

SHAREHOLDER CABINET COMMITTEE

WEDNESDAY 15 DECEMBER 2021

10.00 AM

Engine Shed – Sand Martin House

AGENDA

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Committee Members:

Councillors: Allen (Chair), Ayres, Cereste, Coles (Vice Chairman) and Walsh

Further information about this meeting can be obtained from Pippa Turvey on telephone 01733 452460 or by email – philippa.turvey@peterborough.gov.uk

**MINUTES OF THE SHAREHOLDER CABINET COMMITTEE MEETING
HELD AT 2:00PM ON
MONDAY 13 SEPTEMBER 2021
ENGINE SHED, SAND MARTIN HOUSE**

Members Present: Councillors Coles (Vice-Chair in the Chair), Councillor Bisby, Councillor Cereste, Councillor Howard

6. Apologies for Absence

Apologies for absence were received from Councillor Allen, Councillor Ayres and Councillor Walsh, with Councillor Bisby and Councillor Howard in attendance as substitutes for Councillor Ayres and Councillor Walsh respectively.

7. Declarations of Interest

Agenda Item 4 'Opportunity Peterborough'

Councillor Coles declared that he sat on the University Peterborough Board, however, as the report before committee was purely to note, he would remain in the meeting.

8. Minutes of the Meeting Held on 14 June 2021

The minutes of the meeting held on 14 June 2021 were noted as a true and accurate record.

9. Opportunity Peterborough

The Shareholder Cabinet Committee received a report in relation to Opportunity Peterborough.

The purpose of this report was to provide the Committee with an update on the activities and achievements of Opportunity Peterborough.

Tom Hennessy, CEO Opportunity Peterborough, addressed the Shareholder Cabinet Committee and advised that the key programmes for the year had included an expanded remit to incorporate the visitor economy, raising the profile of Peterborough's attractions, business tourism, supporting the hospitality sector, and talent attraction. Opportunity Peterborough took on responsibility for the Visit Peterborough website and social media accounts in April 2021. Following this the number of visits to the site had increased, with improved user experience. Work was ongoing with the City Centre Working Group to hold a number of events over the summer and autumn, and future funding had been secured. Opportunity Peterborough was further working towards the implementation of a membership network, similar to other areas, in order to attract corporate sponsorship.

It was advised that confirmation of the success of the Community Renewal Fund bid had been expected by July, however, had not yet been received. Mr Hennessey advised Members of the work of Startup Peterborough, which supported the high number of start-up companies in Peterborough and hoped to strengthen its support to improve the start-up survival rate.

The purpose of the Smart Manufacturing Alliance, a joint venture with the Combined Authority, was set out to create a support network and to develop a world-class cluster. European Regional Development Fund funding had been secured to run business support alongside this programme.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- Members were advised that the Smart Manufacturing contract had been secured with the Combined Authority, however, confirmation had not yet been received in relation to the Community Renewal Fund.
- It was explained that the European Regional Development Fund was still available as the UK had already made a contribution to the 2014-2020 pot, which allowed delivery of schemes until 2023.
- It was noted that if Opportunity Peterborough was not successful in its Community Renewal Fund bid then serious consideration would have to be given to the level of resourcing available.
- Comment was made that it would be useful for Opportunity Peterborough to liaise with the Cabinet Member for Digital Services and Transformation, as they shared many areas of focus.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the achievements and impact of Opportunity Peterborough with regards to support for the local economy and jobs creation.

REASONS FOR THE DECISION

It was believed that, with the continued support of the Council, Opportunity Peterborough could make Peterborough a better place to work, to invest and do business, to visit and enjoy, and above all, to call home.

Opportunity Peterborough's work programme had been mapped against Peterborough City Council priorities to ensure that what they were providing aligned with what mattered most to the Council and the communities it serves.

By supporting the delivery of these priorities it was believed that Opportunity Peterborough could also reduce demand on the Council's services thereby having a positive budgetary impact as well as increase the Council's income via increased business rates receipts.

ALTERNATIVE OPTIONS CONSIDERED

To not support Opportunity Peterborough's work and progress to date - This had been rejected on the basis that Opportunity Peterborough's work programme closely aligned with, and added value to, the Council's own priorities and provided excellent value for money as a means of meeting these priorities.

10. Internal Audit Work to Support the Shareholder Cabinet Committee

The Shareholder Cabinet Committee received a report in relation to the work of the Internal Audit services in support of the terms of reference of the Committee.

The purpose of this report was to set out details of all audit activities which had been undertaken which covered Council activities, charities and partnerships which fell within the remit of the Shareholder Cabinet Committee.

The Chief Internal Auditor addressed the Shareholder Cabinet Committee and advised that Internal Audit undertook reviews throughout the year in line with its risk-based Audit Plans, which should be reported back to this committee where relating to the committee's work. It was noted that where issues had been identified, these were addressed, followed up, and had seen improvement.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- Members were pleased to see the report before them and questioned what action was being taken on high-risk areas.
- It was advised that the main high-risk areas were in relation to contract and specification issues, which had been followed up on and improved. It was further noted that if no improvement had been seen, that would have been brought to Members attention.
- It was commented that each of these issues had been reported elsewhere, and that the Committee were now seeing the process in full.
- It was considered important to understand how the delivery of such companies' services fit into the Council's financial objectives in the future and it was noted that additional reports may be required in private session in order to get full financial information.

The Shareholder Cabinet Committee considered the report and **RESOLVED** note works undertaken by the Internal Audit service to support the terms of reference of the Committee.

REASONS FOR THE DECISION

The decision ensured that all services which had been subject to audit had been brought to the attention of the Committee and that Members could place reliance on the activities delivered by or on behalf of the Council.

ALTERNATIVE OPTIONS CONSIDERED

It was seen as best practice to provide Members with details of audit activities undertaken so as to be able to be open and transparent on all its activities.

11. Amendments to the Mayor of Peterborough's Charity Fund Constitution and Associated Memorandum of Understanding

The Shareholder Cabinet Committee received a report in relation to amendments to the Mayor of Peterborough's Charity Fund Constitution and Memorandum of Understanding.

The purpose of this report was to supply the Shareholder Cabinet Committee with a copy of the amended Constitution and MOU, and advise the Committee of the changes.

The Contracts and Procurement Lawyer addressed the Shareholder Cabinet Committee and advised that the Mayor's Charity Fund Constitution had not been reviewed in a number of years and, as such, was out of date. Alongside a review of the Memorandum of Understanding, the constitution had been updated and revised to reduce the number of trustees who had voting powers to four. The Memorandum of Understanding as presented to Members complimented the constitution and set out the procedures for Mayor's Charity events.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- It was confirmed that the only major change was in relation to the number of trustees who could vote. Other changes were in order to make the document easier to read.
- It was considered that with a limited number of trustees able to vote, the system was a lot more capable of being robust.
- Members were advised that the Mayoral Services Manager would always be the treasurer of the Mayor's Charities, with the Head of Constitutional Services providing governance advice. New charities would be briefed each year on the relevant processes.
- Internal Audit kept track of the finances of the Mayor's Charities Fund.
- Following consideration by the committee, information on the Mayor's Charities Fund trustees would be updated on Companies House.

The Shareholder Cabinet Committee considered the report and **RESOLVED**:

1. To note the amendments to the Mayor of Peterborough's Charity Fund's Constitution (Appendix 1 to the report).
2. To note the contents of the Memorandum of Understanding (Appendix 2 to the report).

REASONS FOR THE DECISION

The reason for the decision was to update the Shareholder's Committee of the changes which were required to enable the MPCF to continue to raise valuable funds for the MPCF charitable purpose.

ALTERNATIVE OPTIONS CONSIDERED

The alternative option was to leave the Constitution and MOU as drafted without making the suggested amendments. However, as stated within the report, the purpose of these suggested amendments was to benefit the MPCF and enable the continuation of effective fund raising.

12. University Funding and Finance Interim Update

The Shareholder Cabinet Committee received a report in relation to the funding for the university project and the Council's Levelling Up Fund bid.

The purpose of this report was to provide the Committee with advance notice of a Cabinet paper, with recommendations for approval on 25 October 2021 relating to the university project.

The Executive Director for Place and Economy addressed the Shareholder Cabinet Committee and advised that there was more work to be prior to submission of the report to Cabinet. The report related specifically to phase three and later phases of the university project, with phase three subject to a Levelling Up Fund bid made earlier in the summer. Proposals to Cabinet would include the repurposing of funds initially allocated for access, to enabling infrastructure. Should the Levelling Up Fund bid be successful, this would support the development of car parking for phases one and two, all of which would be detailed in the Cabinet report.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- Members wished to emphasise the regional college in discussions, as the college offered niche services that the university would not be able to, and should not be forgotten.
- It was suggested that further consideration be given to the use of multi-storey car parking, in order to better utilise the land available. Any new car parks should also be flexible enough to work with future technologies.
- Members commented that AstraZeneca were currently looking for additional space, which could be provided for within the university project.
- Members were advised that officers were confident that the whole university scheme could be delivered, following on from positive progress on the first two stages.
- It was noted that phase three was significantly dependent on the Levelling Up Fund bid.
- Comment was made in relation to the current increase in cost of building supplies, however, it was anticipated that this would be back to normal by the time phase three were to be implemented.

The Shareholder Cabinet Committee considered the report and **RESOLVED** note that a paper will be taken to Cabinet on October 25th 2021 with recommendations for approval on various university project matters including:

- 1) Repurposing the pre-existing £2m PCC contribution to the university programme in the MTFs from a contribution to a new parkway access to enabling infrastructure;
- 2) Entering the Getting Building Fund Grant Agreement with the Cambridgeshire and Peterborough Combined Authority to deliver parking capacity to support phases 1 and 2 of the university;
- 3) Entering a lease with PropCo 1 for car park spaces on the regional pool car park and
- 4) In the event of Levelling Up Fund (LUF) bid success, entering the grant agreement and making arrangements to transfer funding to PropCo1 to deliver phase 3 of the university.

REASONS FOR THE DECISION

To notify the Committee of the recommendations to be submitted to Cabinet.

ALTERNATIVE OPTIONS CONSIDERED

The alternative options for consideration around the recommendations to Cabinet would be outlined in the Cabinet report.

13. City Culture Peterborough

The Shareholder Cabinet Committee received a report in relation to the progress of City Culture Peterborough.

The purpose of this report was to provide an update on the progress made on delivery of the culture services, which were transferred to City Culture Peterborough when the previous contract with Vivacity ended.

The Assistant Director for Skills and Employment and CEO for City Culture

Peterborough addressed the Shareholder Cabinet Committee and advised that City Culture Peterborough was the trading company of the City College Peterborough Foundation and had been operating since October 2020. Work had been undertaken to understand how culture services could support the recovery of the area out of COVID-19, with the assistance of Art Council Recover Fund money. It was noted that the services was to focus on arts and culture, not simply visitor attraction, with greater participation with residents. Consideration was being given as to how the areas of the service, the theatre, museum, and libraries, could all be linked together.

Members were advised that the management structure of the services had been reviewed, with the sharing of senior posts and reduced costs. An overview of each service area was provided, including the Museum and Art Gallery, Flag Fen, Libraries and Archive Service, Key Theatre, and Mini Vine.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- Members referenced the success of the Jorvic Viking Centre in York and suggested that a similar attraction could be developed around Flag Fen.
- It was felt that the Flag Fen site had not been advertised to its full potential, and could be included in a package of sites alongside the cathedral and John Clare Cottage and Garden.
- It was advised that officers had visited Sutton Hoo and learnt a number of lessons that could be applied to sites in Peterborough.
- Members suggested that the cathedral was of international importance, as the burial place of the only English queen outside of Westminster.
- It was suggested that all the theatres in the area could join together to host an annual festival, which utilised all the different theatres as venues.
- Further comment was made that more could be done with the Key Theatre as part of the embankment, with the potential for an outside theatre to be installed.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the progress and review of the services that City Culture Peterborough manage on behalf of Peterborough City Council.

REASONS FOR THE DECISION

To give an update on the transfer for services and in helping to improve service provision.

ALTERNATIVE OPTIONS CONSIDERED

None.

14. Shareholder Cabinet Committee Work Programme

The Shareholder Cabinet Committee received the Shareholder Cabinet Committee work programme for the 2021/2022 municipal year. The Director of Resources advised that that upcoming reports would need to take into account recommendations from Internal Audit.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the latest version of the work programme.

Chairman
2:00pm – 3:29pm

13 September 2021

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SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 4
15 DECEMBER 2021	PUBLIC REPORT

Report of:	NPS Peterborough Ltd	
Cabinet Member(s) responsible:	Peter Hiller - Cabinet Member for Strategic Planning and Commercial Strategy and Investments	
Contact Officer(s):	Peter Carpenter – Corporate Director Resources Alex Gee – Operations Director, NPS Property Consultants	Tel. 01733 452520

NPS PETERBOROUGH 2021/22 BUSINESS PLAN

RECOMMENDATIONS	
FROM: Corporate Director Resources	Deadline date: N/A
<p>It is recommended that Shareholder Cabinet Committee:</p> <ol style="list-style-type: none"> 1. Notes the contents of the NPS Peterborough Ltd Business Plan 2021/22. 2. Notes the comments on the Corporate Director Resources in respect of the future direction of the overall Property function in respect of the Council budget position. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Shareholders Committee as part of its normal programme of works.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide the Committee with the NPS Peterborough Business Plan as presented at the previous Committee meeting. The report provides the strategic plan for NPS Peterborough and considers how it will support the financial challenges ahead.

2.2 This report is for Peterborough City Council Shareholder Cabinet Committee to consider under its Terms of Reference No. 3.3.2 (a), 'To monitor performance and financial delivery of the companies, partnerships and charities set out above in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny'.

2.3 The attached presentation documents how NPS Peterborough Ltd align its own strategy with the Council's long term Corporate Priorities, namely driving growth and economic regeneration; improving educational attainment and skills; and promote healthy, safe and cohesive communities.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

- 4.1 NPS Peterborough Ltd is a 50/50 joint venture company owned by Peterborough City Council and the Norse Group (a wholly owned subsidiary of Norfolk County Council).
- 4.2 The objectives of the joint venture are to support the City Council's property aspirations through the delivery of its property estate functions and provide strategic asset management advice to support the City's growth and regeneration ambitions. The joint venture can also commission and provide other professional property services that support the Council's agenda.
- 4.3 As the joint venture has evolved and Aragon Direct Services has developed over the past two years, significant work has been undertaken to clarify the different areas of responsibility between the 2 organisations.
- 4.4 Due to the Council's overall budget position, and the complicated Property setup in the council with delivery of various aspects by NPS Peterborough, Aragon, Housing Services, Regeneration and Schools Property, the whole service area will be reviewed as part of the 2022/23 budget process.
- 4.5 The annexed presentation sets out the NPS Peterborough Business Plan for the 2021/22 financial year. In the presentation sets out how NPS:
- Manages the Council's Strategic Assets.
 - Manages the Council's Commercial and Industrial Estates.
 - Manages the Council's Rural Estate.
 - Links in with the Council's Housing function.
 - Delivers the Council's Building Management Function.

The presentation sets out the high level business plan financial deliverables, high level risks and opportunities as well as the staff Learning and Development Plan.

5. CONSULTATION

- 5.1 None

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 It is anticipated that the annexed document will provide the Committee members with a clearer understanding of the role NPS Peterborough plays in supporting the Council's objectives and aspirations.

7. REASON FOR THE RECOMMENDATION

- 7.1 The Committee are asked to note the report and associated documents and raise any queries or comments.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The council has a complicated Property setup with delivery of various aspects by NPS Peterborough, Aragon, Housing Services, Regeneration and Schools Property. The whole service area will be reviewed as part of the 2022/23 budget process to test if the present range of delivery options are fit for purpose and can deliver the Councils requirements within the reducing resources envelope.

9. IMPLICATIONS

Financial Implications

- 9.1 The Council provides circa £1.8m income per annum to support the services outlined in the service level agreement and one-off projects. The business plan financial BP page sets out the costs since 2016/17. The JV has returned £676K in total over 5 years back to the Council in volume discount.

Legal Implications

- 9.2 The contract is managed via the Service Deed of Agreement dated 8th July 2016.

Equalities Implications

- 9.3 Referred to in the Learning and Development Plan slide in the Business Plan.

Rural Implications

- 9.4 This contract manages the Councils Rural portfolio.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Report to Shareholders Committee – 9th November 2020

11. APPENDICES

- 11.1 Appendix 1 - Business Plan 2021/22 NPS Peterborough

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Business

plan 2021/2022

NPS Peterborough

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Business Plan Summary

Our Strategy

The NPS Peterborough Business Plan is designed to **support key strategic priorities of Peterborough City Council** that drive growth and economic regeneration; improve educational attainment and skills; and promote, healthy, safe and cohesive communities; whilst building on the strengths of the JV partnership, our staff, and securing a sustainable future for Peterborough through maximising opportunities from its' asset portfolio.

Through the **delivery of high quality Estates and Asset Management**, we will focus on **delivering savings and maximising income** from its commercial portfolio, **support intelligent investment** designed to maximise industrial income opportunities and support the knowledge and understanding of how the **Council can achieve it's net carbon zero estate by 2030.**

Business Plan Summary

To deliver our strategy, we will:

Recommend asset review options that seek to **maximise opportunities to generate greater income**; continue to provide **strategic advice and Project management; regularise market rate rents**; grow our own **external income sources**; and continue to **deliver returns back to PCC** in line with BP forecasts.

We aim to:

Provide accredited advice and services that support the Council's **strategic objectives** that support **a financially and environmentally sustainable future for Peterborough**. We will continue to develop our staff who are at the heart of what we do, to ensure they are **empowered and trusted** to deliver their work to the highest standards.

Strategic Asset Management

- Conduct options appraisals for different asset types to identify alternative uses, consolidation or commercial / development opportunities
- Work with PCC officers to attain best value in negotiating terms for strategic acquisitions and disposals
- Assess and appraise property investment and regeneration opportunities
- Actively support the Council's Strategic Asset Group to appraise investment and divestment opportunities

Commercial / Industrial Estate

- Consider redevelopment opportunities in improving assets (e.g. light industrial units) using existing Council assets
- Secure more favourable terms that minimise PCC's liability for repairs and maintenance and achieving market rents with regular rent review provisions
- Minimise the number of void units through active marketing with local agencies to identify and secure tenants
- Identify potential for PCC to maximise rental income for operational buildings and increase investment value and potential city centre footfall
- Work with finance colleagues to monitor and reduce rental arrears

Rural Estate

- Identify and promote initiatives that support environmental and decarbonisation benefits
- Identify and bring forward development / conversion opportunities
- Work closely with the tenants and the NFU to maximise opportunities to promote the rural estate, education initiatives and sustainable farming techniques
- Monitor condition programme of work to ensure assets are being maintained to deliver healthy revenue income
- Review and update the Rural Asset Strategy

Housing

- Identify land parcels and infill sites that can be brought forward for development opportunities to secure capital receipts
- Work with RPs and developers to identify opportunities that may lead to decreased reliance on costly accommodation solutions
- Work closely with Housing teams to determine needs / requirements to support the increasing housing agenda
- Identify opportunities to support the development of the HRA
- Provide Insurance valuations to ensure that units have adequate cover and are compliant with PCC insurers requirements
- Negotiate acquisitions, leases, disposals and hand-backs of costly housing stock

Building Management Services

- Monitor post COVID repopulation procedures to ensure safe working spaces
- Ensure that building management controls are in place and deployed efficiently
- Ensure compliance risks are highlighted and escalated in line with PCC H&S policies
- Monitor and oversee soft FM contracts and manage suppliers of soft FM services to obtain value for money services

Financial BP

	2016/17*	2017/18	2018/19	2019/20	2020/21
Income	£1,622,341	£2,203,102	£1,951,555	£1,877,229	£1,719,343
Direct Costs	£1,253,087	£1,807,656	£1,523,605	£1,478,652	£1,303,952
Indirect Costs	£96,210	£96,300	£90,985	£70,113	£81,719
Fixed Costs	£114,541	£125,249	£155,178	£145,180	£143,932
Total Costs	£1,463,838	£2,029,205	£1,769,768	£1,693,945	£1,529,602
Profit	£158,503	£173,897	£181,787	£183,284	£189,741
Vol. Disc	£79,252	£86,949	£90,894	£91,642	£94,870
Actual Vol Disc	£46,000	£108,000	£121,000	£198,000	£203,158

2016/17* BP based on full financial year though the service commenced from 6 July 2016.
Actual Vol Discount is based on 9mths trading

Financial BP

BP Forecast	2016/17*	2017/18	2018/19	2019/20	2020/21
Income	£1,622,341	£2,203,102	£1,951,555	£1,877,229	£1,719,343
Total Costs	£1,463,838	£2,029,205	£1,769,768	£1,693,945	£1,529,602
Profit	£158,503	£173,897	£181,787	£183,284	£189,741
Vol. Disc	£79,252	£86,949	£90,894	£91,642	£94,870

Actuals	2016/17*	2017/18	2018/19	2019/20	2020/21
Income	£1,507,151	£2,654,742	£2,356,718	£2,518,156	£2,715,307
Total Costs	£1,425,435	£2,458,639	£2,137,241	£2,159,869	£2,348,799
Profit	£81,716	£196,103	£219,477	£358,287	£366,508
Vol. Disc	£45,599	£108,391	£121,300	£197,890	£203,159

2016/17* BP based on full financial year though the service commenced from 6 July 2016.
Actual Vol Discount is based on 9mths trading

Learning and Development Plan

- Support staff through their professional accreditation journey
- Team Communication Training to better facilitate and manage stakeholder expectations
- Company wide ISO training and development
- Post COVID office repopulation training
- Deliver equality and diversity refresher training for all staff

Risks to BP/potential opportunities

Risks

- PCC **Budget pressures** impacting core funding
- **Recruitment** challenges in competitive market
- Move away from **JV model** to different methods of delivery

Opportunities

- Offering **Asset Valuation** services commercially
- Identification of infill **sites to bring forward**
- Identification of **funding streams** to support decarbonisation agenda
- Maximise local **networking opportunities** through Opportunity Peterborough and sponsor Peterborough Bond Holders event to encourage local supply chain and deliver external services

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 5
15 DECEMBER 2021	PUBLIC REPORT WITH EXEMPT APPENDICES

Report of:	Kitran Eastman – Managing Director Peterborough Limited	
Cabinet Member(s) responsible:	Cllr Mohammed Farooq – Chairman of Peterborough Limited Board	
Contact Officer(s):	Kitran Eastman – Managing Director Peterborough Limited James Collingridge – Head of Environmental Partnerships	Tel. 864736

PETERBOROUGH LIMITED STRATEGIC REPORT 2020-2021

RECOMMENDATIONS	
FROM: Peterborough Limited	Deadline date: N/A
It is recommended that the Shareholder Cabinet Committee:	
<ol style="list-style-type: none"> 1. Note the information within the report and Appendix 2, Peterborough Limited Strategic Report 2021/22. 2. Note the appointment of a New Operations Director for Peterborough Limited. 	

1. ORIGIN OF REPORT

- 1.1 This report is presented to the Shareholder Cabinet Sub-Committee following a request from the Committee to be provided with an update on progress against the Business Plan which was agreed on 2nd March 2020.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to update the Shareholder Cabinet Sub-Committee on the Peterborough Limited Business Plan 2020-2023 (See Background Papers), through the company's annual strategic report 2020/21. The report will also set out the company's key achievements and milestones over the last eight months.
- 2.2 This report is for the Shareholder Cabinet Sub-Committee to consider under its Terms of Reference No. 3.3.2(a), *'To monitor performance and financial delivery of the companies, partnerships and charities set out above in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny.'*
- 2.3 This report contains exempt appendices that are NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because they contain commercial information. The public interest test has been applied to the information contained within this exempt annex, and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. TIMESCALES

3.1	Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

- 4.1 Peterborough Limited is wholly owned by Peterborough City Council and was formed as a Teckal compliant Local Authority Trading Company (LATCo). This means that the company is autonomous from the Council but does require a council appointed board and relies on the Council for guidance and input on strategic matters or important issues of policy.
- 4.1 In February 2019 Peterborough Limited, operating as Aragon Direct Services, commenced delivery of some services for the Council. During the Company's first year of operation, it concentrated on providing a smooth transition of operational services, getting under the skin of the finances of the operations and its support services and building a solid foundation for future growth.
- 4.3 On 2nd March 2020 a three-year business plan for the company was approved by the Shareholder Cabinet Sub-Committee.
- 4.4 The Committee has requested an update of progress against the Business Plan. Peterborough Limited Strategic Report 2021/22 (See Appendix 2), outlines progress in first year of the business plan and the position of the Company. This report will be submitted to Companies' House as part of the Company's Audited annual accounts for 2020/21 shortly. A summary of key points can be found below.

2020/21 Summary

- 4.5 In 2020/21 the company worked through the COVID pandemic. The majority of staff were classed as key workers due to the essential nature of waste collection, fly tip clearance, building cleaning, building maintenance and passenger transport. A small number of employees moved to work from home, but the majority of staff kept working throughout the pandemic both in their substantive roles and through support of other parts of the company or as part of the COVID response. Our staff worked tirelessly to deliver essential frontline services, in challenging and frightening times. They were a credit to the company and to Peterborough.
- 4.6 In October 2020 the business expanded by 350 staff, when we took over the Council's leisure provision when its incumbent provider handed back the service. This has changed the course of the company and its remit, as well as providing new opportunities.
- 4.7 Our 2020/21, out turn position was £497,500 profit, this was a stronger performance that expected due to strong operational performance from Aragon, the additional management fee for Vivacity services, and the streamlining and sharing of fixed overheads. More details can be seen in Appendix 1 and 2.
- 4.8 At the end of 2020/21 the company repaid £825k of the set-up loan which the company had with the shareholder ahead of schedule.
- 4.9 Our 2020/21 performance against the three strategic work streams has been strong with approximately two thirds of actions completed or in progress at the end of year one. The table below outline our progress.

	Building strong foundations	Changing Status Quo and thinking differently	Expanding our business
Complete	3	4	4
In Progress	8	6	5
Not Started	4	5	4

2021/22 update

Through 2021/22 Peterborough Limited's performance has remained strong. Our forecast is ahead of the budgeted position due to Aragon's performance in the first seven months of the year.

- Higher than forecast additional COVID works still being received in building cleaning services.
- Vehicle maintenance costs were running above budget; however, the new fleet is now rolling in and reducing the number of older vehicles.
- Commercial Waste service soft launch.
- Additional grant funded works.
- Increase in external property works.

Significant resources have also been applied to restructure our leisure and corporate services to ingratiate Vivacity and make it fit for the future. Sales are slightly stronger than forecast and our Vivacity forecast is slightly ahead of the budgeted position.

Following the retirement of the former Leisure Operations Director in October, the post was reviewed and combined with the vacant Aragon Operations Director role. A new Operations Director has now been appointed to cover Vivacity and Aragon, who will start in the New Year.

Current Key Risk and Challenges

Staff recruitment continues to be challenging in the current labour market. This is an issue which is affecting most parts of the business, at most levels. The greatest impact, however, is front line workers, especially drivers and lifeguards. Other industry operators have confirmed that they have a similar issue. Retention payments have been a key incentive that have aided with keeping staff, and a programme of training and upskilling is in place. The national shortage of drivers has resulted in the need for us to suspend the garden waste service to ensure the stability of the recycling, food and refuse rounds.

Supply chains, including those for property-based services, remain challenging. Obtaining basic building materials, and leisure supplies continues to be problematic, and likewise with resources for specialist trades. Lead times are generally long for many materials and services, we are working with end-users to manage expectations.

Increase in both National Insurance contributions paid by employers and the 6.6% increase in the national living wage from £8.91 to £9.50, in April has resulted in a higher than expected, unbudgeted, increase in staff cost for 2022/23. Work is ongoing to review where this can be mitigated.

5. CONSULTATION

5.1 No consultation is required at this time.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 The Company will continue to:

- Run its core services as efficiently as possible.
- Work to keep staff safe and the public safe during COVID.
- Support the Council's strategic aims and ambitions.

7. REASON FOR THE RECOMMENDATION

7.1 It is recommended that the Shareholder Cabinet Sub-Committee note the information within the report, and the appointment of the new Operations Director, as part of its governance function for the Company.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The Committee may wish to request additional information or give additional feedback in key areas.

9. IMPLICATIONS

Financial Implications

- 9.1 See Exempted Section Not for Publication Appendix 2 - Peterborough Limited Strategic Report 2021/22, for the company 2020/21 costings and out turn position.
- 9.2 See Exempted Section Not for Publication Appendix 1 - Financial Implications

Legal Implications

- 9.2 Peterborough Limited is a “Teckal” compliant company (advice is detailed in KEY/11JUN18/04 – Link found in background documents) and thus exempt from needing to compete with other companies under procurement legislation for works and service for the Council.

Peterborough Limited is a “Teckal” compliant company which gives it the ability to trade commercially up to 20% of its turnover, over a three-year period. As such at least 80% of the company's income must come from the Council.

Equalities Implications

- 9.3 There are no negative equalities implications.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Cabinet Meeting, 11th June 2018. Item 6

<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=116&MId=4142>

Cabinet Meeting, 17th December 2018. Item 4.

<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=116&MId=4214>

Shareholder Committee Meeting, 2nd March 2020. Item 5.

<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=721&MId=4346&Ver=4>

11. APPENDICES

- 11.1 Appendix 1 - Exempted Section Not for Publication

Appendix 2 – Exempt Annex - Peterborough Limited Strategic Report 2021/22

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