

<b>Notice of:</b>	<b>EXECUTIVE</b>
<b>Decision Number:</b>	EX29/2021
<b>Relevant Officer:</b>	Neil Jack, Chief Executive
<b>Relevant Cabinet Member:</b>	Councillor Lynn Williams, Leader of the Council
<b>Date of Decision:</b>	14 June 2021

## **PROVISION OF A BUSINESS LOAN TO BLACKPOOL TRANSPORT SERVICES LIMITED**

### **1.0 Purpose of the report:**

1.1 To consider an application for a Business Loan from Blackpool Transport Services Limited (BTS) towards a contactless payment system installed across its tram and bus network.

### **2.0 Recommendation(s):**

2.1 To approve a £550,000 loan towards a £750,000 capital investment in upgrading the Blackpool Transport Services Limited fleet with a contactless payment system.

2.2 Subject to 2.1 above, to agree that the loan agreement will have a loan repayment term of 5 years from initial drawdown.

2.3 To delegate authority to the Chief Executive to finalise any legal conditions for the loan including the rate of interest.

2.4 To authorise the Head of Legal to prepare legal documentation for the loan facility and associated security charges.

### **3.0 Reasons for recommendation(s):**

3.1 The Blackpool Council Business Loan Fund has been in place for a number of years. The provision was further extended on the 27th February 2019, when the Full Council agreed to approve a decision to extend the Business Loans Fund scheme by a further £100million bringing the total fund to £200million. The purpose of the fund is to promote economic development in Blackpool in a sustainable manner in line with the Council's priorities but also to generate a return on investment as a source of income for the Council.

Loans are provided on a commercial basis and are funded by borrowing. Funding is secured through the Public Works Loans Board (PWLB) an arm of the HM Treasury. Local Authorities are able to borrow funds at low interest rates, and make loans to suitable companies or to their wholly owned companies.

The Business Loans Fund Panel met on the 19 February 2021 to consider a business case for investment and is recommending approval of the loan. The Panel is chaired by the Chief Executive and includes the Director of Resources, the Director of Communications and Regeneration and the Head of Legal Services.

In line with existing financial delegations, any loan decision of £500,000 or more must be approved by the Executive having first been appraised and recommended by the Loans Panel.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council's approved budget? Yes

**4.0 Other alternative options to be considered:**

4.1 The alternative option would be for Blackpool Transport Services Limited to seek the resources from elsewhere (which could be difficult), or to not move forward with a modern ticketless option for patrons of the service. The latter option runs contrary to trends for many patrons to use card payments rather than cash. Blackpool Transport Services Limited has chosen to apply to the Council's Loan Fund as it meets the criteria for such investment, and they have followed all financial due diligence requests required. The Council could refuse to fund the scheme but it does meet with the Loan Fund's stated objective to promote economic development and to achieve a return on investment.

**5.0 Council priority:**

5.1 The relevant Council priority is: "The economy: Maximising growth and opportunity across Blackpool".

**6.0 Background information**

6.1 The loan request is to provide a £550,000 loan towards a £750,000 investment in a ticketless payment system across the entire Blackpool Transport Services Limited transport fleet.

6.2 The loan would enable the system to be available across the entire Blackpool Transport Services Limited transport network and the business plan demonstrates a range of financial efficiencies that will result which will enable Blackpool Transport Services Limited to repay the

loan over a 5-year period.

6.3 Blackpool Transport Services Limited operate a modern fleet of trams and buses and the contactless system would ensure the network is future-proofed for those users who prefer to pay by card rather than cash, offering a more convenient way to pay for an increasing proportion of service users.

6.4 The current ticketing arrangements are no longer financially viable in the post covid climate so investment is necessary to allow progression. The installation of the Ticketless system represents a significant upgrade on the current ticketing arrangements and brings Blackpool Transport into line with other transport operators throughout the country.

6.5 Does the information submitted include any exempt information? No

**7.0 List of Appendices:**

7.1 None.

**8.0 Financial considerations:**

8.1 The key consideration is the ability of the borrower to repay the loan to the Council with interest over the repayment term, and the applicant's business case demonstrates that this is achievable.

**9.0 Legal considerations:**

9.1 The Council's Legal Services will use such resources as required to carry out the appropriate level of legal due diligence in relation to the security for the loan and the purpose for which it is to be used and enter into the facility agreement and other appropriate documents to secure the Council's best interest.

**10.0 Risk management considerations:**

10.1 The key risk relates to the ability of the applicant to repay the loan against savings, efficiencies and growth as identified in Blackpool Transport Services Limited's business case.

**11.0 Equalities considerations:**

11.1 None.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 None directly although the contactless payment may encourage passenger growth and the use of public transport.

**13.0 Internal/external consultation undertaken:**

13.1 None.

**14.0 Background papers:**

14.1 None.

**15.0 Key decision information:**

15.1 Is this a key decision? Yes

15.2 If so, Forward Plan reference number: 2/2021

15.3 If a key decision, is the decision required in less than five days? No

15.4 If **yes**, please describe the reason for urgency:

**16.0 Call-in information:**

16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

16.2 If **yes**, please give reason:

## TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

### 17.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 4 June 2021 Date approved:

### 18.0 Declarations of interest (if applicable):

18.1 Councillor Benson declared a Disclosable Pecuniary Interest, the nature of the interest being that her husband was employed by Blackpool Transport Services Limited.

### 19.0 Executive decision:

19.1 The Executive agreed the recommendations as outlined above namely:

1. To approve a £550,000 loan towards a £750,000 capital investment in upgrading the Blackpool Transport Services Limited fleet with a contactless payment system.
2. To agree that the loan agreement will have a loan repayment term of 5 years from initial drawdown.
3. To delegate authority to the Chief Executive to finalise any legal conditions for the loan including the rate of interest.
4. To authorise the Head of Legal to prepare legal documentation for the loan facility and associated security charges.

### 20.0 Date of Decision:

20.1 14 June 2021

### 21.0 Reason(s) for decision:

21.1 The Blackpool Council Business Loan Fund has been in place for a number of years. The provision was further extended on the 27th February 2019, when the Full Council agreed to approve a decision to extend the Business Loans Fund scheme by a further £100million bringing the total fund to £200million. The purpose of the fund is to promote economic development in Blackpool in a sustainable manner in line with the Council's priorities but also to generate a return on investment as a source of income for the Council.

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The Business Loans Fund Panel met on the 19 February 2021 to consider a business case for investment and is recommending approval of the loan. The Panel is chaired by the Chief Executive and includes the Director of Resources, the Director of Communications and Regeneration and the Head of Legal Services.

In line with existing financial delegations, any loan decision of £500,000 or more must be approved by the Executive having first been appraised and recommended by the Loans Panel.

**22.0 Date Decision published:**

22.1 15 June 2021

**23.0 Executive Members in attendance:**

23.1 Councillor L Williams, in the Chair

Councillor Smith and Taylor.

**24.0 Call-in:**

24.1

**25.0 Notes:**

25.1 The following Executive members while not present in the room and not able to vote, joined and participated in the meeting virtually:

Councillors Brookes, Campbell, Farrell, Hobson and Hugo.

The following non-Executive member was in attendance virtually: Councillor Hunter.

(Councillor Benson having declared a Disclosable Pecuniary Interest left the meeting during consideration of the report and the decision.)