

**Exercise of emergency functions – Approval to provide a loan facility of up to the sum of £ (1 Million Pounds) to Coombe Abbey Park Limited (“the Funding Amount”) for their immediate working capital and investment needs**

1. Part 2M of the constitution of the City Council provides for the Scheme of Functions delegated to Employees including to the Chief Executive/Head of Paid Service.
2. Paragraph 3.8 of Part 2M of the Constitution enables the Chief Executive, in consultation with the Leader to make decisions required in an emergency.
3. As it is well known, the magnitude at which the Coronavirus (COVID-19) has spread is unprecedented, with the number of confirmed cases at the beginning rising rapidly each day. It's impact has been far reaching and has – understandably – caused wide-scale panic amongst businesses and the general public. The hospitality industry has already seen mass cancellations across rooms, events and conferences. This is certainly a worrying time for hoteliers, with many having to close their doors in a bid to prevent further spread of the virus.
4. The Government recognises that COVID-19 is likely to cause fluctuations in household incomes and recognises that, as a result, some individuals may struggle to meet council tax payments. Councils will already have established their local council tax support schemes for 2020-21. The Government therefore expects that billing authorities will primarily use their grant allocation to reduce the council tax liability of individuals in their area, using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992. Councils may also want to use some funding to deliver increased financial assistance through other local support mechanisms, having considered local circumstances.
5. The Council holds 100% shareholding in Coombe Abbey Park Limited (“the Company”) which operates the property and building known as Coombe Abbey Hotel. As a consequence of the Covid-19 pandemic, the Company has been experiencing cashflow difficulties and as such requires financial assistance of up to £1,000,000 (“the Funding Amount”) from the Council as it's sole shareholder. The Council considers it necessary to ensure that it's investment in acquiring the Company is protected and to this effect, legal services and finance colleagues have been investigating how the Funding Amount can be made available to the Company without breaching the State Aid Rules.
6. The EU Commission has issued a “Temporary Framework for State Aid Measures in the current Covid-19 Outbreak”. The Temporary Framework makes provision for amongst other matters subsidised loans from public resources to cover immediate working capital and investment needs subject to ensuring that it meets the caps and conditions set out in the Temporary Framework.

7. The due diligence undertaken by legal and finance colleagues concludes that the Funding Amount is capable of being provided by the Council to the Company by way of a loan facility which will be structured in a manner which accords with the conditions set out in the Temporary Framework to ensure state aid compliance.
8. The reason for urgency is based on the fact that as a result of the closure of the hotel, there has been no income derived and finite levels of the working capital has been utilised to date to keep the Company operational. The Funding Amount sought (as the hotel seeks to reopen in accordance with social distancing easing measures) will help towards ensuring its continued survival.
9. On the basis set out above, I am satisfied that the decision being taken pursuant to this emergency provision is critical to the Council's ability to provide the much needed relief support to the Company in these challenging times.
9. In light of the above I agree that this constitutes an emergency and I am making the decision that the City Council:
  - (a) approves the provision of the Funding Amount up to the sum of ££1,000,000 by way of a loan facility and subject to the following conditions:
    - the level of interest for the loan facility shall be 0.5% above LIBOR which currently sits at 0.97% and
    - the term of the loan facility shall not exceed 18 months.
  - (b) delegated authority be given to the Director of Finance and Corporate Service and the Director of Legal and Governance Services to finalise the terms of the loan facility and the authority to thereafter enter into the necessary legal agreement to give legal effect to the loan transaction.

I have consulted with the Leader of the City Council to confirm his agreement to this course of action.

A report will be taken to Council at the next appropriate meeting that will include information about this emergency decision.

Signed:

A solid black rectangular box used to redact the signature of the Chief Executive of Coventry City Council.

Chief Executive of Coventry City Council

Dated: 30 June 2020