

Present:

Councillor Taylor (in the Chair)

Councillors

L Williams

In Attendance:

Mr Alan Cavill, Director of Communications and Regeneration

Mr Steve Thompson, Director of Resources

Ms Kirsten Whyatt, Finance Manager, Subsidiary and Partnership Finance

Mrs Sharon Davis, Scrutiny Manager

Mrs Lorraine Hurst, Company Secretary

Ms Jane Cole, Managing Director, Blackpool Transport Services Limited (BTS) (Items 9 – 11 only)

Mr James Clough, Commercial and Finance Director, BTS (Items 9 – 11 only)

Councillor Paul Galley, Chair, BTS Board (Items 9 – 11 only)

Mr Michael Williams, Managing Director, Blackpool Entertainment Company Limited (BECL) (Items 7 and 8 only)

Mr Andy Morgan, Interim Finance Director, BECL (Items 7 and 8 only)

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 EXCLUSION OF THE PRESS AND PUBLIC

The Shareholder Committee agreed that under Section 100A of the Local Government Act 1972, the public be excluded from the meeting during consideration of item 3 'Minutes of the last meeting held on 20 February 2023' (restricted minutes only), Item 4 'Shareholder Committee Action Tracker', Item 5 'Shareholder Update', Item 6 'Wholly-Owned Company Financial Performance as at Month 10 2022/23', Item 7 'Blackpool Entertainment Company Limited Managing Director's Update', Item 8 'Blackpool Entertainment Company Limited Financial Report', Item 9 'Blackpool Transport Services Limited Financial Performance and Sustainability (Recovery) Plan', Item 10 'Blackpool Transport Services Limited Key Performance Indicators' and Item 11 'Blackpool Transport Services Limited Zebra Update' on the grounds that they would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

3 MINUTES OF THE LAST MEETING HELD ON 20 FEBRUARY 2023

(The press and public were excluded from the consideration of the restricted minute part of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

The Committee considered the minutes of the last meeting held on 20 February 2023, noting that there was a public and restricted version.

The Committee agreed the minutes of the meeting as a true and correct record.

4 SHAREHOLDER COMMITTEE ACTION TRACKER

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

The Committee considered its action tracker and noted the update provided by Mrs Lorraine Hurst, Company Secretary with regards to the completion of the overarching company strategic risk register which would be presented to the Shareholder Committee in due course.

5 SHAREHOLDER UPDATE

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Mr Alan Cavill, Director of Communication and Regeneration and Mr Steve Thompson, Director of Resources provided an update on the Companies on behalf of the Shareholder:

- It was reported that the Managing Director (MD) of Blackpool Airport Company Limited continued to pursue new opportunities, however, the Company was still operating at a loss. It was considered that a review of the Company must be undertaken once the MD had been in post for an appropriate amount of time in order to determine the future of the Company.
- In regards to Blackpool Operating Company Limited, it was noted that the Company was expected to pay the requested dividend to the Company in 2023. The Company was cash rich and an offer had been made by the Council to manage the cash in order to achieve a higher interest rate.

The Committee noted the updates provided.

6 WHOLLY-OWNED COMPANY FINANCIAL PERFORMANCE AS AT MONTH 10 2022/23

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Mr Steve Thompson, Director of Resources provided an update on the financial performance of the Wholly-Owned Companies as at Month 10. He noted that the financial position of Blackpool Airport Operations Limited had deteriorated slightly from

Month 9 and that the Company had made a loss consistently and for a long time. Blackpool Transport Services Limited also continued to make a loss.

With regards to Blackpool Entertainment Company Limited, the Company had grown its turnover significantly and was implementing some transformational ideas, however, due to the increased costs of energy and staff pay, the Company had made a loss. The Company had been requested to produce a break even budget for the next financial year.

Mr Thompson noted that work was being undertaken to report the level of debt across the Companies to the Shareholder Committee in greater detail in future years with the current level almost £50 million. Of that, £30 million related to Blackpool Housing Company Limited and was therefore investment in assets, however the level of other debt (Covid and support to capital spending (capex)) was of concern. Further work would be carried out to provide a simpler, broader picture of Wholly-Owned Company debt and would be submitted to the Committee in due course.

The Committee noted that the Director of Resources would be authorised to provide a letter of comfort to relevant Council owned companies and their External Auditor to state that Blackpool Council would provide continuing financial support as required in line with the company's requirements to meet its financial obligations as and when they fall including any intercompany loan facilities thereby enabling the companies to continue to operate on a going concern basis.

7 BLACKPOOL ENTERTAINMENT COMPANY LIMITED MANAGING DIRECTOR'S UPDATE

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Mr Michael Williams, Managing Director, Blackpool Entertainment Company Limited (BECL) and Mr Andy Morgan, Interim Finance Director, BECL joined the meeting from this item.

Mr Michael Williams, Managing Director, Blackpool Entertainment Company Limited (BECL) presented the report to the Committee and highlighted the recent successes and challenges facing the Company. He advised that in 2022 the musical Six had become the best performing show at the Winter Gardens in many years and that a number of other events had also demonstrated a stronger performance than in previous years.

The Committee noted the update.

8 BLACKPOOL ENTERTAINMENT COMPANY LIMITED FINANCIAL REPORT

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Mr Andy Morgan, Interim Finance Director, Blackpool Entertainment Company Limited (BECL) presented the report to the Committee and noted that turnover and gross profit had been very similar to the projections in the budget, with the costs of energy and staffing costs higher than expected resulting in an overall loss of £400k expected by year end. It was noted that the current position of the Company was better than that set out in the Recovery Plan agreed in November 2020.

With regards to the Conference Centre, it was reported that utilisation was currently 42.5% and it was hoped this could be increased to 60%. The Conference Centre had been successful in retaining conferences and securing new conferences and it was noted that the investment in the Winter Gardens was having a positive impact on the profitability of the Company.

The Committee noted the update.

Mr Michael Williams, Managing Director, Blackpool Entertainment Company Limited (BECL) and Mr Andy Morgan, Interim Finance Director, BECL left the meeting following the conclusion of this item.

9 BLACKPOOL TRANSPORT SERVICES LIMITED: FINANCIAL PERFORMANCE AND SUSTAINABILITY (RECOVERY) PLAN

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Ms Jane Cole, Managing Director, Blackpool Transport Services Limited (BTS), Mr James Clough, Commercial and Finance Director, BTS and Councillor Paul Galley, Chair, BTS Board joined the meeting from this item.

Mr James Clough, Commercial and Finance Director, Blackpool Transport Services Limited (BTS) provided a comprehensive presentation on the Sustainability Plan incorporating the 2023/24 budget and projected outturn figure for both the current year and forthcoming financial year, the extension of the £2 bus fare-cap to the end of June 2023 for a single adult ticket and the options for a revised fares structure for non-single bus tickets in order to improve financial performance and meet the projected outturn figure.

A number of key points were highlighted including the impact of children utilising buses to travel to and from school causing a peak in demand which required additional and more costly double decker buses to meet the demand. The increasing costs in terms of fuel, electricity, employee and contractor costs were also highlighted. It was also noted that the current level of fares at BTS was lower than at comparable bus companies and that the value of weekly and monthly passes per journey was lower than the £2 per journey that was considered good value by the Government.

The options were discussed by the Shareholder Committee in detail and concern was raised that a 10% fare increase would create considerable pressure on residents when many other costs were already being increased. It was indicated that a 5% increase would be preferable to the Shareholder.

In response to the perspective of the Shareholder, Councillor Paul Galley, Chair, BTS Board advised that the BTS Board must set a balanced budget and the 2023/24 draft budget had been based on a 10% increase which would increase revenue by £2 million and would result in a forecast loss of £314,800 for the financial year. It was also considered that the proposals would rebalance value towards cash limited customers as a result of freezing adult day tickets and would blend with general increases and the £2 fare cap. The difficulties in cash flow at the Company were also highlighted with the potential

that the Company might require an additional loan in the near future should a 10% increase in fares not be approved.

Company representatives advised that a 5% increase would result in £1,314,800 forecast loss for which some form of subsidy would be required, although noted that the Company had no further saleable assets without compromising delivery.

The Committee noted that the Board would be considering for approval the sustainability plan and fare review at its meeting the following week.

Mr Steve Thompson, Director of Resources reported that the Shareholder had, earlier in the meeting, authorised him to provide a letter of comfort to the relevant Council owned companies and their External Auditor to state that Blackpool Council would provide continuing financial support as required in line with the Company's requirements to meet their financial obligations.

10 BLACKPOOL TRANSPORT SERVICES LIMITED: KEY PERFORMANCE INDICATORS

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Ms Jane Cole, Managing Director, Blackpool Transport Services Limited (BTS) provided an overview of the Company's performance against its key performance indicators. She highlighted that the Company had joined the Institute of Customer Services in order to more accurately measure customer satisfaction and early feedback had been positive.

The Committee noted the update.

11 BLACKPOOL TRANSPORT SERVICES LIMITED ZEBRA UPDATE

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Ms Jane Cole, Managing Director, Blackpool Transport Services Limited (BTS) provided an update on the ZEBRA project (Zero Emissions Bus Regional Areas). She noted that work had commenced on the demolition of the East Garage with site plans agreed. The funding from the Department for Transport had provided the deposit for the buses with the remainder to be paid via lease arrangement. It was advised that each scheme had taken a different approach to the procurement of the buses. It was expected that the project would be completed in April 2025.

In response to questions, it was noted that the current buses would be sold privately to secure the best value for money possible and that meetings were being held with other areas that had already converted to an electric fleet to identify best practice. The Company would also meet with Enveco in due course to explore areas of joint working, was renegotiating contracts such as wifi wherever possible to reduce costs and was exploring the potential for solar panels on other areas of the site with the East Garage roof not being strong enough.

The Committee noted the update.

Chairman

(The meeting ended at 11.38 am)

Any queries regarding these minutes, please contact:

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