

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:

UKBIC 6-Month Performance Report 2024/25

Is this a key decision?
No

Executive summary:

UKBIC is a state-of-the-art battery manufacturing research and development facility, funded by £114m 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.

This report recommends approval of the UKBIC 6-Month Performance Report 2024/25 included as an appendix to the corresponding private report.

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) Consider the UKBIC 6-Month Performance report 2024/25 included in Appendix 1 of the corresponding private report and to forward comments and / or recommendations to the Coventry Shareholder Committee.

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

- (1) To consider any comments and / or recommendations from the Scrutiny Co-ordination Committee.
- (2) Approve the UKBIC 6-Month Performance Report 2024/25 included in Appendix 1 of the corresponding private report.

List of Appendices included:

None

Background papers:

None

Other useful documents

None

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: UKBIC 6-Month Performance Report 2024/25

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 £114m grant funding from Innovate UK's Faraday Battery Challenge towards the total cost of £132m 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 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.
- 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 provides 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 agreement of a business plan each year, and to provide a 6-month performance report against this business plan. Failure to present this report will mean that the Council is not provided with visibility over the business planning for UKBIC Ltd. This report has therefore been prepared to meet this requirement.
- 2.2. This is not the recommended option.
- 2.3. **Option 2 – Approve the 6-month report.** This report has been drafted in line with the Council's governance and reporting requirements for companies in its ownership.

2.4. UKBIC's 6-month performance report for the 2024/25 financial year is included at Appendix 1 of the corresponding private report. The report reviews the first six months of the year, summarising key business activities, sales performance, operational expenditure and expected use of UKRI grant funding. It also provides an update on UKBIC's KPIs, priorities, future outlook, risks and their mitigations.

3. Results of consultation undertaken

No consultation has been undertaken.

4. Timetable for implementing this decision

Upon the approval of this report, UKBIC Ltd will be notified that the Shareholder has approved the 6-month performance report for 2024/25.

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

5.1. Financial Implications

The UKBIC 6-month performance Report is attached at Appendix 1 of this report.

The performance report sets out the UKBIC budget for the current financial year, and a set of forecasts taking into account performance in the first half of the year and expected performance for the remainder of year.

5.2. Legal Implications

UKBIC is complying with its governance requirements under the Articles of Association and in relation to the obligations under the grant agreement.

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>

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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Names of approvers for submission: (officers and members)				
Phil Helm	Head of Finance	Finance and Resources	01/11/24	06/11/24
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Barry Hastie	Director of Finance and Resources	-	07/11/24	08/11/24
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	08/11/24	08/11/24

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