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**A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation other than the Council.**

Wellness, Liveability and Public Health Scrutiny Board (Scrutiny Board 1)	08 October 2012
Cabinet	09 October 2012
Council	23 October 2012

**Name of Cabinet Member:**

Cabinet Member (Neighbourhood Action, Housing, Leisure and Culture) – Councillor Ruane

**Director Approving Submission of the report:**

Chief Executive

**Ward(s) affected:**

St Michael's Ward

**Title:**

Cultural Trusts Review

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**Is this a key decision?**

Yes.

The proposals within the report identify both initial transitional costs and savings above the financial threshold of £500,000 per annum.

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**Executive Summary:**

Coventry City Council (CCC) currently provides c£4 million a year in total annual grant support and service fees to the Belgrade Theatre, Coventry Heritage and Arts Trust (CHAT, including the Herbert Art Gallery and Museum, The Lunt Roman Fort and Priory Visitor Centre) and Coventry Transport Museum (CTM). The economic climate and public spending cuts arising from the Comprehensive Spending Review (CSR) mean that savings to the Council from the grants and service fees to all three Trusts need to be found.

The City's cultural offer plays a key part in the regeneration of Coventry, and the Cultural Trusts Review - undertaken through collaboration and close consultation with the Trusts - has aimed to ensure the cultural attractions managed by the three Trusts have a viable future, are operated as efficiently as possible and can market themselves effectively to local, regional and national audiences so they can be sustained, grow and succeed in the future.

The purpose of this report is to outline and recommend a new way forward for Coventry's cultural Trusts, recommending the Council support a merger of CHAT and CTM to form one new entity (which is most likely to be in the form of a company limited by guarantee or a trust), with the Belgrade Theatre continuing to operate independently as a separate theatre trust. For the purpose of this report, the new entity shall be referred to as a 'Trust' on the understanding that some other type of legal entity may be chosen.

The report also outlines ways of delivering greater efficiencies across these new structures through the sharing of some services with the Belgrade Theatre and it outlines potential options to generate more revenue.

The recommended "Two Trusts" model generates a total saving of £665,000 per annum in grant/service fees, with delivery of full annual savings from 2014/15. The merger of CTM and CHAT saves £393,000 per annum made primarily through streamlining management arrangements. The Belgrade Theatre would remain in its current form and deliver savings of £272,000 a year by 2014/15 by way of a 25% grant reduction. The anticipated phasing of these savings is detailed in the Private Report.

### **Recommendations:**

#### **Wellness, Liveability and Public Health Scrutiny Board (1) is requested to:**

1. Consider this report and provide any recommendations to Cabinet.

Note: The Wellness, Liveability and Public Health Scrutiny Board (1) subsequently made the following recommendations at their meeting on 8<sup>th</sup> October, 2012:-

1. That the Wellness, Liveability and Public Health Scrutiny Board receive timely reports back on the implementation of the approved option.
2. That there is a clear communications strategy for publishing the reasons behind the proposed changes to the Trusts
3. That the Trusts work together to maximise opportunities to market their facilities and the City
4. The Board acknowledge the opportunities for the Trusts to raise income through fee charging touring exhibitions. However, they would like the Trusts to be mindful of creating as many opportunities for Children and Young People in the City to access these exhibitions through group offers for example via schools and communities groups.
5. The Board wanted to encourage repeat visits to the heritage sites and suggested the Trusts consider, when selling tickets for touring events, allowing re-admittance on the same ticket for the duration of the exhibit.

#### **Cabinet is requested to consider the above recommendations from Wellness, Liveability and Public Health Scrutiny Board (1) and recommend that the Council:**

1. Approve the recommended establishment of a new company limited by guarantee, to take over the existing premises, employees, assets, liabilities and contracts of CHAT and CTM, which would receive a phased total reduction of £393,000 per annum in Council grant/service fees by 2014/15.
2. Approve that the Belgrade Theatre remains a separate organisation with a phased reduction in the Belgrade Theatre grant to achieve a total reduction of £272,000 per annum in Council grant to the Theatre by 2014/15.

3. Delegate authority to the Director of City Services & Development and the Director of Finance & Legal Services in consultation with the Cabinet Member (Neighbourhood Action Housing Leisure and Culture) and the Cabinet Member (Strategic Finance and Resources) to:
  - 3.1 Approve the development of a detailed transition plan with the Trusts and the final savings profile for 2013/14, to achieve the Two Trusts operating model.
  - 3.2 Agree the necessary financial means to achieve the objective of full transfer to a new Trust company, limited to a maximum level of one off funding as detailed in the Private Report to enable CHAT and CTM to implement the process of a managed wind-down and transfer to the new Trust to achieve the required savings. This will be linked to agreed measures in the grant/services agreements.
  - 3.3 Agree the detail of Letters of Comfort (if required) by the Trusts' auditors in line with the financial parameters and objectives detailed in this report for signature by the Council's Section 151 Officer.
  - 3.4 Take the necessary steps in conjunction with CHAT and CTM for the formation of the new company, its governance and membership arrangements and to agree any Member representation on its Board of Directors.
  - 3.5 Following the establishment of the new company, to authorise the Council to enter into a grant aid agreement and assign the current leases of Coventry Transport Museum, Herbert Art Gallery and Museum, Lunt Roman Fort and Priory Visitor Centre to the new company.

**Council is requested to approve the above recommendations from Cabinet and the Wellness, Liveability and Public Health Scrutiny Board (1).**

**List of Appendices included:**

None.

**Other useful background papers:**

None.

**Has it been or will it be considered by Scrutiny?**

Yes - Wellness, Liveability and Public Health Scrutiny Board (Scrutiny Board 1) on 8 October 2012

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

Yes - on 23 October 2012

## **Report title: Cultural Trusts Review**

### **1. Context (or background)**

1.1 Coventry City Council (CCC) currently provides c£4 million a year in total annual grant support and service fees to the Belgrade Theatre, Coventry Heritage and Arts Trust (CHAT - including the Herbert Art Gallery and Museum, The Lunt Roman Fort and Priory Visitor Centre) and Coventry Transport Museum (CTM). The economic climate and public spending cuts arising from the Comprehensive Spending Review (CSR) mean that savings to the Council from the grants and service fees to all three trusts need to be found.

1.2 An internal Project Team supported under the Council's abc transformation programme by Price Waterhouse Coopers (PwC) and an independent cultural consultant (Graham Devlin) has, since May 2012, worked closely with all three trust Chief Executives, Council representatives and Arts Council England (ACE) in developing principles and options to achieve the following:

- Maintain and, where possible, enhance the current cultural offer of the City.
- Join up (and encourage the cross-promotion/marketing of) Coventry's cultural offer and create a better customer/visitor experience.
- Maximise revenue and funding opportunities.
- Explore wider, sub-regional links.
- Create greater funding certainty.
- Delivery of savings required.

### **2. Options considered and recommended proposal**

2.1 The review considered a wide range of options including:

1. 'Do Nothing' – Considering the impact of the Council's required reduction in grant/service fees if there were to be no change in the operations of individual trusts;
2. 'One Trust Model' - Merger of all three organisations into one Trust.
3. 'Two Trusts' - Merger of CTM and CHAT into one Trust, with the Belgrade Theatre continuing to operate independently.
4. 'Shared Services Model' – Creation of a group structure with back-office services merged and customer-facing services maintained broadly as-is.
5. 'Increased Revenue' - opportunities to increase revenue through sales and charging to mitigate a reduction in grant/service fee income. This option is not mutually exclusive from the other options and is a mechanism for further achieving grant/service fee reductions.

## 2.2 Option 1 - Do Nothing

2.2.1 This option assumes that there is no change in the individual operations of the Trusts and the Council introduces a modelled grant reduction of circa 25%. The Council has already applied a grant/service fee reduction to the three Trusts in 2012/13 of £200,000 in total representing 5% of the total grant/service fee at that time. The 2012/13 reduction and the resultant grant/service fees provided to each of the Trusts in 2012/13 are as follows:

	<b>2012/13 Grant/service fee reduction (£k)</b>	<b>2012/13 Grant/Service fee (£k)</b>
Belgrade	54	1,037
CHAT	86	1,672
CTM	60	1,169
<b>Total</b>	<b>200</b>	<b>3,878</b>

2.2.2 Further reductions in grant funding/service fees in the order of 15 – 25% are not deliverable by each of the Trusts operating separately whilst maintaining the current cultural offer. Even with changes to the way the Trusts operate and with increased income, it is likely the Trusts could not individually sustain funding reductions at this level without restructuring of some form and their financial future would be unsustainable. Even the existing reduction of £200,000 saving per annum is not sustainable in the longer term without the Trusts making changes to their staffing structures or income generating activities. The other options considered have therefore looked at ways for the Trusts to deliver on an ongoing basis the existing £200,000 grant/service fee reduction, plus make additional savings.

## 2.3 Option Two – One Trust

2.3.1 This option considered the efficiencies gained through the creation of one Trust by merging the existing operations across the Belgrade, CHAT and CTM, and reducing duplication of back office and front office activities.

2.3.2 In terms of delivering the highest financial benefit, this is the best option, generating a total saving of £903,000 (including the £200,000 existing annual saving). Option Two creates the best opportunity for exploiting economies of scale. Furthermore, this option also has the potential to create a more joined-up cultural offering for the City, facilitated by cross-marketing and the ability to make a stronger case when seeking and applying for new funding. However, this option is potentially the most difficult to achieve in practice and would involve the complexities associated with merging three rather than two different existing organisations. There are considered more similarities between CHAT and CTM in service delivery, business model and objectives terms, than there are with the Belgrade. This and the preference of the majority of key stakeholders (including other key funders) for progressing the Two Trusts option rather than the One Trust option, means this is not the recommended option.

## 2.4 Option Three – Two Trusts (Preferred Option)

2.4.1 As a revenue generating organisation also attracting National Portfolio funding from Arts Council England, the Belgrade is best placed (out of the three Trusts) to be able to withstand a reduction in funding, and its management accounts for the last three years demonstrate an annual surplus. It also has unrestricted reserves (supported by the Council's grant) which can assist in its financial planning in the short term. It is considered that by remaining as a single organisation, the Belgrade Theatre may best

protect the interests of its existing funders and stakeholders and will therefore most effectively safeguard its cultural offer.

- 2.4.2 Consequently Option Three would involve the Belgrade remaining as a separate organisation and CHAT and CTM merging into a new, single entity. There are significant opportunities to reconfigure and market the offer from both organisations, perhaps working closely with the Cathedral and other partners such as Holy Trinity Church and St. Mary's Guildhall to create a more coherent joint offer focusing on the social, cultural, and economic history of Coventry.
- 2.4.3 The Coventry City Centre Attractions Group and CV One commissioned research in 2010 and this research provides an indication of the wider potential of drawing the city's attractions together. The research project, which was undertaken at several city centre tourist attractions, found that of visitors arriving in Coventry to visit an attraction, 62% stated that they were looking to visit another attraction during their trip. Coventry Cathedral was stated as the most likely destination for those visitors looking to extend their Coventry experience. The Herbert Art Gallery and Museum and Coventry Transport Museum were, similarly, attractions popular with visitors looking to visit multiple venues. There is real potential for CTM and CHAT to join up their offers and explore the opportunities to share marketing with the Cathedral and other partners.
- 2.4.4 Option 3 delivers savings totalling £665,000 (including the £200,000 existing saving). This comprises a £272,000 reduction in grant support for the Belgrade Theatre and £393,000 for the new Trust formed from merging CHAT and CTM.
- 2.4.5 The Council and PwC have worked collaboratively with the Trust Executives to develop a new indicative model that is broadly accepted.
- 2.4.6 The Council and PwC believe that there are still opportunities for the Belgrade to share some services (and thereby reduce costs) with a newly-created, single Trust for the museums and that the Belgrade should explore these opportunities with the new Trust. Within the 'Two Trusts' model, a collegiate approach across Trusts to the provision of the cultural offer and a collaborative approach to the procurement of support services may bring efficiency gains to both organisations. This approach will be advocated to the Trusts by the Council in further business planning and throughout the proposed implementation process and any substantial additional benefits arising as a result will be discussed with the Boards with a view to agreeing benefit sharing principles with the Council.

## 2.5 Option Four – Shared Services Model

This option was discounted early in the review, given that the Shared Service approach in practice is likely to lead to fewer reductions in staffing levels than envisaged under the One Trust or potentially Two Trusts models, thereby reducing potential savings. It would also mean that the three Trusts would continue to operate as separate organisations, with separate governance arrangements but shared functions, adding complexity to the operational management of the model.

## 2.6 Increased Revenue

2.6.1 The focus of the options appraisal has been to find a sustainable way for the Trusts to enable the Council to reduce its funding levels. This could be achieved by cost reduction and increased revenue including:

- Increased net revenue generation from commercial activities;
- Increased box office revenue for the Belgrade (which is included as an assumption within the Two Trust preferred option);
- The option of charging for general admission to CHAT and CTM; and
- A combination of the above cost reduction and revenue generation options.

2.6.2 The principle of continuing free admission to both museums is considered key in ensuring that the City's cultural offer is as wide and inclusive as possible, and maintenance of the current cultural offer was a founding principal of the review. The option of charging was therefore fully modelled and tested, with reference to benchmarking with other national visitor attractions and to Department of Culture Media and Sport (DCMS) analysis on the relationship between the introduction of free admission to museums and galleries and observed trends in subsequent visitor numbers. This modelling considered the potential impact of introducing charges for admission at the Herbert Art Gallery and Museum and at the Coventry Transport Museum. The modelling considered the likely demographics of visitors to each attraction and levels of anticipated reductions in admissions. The modelling suggested the potential to generate significant annual net admission revenue through the introduction of such charges, but with a resultant decline in visitor numbers of 50% to 70%, with the reduction in visitors particularly likely to come from those with lower levels of disposable income. The work did not build in any cost associated with implementation and management of charging activities.

2.6.3 Whilst potentially generating significant revenues, the option of introducing charges for admission was not considered to be favoured due to the anticipated level of impact on accessibility (and therefore inclusivity) of the cultural offer, on overall visitor numbers and on the prospects of attracting and retaining further external funding in support of the offer.

## 2.7 Summary

While the option of merging all three organisations into one Trust would offer the biggest economies of scale, the largest potential savings and the opportunity to create a joined-up cultural offer for the City, it is considered that a merger of the two museums, with the Belgrade continuing to operate independently, is the most deliverable approach, whilst still ensuring an accessible and increasingly joined-up cultural offer. Of all options considered, the Two Trust model was largely considered by the Project Team and stakeholders as the option offering the most protection of the current cultural offer. The Two Trust model is therefore the recommended option.

## 3. **Results of consultation undertaken**

3.1 A communications plan has been developed and managed for the review. The stakeholders for the review process were identified as:

### *Internal*

- Project Team
- Project Board
- ABC Transformation Board

- Elected Members
- ABC Programme Office

*External*

- The Belgrade Theatre
- Coventry Transport Museum
- Coventry Heritage and Arts Trust (CHAT)
- Arts Council England

- 3.2 Cabinet Members and Senior Officers have been consulted to ensure that the process has been robust, transparent and targeted in order to achieve the over-arching objectives, as well as seeking advice on the relevant components of the review, such as finance, legal and HR.
- 3.3 Direct consultation with the Belgrade, CTM and CHAT management teams and their Board members was undertaken.
- 3.4 The Project Sponsor and Project Lead, together with the PwC Project Lead and Cultural Advisor, have engaged with Arts Council England. Two meetings were specially held. The first of these meetings was to inform Arts Council England of the evolution and principles of the review. The second meeting was held to present and seek feedback on the draft proposals, which allowed officers to understand any issues and implications with regard to other funding sources in the proposals coming forward.
- 3.5 Subsequent to this decision, TUPE implications and the resolution of the staff transfer will be a matter for the Trusts.

#### **4. Timetable for implementing this decision**

- 4.1 It is the intention that decisions on the outcomes of the review are reached ahead of the Council's budget setting process in November 2012.
- 4.2 Elected Members will be considering the recommendations of the review at the following meetings:
- Wellness, Liveability and Public Health Scrutiny Board (1) – 8 October 2012
  - Cabinet – 9 October 2012
  - Council – 23 October 2012
- 4.3 The Trusts Boards will be considering the recommendations at Board meetings scheduled in the weeks preceding the above timetable. Subject to Board approvals, the Belgrade is able to immediately implement their plans to deliver the grant reduction. The process for CHAT/CTM requires a number of steps to achieve a new entity:
- 4.3.1 From the date of Council approval, the Council and the Trusts will work collaboratively to establish the legal form and governance for the new company, achieve Charitable Status, seek Admitted Body Status, recruit to the Board, agree a new grant aid agreement and prepare any other required due diligence.
- 4.3.2 Staff, assets and liabilities will then transfer from CTM and CHAT to the new company. The new company will undertake the required changes. An absolute long-stop date for full implementation of the 31 March 2014 is proposed. The earlier this can be achieved, the greater the savings that will be realised during 2013/14.



4.3.3 The above timescales could reasonably be shortened dependent on resources available to implement the change and the speed of agreement of the transition plan.

4.4 During 2013/14 a Letter of Comfort may be required from the Council to the CTM/CHAT Boards and auditors to confirm the Council's funding arrangements to ensure the continued viability of Trusts for a time-limited period of transition from the point of submitting signed accounts.

## **5. Comments from Director of Finance and Legal Services**

### **5.1 Financial implications**

5.1.1 The Council's Medium Term Financial Strategy already includes a £200k per annum saving from across the three Trusts from 2012/13 onwards. This has been applied in 2012/13, but the recommendations in this report provide a long-term mechanism for achieving the existing savings plus additional savings.

5.1.2 The recommended option generates a total saving of £665,000 a year (thereby delivering the £200,000 saving already within the Council's Medium Term Financial Strategy - MTFs) and providing a further saving of £465,000 per annum from the first full year of implementation. This is split between an annual saving from the Belgrade of £272,000 by 2014/15, compared with the baseline position, and an annual saving from CHAT and CTM combined of £393,000 on the same basis.

5.1.3 The full £665,000 will be delivered from 2014/15. However, in 2013/14 the savings in relation to the new Trust are dependent on the implementation timescales. These timescales will need to be fully developed and agreed with the CHAT and CTM Boards.

5.1.4 CHAT and CTM cannot deliver the savings through the establishment of a new company and managed wind down of the existing Trusts without incurring one-off costs. Therefore, it is considered necessary to support the CHAT/CTM/new company in the transitional period in order to maintain continuity of services for the City and to achieve the long term objective of additional savings once the new company is fully established with a reduced cost base. In order to achieve this, a limited amount of additional funding will need to be provided under the terms of the existing agreement with CHAT/CTM and under a new funding agreement with the new Trust, the details of which are contained in the private section of this report.

This will be subject to:

- further detailed financial work and an open book relationship with the Trusts;
- an agreed transition plan;
- a robust business case for the delivery of longer term savings once the new Trust is established;
- a legal agreement, through varying the existing service/grant agreements and the new terms within the new grant aid agreement; and
- consultation with Members as detailed in the recommendations.

5.1.5 During 2013/14 a Letter of Comfort may be required from the Council to the CTM/CHAT Boards and auditors to confirm the Council's funding arrangements to ensure the continued viability of Trusts for a time-limited period of transition from the point of submitting signed accounts.

5.1.6 The transition plan will need to make arrangements for the transfer of liabilities (including pension liabilities). This will be the subject of a further report back to Members if necessary.

5.1.7 In working with CTM and CHAT over the coming months, the Council and Boards are committed to ensuring continuity and quality of services to the people of Coventry and profile of the City. To this end the Council, CTM, CHAT and the new company will:

- Take decisions on the basis of managing risk (both financial and service);
- Adopt a joint working approach whilst respecting the independence of the Boards and indeed executive power and democratic legitimacy of Members. This will include an open book approach to all aspects of the CHAT/CTM business;
- Agree joint communications about transfer to the new Trust;
- Develop a HR strategy (both internal and external).
- In addition, CHAT and CTM will not renew or enter into any new contracts without approval from the Council. Nor will they recruit or fill any vacancies without approval from the Council.

5.1.8 Although this report recommends Council expenditure, the overall package represents good value for money for the Council, because it assumes that the injection of cash resources up front will release ongoing savings.

5.1.9 Members are asked to support these proposals.

## 5.2 Legal implications

5.2.1 The Council has the power under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 which enables the Council to make grants to the Belgrade Theatre and the proposed new Trust to provide the recreational facilities at the theatre, the art gallery, fort, visitor centre and museum. The Council will enter into formal grant aid agreements which will govern the terms and conditions of the grant and how it is to be spent.

5.2.2 The general power of competence contained in the Localism Act 2011 enables the Council to assist with the setting up of the new structure into which it is proposed that CHAT and CTM will merge. It is proposed that this will be a company limited by guarantee which can then be registered as a charity (in order to achieve certain tax benefits available to charities).

5.2.3 In collaboration with CHAT and CTM, the Council will work together to determine the governance structure of the new company including directors and membership and for registration of the company as a charity. Following creation of the new company, transitional steps will include the transfer of staff to the new organisation, seeking Admitted Body Status in respect of the Local Government Pension Scheme and the transfer of existing assets (including land) to the new Trust Company. The Council will also work with CHAT and CTM to assign the existing leases to the new company for each of the properties.

## Other implications

### 6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The recommended proposals contribute to the Council's core aims to:

- *Make Coventry an attractive and enjoyable place to be* – by sustaining and joining up the current cultural offer for the City, maintaining access to the City's collections, heritage and programmes and building on momentum from Coventry as a co-host city for the London 2012 Games
- *Ensuring that children and young people are safe, achieve and make a positive contribution* – through the ongoing educational and community cultural offers of the Trusts
- *Encouraging a creative, active and vibrant city* – by sustaining access to the collections, services and expertise of the current offer, and through sustaining and further developing partnerships with wider arts and heritage partners
- *Developing a more equal city with cohesive communities and neighbourhoods* – cultural experiences and events are widely recognised to positively bring communities together and to contribute to developing and defining a sense of place. Sustaining the cultural offer secures the positive benefits to communities presented by the uniqueness of the offer.

In addition to the above contributions to the Council's core aims, the proposals will contribute to the achievement of wider Council objectives through providing better customer service, greater efficiency and sustainable delivery.

### 6.2 How is risk being managed?

A project risk log has been developed and managed within the review and will be maintained on the corporate system through any subsequent stages of implementation. The risk log will be fully reviewed as the project moves into implementation and will continue to be managed by the Service Manager Sports and Arts and Project Officer. The risk log will be further reviewed at regular intervals by the Project Sponsor and Project Board.

### 6.3 What is the impact on the organisation?

6.3.1 It is anticipated that the report recommendations will deliver improved efficiencies and cost savings to the Council in cultural provision in the City, to a level of £665,000 per annum. The proposals would lead to transition to a new 'Two Trusts' delivery structure. It is proposed the Council would work closely with the current Trusts and the emerging new entity through the period of transition, to manage this transition in a manner that will seek to balance expediency with the protection of the cultural offer.

6.3.2 There are no HR implications for the organisation as these proposals will not affect City Council employees.

### 6.4 Equalities / EIA

6.4.1 The recommended proposal is predicated on retaining the current level and accessibility of the cultural offer and does not require significant changes to this offer. For example, the model does not require a reduction in opening hours or the introduction of new

charging regimes. (Modelling the introduction of charges for museum admissions suggested a 50-70% fall in visitor numbers, with the reduction in visitors particularly likely to come from those with lower levels of disposable income. This reduction and change in access arrangements has been avoided in the recommended 'Two Trusts' model.) Proposed changes are therefore largely organisational and not expected to negatively impact on the accessibility or experience of services for visitors or users.

- 6.4.2 Any changes to staffing structures across the Trusts would be subject to the change proposals presented by the new entity and would be managed by the Trusts/new entity, as the employer(s) of all potentially affected staff.
- 6.4.3 A key goal of the review has been to protect the cultural offer for visitors/customers of the three current cultural Trusts. As outlined above, the preferred model achieves this, but the detailed proposals for organisational and staffing transition will not be known until the new entity is established, therefore the equalities impact with reference to staffing may only be estimated and not definitively confirmed at this stage. However, any staffing change proposals would be subject to a full 90-day consultation managed through the new Trust.

## **6.5 Implications for (or impact on) the environment**

None

## **6.6 Implications for partner organisations?**

- 6.6.1 The recommended proposal reduces the level of funding to the current cultural Trusts by £665,000 per annum, but proposes a new 'Two Trusts' delivery structure and support with the transitional process and with any agreed, eligible change costs. The recommended proposal is predicated on retaining the current level and accessibility of the cultural offer and does not require significant changes to this offer. Any changes to staffing structures across the Trusts resulting as a consequence of the proposal would be subject to the change proposals presented by the Trusts and new entity and would be managed by the Trusts/new entity, as the employer(s) of all potentially affected staff. Detailed proposals for organisational and staffing transition will not be known until the new entity is established and will be a matter for the Trusts.
- 6.6.2 Arts Council England (ACE) is a current funder of both the Belgrade Theatre and CHAT. The Project Sponsor and Project Lead, together with the PwC Project Lead and Cultural Advisor have engaged with ACE to present and seek feedback to the draft proposals, ensuring protection of the current cultural offer and further dialogue concerning any potential issues and implications for ACE that could arise from the above proposals coming forward. ACE has fully engaged with and supported the review process to date.

### **Report author(s):**

#### **Name and job title:**

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David Cockroft	Assistant Director, City Centre & Development Services	City Services & Development	24/08/2012	04.09.12
Lisa Commane	Assistant Director Special Projects Finance	Finance & Legal Services	24/08/2012	29.08.12
Steve Thomas	Senior Accountant	Finance & Legal Services	24/08/2012	29.08.12
Kevin Malone	Assistant Director ICT	Customer & Workforce Services	24/08/2012	03.09.12
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Carol Williams	HR Manager	Customer & Workforce Services	24/08/2012	04.09.12
Michael Lennox	Senior Solicitor	Finance & Legal Services	24/08/2012	03.09.12
Carl Bainbridge	Communications Team	Chief Executives	24/08/12	03.09.12
Suzanne Bennett	Governance Services Officer	Customer & Workforce Services	24.08.12	24.08.12
<b>Names of approvers for submission:</b> (officers and members)				
Finance: Phil Helm	City Services & Development Finance Manager	Finance & Legal	24.08.12	31.08.12
Legal: Clarissa Evans	Commercial Team Manager	Finance & Legal	24.08.12	29.08.12
Chief Executive: Martin Reeves	Chief Executive		04.09.12	04.09.12
Members: Councillor Ruane	Cabinet Member (Neighbourhood Action, Housing, Leisure and Culture)		04.09.12	06.09.12

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