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MINUTES OF SHAREHOLDER COMMITTEE MEETING - MONDAY, 5 SEPTEMBER 2022

Councillor Taylor (in the Chair)

Councillors

Clapham L Williams

In Attendance:

Lennox Beattie, Executive and Regulatory Support Manager

Alan Cavill, Director of Communications and Regeneration

Lorraine Hurst, Head of Democratic Governance

Steve Thompson, Director of Resources

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 EXCLUSION OF THE PUBLIC

The Committee considered excluding the public and press during consideration of the restricted minutes of the meeting held on 15 July 2022 included in the agenda as part of Item 2 and Appendices 3a and 3b of Item 3- Details of Loan Request and Blackpool Entertainment Company Limited Food and Beverage Strategy presentation as these documents contained commercially sensitive information.

The Committee considered that on balance the public interest would not be served by making the information public as it could undermine the Council and its wholly owned companies' financial position.

Resolved: That under Section 100 (A) of the Local Government Act 1972, the public be excluded from the meeting during the consideration of the restricted minutes of the meeting held on 15 July 2022 included in the agenda as part of Item 2 and Appendices 3a and 3b of Item 3- Details of Loan Request and Blackpool Entertainment Company Limited Food and Beverage Strategy presentation on the grounds that it 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 15 JULY 2022

The Committee considered the minutes of the last meeting held on the 15 July 2022, noting that there was a public and a restricted version of the minutes.

Resolved:

The Committee agreed that the minutes of the meeting be signed by the Chair as a true and correct record.

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4 PROVISION OF A LOAN TO BLACKPOOL ENTERTAINMENT COMPANY LIMITED

(The press and public were excluded during the parts of this item where Appendices 3a and 3b were considered).

The Shareholder Committee considered a loan request from Blackpool Entertainment Company Limited towards continuing renovation of the Winter Gardens. The loan had been requested to allow for the upgrading of essential infrastructure such as lifts, toilets and other fixtures and fittings but also to facilitate investment in revenue enhancement projects.

The Shareholder Committee noted that the Council's Business Loans Fund Panel had considered the loan case and recommended approval of the loan taking into account all due diligence. The Business Loans Fund Panel had recommended a number of conditions which were outlined in Appendix 3a to the report notably an interest rate reflective of the market conditions, a repayment term and reporting arrangements with any major deviations to be reported immediately and regular reports on accounts to be presented to the Loans Panel and the Shareholder Committee.

In response to questions from the Committee, Mr Alan Cavill, Director of Communications and Regeneration and Mr Steve Thompson, Director of Resources, both confirmed that they had been part of the Loans Panel meeting that had considered the application. Both Mr Cavill and Mr Thompson confirmed the view expressed in the report that the loan represented a suitable application when considered against the Council's approved Business Loan Scheme Guidance and that the conditions outlined would provide the necessary safeguards for the Council's position. Mr Cavill emphasised his view that the spending encompassed a wide range of areas where investment was required notably the combination of defensive spend to proactively reduce future maintenance requirements and investment to increase spend per visitor including reducing the underutilisation of existing space. Mr Thompson explained the phasing of the investment allowed the company to bring forward increased revenue, reduce any negative impact on existing income streams and allowed oversight of the investment by both the Shareholder Committee and Loans Panel. Blackpool Entertainment Company Limited had provided a Business Plan and provided indicative figures to demonstrate the expected increase in income derived as a result of the proposed works which were considered acceptable.

Shareholder Committee decision:

1. To approve a loan of £1,731,500 to Blackpool Entertainment Company Limited (BECL) towards renovation of the Winter Gardens, as part of its 10 year capital investment plan.
2. To approve the loan terms and conditions as set out in confidential Appendix 2a to the agenda.
3. To provide delegated authority for the Head of Legal to prepare legal documentation for the loan facility.

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Reason for the decision:

The Shareholder Committee noted that the Business Loans Fund Panel had considered the loan case and recommended approval of the loan taking into account all due diligence. 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. The application met the Business Loans Fund criteria and its stated objective to promote economic development and to achieve a return on investment. The Shareholder Committee considered that in light of the expected increase in income derived as a result of the proposed works that the company would be in a position to repay the loan. The proposed loan conditions would provide suitable oversight from the Council through the Shareholder Committee and the Loans Panel.

Other options considered:

The alternative option would have been for Blackpool Entertainment Company Limited to seek funding elsewhere for this investment but the terms were likely to be unattractive in comparison with the Council's ability to draw down loans at comparable low rates of interest and would also need the Council's approval for that to happen in its role as Shareholder and seeking to protect its investment. Blackpool Entertainment Company Limited could decide to not pursue the scheme at all but that would be detrimental to longer-term investment plans and the revenue earning potential of the Winter Gardens.

Blackpool Entertainment Company 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.

The Shareholder Committee therefore concluded that these alternative options would not be acceptable to the Council's position as shareholder.

Date of decision:

5 September 2022.

5 DATE OF NEXT MEETING- 23 SEPTEMBER 2022

The Shareholder Committee noted the date of the next meeting as 23 September 2022

Chairman

(The meeting ended at 4.15 pm)

Any queries regarding these minutes, please contact:

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