

Council – 10th September 2013

**Recommendation from Cabinet
3rd September 2013**

Coventry City Council

Minutes of the meeting of Cabinet held at 2.00 pm. on 3rd September 2013

Present:

Cabinet Members:

Councillor Mrs Lucas (Chair)
Councillor Townshend (Deputy Chair)
Councillor Gannon
Councillor Gingell
Councillor Kelly
Councillor Kershaw
Councillor A. Khan
Councillor Lancaster
Councillor Ruane

Deputy Cabinet Members:

Councillor Innes

Non-voting Opposition Members:

Councillor Blundell
Councillor Taylor (substitute for Councillor Andrews)

Other Members:

Councillor Clifford
Councillor Hetherington
Councillor Innes
Councillor Thomas

Employees (by Directorate):

Chief Executive's:

M Reeves (Chief Executive), K. Bichbiche,
F Collingham, J. Moore O. Taylor

City Services & Development:

N. Clews

Community Services:

B Walsh (Executive Director, People), P. Fahy

Customer & Workforce Services:

L Knight

Finance & Legal Services:

C West (Director), L. Commane C Forde, B. Hastie,
P. Mudhar

Apologies:

Councillors Andrews and Duggins

RECOMMENDATION

57. **Coombe Abbey Park Hotel**

The Cabinet considered a report of the Executive Director, Finance, which set out proposals to protect the Council's investment in the Coombe Abbey Park Hotel.

The Council's arrangements with Coombe Abbey Park Ltd ("CAPL"), which operates Coombe Abbey Hotel, were restructured in 2006. The Council retained a special share in the company which entitled the Council to significant value if certain conditions were met including onward disposal of the company. The company also had a leasehold interest which generated significant annual rental income to the Council. Coombe Abbey Country Park was entirely separate from CAPL and was owned and operated by the Council.

Coombe Abbey Country Park and Hotel were important cultural, leisure and tourist assets for the City. The Council's existing interests in CAPL resulted from work over the last 20 years to bring the building back into use and operate it as a unique hotel.

Prior to the global financial crisis, CAPL's current owner took out a short term bank loan to finance the investment in an additional 39 new bedrooms on the site.

The report detailed the options that the Council was to consider in order to protect its public investment in Coombe Abbey Hotel as a shareholder, landlord and protect the cultural asset for the City. The Council aimed to ensure that the hotel had a sustainable future, to maximise commercial opportunities between the Coombe Abbey Hotel and Coombe Abbey Country Park and to increase the opportunity for value to be realised from the special share in the medium term. It was recommended that the Council take proactive action to refinance CAPL on a commercial basis.

CAPL would be required to manage its costs and maximise income to ensure a sustainable and growing business plan and to meet the terms of the loan and rental payments due to the Council.

RESOLVED that the Cabinet approve recommendations 1 to 5 below and recommend that the Council:

- (1) Approve the use of its powers under the Local Government Act 2003 to prudentially borrow the sum detailed in the private report.**
- (2) Approve the use of its powers under the Localism Act 2011 to provide a loan to Coombe Abbey Park Limited on commercial terms to be met from prudential borrowing as an addition to the existing approved capital programme*.**

***(this is on the basis that the Council is minded to approve recommendations (1) and (2) to Council but is not authorised by the authority's executive arrangements, financial regulations, standing orders or other rules or procedures to make a determination in those terms.)**

- (3) Delegate authority to the Director of Finance and Legal Services and the Council Solicitor to agree detailed terms of the transaction.**

- (4) Delegate authority to the Executive Director, Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment) and Cabinet Member (Strategic Finance and Resources), to make variations or new requirements to give effect to the proposals that are deemed necessary.**
- (5) Delegate authority to the Executive Director, Resources and the Council Solicitor as appropriate, in consultation with the Cabinet Member (Business, Enterprise and Employment), Cabinet Member (Strategic Finance and Resources) and Cabinet Member (Community Safety and Equalities), to sign the loan agreement and an amended Shareholders Agreement and such other ancillary documentation as is necessary to complete the refinancing transaction, based on the proposals detailed in the private report.**
- (6) Delegate authority to the Cabinet Member (Business, Enterprise and Employment) to approve the appointment of a Non-Executive Director on the Coombe Abbey Park Limited Board to represent the Council as referred to in section 2.3 of the report, supported by a Council Officer. Initially the Council Officer will be the Executive Director, Resources who will discharge this day to day responsibility to a qualified senior officer in Financial Management.**