

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 5
9 SEPTEMBER 2024	PUBLIC REPORT

Report of:	Kitran Eastman – Managing Director Peterborough Limited	
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PETERBOROUGH LIMITED ANNUAL ACCOUNTS

RECOMMENDATIONS	
FROM: Peterborough Limited	Deadline date: 9th September 2024
<p>It is recommended that the Shareholder Cabinet Committee:</p> <ol style="list-style-type: none"> 1. Endorses the P-Ltd Audited Annual Accounts for 2023-24, and request that the Executive Director for Place and Economy, in line with their delegation (detailed in KEY/26AUG24/04) gives approval to the P-Ltd Board of Directors to Submit the Company Accounts with Companies House. 2. Notes the P-Ltd Strategic Report 2023-24. 3. Endorses that P-Ltd bring a quarterly report to Shareholder Cabinet Committee on its performance. 	

1. ORIGIN OF REPORT

1.1 This report is presented to the Shareholder Cabinet Committee in accordance with Peterborough Limited’s (P-Ltd) Reserved Matters following the conclusion of the 2022-2023 Financial year.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to seek approval from the Cabinet via the Shareholder Cabinet Committee for the P-Ltd board of Directors to agree and file its annual accounts. Due to P-Ltd Reserved Matters, the Board of Directors must seek approval from Cabinet to agree and file its annual accounts.

2.2 This report is for Shareholder Cabinet to consider under its Terms of Reference No. 3.3.2(a): To monitor performance of the companies, partnerships, and charities in line with Cabinet approved business plans and particular the company’s performance:

- (a) in financial matters
- b) against the social goals of the company as set out in the company’s Objects. Business Case or Business Plan; and against the values of the Council by means of monthly performance monitoring and scrutiny

2.3 This report contains an exempt appendix that are NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because they contain commercial information.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 these exempt appendices and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

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 Peterborough Limited (P-Ltd) is wholly owned by Peterborough City Council and was formed as a Teckal 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. See background papers for company set up reports.
- 4.2 P-Ltd has several items which are reserved to the Shareholder and need approval for the company to do. Reserved Matter eight "Approve or sign the annual accounts of Peterborough Limited". KEY/26AUG24/04 gives delegation Executive Director for Place and Economy, to act as the Shareholder in this matter. As good practice the draft accounts are being reported to the Shareholder cabinet committee to review.
- 4.3 Information relating to the Annual Audited Accounts including Draft Accounts, Audit finding can be seen in Appendix A to D.
- 4.4 Peterborough Limited (P-Ltds) 2023/24 company accounts year ended 31 March 2024 have been audited by Azets Audit Services. This is the fourth year which Azets have carried out the statutory audit of P-Ltd. The Audit Findings covered in Appendix B offered an unqualified audit opinion. The only two minor recommendations from the previous year's audit, had been followed up and resolved. This year no control weaknesses or recommendations have been identified from the audit.
- 4.5 In 2024 P-Ltd made a pre-tax profit of £230,615. This has moved the company balance sheet to a positive position for the first time. The total equity is now 146,865
- 4.6 P-Ltd's non-current liabilities are £925,000, which represents the remaining balance on the £1,7500,00 set up loan from PCC.
- 4.7 It is expected that £74,359 of corporation tax will need to be paid. Investigations are ongoing by Azets to understand if this could be offset against any losses in the wider PCC group.
- 4.8 Mark Jackson, Senior Statutory Auditor for Azets Audit Services met with the Peterborough Limited Boards of Directors on 8th July 2024 to review the draft accounts. The Board of Directors are now seeking approval from the shareholder to approval and file audit accounts.
- 4.9 To keep the Shareholder Cabinet Committee update, and to ensure the committee has information with which to oversee and guide the company, it is requested that P-Ltd be allowed to report quarterly to the committee on its performance. A quarterly report for 2024/24 has been created and can be seen in Appendix E, E1 and E2. In this report is a summary of data which the committee may wish to have reported. Feedback from the committee will be used to shape future report structure.

5. **CORPORATE PRIORITIES**

- 5.1 The recommendation links to the Council's Corporate Priorities Around Sustainable Future City Council and consists of how we work. Filing Audit Company accounts on time ensuring that the company is fulfilling its legal obligations by submitting a Quarterly report to Shareholder Cabinet committee will also ensure that the committee is kept updated with the company performance to oversee and guide its progress.

6. **CONSULTATION**

- 6.1 No consultation is required currently.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 The Shareholder Cabinet Committee will endorse the audited Annual Accounts for 2023/24 and refers to Cabinet for approval to be given the Board of Directors to approve and file their annual accounts with Companies House, by the 31st December Deadline

8. REASON FOR THE RECOMMENDATION

- 8.1 Recommendation A: It is a legal requirement for P-Ltd to file its Audit Annual Accounts by 9 months after your company's financial year ends. It must also pay any associated Corporation Tax within 9 months and 1 day. P-Ltd need approval from the Shareholder to file its Audit Annual Accounts.

- 8.2 Recommendation C: To ensure that Shareholder Cabinet Committee is kept updated with the company performance to over see and guide its progress.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 The Shareholder Cabinet Committee could choose to not approve the filing of the Audit Annual Accounts, this however, Under the Companies Act 2006 ("CA 2006"), it is a criminal offence for directors to file their company accounts late. As soon as a company is late with its accounts, the offence is committed, and directors are at risk of a criminal prosecution. A conviction for late filing of accounts can have far-reaching consequences, including possible disqualification as a director, foreign travel restrictions and disciplinary action by relevant professional regulatory bodies.

In addition, late filing penalties would be incurred by P-Ltd, of between £150 and £1,500, depends on the delay.

10. IMPLICATIONS

Financial Implications

- 10.1 Financial implications can be seen in Appendix A to D. P-Ltd Management information can be seen in Appendix D.

Legal Implications

- 10.2 Peterborough limited is a "Teckal" compliant company (advice is detailed in KEY/11JUN18/04 – Link found in background documents) and is exemption from needing to compete with other companies under procurement legislation for works and service for the Council.

Peterborough limited as a "Teckal" complaint company which gives it's ability to trade commercially up to 20% of its turnover, over a three-year period. Such as at least 80% of the company's income must come from the Council.

Under the Companies Act 2006 ("CA 2006"), it is a criminal offence for directors to file their company accounts late and directors are at risk of a criminal prosecution.

Equalities Implications

- 10.3 There are no equalities implications of filing the Audit Company Accounts
- 10.4 The Strategic Report which forms part of the submission, hold the gender pay gap information for P-Ltd for 2023/24.

The gender pay gap is the average difference between the remuneration for men and women who are working. The Gender pay gap data sets out the difference in average pay of all women compared to the average pay of all men within the company, regardless of the type of work or level of work done. It also does not consider if staff are full-time, part-time, set hours or annualized hours. P-Ltd has

- A **mean** Gender Pay Gap of -5.24% in favour of women; but
- A **median** Gender Pay Gap of 1.4% in favour of men.

The mean gender pay gap is low, with women getting paid 63p more per hour than men. The median pay for women, however, is slight lower with the median man being paid 16p an hour more than the median women. This is in part due to the part time roles which are seen in several of our business units (Leisure, Passenger transport etc.).

In P-Ltd women occupy 47.5% of the highest paid jobs and 36.8% of the lowest paid jobs

10.5 P-Ltds gender pay gap has been reported to government.

11. BACKGROUND DOCUMENTS

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

11.1 <https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=721&MId=4897&Ver=4>

2022/23 Company Account. Companies' House Filing History, "09 Aug 2023 Full accounts made up to 31 March 2023"

<https://find-and-update.company-information.service.gov.uk/company/11493249/filing-history>

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>

12. APPENDICES

12.1 Appendix A – P- Ltd Accounts Report 31-03-24

Appendix B - P- Ltd Audit Findings Report 31-03-24

Appendix C - P- Ltd Draft Tax Comps 2024

Appendix D – P- Ltd Management Information 31-03-24

Appendix E – P- Ltd Q1 2023/24 Report

Appendix E1 –P- Ltd Q1 2023/24 Service Dashboards

Appendix E2 – Exempted Section Not for Publication: Information relating to Memberships