

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.

Scrutiny Co-ordination Committee
Coventry Shareholder Committee

20th November 2024
21st November 2024

Director approving submission of the report:
Director of Finance and Resources

Ward(s) affected:
None

Title:
Coventry Municipal Holdings Ltd Annual Performance Report year ended 31st March 2024

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 2023 to March 2024 for Coventry Municipal Holdings (CMH) and its subsidiaries which includes the following entities.

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

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

- Coventry Regeneration Ltd (CR)
- Coventry Technical Resources Ltd (CTR)
- No Ordinary Hotels Ltd (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 2024.

Recommendations:

Subject to the consideration of the additional confidential information contained in the corresponding private report, the Scrutiny Co-ordination Committee is recommended to:

- (1) Note the annual performance report for the CMH Group for the year ended 31st March 2024.
- (2) Forward any comments or recommendations to the Coventry Shareholder Committee for its consideration.

Subject to the consideration of the additional confidential information contained in the corresponding private report, the Coventry Shareholder Committee is recommended to:

- (1) Consider comments or recommendations from the Scrutiny Co-ordination Committee.
- (2) Accept the performance assessment provided by Company Management in the Annual Performance Report for the CMH Group for the year ended 31st March 2024.

List of Appendices included:

None

Background papers:

None

Other useful documents

Business Planning Cycle for 2024-25 for the Coventry Municipal Holdings Group,
(Shareholder Committee on 23rd April 2024, Item 6)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=773&MId=13021&Ver=4>

Coventry Municipal Holdings Ltd Annual Performance Report year ended 31st March 2023,
(Shareholder Committee on 26th September 2023, Item 5)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=773&MId=13020&Ver=4>

Commercial Investments and Income Generation, (Finance and Corporate Services
Scrutiny Board (1) on 21st September 2023, Item 10)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=568&MId=12955&Ver=4>

Has it or will it be considered by Scrutiny?

Yes

Scrutiny Co-ordination Committee – 20th November 2024

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: Coventry Municipal Holdings Ltd Annual Performance Report year ended 31st March 2024

1. Context (or background)

- 1.1. Coventry Municipal Holdings Ltd (CMH) was established in November 2021 as an intermediary parent company to manage the Council's existing company investments. This includes significant investments in Coombe Abbey Park Ltd (CAP) and Tom White Waste Ltd (TWW), along with other smaller subsidiaries.
- 1.2. CAP was acquired by the Council in December 2017. CAP operates Coombe Abbey Hotel in the surroundings of Coombe Abbey Park. The Council already owned the freehold of the hotel and operated Coombe Abbey Country Park. 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.
- 1.3. TWW is a commercial waste company that was acquired by the Council in March 2020. The Council aimed to achieve competitive advantage and operational efficiencies due to the synergies with its internal services.
- 1.4. Coventry Technical Resources Ltd (CTR) provides resourcing solutions and consultancy services to the Council under a series of contracts.

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 Shareholder Committee and ensure transparency and consistency in relation to information on the Council's wholly owned investment.

Shareholder Committee are asked to review and accept the performance assessment provided by company management in the Annual Performance Report. It is recommended that the report is accepted as it provides an accurate reflection of performance and does not raise any issues over going concern.

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 2024.
- 4.2. The filing deadline for all entities within the CMH Group for the year ended 31st March 2024 is 31st December 2024. The final accounts are due to be available on Companies House by the filing deadline, with a formal extension sought where there are any delays.

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

5.1. Financial Implications

The Council has commissioned external valuation advice on its equity interest in CMH. The Council has financial relationships with companies within CMH related to trading for goods and services, loan funding for capital investment and cashflow purposes, and the long-term lease for Coombe Abbey Hotel.

The total value of long term loans owed to the Council by the CMH Group was £7.4m at March 2024. The annual loan instalments and rental payments were repaid on schedule during 23/24.

Dividends have not yet been declared for 23/24, with this position due to be reviewed by the CMH Board of Directors when the final accounts are available. The Council generated a favourable return on investment across its company investments when compared to other investments available in the market. It is anticipated that the CMH Group will supplement this in future years as CAP and TWW return to profitability following COVID and inflationary cost pressures.

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.

5.2. Legal Implications

CMH has acted in accordance with the Group Governance Agreement (GGA) 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.

The Council is not required to meet the liabilities of individual companies as they are separate legal entities. The entities are also in compliance with their reporting requirements as per the Constitution.

6. Other implications

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

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

Through the recycling of waste materials, 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.

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.

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.

6.2. How is risk being managed?

The Council is managing risks at a corporate level through its treasury management strategy, quarterly budget monitoring and the inclusion of company investments on the Corporate Risk Register.

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.

6.3. What is the impact on the organisation?

The Council relies on companies within the CMH Group to deliver services, particularly the commercial waste services delivered by TWW, so it must review whether service levels are being met and assess value for money. This is achieved through contractual arrangements and monitoring of spend by procurement.

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 and do not review existing, or 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. Any impact on the Council or these companies as a result of the report is covered in the appended report.

Report author:

Michael Phillips
Lead Accountant – Business Partnering

Service Area:

Financial Management
Finance and Resources

Tel and email contact:

Tel: 02476 972315

Email: Mike.Phillips@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co-ordinator	Law and Governance	28/10/24	30/10/24
Gurbinder Singh Sangha	Major Projects Commercial Lawyer / CMH Company Secretary	Law and Governance	28/10/24	30/10/24
Names of approvers for submission:				
Tina Pinks	Corporate Finance Manager	Finance and Resources	05/11/24	08/11/24
Julie Newman	City Solicitor and Monitoring Officer	Law and Governance	05/11/24	08/11/24
Barry Hastie	Director of Finance and Resources	-	05/11/24	08/11/24

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