

Blackpool Council

Wholly Owned Companies

This is a brief summary for the Executive's information. The financial performance of the companies in detail is a matter that will be considered by the Shareholder Committee.

Covid Support to Council Wholly Owned Companies

The Coronavirus pandemic led to a number of Council Wholly Owned Companies (WOCs) facing significant income losses as a result of lockdown and subsequent social distancing restrictions. This impacted both company profitability and cashflow. It looked likely that without Council support some would not be able to recover within a reasonable timeframe, which could leave the Council without an operator for assets of significant financial value and importance to the town and its tourist economy.

In November 2020 Executive approved the establishment of a £24m Covid Recovery Fund (PH46/2020), £20m plus a 20% contingency, ringfenced for WOCs only, from within the existing Business Loans Fund.

To be eligible to access the Covid Recovery Fund facility companies needed to produce a 5-year Covid recovery plan (2020/21 year + 4) and to demonstrate a cumulative breakeven income and expenditure position by the end of year 5 of their recovery plan, or as close as possible to this term.

Loans were offered at a fixed rate over 5 years, thereby providing the WOCs with certainty over future repayments requirements and were tailored to the individual circumstances of the company and its recovery plan, offers being made on either an interest-only basis with balloon principal repayment or with monthly repayments of interest and principal.

To date there have been loan approvals of £13.3m against that facility of which £7.32m has been drawn down. The Council's Business Loans Fund Panel monitors progress against the WOCs' respective recovery plans on a regular basis.

Non Covid-related loan support to WOCs

The Council also supports its WOCs' capital spending (capex) requirements where there is a robust business case demonstrating either a valid 'Spend to Save' initiative or an opportunity to spend to generate income. The Council's exposure to such WOC capex loans is currently £44.1m.

Wholly-owned companies financial performance as at Month 3 2021/22

The consolidated forecast financial position of the Council's wholly-owned subsidiary companies is a loss of £4.5m based on their individual Month 3 financial monitoring reports. This represents an improvement of £700k from the Month 2 position of a £5.2m loss, resulting from some businesses forecasting better than expected trading in the initial months of the 2021/22 financial year coupled with clarity regarding the continuation of certain funding streams. However, the Government's delay in relaxing Covid restrictions from 21st June 2021 to 19th July 2021 has adversely impacted these forecasts.



The forecast loss in respect of Blackpool Entertainment Company Limited (BECL) is included within Strategic Leisure Assets in the forecast directorates' financial performances per convention and the Council is currently awaiting confirmation from CIPFA and from its external auditors, Deloitte, regarding the proper accounting treatment in respect of such forecast losses.