

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

4th November, 2025

Director approving submission of the report:

Director of Finance and Resources

Ward(s) affected:

None

Title:

Fuel preparation plant development

Is this a key decision?

No

Executive summary:

The Group Governance Agreement (GGA) for Coventry Municipal Holdings Limited (CMH) and its subsidiaries requires that any investment that was not part of the approved budget for the year and exceeds £0.25m, should seek approval from the Shareholder Committee. This report sets a proposed investment by Tom White Waste Limited (TW) in a fuel preparation facility which will address some of the challenges faced by the business in year. There is no funding requirement ask on the Council, with capital from third party finance or cash within the business based on current year performance.

Growth within TW is constrained by the current capacity, and that the existing plant produces lower grade output quality material from process than the market requires. There is additional input material available within the local market, servicing local business needs which de-risks the investment. The new permit obtained in September 2025 allows for a second shift operating hours, but the current plant alone is not robust to take best advantage of this

capacity. The addition of the fuel processing plant to the reliable waste sorting plant, will thereby increase capacity and improve output quality in a cost-effective manner.

The agreed Business Plan for 2025/26 includes Priority 2 Achieving Business Growth and Priority 3 Improving Material Quality, which are both supported by this proposal.

A decision is required of the Shareholder Committee in respect of delegating authority to the Board of TW to agree investment to develop the fuel processing plant development at the company, to enhance environmental performance, increase the operational resilience of TW, and improve financial performance of the company.

For clarity, NO funds are being sought from Coventry City Council in respect of this proposal which is funded either entirely by 3rd party funders or with an option to cash invest from TW.

Recommendations:

The Coventry Shareholder Committee is recommended, following consideration of the corresponding private report, to:

- (1) Agree delegation of decision to proceed with the fuel processing plant development to the Board of TW. The authority under this delegation shall also include:
 - the power to enter into the relevant legal agreements and associated documents necessary to complete the transaction with contractor; and
 - (in relation to third party funding) the power to negotiate and agree a funding agreement and ancillary security documentation.

List of Appendices included:

None

Background papers:

None

Other useful documents

Coventry Municipal Holdings Ltd Annual Performance Report year ended 31st March 2025 (Scrutiny Co-Ordination Committee on 30th October 2025, Item 7d)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=151&MId=13489>

Business Planning Cycle for 2025-26 for the Coventry Municipal Holdings Group, (Shareholder Committee on 26th March 2025, Item 9)

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=773&MId=13336&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

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Fuel Processing Plant Development Business Case

1. Context (or background)

- 1.1. The Group Governance Agreement (GGA) is a legally binding document that was entered into by the entities within the Coventry Municipal Holdings (CMH) Group. It sets out the governance and reporting requirements for the group. The GGA requires that any investment within the companies that was not part of the approved budget for the year and exceeds £0.25m, should seek approval from the Shareholder Committee. This report has been drafted to meet this requirement.
- 1.2. This report sets out the proposed investment by Tom White Waste Limited (TW) in a fuel preparation facility which will address some of the challenges faced by the business in year. There is no funding requirement ask on the Council, with capital from third party finance or cash within the business.
- 1.3. Growth within TW is constrained by the current capacity, and that the existing plant produces lower grade output quality material from process than the market requires. There is additional input material available within the local market, servicing local business needs which de-risks the investment. The new permit obtained September 2025 allows for a second shift operating hours, but the current plant is not robust to take best advantage of this capacity. The addition of the fuel processing plant to the reliable waste sorting plant, will thereby increase capacity and improve output quality in a cost-effective manner.
- 1.4. The agreed Business Plan for 2025/26 includes Priority 2 Achieving Business Growth and Priority 3 Improving Material Quality, which are both supported by this proposal.

2. Options considered and recommended proposal

- 2.1. **Option 1 – Not recommended – Do nothing** – In line with GGA, this report has been drafted to meet the requirement of seeking approval from the Coventry Shareholder Committee based on the proposed investment, being in addition to what was approved as part of the budget. There is no funding ask on the Council.
- 2.2. This is not the recommended option.
- 2.3. **Option 2 – Recommended – Approve the proposed fuel processing plant development** in line with the GGA. There is no funding ask on the Council, with the cost of capital being provided by third parties or cash within the business, or a combination of the two.

Shareholder Committee are asked to review and accept technical, environmental and financial viability of the Fuel Processing Plant Development following consideration of the private report.

The agreed Business Plan for 2025/26 includes;

- Priority 2 Achieving Business Growth and
- Priority 3 Improving Material Quality

Both of these priorities are supported by this proposal.

The new operating permit obtained in September 2025 from the Environment Agency allows for a 2nd shift, with operating hours through the evening. However, the recycling plant is not sufficiently robust to take best advantage of this capacity.

It is therefore proposed to add a fuel preparation plant to the reliable waste sorting plant, thereby increasing capacity and improving output quality in a cost effective manner.

Additional input material to take up this additional capacity is available within the local market and will service local business needs with enhanced environmental performance.

The fuel offtake should ensure landfill avoidance, both an environmental benefit and financial savings.

There is no requirement to fund this investment from the City Council however if 3rd party funding is secured TW may need to give security over the assets.

The Shareholder is asked to provide authority to the TW Board to progress the development of the scheme to final contract with the contractor and to enter into contract on suitable commercial terms provided the capital expenditure does not exceed the amount detailed in the Private Report and on the base case pay back also included in the business case.

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 TW will move forward with the investment required as detailed in the private report and appendices with the expected completion of the new equipment by summer 2026, subject to equipment lead times.

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

5.1. Financial Implications

The approval of the Fuel Processing Plant will be subject to the capital expenditure being up to the value in the Private Report (taking into account final tenders and contingency) and a payback period of no more than 10 years.

5.2. Legal Implications

For the Fuel Preparation project, TW will undertake and negotiate robust contract for delivery to de-risk project delivery which will include a fixed price contract. As part of the

3rd party funding options, there will be a request to secure the funding which is ordinary in the course of the business for such funding requests.

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, TW 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.

6.2. How is risk being managed?

TW are managing risks through an improved culture of performance monitoring against KPIs, setting capital limits on the project (Section 5.1) and robust contract management, including seeking a fixed price contract (Section 5.2).

6.3. What is the impact on the organisation?

This project will contribute towards the Council's strategic aims in acquiring the company regarding climate change and gaining market share as a waste operator within the region. The project will also improve the profitability of TW and enhance the returns available to the Council as shareholder.

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 TW and it is important for the Council to consider the PSED in its role as sole shareholder. 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 for the Council and does not review existing, or develop new, Council strategies, policies, guidelines or services.

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

TW 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 TW contributes towards the One Coventry Plan.

6.6. Implications for partner organisations?

This report focuses on a commercial company owned by the Council. There is no impact for other partners aside from TW.

Report author(s):

Michael Phillips

Lead Accountant – Business Partnering

Service Area:

Financial Management

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 Officer | Law and Governance | 21/10/25 | 22/10/25 |
| Gurbinder Singh Sangha | Major Projects Commercial Lawyer / CMH Company Secretary | Law and Governance | 21/10/25 | 22/10/25 |
| Parmi Mudhar | CMH Finance Director | - | 21/10/25 | 21/10/25 |
| Grant McKelvie | CMH Managing Director | - | 21/10/25 | 22/10/25 |
| | | | | |
| Names of approvers for submission: | | | | |
| Finance: Tina Pinks | Corporate Finance Manager | Finance | 22/10/25 | 24/10/25 |
| Legal: Julie Newman | City Solicitor and Monitoring Officer | Law and Governance | 22/10/25 | 23/10/25 |
| Director: Barry Hastie | Chief Operating Officer and S151 Officer | Finance | 22/10/25 | |

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