

Question Number	Question asked by:	Subject
CABINET MEMBER FOR FINANCE & RESOURCES Councillor Simon Hall		
PQ003-20	Daniel Koch	Croydon Council Divestment in Fossil Fuels
CABINET MEMBER FOR CULTURE, LEISURE & SPORT Councillor Oliver Lewis		
CQ003-20	Councillor Tim Pollard	Concessions Contract

PQ003-20 from Daniel Koch

Councillor Hall

"Could we have an update on the council's progress in divesting all interests in fossil fuels?"

Reply

The policy adopted by the Pensions Committee speaks of disinvesting from existing fossil fuel investments in a prudent and sensible way that reflects the fiduciary responsibility due to stakeholders.

The asset class that matches the description of investing in fossil fuels is listed equity. In line with previous responses, our investment in fossil fuels currently stands at £20m out of an overall £1.4bn pension pot. The Council's fossil fuels investment stands at approximately 1.4% of the overall Pension Fund.

The Pension Committee are reviewing the current asset allocation strategy, following the triennial actuarial review. It will then seek to pursue its divestment strategy.

One option under active consideration is to transfer current passive ex-tobacco equity investments into an appropriate fund through the London CIV. The fund being looked at will invest in public global equities, excluding fossil fuels, tobacco, weapons manufacturers, adult entertainment, alcohol and gambling. Its carbon intensity is also much lower than the market.

CQ003-20 from Councillor T. Pollard

Councillor Lewis

“Please outline the key terms of the ‘Concessions Contract’ between the council and BH Live. When was the contract signed and effective from? What are the break clauses? What are the KPIs? What are the dispute mechanisms in the event that the KPIs are not met?”

Reply

The key terms of the Concession Contract between the Council and BH Live are:-

- **Term** - 10 years with option to extend at the absolute discretion of the Council for a further 5 years.
- **Contract Fee** - As this is a Concessions Contract there is no Contract Fee paid either to/from BH Live.
- **Council Outcomes** - Outcomes are part of the Contract and reflect what the Council expects from the Operator. This includes:-

The venue

- To become a cultural destination of choice for residents and visitors
- An open and welcoming building that is animated and busy
- A building with a mix of attractive environments for everyone; for children and families, for young adults, for older visitors

The programme

- Wide ranging year round programme at different scales for audiences in the Borough
- A high quality strand of programming across all forms of music, theatre and dance of national significance
- Available spaces for Croydon schools, communities and organisations to use for milestone cultural events in their annual programmes

Supporting functions

- High quality conference facilities
 - Restaurant, bars and catering
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- **Repairs & Maintenance** - BH Live are responsible for all repairs and maintenance of the building and its assets. The Council have responsibilities as Landlord to replace certain assets over the value of £20,000.
 - **Annual Review** - A formal annual review of the contract will happen in addition to quarterly performance monitoring of KPIs and regular meetings between BH Live and the council to develop the offer at the venue,
 - **Operators Proposals** - The Operator set out their proposal at tender stage stating how and what they would deliver in line with the Council's Outcomes. These will be monitored during the length of the Contract and a summary of these were included in the original award report agreed at Cabinet.

The Contract and agreement to lease was signed on 22 July 2019. Following this an Early Works Licence was granted commencing 9 September 2019, this enabled BH Live to carry out operator fit-out works as part of venue mobilisation and to carry out operation in the phased handover to include events, food and beverage operation and associated venue related activities. The contract went live on full practical completion of the building – this means that the contract and lease will be effective from 1 February 2020. BH Live are in the process of returning a signed and statutory declared lease.

There are 13 Key Performance Indicators (KPIs) which will be monitored during the contract term, these relate to such things as number of performances, ticket sales, community events, customer satisfaction, health & safety, environmental impact and timely repair. There is an escalation procedure in the contract that states how the council and BH Live will respond if KPIs are not met, the council and BH Live are committed to working in partnership to ensure the success of the venue however should poor performance persist there are “step-in” rights and break clauses within the contract.