval by Coventry Shareholder Committee. As CMH has been set up as a holding company to strengthen the governance and management of the Council's subsidiaries this Business Plan covers the following companies:

- Coombe Abbey Park Limited (CAPL), the company that operates Coombe Abbey Park Hotel via a long lease from the Council, and subsidiaries:
 - No Ordinary Hospitality Management (NOHM), undertakes management contracts for third parties and provides the trading name for operations within the hospitality and leisure sector.
 - Coombe Abbey Park (LACo), a Teckal company set up to enable contracts to be directly awarded by the Council.
- Coventry Technical Resources (CTR), provides resourcing solutions to the Council via contractual arrangements.
- Coventry Regeneration Limited (CR), set up during the construction of Coventry Arena and continues trading with minimal transactions to preserve historic tax benefits.
- No Ordinary Hotels Limited (effectively a dormant company)
- Tom White Waste Limited (TWW), a commercial waste company that was previously one of the Council's largest local competitors prior to acquisition, and subsidiaries:
 - A&M Metals & Waste, supports the waste management and recycling activities of the parent company. The company has ceased trading and management plan to liquidate the company in the foreseeable future.
 - Tom White Waste (LACo), a Teckal company set up to enable contracts to be directly awarded by the Council.

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 GGA and therefore within the existing budgets and may not be able to move forward with plans they have for 2024/25 or contractual agreements they wish to enter into.
- 2.2. **Option 2: Approve the Business Plans for CMH Ltd and each subsidiary entity** – Each entity has set out their vision, strategic objectives and budgets for 2024/25 and

beyond in their individual company Business Plans. The Business Plans are summarised below along with any other relevant information.

2.2.1. Coventry Municipal Holdings (CMH)

The vision of CMH is to provide excellent governance in accordance with the Group Governance Agreement, derive value from commercial activity to enhance Council services and to have a positive social and environmental impact. CMH also aims to grow the portfolio of company investments as appropriate opportunities arise and to explore the ability to set up an investment fund to support this.

CMH recovers its costs from subsidiaries across the group or the Council. The cost base comprises of staffing costs for management and administrative support provided across the group. These services are provided at cost, and it is assumed that they will be fully recovered from management recharges.

2.2.2. No Ordinary Hospitality Management (NOHM)

This includes the activities of Coombe Abbey Park Limited (CAPL) which has started to trade under the NOHM brand.

The vision for CAPL is to create memorable experiences and provide a sustainable return to the shareholder. The strategic objectives for CAPL are to stabilise the operating business, grow the events, wedding and conferencing markets and digitise ways of working. The company continues to face further predicted increases in food and payroll costs.

The business plan, based on the condition survey in 2023, notes that Coombe Abbey Hotel will require continued capital investment over the next 10 years.

2.2.3. Tom White Waste Limited (TWW)

The vision of TWW is to be a conscious brand with a mission to make a positive environmental and social impact whilst creating shareholder value for distribution into the local community.

During the previous year TWW achieved increased customer satisfaction ratings and improved the company's Environment Agency compliance rating to an A grade operator (from a D grade at acquisition).

TWW faced challenges during the year due to the conclusion of significant contracts, plant outages and power outages.

There was limited capital expenditure during 2023/24 with only the necessary assets being acquired during year.

2.2.4. Coventry Technical Resources Limited (CTR)

The vision of CTR is to provide resource solutions to the Council either via direct employment or via contract as required by the Council. The costs of all resource deployed shall be reimbursed by the Council.

When the Council disposed of its shares in Arena Coventry Limited (ACL) in October 2014 the funds from the transaction were received by CTR. This cash remains on the company balance sheet and can be paid to the Council as a dividend when required.

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 2024/25 for each entity.

5. Comments from Director of Finance and Resources and Director of Law and Governance

5.1. Financial Implications

The budgets indicate that TWW may be able to declare a dividend in 2024/25. Any dividend will be paid to the Council subject to available cash in the business. The cash balance held by CTR from the sale of the shares in ACL can be paid when required by the Council.

The purchase of CAPL in December 2017 enabled the Council to retain the status of Coombe Abbey Hotel as an important leisure destination in the city and continue to receive annual rental income from the hotel lease and interest on existing long term loans advanced in 2013.

The shareholder refinancing of the loans and an additional COVID loan in April 2021 secured the going concern status of the company at a time when many country house hotels went into administration or were sold at a discounted price. The Council retains CAPL as a long term asset which continues to generate financial returns for the shareholder from lease payments, interest on loans and retail outlets across the park. Since the acquisition, there have been a number of additional lease arrangements in place with CAPL which have increased the regular payments to the Council, along with a number of profit share arrangements.

The budgets include various transactions involving the Council, which are governed by existing contractual agreements. There are no requests for any new financing from the Council in the 2024/25 budgets.

5.2. Legal Implications

The decisions which are being made comply with the Terms of Reference of Shareholder Committee and align with the GGA and the Delegations Policy.

6. Other implications

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

The future dividend revenue declared by the entities in the group of companies will support the Council to deliver its core aims. The operations of TWW will deliver environmental benefits through greater recycling and extraction of recyclable materials. The operations of NOHM, including Coombe Abbey Hotel, will support making Coventry an attractive and enjoyable place to be through the leisure offer they provide.

6.2. 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.

6.3. What is the impact on the organisation?

The Council has various contractual agreements with entities within the CMH group including resourcing solutions from CTR which impacts on staffing and the long term lease of Coombe Abbey Hotel to CAPL which impacts on the Council's assets. The Council may receive dividends subject to declaration by the respective company boards.

6.4. Equalities / EIA?

No Equalities Impact Assessment (EIA) has been undertaken.

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

TWW have improved their compliance standards, achieving A grade operator status from the Environment Agency, and it is a strategic objective of the company to continue to reduce the carbon footprint of operations.

CAPL have moved from single use guest supplies in bedrooms to refillable dispensers, which has resulted in cost savings and environmental benefits. CAPL are upgrading the heating system in the Park Priory bedroom block to improve energy efficiency and customer experience.

6.6. Implications for partner organisations?

Any impact on partner organisations has been covered in the Business Plans.

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