

CABINET	AGENDA ITEM No. 10
19 JUNE 2023	PUBLIC REPORT

Report of:	Cecilie Booth – Executive Director for Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Cllr Andy Coles - Cabinet Member for Legal, Finance and Corporate Services	
Contact Officer(s):	Jill Evans – Service Director Corporate Finance and Deputy S151 Officer	Tel.

AMENDMENT TO PETERBOROUGH LTD LOAN FACILITY

RECOMMENDATIONS	
FROM: <i>Cecilie Booth – Executive Director for Corporate Services and S151 Officer</i>	Deadline date: <i>31 March 2023</i>
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> Approve the amendment to the expiry date of the £1.75m facility with Peterborough Ltd (originally approved by Cabinet in July 2018) from 1 February 2024 to 1 February 2029. Authorise the Director for Law and Governance (Monitoring Officer) and Executive Director for Corporate Services and S151 Officer to exercise delegated authority to finalise and agree all necessary legal agreements with Peterborough Ltd for the purposes of facilitating this arrangement. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a referral from Corporate Leadership Team (CLT) on 30 May 2023.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is for Cabinet to approve the extension of the Peterborough Ltd Loan Facility to 1 February 2029.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.3, *‘To determine any key decision ...’* and 3.2.4, *‘To be responsible for budget planning, monitoring and expenditure/savings over £500,000 ...’*

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 **Establishment of a Local Authority Trading Company**

On 23 July 2018 Cabinet approved the Report JUL18/CAB/19 Establishing a Local Authority Trading Company in which recommendation 4 requested it approve a facility of £1.75m to provide working capital and to cover start-up costs.

In March 2021 Peterborough Ltd paid £825K off the loan balance, leaving the current balance at £925K. Peterborough Ltd continues to pay interest at a market rate which is in compliance with the relevant regulations.

4.2 **Progress to Date**

Since it started operations in March 2019 Peterborough Ltd (P Ltd) has gone from strength to strength, increasing turn over by 90%, and increasing from 350 to 650 employees. Since 2020/21 the company has been consistently profitable, carrying out work for both PCC and commercial customers.

During the COVID lockdowns most Aragon staff were classed as key workers due to the essential nature of waste collection, fly tip clearance, building cleaning, building maintenance and passenger transport. The company were the first non-health setting to set up a lateral flow testing centre on site to help protect the work force by carrying out testing twice a week.

As part of the COVID recovery from the start of 2021/22 leisure sites started to gradually reopen, and staff returned to work. Many restrictions were still in place but by utilising reduced capacity, outdoor venues and booking systems P Ltd welcomed customers back. The total membership base is now at over 90% of Pre COVID levels, which is ahead of national trends.

Over the last year the company has continued to work to provide a diverse range of interconnected services to Peterborough residents. The company attributes its successes to the hard work and dedication of its staff, paired with strong financial and performance controls. Some highlights over the last year include:

- Collecting 7.15 million bins
- Over 100,00 Children's Swim lessons attended
- Facilitated over 252,000 book loans made through our Libraries
- Transporting 674 children to and from school each day
- Over 610,000 visits to our sports centres and pools
- Clearing over 10,000 illegal flytips
- Over 80,000 visits to Peterborough Museum and Flag Fen
- 1,259 statutory water tests carried out in schools, community, and Council facilities
- Planting over 4,400 new trees and maintaining and surveying over 20,000 existing trees

In addition to front line service delivery other notable highlights include:

- Move away from National Living Wage – For the first time since its foundation the company paid above the national living wage for all staff, who had successfully completed their probation period.
- Transfer of culture services – The transfer of culture services and the getting under the skin of the financial impact of the services and staff deployment.
- Tree Project – Following a successful bid with PCC, £99K of funding was received from Treescape for tree planting. The planting programme incorporated a mix of replacement trees and new woodland planting. Standard trees, feathered trees and whips were all planted.
- Driver Training – A ongoing programme to upskill staff has been highly successful, to train Class 2 and PSV drivers. This year nine drivers have been trained and passed their test with four more still in training.
- Vivacity Premier Fitness Café refurb – A refurbishment of the café facility at Vivacity Premier Fitness including the removal of walls has brought light and openness into the site reception. It has also enabled new grab and go functions for customers, and we are trialling new menu options.
- Netfit, A weight loss netball league -The expansion of our women's health and wellbeing scheme "Netfit" has now completed Season 5. Over 80 ladies completed this season and as it continues to prove popular, Season 6 will be adding an additional team to allow more ladies to sign up for the sessions. One of the newly appointed referees has added support

sessions in for the ladies to help improve their mental health. Scheme users are also taking a coaching course to expand their skills and develop the programme further.

4.3 Loan Facility

The loan facility was approved by Cabinet in July 2018 and when the facility was implemented the agreement was given an expiration date of 1 February 2024. An extension to 1 February 2029 has been requested by Peterborough Ltd to give the company stability going forward as it continues to provide services on behalf of the Council.

Interest will continue to be chargeable by the Council at a commercial rate of interest in accordance with the Subsidy Control Regime.

5. CORPORATE PRIORITIES

5.1 Agreeing the extension of the Peterborough Ltd Loan Facility supports the following of the Council's Corporate Priorities:

Our Places and Communities

The facility extension will ensure Peterborough Ltd is able to continue to provide services on behalf of the Council in the most effective and cost-efficient way.

Sustainable Future City Council

The additional interest earned by the Council during the period of the facility extension will mean any margin the Council receives on the loan will be fed into the MTFP.

6. CONSULTATION

6.1 No consultation is required with the public for this decision.

6.2 This report has been considered at CLT 30 May 2023.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 The decision will enable the loan facility to be extended past the current expiry date and will enable Peterborough Ltd to conduct its business with certainty of funding for the next 5 years

8. REASON FOR THE RECOMMENDATION

8.1 The approval of this recommendation will ensure P Ltd have certainty of funding from the Council once the original loan facility expires in 2024.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 The Council could refuse to extend the loan facility; however, this would require Peterborough Ltd to seek funding from an external provider which is not efficient for either the Council or its subsidiary

10. IMPLICATIONS

Financial Implications

10.1 The financial implications of providing a loan facility to Peterborough Ltd remain as set out in the business case contained within the Cabinet Report JUL18/CAB/19.

The extension to the loan facility will continue at a current market rate in accordance with the Subsidy Regime and any margin the Council receives on the loan will be fed into the MTFP.

The Council will continue to receive interest on the loan until the loan is repaid.

Legal Implications

- 10.2 The legal implications and the Council's ability to provide a loan facility to Peterborough Ltd remain as set out in JUL18/CAB/19.

Under the original loan facility agreement of 21st May 2019 (clause 6.2.2) the Council is entitled to extend the repayment date of the loan to 1st February 2029, by serving notice (no later than six months before the expiry of the original loan period (2nd February 2024) and its is provided that in the event the council does so, the interest period shall be extended accordingly.

Equalities Implications

- 10.3 There are no equalities implications related to this decision.

11. BACKGROUND DOCUMENTS

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

- 11.1 Cabinet Report JUL18/CAB/19

12. APPENDICES

- 12.1 None.