

**SB1 calls for disclosure of the financial accounts (for the duration of the organisation) of the City of Culture Trust and the City Council to be shared for consideration.**

Question	Source of information	Response
<p>1. Coventry City Council contributed over £5.5m towards the City of Coventry Trust - how was that money spent?</p>	<p>Contract management</p>	<p>The Council's contributions to the Trust total £5.572m (including the loan). These contributions include:</p> <ul style="list-style-type: none"> <li>• £0.122m in grant payments paid directly to the Trust to support activity developing and delivering the bid for the UK City of Culture 2021 title.</li> <li>• £3.70m for services delivered (following award of the title) in the build-up to, and delivery of, UK City of Culture 2021. Services Agreement includes four workstreams linked to the 15 outcomes of the City of Culture Theory of Change (see below)</li> <li>• £0.75m for legacy services outlined in the Trust's Legacy Services Business Case and refreshed Theory of Change outcomes</li> <li>• £1m cashflow loan (October 2022) arranged to meet the short-term financing shortfall faced by the Trust. Loan funding was used to make payments to both to major and smaller cultural bodies that had provided content and events as part of the Trust programme and to a range of other suppliers which had been critical to the operation of the Trust.</li> </ul>
<p>2. Was there an Audit and Risk Committee? Did they flag financial concerns? Who sat on that Committee? Are minutes of the meetings available?</p>	<p>Held by IPs following Trust entering into administration.</p> <p>CCC has some material but IP letter confirms</p>	<p>There was an Audit and Risk Committee.</p> <p>The information has been requested from the appointed IPs - Please see letter in response dated 17<sup>th</sup> March 2023</p>

Question	Source of information	Response
	seeking legal advice around disclosure	
3. Are the administrators aware of the meeting and has their permission been sought for information to be released to the members of the Scrutiny Board.		Yes - letter sent from SB1 Chair and response received 17 <sup>th</sup> March 2023.
4. Can copies of the City of Culture Trust Board Minutes be made available to Scrutiny Members? How often did the Board meet?	Held by IPs following Trust entering into administration.  CCC has some material but IP letter confirms seeking legal advice around disclosure	The Trust board met on a regular basis. Board meetings were scheduled for every two months, with additional meetings added where circumstances required.  As financial concerns were raised, the Trust Board made additional governance provisions including additional Board Meetings. The Trust Board met on 28 <sup>th</sup> September 2022, 5 <sup>th</sup> October 2022, 12 <sup>th</sup> October 2022 and 30 <sup>th</sup> November 2022.  The information has been requested from the appointed IPs – Please see letter in response dated 17 <sup>th</sup> March 2023
5. Is there a timeline of key decisions taken by the Trust?		No
6. Who are the creditors owed money by the City of Culture Trust?	Held by IPs following Trust entering into administration.	The information has been requested from the appointed IPs - Please see letter in response dated 17 <sup>th</sup> March 2023

Question	Source of information	Response
	CCC has some material but IP letter confirms seeking legal advice around disclosure	

**SB1 calls for all sums of monies held by the City of Culture Trust to be made public, in order to consider the extent to which loan conditions and deliverables were met.**

Question	Source of information	Response
7. Could the full accounts for the City of Culture be shared?	Company House  IPs	Trust audited accounts are available on Companies House <a href="https://find-and-update.company-information.service.gov.uk/company/09808960/filing-history?page=1">https://find-and-update.company-information.service.gov.uk/company/09808960/filing-history?page=1</a>  IP has been asked for any additional management accounts – Please see letter in response dated 17 <sup>th</sup> March 2023
8. What was the income and expenditure for each year?	IPs	Available in the published accounts and IP has been asked for additional management accounts.
9. What performance monitoring processes were in place to measure outcomes against expenditure?		Trust outcomes were monitored against the City of Culture 2021 Theory of Change and Key Performance Indicators (KPIs). A number of

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		<p>individual grant funders also had their own KPIs and reporting requirements.</p> <p>Released in 2019 and revised in early 2020, the City of Culture 2021 Performance Measurement &amp; Evaluation Strategy details the Trust's Theory/Story of Change which highlights the change sought as a result of Coventry being the UK City of Culture. Developed in partnership between the University of Warwick, Coventry University, Coventry City Council and Coventry City of Culture Trust, the strategy outlined how the UK City of Culture 2021 programme and activities were intended to impact on the city and its peoples along cultural, social, economic, health and wellbeing, and other impacts.</p> <p>Details of the Performance and Evaluation Strategy (PM&amp;E Strategy), and access to key monitoring and evaluation reports (published as they have been released) is provided via the Trust's website: <a href="https://www.coventry2021.co.uk/monitoring-and-evaluation">Monitoring and Evaluation - Coventry UK City of Culture 2021 (coventry2021.co.uk)</a></p> <p>An external Technical Reference Group (TRG) was established, comprising experts in social, cultural and economic evaluation. The TRG met quarterly to receive reports and comment on the rigour and progress of the PM&amp;E Strategy. This group signs off on PM&amp;E findings and other evidence of impact.</p> <p>Activity plans, programme and financial and performance updates were also provided to the Council's 'City of Culture 2021 and Major Events</p>

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		Panel' and to the Council's Scrutiny Boards, where scheduled.
10. What was the £1M loan from the city council used for i.e. to pay creditors (if so which ones) and or wages?	Held by IPs following Trust entering into administration.  CCC has some material but IP letter confirms seeking legal advice around disclosure	Addressed in report on City Council loan.  The information has been requested from the appointed IPs - Please see letter in response dated 17 <sup>th</sup> March 2023
11. How long had the directors been trading insolvently and what justification did they have for that?	Held by IPs following Trust entering into administration.	It is understood that the Trust were not trading insolvently  The information has been requested from the appointed IPs – Please see letter in response dated 17 <sup>th</sup> March 2023
12. What remuneration and expenses did the Directors have during the previous 12 months and how much of this was paid to them while the trust was insolvent?	IP	The information has been requested from the appointed IPs – Please see letter in response dated 17 <sup>th</sup> March 2023
13. Why did the directors not reduce their overheads and employee headcount as the financial position worsened?	IP	The information has been requested from the appointed IPs – Please see letter in response dated 17 <sup>th</sup> March 2023 However cost-cutting arrangements were initiated.

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14. Can information be provided on the income from sales of ticketed events?	IP	It is understood that this material is held in the management accounts – The information has been requested from the appointed IPs - Please see letter in response dated 17 <sup>th</sup> March 2023
15. What funding did the Trust expect to receive which did not materialise? Where was this funding expected from? What reasons were given for the funding not being given?		Addressed in briefing note on City Council loan.
16. Has the Value for Money assessment been completed? Can this be shared with the Scrutiny Board?	Evaluation reports	<p>It is unclear what is meant by the 'Value for Money assessment'.</p> <p>The City of Culture 2021 Performance Management and Evaluation Framework (see <a href="#">HERE</a>) includes a published Economic Impact Baseline Report (with work underway on a further longitudinal impact report) and in the published report outlining Innovations in Economic Impact Assessment.</p> <p>The Supplementary Report (published September 2022) includes a section on Economic, Skills and Place measures and sections summarising wider health and social impact. Impact on Social Value is also widely considered within the individual Programme Evaluations and Focus Studies published to date.</p>

**Potential risks to the Coventry City Council’s reputation and City Council finances, including implications and mitigations for the loan made in October 2022.**

Question	Source of information	Response
17. Was the Cabinet Member aware the two universities did not consider the £1m a wise investment?		<p>The Universities’ position on the loan became known to the Council after the Cabinet Member had approved the loan on 4<sup>th</sup> October 2022.</p> <p>The University representatives resigned further to discussions held a week later, at both the Trust’s Audit and Risk Committee on 11<sup>th</sup> October and the Trust Board Meeting on 12<sup>th</sup> October. The Trust Board voted to accept the loan at the meeting on 12<sup>th</sup> October, further to which the Universities’ representatives resigned from the Board.</p>
18. If the Cabinet Member was aware of the concerns why were other Members not informed?		See response above
19. What advice did the Cabinet Member receive from Officers prior to signing off the loan?	CM report	<p>The advice to the Cabinet Member was clearly outlined in the Cabinet Member report dated 4<sup>th</sup> October 2022.</p> <p><a href="https://edemocracy.coventry.gov.uk/documents/s54707/Coventry%20City%20of%20Culture%20Trust%20Temporary%20Loan%20Funding%20Support.pdf">https://edemocracy.coventry.gov.uk/documents/s54707/Coventry%20City%20of%20Culture%20Trust%20Temporary%20Loan%20Funding%20Support.pdf</a></p>
20. The Trust had already deferred £0.6m payments to the Council– why then did the Council decide to loan a further £1M?		Addressed in briefing note on City Council loan.
21. What was put in place to ensure the £1m would be spent wisely?		Addressed in briefing note on City Council loan.

Question	Source of information	Response
22. Was there a loan agreement in place? How was it anticipated the loan would be repaid?		Addressed in briefing note on City Council loan.
23. What Due Diligence was undertaken prior to the loan?		Addressed in briefing note on City Council loan.
24. Who is now responsible for the Trust entering the legacy phase?		No one as Trust no longer exists - the Council and partners are committed to ensuring the legacy of the City of Culture continues.
25. Is there a breakdown of spend on Regeneration Projects?		<p>The public realm works and the cultural capital programme were overseen by the Council, not the Trust.</p> <p>The only capital project directly delivered by the Trust was The Reel Store.</p> <p>The financial breakdown on Regeneration projects is as follows:</p> <ul style="list-style-type: none"> <li>• Cultural Capital Investment Fund: £48m</li> <li>• Public Realm: £44m</li> </ul> <p>The amount of spend of funding secured for each project is itemised, below:</p> <p><b><u>Cultural Capital Investment Fund:</u></b>  (N.B. CCC managed grants have been match-funded by partners, which brings the total programme spend up to the £48m above)</p> <ul style="list-style-type: none"> <li>• <i>Cathedral</i> - £2,545,461</li> <li>• <i>Drapers Hall</i> - £2,656,879</li> <li>• <i>Daimler Powerhouse</i> - £1,914,150</li> <li>• <i>Belgrade</i> - £5,035,071</li> <li>• <i>The Box at Fargo</i> - £500,000</li> </ul>



Question	Source of information	Response
		<ul style="list-style-type: none"> <li>• <i>Herbert Art Gallery &amp; Museum - £1,000,000</i></li> <li>• <i>St Mary's Guildhall - £3,678,856</i></li> <li>• <i>Unique visitor-stay accommodation - £869,211</i></li> <li>• <i>The Albany Theatre - £2,908,000 (committed)</i></li> <li>• <i>The Reel store - £750,000</i></li> <li>• <i>Charterhouse - £2,500,000</i></li> <li>• <i>Anglican Chapel - £167,000</i></li> <li>• <i>HMV Empire - £115,000</i></li> <li>• <i>The Tin Music &amp; Arts - £64,647</i></li> </ul> <p><b><u>Public Realm:</u></b></p> <ul style="list-style-type: none"> <li>• Broadgate/Nationwide/ Cuckoo Lane/Cov Cross demo - £1.3m</li> <li>• Upper Precinct Smithford &amp; Market Way - £26,079,020</li> <li>• Salt Lane/Shrub Walk - £900,000</li> <li>• Pepper Lane - £600,000</li> <li>• Water Park /Inspire/Bull Yard - £1,700,000</li> <li>• Hertford Street - £440,000</li> <li>• Protecting Places - £1,316,000</li> <li>• Public Realm Refresh - £1,760,980</li> <li>• Corporation Street - £400,000</li> <li>• Travel Planning - £300,000</li> <li>• CCTV / Screens and Digital inc VMS - £500,000</li> <li>• Drapers Hall/Bayley Lane - £600,000</li> <li>• Unity Lawn - £140,000</li> </ul>

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		<ul style="list-style-type: none"> <li>• City Centre Lighting enhancements - £1,300,000</li> <li>• Wayfinding - £1,000,000</li> <li>• Canal towpath &amp; basin - £1,400,000</li> <li>• City Centre cycling - £500,000</li> <li>• Pool Meadow - £1,500,000</li> <li>• London Road Crossing - £700,000</li> <li>• Charterhouse Car Park - £1,940,000</li> <li>• Station Boulevard - £500,000</li> </ul>
<p>26. Why did the loan request appear to be 'last minute' when page 15 of the Report shows Council officers and Trust employees were working on the papers for this 1 item agenda on 13<sup>th</sup> September 2022?</p>		<p>CM report was published with usual 5 clear working days notice as required by the Access to Information Procedure Rules.</p>
<p>27. Why was the SCRUCO Chair required to be present at the Cabinet Member Meeting on 4<sup>th</sup> October 2022, to agree the business of the 'loan' to Coventry City of Culture Trust did not been to be 'Called In' due to urgency – when in fact this matter could have been take as a piece of Urgent Business at the SCRUCO meeting on 28<sup>th</sup> September 2022?</p>		<p>The Chair of the SCRUCO was invited to the CM meeting on the 4<sup>th</sup> October and attended the meeting to agree the need for urgency.</p> <p>This was reported to SCRUCO on 19<sup>th</sup> October 2022 minuted as follows:</p> <p>“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</p> <p>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</p>

Question	Source of information	Response
		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.”
<p>28. What due diligence checks were carried out by the Council on the Trust’s financial sustainability prior to the loan being agreed? Is the following correct? 1) Some or all of the £1m loan was used to pay existing creditors – and if so, how much, and who were the creditors paid? Given that National Lottery cannot pay £850,000 previously agreed to be paid to the Trust as it could not show itself as a ‘going concern’, am I correct in thinking the National Lottery operates higher due diligence checks than Coventry City Council?</p>		Addressed in briefing note on City Council loan.
<p>29. Please confirm that, now the City of Culture Trust has entered administration, the Council’s access to the Public Works Loan Board will be unaffected.</p>		The administration of the City of Culture Trust will not affect access to PWLB borrowing.
<p>30. Coventry University has made a formal statement explaining it is seeking to recover the money it is owed by City of Culture Trust. Is Coventry City Council also making similar efforts to recover the £1.6m Coventry City Council is owed by the City of Culture Trust?</p>		Yes.
<p>31. Is £1.6m the total Coventry City Council is owed by City of Culture Trust? Or is the outstanding amount higher?</p>		The total amount owing to the Council, including accrued loan interest, is £1.677m
<p>32. What was the City Council’s role as guarantor for the City of Culture?</p>		To clarify the position, the City Council, as part of the bid to DCMS for Coventry to be the City of Culture,

Question	Source of information	Response
		<p>agreed to be the accountable body and guarantor for the City of Culture 2021 to be delivered; this did not commit the Council to meeting any future financial liability and the Memorandum of Understanding between the Council and DCMS clearly stated that this is not intended to be legally binding. Nonetheless, it was a commitment of the Council made as part of the bid.</p> <p>The City of Culture Trust was set up as an independent charity as the delivery vehicle. The arrangement put in place between the Council and the City of Culture Trust did not have any provisions or agreement that the Council would act as a guarantee for any of the contracts and/or liabilities that they entered into. It was the responsibility of the City of Culture Trust to decide and manage their contractual arrangements with third parties and these contracts were stand-alone arrangements between the Trust and the individual parties.</p> <p>To the extent that the Council was requested to act as a guarantee for any activity these would have been via a separate contract with the individual party and the Council.</p>
33. Was the commitment made in the bid in relation to being a guarantor suspended?		No
34. <b>'To the extent that the Council was requested to act as a guarantee for any activity these would have been via a separate contract with the individual party and the Council.'</b> Therefore by implication what did the Council act as guarantor for on		<p>The following guarantees were provided by the Council:</p> <ul style="list-style-type: none"> <li>• <b>Lease of Land from Coventry University</b> – The guarantee provided by the Council was to ensure the City of Culture Trust complied with the provisions of the Lease solely around maintaining the land and returning the property back to the Landlord. The beneficiary of this guarantee was Coventry University</li> </ul>

Question	Source of information	Response
those separate contracts? How many? What were they? Who with? What value?		<p>Higher Education and the liability for the Council was limited to a capped sum of £200,000 exclusive of VAT</p> <ul style="list-style-type: none"> <li>• <b>Coventry Glides 2021</b> – The guarantee provided by the Council was to meet the Shortfall in the event that the Coventry Glides 2021 did not generate a Profit for the City of Culture Trust. The Beneficiary of this guarantee was the City of Culture Trust and any liability for the Council to meet the Shortfall was capped at £200,000 exclusive of VAT</li> </ul>
35. Is the Council legally protected from creditors?		<p>Following the review and due diligence of the legal documentations in place, we are able to confirm that there is no contractual relationship with creditors that would give any implication that we are liable for any liabilities incurred by the City of Culture Trust.</p> <p>To the extent that a creditor disputes our position, the burden of proof will for them to provide the necessary evidence to support such assertion</p>
36. Can the Board see the original documentation on the council's position as a guarantor?		The MOU contains a confidentiality clause which requires for the consent of DCMS and the Trust for it to be disclosed – no consent has been received

### Miscellaneous Questions

Question	Source of information	Response
37. Who is now responsible for Trust entering the legacy phase?		No one as Trust no longer exists - the Council and partners are committed to ensuring the legacy of the City of Culture continues.
38. Who is running the City of Culture Trust?		No longer exists

Question	Source of information	Response
39. Who is the Chairman of the City of Culture Trust?		No longer exists
40. How many Directors are left on the Trust?		No longer exists
41. Can the Board review the Value for Money Evaluation Assessment?		All monitoring and evaluation reports published as part of the Evaluation report - SRUCO Details of the Performance and Evaluation Strategy (PM&E Strategy), and access to key monitoring and evaluation reports (published as they have been released) is provided via the Trust's website: <a href="http://Monitoring and Evaluation - Coventry UK City of Culture 2021 (coventry2021.co.uk)"><u>Monitoring and Evaluation - Coventry UK City of Culture 2021 (coventry2021.co.uk)</u></a>
42. Can the Board review the City of Culture Evaluation Report led by Warwick University?		This will be discussed at the first meeting of SCRUCO in the new municipal year.
43. What involvement has the City Council had with the Charities Commission following the administration of the Trust?	Email from commission to CCC.	<p>“The Commission understands the concern that the administration of the charity is causing people in Coventry and Warwickshire. The Charity Commission’s compliance case into the charity remains ongoing, and we are liaising with the charity and other stakeholders as we consider our next steps”.</p> <p>We have made no finding of wrongdoing at this time and cannot comment further at this time. Depending on what regulatory action is taken, an outcome may be published on the Commission's website. At present, investigations are still ongoing.”</p>