

Coventry City Council
Minutes of the Meeting of Scrutiny Co-ordination Committee held at 10.00 am on
Wednesday, 19 October 2022

Present:

Members: (Chair)
(Deputy Chair)

Co-Opted Members:

Other Members: Councillors

Employees (by Directorate):

Apologies: Councillor

Public Business

20. Declarations of Interest

There were no disclosable pecuniary interests.

21. Minutes

The Minutes of the meeting held on 28th September were agreed and signed as a true record.

There were no matters arising.

22. Resolution to Exclude Public

RESOLVED that the press and public be excluded under Sections 100(A)(4) of the Local Government Act 1972 for the consideration of the item of business contained in Minute 24 below relating to “Coventry Municipal Holdings – Annual Performance Report Year Ended 31 March, 2022” on the grounds that the items involves the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act and that in all circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

23. Scrutiny Management

The Scrutiny Co-ordination Committee noted that Cllr N Akhtar attended the meeting of Cabinet Member for Strategic Finance and Resources held on 4 October, 2022 for consideration of the item relating to “Coventry City of Culture Trust - Temporary Loan Funding Support”

Councillor Akhtar had agreed that the decision was urgent and that call in should not apply. In accordance with the Constitution, the matter was reported to inform the Committee of the reason for urgency, which was that the loan is required to provide immediate cashflow support to the City of Culture Trust. If the decision was delayed, this would be a threat to the Trust being able to remain in a positive cashflow position.

24. Coventry Municipal Holdings - Annual Performance Report year Ended 31 March, 2022

Councillor Duggins, Leader of the Council, introduced the item by explaining the importance of understanding the workings of Coventry Municipal Holdings to the Council, in terms of making sure that the business case was sound and that there was enough resource for the investment programme. This included making sure Tom White Waste Limited was cleaner and greener and fitted in with the climate change agenda and also making the most of Coombe Abbey Park Limited's improved position to spread their wings elsewhere.

The Scrutiny Co-ordination Committee considered a presentation by the Director of Streetscene and Regulatory Services on the Performance Report of Coventry Municipal Holdings as required by the Group Governance Agreement. The presentation covered the following areas:

- Review of 2021-2022 Coventry Municipal Holdings Group Performance
 - Tom White Waste Limited (TW), including the culture change from a family business to a corporate Small and Medium-sized Enterprise, rebranding, increased costs due to higher material disposal costs, driver availability and correction of historic accounting practices.
 - Coombe Abbey Park Limited (CAPL), including the diverse nature of CAPL, impact of covid restrictions, on-going availability of staff trained and experienced in high end hospitality
 - Revenue from non-hotel operations exceeded expectations and there was a strong balance sheet.
 - People update, plans for the IXL arena and catering outlets in parks
 - Coventry Technical Resources Limited (CTR)
 - Coventry Municipal Holdings (CMH)
- Business activity in 2022/23
- Return on investment
 - Tom White Group – to replace obsolete and high maintenance plant with modern plant, enhanced environmental performance of commercial material arising in Coventry. This would lead to the Council receiving dividends due to increased financial performance on top of interest income.
 - Coombe Abbey Park Group – refinanced loads to ease cashflow. The Council receives a commercial return on the loan financed.
 - No dividends had yet been declared. Awaiting on final audited accounts.
- Future priorities
 - Tom White Waste Limited – site development, growth of core business, expanding value added services and executing decarbonisation strategy

- Coombe Abbey Park Limited – core business consolidation, sales focus on traditional business, system digitalisation, minor refurbishments, additional management contracts of other venues.
- Compliance with Group Governance and Procurement Policy
 - Value for money report by Grant Thornton was available on company governance

The Committee questioned officers and received responses on the following range of issues:

- Amendments to accounting practices at TW. Officers gave assurance that due diligence had been sought and that the company had been complying with existing accounting practices. The Directors had then taken the decision to change the accounting processes, with full advice.
- Whether the costs of replacing older plant, machinery and vehicles was known when the company was purchased as it was showing as a greater loss than expected and that the machinery had depreciated more quickly due to a higher use of landfill than expected.
- That the Council took independent advice on the value of the company, which included more than just the assets on the balance sheet, which was commensurate with other offers in the marketplace.
- The importance of due diligence when using taxpayers' money to make a profit for the Council.
- There were no plans to use the No Ordinary Hotels Limited as it was a dormant company. The Board planned to register the name as a brand which they could then use.
- Refurbishment of the hotel was discussed. Investment has been paused during the pandemic, but there had been talks with historic architects to consider major refurbishment over the next 5-10 years. The quiriness of the building was a positive and there were some parts of the building which couldn't be changed. On going improvement would be funded from their own capital reserves.
- Quality of the catering at Coombe Abbey Hotel and availability of highly trained and experienced staff was discussed. There was a shortage of expertise, but discussions were taking place to offer degree level training to get the quality of staff required. This was a regional and sector-wide issue within hospitality.
- The current local offer from the Further Education (FE) sector was not able to provide higher level training in catering and there were links with local training providers but the standards offered were only up to a certain level and Coombe Abbey Hotel wanted to aspire to higher than was currently offered. The Hotel did offer training and apprenticeships.
- Reassurance was sought that the management team at Coombe Abbey Hotel was able to consolidate the core business whilst balancing the expansion plans. The Hotel had performed better than most of the competition and the core business needed to be strong to be able to support expansion.
- Turn over of staff at Coombe Abbey Hotel and the seasonal nature of the work. No staff were employed on zero hours contracts which tied them to the Hotel. The core team of permanent staff was about 90 which had a much lower turn over rate than seasonal staff.

- St Mary's Guildhall was a separate trading entity to CMH. Tales of Tea and events based at the Guildhall were delivered by CAPL.
- The good practice of identifying where future capital investment will come from across CMH. The organisation was looking at how to bring future investments in which provided foresight and the ability to deliver on business plans.
- There had been external training delivered to members of the Shareholders Panel, but not yet to Members on Scrutiny Co-ordination Committee or Audit and Procurement Committee. This would be arranged.
- That the Financial Director of CMH was an employee of the company, not the City Council and was funded by the company.

Due to confidential commercially sensitive information, aspects of this item were considered in private (Minute 27 below refers)

RESOLVED that the Scrutiny Co-ordination Committee note the Coventry Municipal Holdings Annual Performance Report and request the following actions:

- 1) That training for Scrutiny Co-ordination Committee and Audit and Procurement Committee Members on Arms-length Companies be provided
- 2) That Further Education in the City in relation to a higher level of training in catering be referred to the Education and Children's Service Scrutiny Board (2)
- 3) That the final audited reports be considered by the Scrutiny Co-ordination Committee once available

25. Scrutiny Co-ordination Committee Work Programme and Outstanding Issues 2022/23

The Scrutiny Co-ordination Committee considered their Work Programme and Outstanding Issues for the current Municipal year.

RESOLVED that the Scrutiny Co-ordination Committee note the Work Programme and Outstanding Issues.

26. Any Other Items of Public Business

There were no additional items of urgent public business.

27. Coventry Municipal Holdings - Annual Performance Report year Ended 31 March, 2022

Further to Minute 24 above, the Scrutiny Co-ordination Committee noted confidential commercially sensitive information in relation to this item.

(Meeting closed at Time Not Specified)