

Coventry City Council
Minutes of the Meeting of Cabinet Member for Strategic Finance and Resources
held at 10.00 am on Thursday, 22 February 2018

Present:

Members: Councillor J Mutton (Cabinet Member)

Employees: (by Directorate)

Place: O Aremu, B Hastie, Resources Directorate P Helm, U Patel

Public Business

60. Declarations of Interest

There were no disclosable pecuniary interests declared.

61. Minutes of Previous Meeting

The minutes of the meeting held on 14 December 2017 were agreed and signed as a true record.

There were no matters arising.

62. Exclusion of the Press and Public

RESOLVED that the Cabinet Member agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to Minute 67 below headed “Culture Coventry Trust - Financial Performance and Support Arrangements” on the grounds that the report involves the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as the report contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

63. Coventry and Solihull Waste Disposal Company Pension Guarantee

The Cabinet Member considered a report of the Deputy Chief Executive (Place) which sought approval to the provision of a pension guarantee (provided jointly with Solihull Metropolitan Borough Council) to West Midlands Pension Fund, in respect of Coventry and Solihull Waste Disposal Company pension liabilities as set out in Section 2.11 of the report.

The Coventry and Solihull Waste Disposal Company Ltd (CSWDC) is jointly owned by Coventry City Council (CCC) and Solihull Metropolitan Borough Council (SMBC) and currently pays significant dividends to both councils. The company is an employer within the West Midlands Pension Fund (WMPF) but has only 2 active employee members within the fund. At the point at which there are no remaining active employees, WMPF would act to ensure that any CSWDC pension deficit can be settled via CSWDC making a minimum risk termination payment. As at the

2016 pension valuation this was estimated to be £3.9m. This settlement payment would restrict the scope for the Company to make dividend payments. The councils' medium term financial plans would assume that significant dividends continue to be received in the future.

As continuing members of the West Midlands Pension Fund, both councils were in a position to act jointly with CSWDC in order to avoid the need for a minimum risk payment.

It was proposed that CCC and SMBC provide a guarantee to the WMPF that the pension deficit would be settled. The final form of the agreement may or may not include transfer of the assets and liabilities of the CSWDC to the 2 councils, at the point at which there are no active CSWDC employee members of the fund. With a guarantee, any settlement figure would be much lower than the minimum risk basis, thereby freeing up funds that could be paid as dividends. As at the 2016 valuation the cost of the guarantee to the 2 authorities would have been a total of c£70k per annum over 20 years.

RESOLVED that the Cabinet Member for Strategic Finance and Resources:

- 1. Approves the provision of a pension guarantee (provided jointly with Solihull Metropolitan Borough Council) to West Midlands Pension Fund, in respect of Coventry and Solihull Waste Disposal Company pension liabilities as set out in Section 2.11 of the report.**
- 2. Approves agreement of the detailed terms of the guarantee and associated arrangements to be delegated to the Director of Finance & Corporate Services on behalf of the Council.**

64. Culture Coventry Trust - Financial Performance and Support Arrangements

The Cabinet Member considered a report Deputy Chief Executive (Place) which provided information on the Culture Coventry Trust's financial performance and support arrangements.

A corresponding private report detailing confidential aspects of Culture Coventry Trust's financial performance and support arrangements was also submitted to the meeting for consideration (Minute 67 below refers).

The UK's cultural sector had seen a reported reduction in budgets of over £1bn since 2010. This reduction had created significant pressures within the sector, with the reported closure of over 45 museums across this period. Nationally, cultural organisations were actively increasing their commercial activities whilst reviewing and restructuring their medium term financial strategies in order to meet these ongoing challenges.

Culture Coventry Trust ('The Trust') contacted the Council in November 2016 seeking financial assistance regarding its forecast deficit financial positions for 2016/17 and 2017/18 onwards. Financial pressures over the last 2-3 years – including through the period of extension and development of the Coventry Transport Museum and restoration of the Old Grammar School – meant that the Trust was required to utilise its cash reserves to remain solvent. In April 2017,

Cabinet approved a short term financial support package whilst it established a robust Medium Term Business Plan and implemented its plans for the future.

The Trust had since been through a change in management, and currently have an interim arrangement in place. The current team had reviewed and revised many aspects of the previous business plan and had recently commenced a full restructure and re-focus of the management and staffing. This had also resulted in the resubmission of external funding bids, and a much revised short to medium term financial plan. This financial plan, together with the ongoing transformation and culture change required, significantly improved the outlook for the trust and has demonstrated its status as a going concern. However, further work was required to consolidate this position, and move it forward further to enable it to demonstrate its self-sufficiency to its funders with a balanced medium term position, including the ability to redeem historic debt.

As a result, the Trust had sought one off approval in 17/18 for a grant of up to £370k to enable it to implement their management and staff restructure. Additionally, they sought approval to allow them to repay cash flow monies owed to the Council flexibly over a period of time, reflecting their in year surplus's.

RESOLVED that the Cabinet Member for Strategic Finance and Resources:

- (1) Approves a one off advance of up to £370k by way of grant funding to Culture Coventry Trust to finance their restructure implementation costs, to be funded from the Councils earmarked reserve for ER/VR's**
- (2) Within the funding limits contained in recommendation (1) delegates authority to the Director of Finance and Corporate Services, in consultation with the Cabinet Member for Strategic Finance and Resources, to agree the final amount of the advance and also the entering into the necessary legal agreements between the Council and the Culture Coventry Trust**
- (3) Approves a variation to the existing loan documents for cash flow monies owed by the Trust, to permit a flexible repayment profile and to delegate to the Director of Finance & Corporate Services the authority to finalise the terms of the repayments annually**

65. Outstanding Issues

There were no outstanding issues.

66. Any other items of public business which the Cabinet Member decides to take as matters of urgency because of the special circumstances involved.

There were no other items of urgent public business.

PRIVATE BUSINESS

67. Culture Coventry Trust - Financial Performance and Support Arrangements

Further to Minute 64 above, the Cabinet Member considered a private report of the Deputy Chief Executive (Place) that set out confidential aspects of the Culture Coventry Trust financial performance and support arrangements.

RESOLVED that the Cabinet Member for Strategic Finance and Resources:

- (1) Approves a one off advance of up to £370k by way of grant funding to Culture Coventry Trust to finance their restructure implementation costs, to be funded from the Councils earmarked reserve for ER/VR's**
- (2) Within the funding limits contained in recommendation (1) delegates authority to the Director of Finance and Corporate Services, in consultation with the Cabinet Member for Strategic Finance and Resources, to agree the final amount of the advance and also the entering into the necessary legal agreements between the Council and the Culture Coventry Trust**
- (3) Approves a variation to the existing loan documents for cash flow monies owed by the Trust, to permit a flexible repayment profile and to delegate to the Director of Finance & Corporate Services the authority to finalise the terms of the repayments annually**

68. **Any other items of private business which the Cabinet Member decides to take as matters of urgency because of the special circumstances involved.**

There were no other items of urgent private business.

(Meeting closed at 10.50 am)