

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE - GROUP COMPANY GOVERNANCE

THURSDAY, 16 SEPTEMBER 2021 AT 14:00 HOURS
IN ON-LINE INFORMAL MEETING, MICROSOFT TEAMS

A G E N D A

1 **NOTICE OF RECORDING/WEBCAST**

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's meeting You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 **APOLOGIES**

To receive any apologies.

3 **DECLARATIONS OF INTERESTS**

Members are reminded that they must declare all relevant pecuniary and non pecuniary interests arising from any business to be discussed at this meeting. If a disclosable pecuniary interest is declared a Member must not speak or take part in that agenda item. Any declarations will be recorded in the minutes of the meeting.

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4 **PUBLIC NOTES OF THE LAST MEETING – 15 JULY 2021**

Notes of the meeting to be noted and confirmed at the next meeting.

15 - 18

5 **COMPANY UPDATE**

Information update

6 **TRAINING UPDATE**

Verbal update from the Head of Law - Commercial, Procurement, Privacy & Information

- 19 - 42**
- 7 **GROUP OUTTURN REPORT**
- Report of the Interim Director Council Management
- 43 - 50**
- 8 **GOVERNANCE REVIEW UPDATE**
- Report of Assistant Director, Development and Commercial, Finance & Governance
- 51 - 54**
- 9 **ACIVICO GROUP LIMITED - PEN PORTRAIT**
- Report of Assistant Director, Development and Commercial, Finance & Governance
- 10 **DATE OF THE NEXT MEETING**
- The next Meeting is scheduled on Thursday 18 November 2021 at 1400 hours.
- 11 **OTHER URGENT BUSINESS**
- To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.
- 12 **EXCLUSION OF THE PUBLIC**
- That in view of the nature of the business to be transacted which includes exempt information of the category indicated the public be now excluded from the meeting:-
- Exempt Paragraph 3

PRIVATE AGENDA

- 13 **ACIVICO GROUP LIMITED**
- Item Description
- 14 **PRIVATE NOTES OF THE LAST MEETING – 15 JULY 2021**
- Item Description
- 15 **GROUP OUTTURN REPORT - PRIVATE**
- Item Description

16 **COMPANY UPDATE - COMPANIES AFFECTED BY COVID- 19 & BREXIT - PRIVATE**

Item Description

17 **OTHER URGENT BUSINESS (EXEMPT INFORMATION)**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE – GROUP COMPANY GOVERNANCE

**Thursday 15 July 2021 at 1400 hours
in the Main Hall, The Birmingham &
Midland Institute, 9 Margaret Street,
Birmingham, B3 3BS**

Attendance:

Councillor Brigid Jones, Deputy Leader - Chair
Councillors Tristan Chatfield, Jon Hunt and Gareth Moore

Also in Attendance:

| | |
|-----------------|--|
| Alison Jarrett | Assistant Director - Development and Commercial, Finance & Governance |
| Connie Price | Head of Law – Commercial, Procurement, Privacy & Information |
| Georgina Dean | Solicitor, Legal Services |
| Julia C Martin | Project Delivery Manager (Birmingham City Propco Limited) |
| Mandeep Marwaha | Committee Services |

1 **NOTICE OF RECORDING/WEBCAST**

The Chair advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

The business of the meeting and all discussions in relation to individual reports was available for public inspection via the web-stream.

APOLOGIES

2 There were no apologies noted.

MEMBERSHIP OF THE COMMITTEE

3 **RESOLVED:-**

That the membership of the committee was noted.

Labour Group

Councillors Jones (Chair), and Chatfield

Conservative Group

Councillor Moore

Liberal Democrat Group

Councillor Hunt

DECLARATIONS OF INTERESTS

- 4 There were no declarations of interests made.

TERMS OF REFERENCE

The following schedule was submitted:-

(See document No. 1)

- 5 **RESOLVED:-**

That the terms of reference for the Committee was noted.

PUBLIC NOTES OF THE LAST MEETING – 12 MAY 2021

- 6 The public notes of the last meeting were agreed and there were no matters arising.

COMPANY UPDATE

The following report of the Assistant Director, Commercial and Development was submitted:-

(See document No. 2)

The Assistant Director Commercial and Development gave an overview of the latest changes made across the Council's portfolio of companies. Reference was made to changes under point 3.2 indicating changes to the registered address for Creative Advantage West Midlands Limited (03914725). In addition, new officer appointments to companies following the retirement of Martin Stevens.

She referred to the annual accounts that had been submitted since the last meeting, under point 3.3 of the report and there were no audit issues noted. The private appendix highlighted commercially confidential details with associated companies. From 19 July 2021, the impact of the ending of the furlough scheme and the return to more “normal” trading or implementation of recovery plans would be monitored and reported.

Members commented upon the report and requested for additional information around what the company involved i.e the remit of the companies, turnover etc to be included at point 3.3 of the report.

The Chair noted there was no major updates or movement to the private appendix since the last meeting therefore, this would be covered in the public agenda.

RESOLVED: -

- 7
- i) The Committee noted the information provided within the report and at private appendix 1 which contains commercially confidential details concerning associated companies.
 - ii) The Committee requested for additional information around each company to be added at point 3.3 of the public report.
 - iii) The Committee agreed for a note to be made against companies with any late filings.

TRAINING UPDATE

A verbal update on training was provided by the Head of Law, Commercial, Procurement, Privacy & Information.

Key points noted;

- Work had taken place to identify Directors who had not received introductory Director training.
- 5 to 7 individuals were identified to undertake urgent training (due to the nature of the companies they were Directors of).
- Over the next three weeks, part 1 - Introductory Training session would be delivered to these Directors. This would cover their statutory duties (roles and responsibilities) to the companies.
- The companies this concerned were; Birmingham Wholesale Market Limited; Birmingham Museums Trust; Arden Cross Limited and Birmingham City Propco Limited.
- The Head of Law, Commercial, Procurement, Privacy & Information had been liaising with the Civil Service College to provide in-house Public-Sector Directorship Training. It was noted, the cost of the training was expensive however, this was the right type of training for Directors.
- An overview of the expert led virtual training from the Accountability and Governance series was shared with members. This consisted of case

studies, group work, work around skills, behaviours and encouraged active participation. It was envisaged this training could be delivered during the autumn 2021.

- Negotiations were taking place to the price of the course (currently approx. £1500 for 12 people).

Members response

- The Chair and Councillor Chatfield agreed this was the right type of training however, it had to be at a reasonable price.
- Councillor Chatfield queried around the Health and Safety Training and if this would be included as part of the introductory training session offered to the Directors identified. The Head of Law, Commercial, Procurement, Privacy & Information had liaised with the Health and Safety Team and ensured this would be incorporated.
- The expert led virtual training delivered by the Civil Service College would be offered to all Directors, both Councillors and officers.
- Councillor Moore queried if the 5-7 newly appointed Directors were Councillors and if so, information around this should be shared with individual group secretaries to keep track of and follow up. It was noted the 5-7 newly appointed Directors were both officers and members.
- In House training – Last delivered in October 2019 before the lockdown. The Chair highlighted a natural refresh of the course should be scheduled in May 2022 after the elections (when the new cohort of elected appointments were made). However, those Councillors who were reappointed would need to undertake training as a refresh, possibly in June/ July 2022 as newly appointed Councillors would be receiving an influx of information from the Council.
- Members suggested for officers to explore dates and compile a training schedule, timetable for Directors of companies.

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RESOLVED: -

The Committee noted the verbal update and agreed for officers to look in to preparing a timetable for Director's training which involved refresher training to coincide with appointment of new members.

GOVERNANCE REVIEW – CIPFA ARTICLE ON LOCAL AUTHORITY COMPANIES

The following report of the Assistant Director Inclusive Growth was submitted:-

(See document No. 3)

The Chair notified members she had requested for this item to be on the agenda as there had been a number of high-profile cases in recent months where City Council's, Borough Council's had issues with their group companies. As a result, a number of reviews had taken place and it was important to reflect on the learnings from these reviews to ensure Birmingham was following best practice.

The Assistant Director Commercial and Development indicated the articles were appended to the report in which links to the Public Interest reports were available.

She highlighted, in May 2021, CIPFA had published the Governance Review to ensure best practice was noted and areas of improvement were explored.

Members were asked to note the information provided within the report and the analysis of Public Interest report recommendations in appendix 1. In addition, to discuss the governance arrangements, the reporting within the BCC Group structure and agree priority areas for further work by officers.

The Assistant Director Commercial and Development made the following additional points as to why the reviews had taken place;

- Nottingham City Council (Robin Hood Energy Limited), additional investments were made without the council having full sight of the company's financial position. However, if there was a robust recovery plan, further investment could have been made. It was important to ensure there was good governance in place and for decisions to be sighted upon.
- London Borough of Croydon - covered a large number of areas however, this had a particular focus on one of its subsidiaries (Croydon Limited), a housing development subsidiary. There was inadequate evidence of the Council's awareness on performance, no minuted reports, consideration of business plans etc.
- Liverpool City Council – (Liverpool Foundation Homes Limited & Liverpool Streetscene Services Limited). This again covered various areas however, a couple of recommendations particularly concerning Liverpool Foundation Homes Limited & Liverpool Streetscene Services Limited had been made. The recommendations in the Liverpool Streetscene replicate the recommendations within the Nottingham City Council Public Interest Report i.e. setting up good governance, functions in the Council's decision making to oversee group companies.

At this juncture, the Chair suggested for the Committee to go through and discuss all the recommendations individually as outlined in appendix 1.

Members agreed to the Chair's proposal.

Key points made by members and officers on each of the recommendations;

Recommendations made to Nottingham City Council and Croydon LBC within Public Interest Reports

R1 – Process assessment for BCC: BCC should consider the strategic fit of its group companies taking into account the context of the City Plan, Delivery Plan and the MTFP.

Proposed action: Through Company analysis and company "sponsor" report to GCG.

Members response:

- Proposed for this recommendation to be discussed via EMT and feedback to be shared with CC GCG. Companies should be fit for purpose and suitable strategically. There was the challenge of not knowing what the companies did and therefore, how the companies strategically fit. To relook at the companies and see if they were still relevant to BCC.
- The Chair added this would be an opportunity to revisit the appointments and company spreadsheet.
- Members suggested any rebranding of companies to be clearly indicated on updates provided to CC GCG.
- Noted some of these recommendations go beyond the terms of reference for this Committee. Companies who attend this Committee were questioned in line with the terms of reference of the Committee.

Summary: The appointment/companies spreadsheet to be reviewed. Discussions to take place via EMT to review which companies were strategically relevant to BCC. An update on this would be shared with CC GCG Committee members.

R2 – Process assessment for BCC: Retain the recommendation in full for consideration at Annual Appointments confirmation and when new appointments/changes occur.

Proposed action: Within company analysis identify recommended board representation – members, officers, external experts. Review and compile report to GCG.

The Assistant Director Commercial and Development highlighted a full analysis had to take place around the companies. BCC had companies which were PLC's in which Councillors could not be appointed to. In addition, companies which were Financial Conduct Authority (FCA) registered, could not have members on them, only observers. PLC's would require external expertise.

Members response:

- The Chair suggested updating the spreadsheet would be a good starting point. Following this, the information to be shared with group secretaries when making appointments (indicating what the companies are; what was expected etc).
- Rationalise how appointments were made as there were various routes to making appointments. Understand how appointments were made throughout various channels of the Council's Committees to avoid missing any company appointments.
- Councillor Chatfield added there were two areas to cover; Governance routes and making decisions. He highlighted there was significant risk of having Councillors appointed to some of the board's rather than Non-Executive Directors due to the expertise that are required. It was important to make decisions which were in the best interest of the company.

- The Head of Law, Commercial, Procurement, Privacy & Information reminded members, the terms of reference of the CC GCG Committee. This was as a shareholder Executive Committee in which decisions could be made.
- Councillor Moore agreed the right appointments need to be made on the boards of companies. Therefore, it was essential the information around each company to be clear i.e. what the company does, scale, turnover, how often the board meets, time commitment, any particular skill set required etc. This would enable Group Secretaries to make the right appointments.
- Noted officer contacts had been included to the company's spreadsheet for Councillors to contact a specific person within BCC.

Summary: Noted a number of the points raised interconnect the previous recommendation (R1).

R3 – Process assessment for BCC: BCC appointees to boards as directors and observers should demonstrate the knowledge, experience and strength to challenge. All appointees will undertake training for their role of director/observer and be given direction on Council support in their role (legal support).

Proposed action: Register of members and officer training held centrally. Recommend making training for these roles mandatory. Guidance including officer contacts available for every appointee.

The Assistant Director Commercial and Development added the role of the training would be included and refreshed. The training schedule was held with the Head of Law, Commercial, Procurement, Privacy & Information. There was the question of making the training mandatory for both members and officers.

The Head of Law, Commercial, Procurement, Privacy & Information highlighted due to the statutory nature of the appointments with legal responsibilities, this was a key reason to ensure the training was mandatory across the board. She highlighted if there were breaches against some of these responsibilities e.g. Health and Safety, there were serious consequences.

Members response:

- Councillor Hunt highlighted appointments to companies were not routine duties for members. These were additional duties that arose from being a Councillor. However, Councillors must accept a brief on their basic duties.
- Councillor Moore referred to a similar conversation he had on the Member Development training and to make training mandatory for all Councillors. However, he highlighted there were no sanctions to Councillors who did not pursue with training. There was a need to explore options for training to be made mandatory for all and how would sanctions be placed if the training wasn't pursued. (Future proofing).
- Information around Councillors not attending training to be shared with Group Secretaries so that this can be followed through in order to mitigate any risk.

- The Chair suggested a timeframe for training – once in last 4 years; when they are elected or within certain number of months of being elected to be appointed.

The Head of Law, Commercial, Procurement, Privacy & Information referred to the companies where Directors required urgent training. There were a few Councillors who were not trained as they had not taken up on the previous offer. This would be captured in the next round of training.

The Assistant Director Commercial and Development suggested the appointments should be branded i.e. if Councillors wanted to be appointed to companies, specific training would need to be completed in order 'to protect their interest'.

The Head of Law, Commercial, Procurement, Privacy & Information notified members, newly appointed Directors must undertake the basic training within 3 months of being appointed.

Summary: i) Training information to be updated and shared with the Group Secretaries for directors who do not attend training ii) Municipal cycle (May 2022), Councillors appointed to undertake training within 3 months of appointment (followed by once every municipal year).

R4 – Related to training - See above (R3)

R5 – Process assessment for BCC: Company governance structure and shareholder role should be defined more clearly and communicated to the necessary individuals.

Proposed action: Group company guidance on intranet is reviewed and updated. Incorporate individual clarification as part of training. Provide updates to appointees.

The Assistant Director Commercial and Development added the terms of reference had been considered at this committee.

Summary: Members noted the Terms of reference for the Committee.

R6 – Process assessment for BCC: Ensure no conflicts of interest in Councillor roles in BCC and through activity with Group Company boards.

Proposed action: Ensure no conflicts of interest in Councillor roles in BCC and through activity with Group Company boards.

The Assistant Director Commercial and Development added the annual declarations, directorships and observer roles should be reviewed and matched against the appointments made.

Members response:

- The Chair questioned if the declarations would be cross reference at the appointments stage – need to check if they are appointed to any Council Committees that would interact inappropriately with the specific company.

- Cabinet make most appointments - Process for political groups of making appointments to companies – possibly confirm if there are any conflicts of interest at this stage.
- Members reiterated the information shared on each company had to be clear i.e. what the company does to mitigate any risk of conflicts.
- Challenge - most of the delegations were made before AGM appointments are made in June. The register of interests had to be updated correctly and regularly.
- The Chair referred to 'Dip sampling' of registered interests.
- Councillor Hunt made points around the roles and those held to account. A few Cabinet Members hold Directorships on Strategic Companies and this could be an advantage as Cabinet Members understand the strategic direction of the Council. It was noted, there was a difference between a conflict of interest and addition to your role/ portfolio and would depend on an individual basis. (create a divide).
- Councillor Chatfield referred to the high-risk companies which could have expert NED's appointed. In addition, expert NED's would often have multiple roles and switch views.
- Members agreed the role of group secretaries was very important therefore, a session with the group secretaries should take place.

The Assistant Director Commercial and Development highlighted officers had similar issues whilst being appointed to companies as Directors. She suggested a possible split between a shareholder and portfolio responsibility by reviewing how material the company was. This would be clearer once spreadsheet had been split and updated i.e. what the company does; size; scope etc. This would enable decisions on appointments to be made with enhanced knowledge.

Summary: Review annual declarations, conflicts of interests, exemptions of members. A refresh to take place on every appointment cycle or when appointments are made (in cycle). This information to be shared with Group Secretaries.
A session to be arranged with Group Secretaries to explore what other information would be required to make appointments.

R7 – Process assessment for BCC: The client within BCC and their team should maintain a full risk register.
Proposed action: The client within BCC and their team should maintain a full risk register.

The Assistant Director Commercial and Development notified members consultation was taking place with Sarah Dunlavy, AD Audit and Risk Management around what information BCC was currently holding on companies which would be shared with this Committee.

Summary: AD Audit and Risk Management to be invited to attend the committee to provide feedback on the risk register.

R8 – Process assessment for BCC: Business plans for material group entities are presented to CC GCG but regular financial reports are not presented during the year. Financial impact for the council is reported through standard monitoring process.

Proposed action: Annual report is provided at outturn. Consider more frequent financial report format for CC GCG – frequency of reporting – potential to incorporate statement in Company updates on finances (verified internally).

The Assistant Director Commercial and Development noted material companies attended CC GCG however, the financial reporting was varied. This was currently monitored via the S151 Officer.

Members response:

- Councillor Chatfield suggested a one-page financial summary and the end of year accounts to be produced for each company. This should be in a standardise report.
- The Chair referred to training by Finance Birmingham on business cases which should be delivered to the CC GCG Committee after May 2022.

Summary: End of year accounts information received from companies to be distilled and shared with CC GCG. Presenting companies to be required to provide a standard one page finance report. Training to be arranged for CC GCG Committee after May 2022 from Finance Birmingham on business cases.

R9 – Process assessment for BCC: This role is held by CCGCG

Proposed action: Consider whether there is a role for Audit Committee – is it assurance from CCGCG?

Summary: The Chair to have an offline discussion with the chair of Audit Committee and officers to ensure all areas related to companies are covered between the two Committees to ensure there are no gaps. Note: Tuesday 27th July 2021 (1730 hours), CC GCG officers will be briefing Audit Committee members on informing the Audit Risk Assessment and the CC GCG remit.

R10 – Process assessment for BCC: N/A

Proposed action: N/A

R11 – Process assessment for BCC: To consider further in conjunction with Legal Services the distinction between statutory shareholder representatives and those appointed by the shareholder (directors/observers).

Proposed action:

Summary: To be reviewed via the constitution.

R12 – Process assessment for BCC: N/A

Proposed action: N/A

R13 – Process assessment for BCC: N/A

Proposed action: N/A

London Borough of Croydon

R17 – Process assessment for BCC: Within BCC company investments follow standard decision governance – additionally where appropriate reports are taken to CCGCG.

Proposed action: Consider formalising process for reporting financial company transactions to CCGCG – would be for noting as not part of executive process, consider materiality.

It was noted, these would be reports to note and not a decision e.g. Propco Limited, Acivico etc.

Members response:

- The Chair noted the updates given by the Assistant Director Commercial and Development about standard governance for decisions already in place. She noted material companies would come to CC GCG for noting only which would enable to keep material companies on the radar.

| |
|--|
| Summary: The process for reporting financial company transactions to be reported to CCGCG (for noting). |
|--|

R18 – Process assessment for BCC: As above (repeat of R17)

Proposed action: As above (repeat of R17)

R19 – Process assessment for BCC: S151 and Monitoring Officer roles are represented on the CC-GCG. Loan conditions to group entities are monitored as part of service management and through the Development & Commercial and Legal teams within Council Management.

Proposed action: A review of covenants to be carried out within all group entities (outside of commercial loan portfolio – covenants monitored externally) to note and confirm to CC-GCG that robust and complete arrangements are in place.

The Assistant Director Commercial and Development highlighted this was different to the financial monitoring. There were some loan covenants across BCC portfolio which were monitored by those managing the investments. A piece of work would be taking place to look at these.

R20 – Process assessment for BCC: Covered in part within recommendations relating the RHE above – strategic fit for Council.

Proposed action:

The Chair concluded this was a useful exercise and it was important to check against where things had gone wrong in other councils.

RESOLVED: -

That the committee;

- i) Noted the information provided within the report and the analysis of PIR recommendations in appendix 1.
- ii) Discussed the governance arrangements, the reporting of such within the BCC Group structure and agreed the following priority areas for further work;

| Recommendation | Actions agreed |
|-----------------------|--|
| R1 & R2 | <ul style="list-style-type: none"> a) The appointments, companies spreadsheet to be reviewed. b) Discussions to take place via EMT to review which companies were strategically relevant to BCC. An update on this would be shared with CC GCG Committee members. |
| R3 & R4 | <ul style="list-style-type: none"> c) Training information to be updated and shared with the Group Secretaries for directors who do not attend training. d) Municipal cycle (May 2022), Councillors appointed to undertake training within 3 months of appointment (followed by once every municipal year). |
| R5 | <ul style="list-style-type: none"> e) Members noted the Terms of reference for the Committee. |
| R6 | <ul style="list-style-type: none"> f) Review annual declarations, conflicts of interests, exemptions of members. A refresh to take place on every appointment cycle or when appointments are made (in cycle). This information to be shared with Group Secretaries. g) A session to be arranged with Group Secretaries to explore what other information would be required to make appointments. |
| R7 | <ul style="list-style-type: none"> i) The Assistant Director for Audit and Risk Management to be invited to attend the committee to provide feedback on the risk register. |
| R8 | <ul style="list-style-type: none"> j) End of year accounts information received from companies to be distilled and shared with CC GCG. Presenting companies to be required to provide a standard one page finance report. k) Training to be arranged for CC GCG Committee after May 2022 from Finance Birmingham on |

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| | |
|-----------|--|
| | business cases. |
| R9 | l) The Chair to have an offline discussion with the Chair of Audit Committee and officers to ensure all areas related to companies covered between the two committees to ensure there are no gaps. |
| R10 | N/A |
| R11 | m) To be reviewed via the constitution. |
| R12 | N/A |
| R13 | N/A |
| R17 & R18 | n) The process for reporting financial company transactions to be reported to CCGCG (for noting). |
| R19 | o) A review of covenants to be carried out within all group entities (outside of commercial loan portfolio – covenants monitored externally) to note and confirm to CC-GCG that robust and complete arrangements are in place. |
| R20 | None |

- iii) Agreed to receive a future report on governance process enhancements, including an updated Group Company risk register considering the experience in other councils.

CABINET REPORT – BIRMINGHAM CITY PROPCO LIMITED - CONSULTATION

The following report of the Assistant Director Inclusive Growth was submitted: -

(See document No.4)

The Project Delivery Manager (Birmingham City Propco Limited) highlighted The draft report would be shared with Cabinet on 27 July however, this would be discussed on the private agenda of this meeting.

The principles around the report were around the council's utilisation of the existing wholly owned company and the proposals, potential or proposed changes to the internal structure of the company and governance would be consulted upon with members at his meeting.

No comments were made on the public agenda by members.

The Chair noted this would be revisited under the private agenda.

RESOLVED: -

- 10 i) Members noted the information provided within the exempt appendix 1 and set out any comments as part of the consultation process for addressing by the authors prior to the submission to Cabinet for decision.

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Additional points to factor into the Cabinet Report:

- Consultation - assurance on consultation process for assets
- Capacity of the company.

- ii) Noted the draft recommendation 2.5 which gave a role to the Cabinet Committee Group Company Governance (CC-GCG) as consultees in the approval of the terms and details of the revised restructure of Birmingham City PropCo Limited governance.
- iii) Members noted that any conclusions or comments would be limited to the company structure and governance and not the wider subject matter for which the changes to the company is proposed.
-

DATE OF NEXT MEETING

- 11 The next meeting is scheduled to take place on Thursday 16 September 2021 at 1400hours.
-

OTHER URGENT BUSINESS

- 12 There was no urgent business to consider.
-

EXCLUSION OF THE PUBLIC

RESOLVED:-

- 13 That, in view of the sensitive nature of the discussion due to take place relating to the Cabinet report – Birmingham City Propco Limited – Consultation, the public be now excluded from the meeting.
-

Public Report

Birmingham City Council

Report to Cabinet Committee – Group
Company Governance

16 September 2021



Subject: Company Update

Report of: Rebecca Hellard, Director Council Management

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq

Report author: Alison Jarrett

| | | |
|--|---|---|
| Are specific wards affected? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No – All wards affected |
| If yes, name(s) of ward(s): | | |
| Is this a key decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, add Forward Plan Reference: | | |
| Is the decision eligible for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, provide exempt information paragraph number or reason if confidential : | | |

1 Executive Summary

This report provides Members with an update on changes within entities that fall within the Council's group structure.

2 Recommendations

- 2.1 Members are asked to note the information provided within the report and at private appendix 1 which contains commercially confidential details concerning associated companies.

3 Background

3.1 There have been a number of changes in companies that fall within the Council's group structure, which have been detailed below.

3.2 Company Changes

Details of changes in companies are set out below, where a termination or appointment is made that is not a BCC member, officer or associate it is not noted.

1. ACIVICO (DESIGN, CONSTRUCTION AND FACILITIES MANAGEMENT) LIMITED (07918913), ACIVICO (BUILDING CONSULTANCY) LIMITED (07918763), ACIVICO LIMITED (07792304) - 13-Jul-21 - Termination of appointment of Frederick Thomas Grindrod as a director on 30 June 2021
2. ARDEN CROSS LIMITED (09948413) - 30-Aug-21 - Director's details changed for Ms Kathryn Elizabeth James on 30 August 2021
3. IB (BIRMINGHAM) LIMITED (01623466) - 14-Aug-21 - Final Gazette dissolved following liquidation
4. BIRMINGHAM CHILDREN'S TRUST COMMUNITY INTEREST COMPANY (10762047) Appointment of Suzanne Dodd, Director Legal Services following resignation of Jonathon Tew (papers yet to be filed at Companies House).

3.3 Annual accounts have been submitted for the following companies:

| Company | | unqualified audit (where applicable) |
|--|---|--------------------------------------|
| BIRMINGHAM MUSEUMS TRADING LIMITED (04221635) | Amended accounts for a small company made up to 31 March 2020 | Y |
| FINANCE BIRMINGHAM LIMITED (07423867) | Accounts for a small company made up to 31 March 2021 | Y |
| BIRMINGHAM AIRPORT LIMITED (02078273) | Full accounts made up to 31 March 2021 | Y |
| BIRMINGHAM AIRPORT (FINANCE) PLC (04061664) | Full accounts made up to 31 March 2021 | Y |
| BIRMINGHAM AIRPORT HOLDINGS LIMITED (03312673) | Group of companies' accounts made up to 31 March 2021 | Y |
| BHX (SCOTLAND) LIMITED (SC445279) | Unaudited abridged accounts made up to 31 March 2021 | N/A |
| BHX FIRE AND RESCUE LIMITED (05997636) | Audit exemption subsidiary accounts made up to 31 March 2021 | N/A |
| BIRMINGHAM AIRPORT OPERATIONS LIMITED (09915844) | Audit exemption subsidiary accounts made up to 31 March 2021 | N/A |

| | | |
|--|--|-----|
| BIRMINGHAM AIRPORT SERVICES LIMITED (08203043) | Audit exemption subsidiary accounts made up to 31 March 2021 | N/A |
| BIRMINGHAM AIRPORT AIR TRAFFIC LIMITED (08201487) | Audit exemption subsidiary accounts made up to 31 March 2021 | N/A |
| BIRMINGHAM AIRPORT DEVELOPMENTS LIMITED (02295119) | Audit exemption subsidiary accounts made up to 5 April 2021 | N/A |
| FIRST CASTLE DEVELOPMENTS LIMITED (02783202) | Audit exemption subsidiary accounts made up to 31 March 2021 | N/A |
| EURO-HUB (BIRMINGHAM) LIMITED (02403252) | Audit exemption subsidiary accounts made up to 31 March 2021 | N/A |
| BIRMINGHAM LEP COMPANY LIMITED (06915791) | Full accounts made up to 30 December 2020 | Y |

The airport subsidiary companies have all filed audit exempt subsidiary accounts, and in addition to this:

- notice of agreement to exemption from audit of accounts for period ending 31/03/21
- audit exemption statement of guarantee by parent company for period ending 31/03/21
- Consolidated accounts of parent company for subsidiary company period ending 31/03/21

3.4 Covid-19

A review of the material group company interests of the council is an ongoing process to understand the impact of Covid-19 on their business plans and performance. This review is refreshed as further information becomes available both nationally, within the industry categories and within each organisation. This review will continue to be updated and a snapshot reported to each meeting of the Group Company Governance Committee. Where it is indicated that there is a risk of a financial impact to the council then that will be reported within the regular revenue and capital monitoring reports to Cabinet.

The detailed review contains commercially sensitive information that may impact on performance were it to be made public. A private appendix is presented on the private agenda.

From July 19 2021 the impact of the ending of the furlough scheme and the return to more “normal” trading or implementation of recovery plans will be monitored and reported.

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on changes to organisations that fall within the Council's group structure. Further reports will be provided to future meetings of this committee.

5 Consultation

- 5.1 The Chair of the Committee has been consulted in the preparation of this Report.

6 Risk Management

- 6.1 This report sets out information on external organisations associated with the Council.

7 Compliance Issues:

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

- a) The Council provides services to community through a number of different vehicles. This report provides information on entities associated with the Council through which service delivery is being provided.

7.2 Legal Implications

- a) The Council's Section 151 Officer has a duty to ensure the proper administration of the Council's financial affairs. The Accounts and Audit Regulations 2015, requires the Council to have effective arrangements for the management of risk.

7.3 Financial Implications

- a) The Council needs to consider whether any of the changes in the company group structure has a financial impact on or increases the financial risks to the Council.

7.4 Procurement Implications

- a) There are no procurement implications directly arising from this report.

7.5 Human Resources Implications

- a) There are no human resources implications directly arising from this report.

7.6 Public Sector Equality Duty

- a) There are no equality duty or equality analysis issues relating to the proposals set out in this report.

8 Background Documents

CIPFA Code of Practice on Local Authority Accounting

Public Report

Birmingham City Council**Report to Cabinet Committee – Group
Company Governance**

16 September 2021



Subject: Group Companies Final Financial Position – Group Accounts 2020/21

Report of: Interim Director Council Management

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq

Report author: Finance Manager, Final Accounts, Tax & Insurance

| | | |
|--|---|---|
| Are specific wards affected? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No – All wards affected |
| If yes, name(s) of ward(s): | | |
| Is this a key decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, add Forward Plan Reference: | | |
| Is the decision eligible for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, provide exempt information paragraph number or reason if confidential : | | |

1 Executive Summary

The Council consolidates seven subsidiary companies, one associate company and one joint venture into its Group Accounts. This report to Cabinet Committee – Group Company Governance (CC-GCG) summarises the final positions in term of profit and loss for these Companies and provides detail on the group companies annual review and processes for consolidation into the Council's Financial Statements.

2 Recommendations

- 2.1 To note the information provided within the report and the appendices 1 – 4 included within this report.

- 2.2 To note the annual process for obtaining financial performance and outturn information from the council's group of companies.
- 2.3 To review and discuss any performance or governance issues arising.

3 Background

- 3.1 In common with many other local authorities, the Council uses different forms of service delivery, where this is appropriate. In some cases, it has created or bought into separate companies with its partners to deliver those services. The use of separate companies means that the Council's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The Group Accounts more fully reflect the overall financial picture of the Council's activities. The financial statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.2 The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council. These Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies of its subsidiaries, associates and joint ventures have been aligned with the policies of the Council, for the purposes of Group Accounts, where materially different. Such adjustments as are necessary to align the Group Accounting Policies are made as consolidation adjustments.
- 3.3 The annual process by which information is obtained from the group companies is given at appendix 1. Information is gathered during the year in order to check the materiality of the company and whether it is likely to require consolidation, final outturn information is obtained during accounts closure period. During this process the companies complete an assurance questionnaire (appendix 2) which feeds into the council's group assurance statement, and detailed accounting policies and transaction information (appendix 3) to assist with consolidation. The final element of confirmation from the material companies is on going concern. The briefing note extract given at appendix 4 on the private agenda sets out the position for the consolidated and material companies.

4 Options considered and Recommended Proposal

This report provides information to Members on the Group Consolidation Process for the Birmingham City Council Group Accounts.

5 Consultation

This is an information report on the Council's group outturn and as such no consultation is required.

6 Risk Management

This report informs the Committee of the Group Consolidation Process and outturn results. This process is reviewed annually both internally and as part of the external audit process, any suggestions or improvements are taken on board. These actions and implementation of improvements and enhancements will contribute to the risk management process of the Group Company position.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

The Council provides services to community through a number of different vehicles. This report provides information on the governance structure through which service delivery is being provided.

7.2 Legal Implications

The Council's Section 151 Officer has a duty to ensure the proper administration of the Council's financial affairs. The Accounts and Audit Regulations 2015, requires the Council to have effective arrangements for the management of risk.

7.3 Financial Implications

Group company governance is a vital tenet of sound group financial management. Improvements to the process and operation as a "best in class" authority in this regard will contribute to the overall reduction of financial risk for the Council.

Where implementation of improvements have a financial impact then that will be considered at the decision point for that action, be it by member or officer delegation.

7.4 Procurement Implications

There are no procurement implications directly arising from this report.

7.5 Human Resources Implications

There are no direct human resources implications arising from this report.

7.6 Public Sector Equality Duty

There are no equality duty or equality analysis issues relating to the proposals set out in this report.

8 Appendices

Appendix 1 – Report to Group Company Governance Committee of background and processes in relation to the consolidation of Group Companies into the Council's Financial Statements on an annual basis.

Appendix 2 – Copy of the Information the Audit Risk Assessment Questionnaire.

Appendix 3 – Copy of Company Questionnaire for Consolidation into the Group Accounts 2020/21

Appendix 4 - Briefing note to the Director of Council Management on Going Concern Matters

9 Background Documents

None

Appendix A

Group Accounts 2020/21 - Process and Procedures for compiling Birmingham City Council Group draft accounts.**Background**

In common with many other local authorities, the Council uses different forms of service delivery, where this is appropriate. In some cases, it has created separate companies with its partners to deliver those services. The use of separate companies means that the Council's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all its activities. The Group Accounts more fully reflect the overall financial picture of the Council's activities. The financial statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council. These Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies of its subsidiaries, associates and joint ventures have been aligned with the policies of the Council, for the purposes of Group Accounts, where materially different. Such adjustments as are necessary to align the Group Accounting Policies are made as consolidation adjustments.

To complete a draft set of Group Accounts for Birmingham City Council (BCC) each year, an up to date record of Companies with which BCC has an interest.

This list assists BCC to ascertain which companies should be included or excluded from the Group Accounts.

There are two tests for this – control over the Company and the materiality of their financial statements which are discussed later in this report.

In Year Processes

An up to date and comprehensive list of Companies and Related Parties is kept and updated during each financial year. This is done via interrogation of the Companies House website which is part of Gov.uk.

The Companies list details each Company that Council has an interest in. This includes details of the control the Council has over each related Company, whether these are treated as Joint Control, Joint Venture, Associate or Subsidiary.

An automatic email notification process for all Companies that the Council has an interest in has been set up, if the Companies are registered on Companies House. This provides the Council with the most up to date details of its related companies.

Finance has requested that Legal Services and Finance colleagues make the Final Accounts team aware of any new Companies. At least once a year, all Business Partners and Legal Services colleagues are emailed to discover whether any new Companies have been set up for (a) related party purposes and (b) whether to include in the Group Financial Statements. This is usually done in late Autumn.

The latest financial statements are available on the Companies House website for each company and these figures are included in the Companies spreadsheet. These are summarised by Turnover and Gross Profit, then Non-Current Assets, Current Assets, Current Liabilities, Long Term Liabilities to ascertain the net assets figure from the company balance sheets.

The materiality level for inclusion in the Group Accounts for 2020/21 was £3m. Therefore, if the net assets were £3m and above and there is some significant control the Company should be included in the Group Accounts. Companies that are close to materiality and where there is significant control are reviewed annually to see if the two tests are met for inclusion.

Questionnaires

Informing the Audit Risk – this questionnaire is sent out in the late autumn and is an audit requirement. Each company included in the Group Accounts must provide a response on this questionnaire. (See Appendix 2 for the template).

Once the responses are received, they are reviewed for consistency between financial years and for any information that may impact on the Group Accounts.

All the responses are collated with a formal report to the Audit Committee which should take place in the first quarter of each year and before the financial year end.

There is 100% response rate for this questionnaire.

Group Company Questionnaire – this questionnaire is also sent out in the autumn. It includes a standard list of questions for each company's accounts and is used to determine any accounting changes and/or other issues that need to be considered when consolidating the Group Financial Statements. (See appendix 3 for the template). When consolidating Group Accounts, ensure the where different accounting standards have been used. Where this happens, the Council make the required accounting adjustments so that the statements of accounts are consistent with each other. This questionnaire also details other issues that we may need to consider in group consolidation.

Two responses to this questionnaire – one in January so that the Council is informed of any potential issues to be considered when compiling the Group Accounts. The second return is due at the point of receiving the draft Financial Statements.

The Council receives most of the company's responses for the January deadline however, only NECD, PETPS Birmingham and PETPS SLP have supplied the second responses for 2020/21.

Going Concern

Going Concern is a major issue for auditors. For 2019/20 and 2020/21 The Council has provided auditors with responses from each Company and evidence to prove that the Group companies should be accounted for as Going Concerns. For 2020/21 a briefing paper was provided to the Director of Council Management Rebecca Hellard to show that assurance can comfortably be provided on not only Birmingham City Council as a going concern but also our Group Companies (see Appendix 3). This report is embedded in the end of year procedures going forwards.

Preparation of Group Accounts

Each member of the Group Companies must provide their Account by 30th April to ensure that there is time to consolidate them into the BCC Group Financial Statements which includes aligning the Accounting Policies and excluding any inter company transactions between the Council and the Group Company.

A working paper is set up for each year's accounts (Appendix 5). Each company's accounts are input into this spreadsheet, including all Profit and Loss and Balance Sheet lines in column 1. Any accounting adjustments are then made in a separate column and any adjustments between the draft and final accounts are also picked up. These items are totalled up and the total figures are used for consolidation.

The next step is to eliminate any inter-company transactions. These transactions are provided separately and the summary of these is used in the Group Accounts. Each intercompany transaction should equal out to zero so there is no impact on the bottom line for each company.

These figures are used to provide the notes to the Accounts, which are then added to the entity figures for a complete set of the Group Accounts.

Group Companies (extract from published draft financial statements 2020/21)

Consolidation of Subsidiaries, Associate Companies and Joint Ventures

The Council operates through a variety of undertakings, either exercising full control of an organisation (subsidiary undertakings) or in partnership with other organisations (associate undertakings or joint ventures). To provide a full picture of the activities of the Council, Group Accounts have been prepared which include those organisations where the interest and the level of activity is considered material to the Group as a whole.

There have been no changes to the Group structure within the financial year 2020/21. The entities consolidated into the Council's Group Accounts are:

Subsidiaries

Acivico Limited
Birmingham Children's Trust CIC
Birmingham City Propco Limited
InReach (Birmingham) Limited
National Exhibition Centre (Developments) Plc
PETPS (Birmingham) Limited
PETPS (Birmingham) Pension Funding Scottish Limited Partnership

Associate

Birmingham Airport Holdings Limited

Joint Venture

Paradise Circus Limited Partnership

**Extract from Birmingham City Council Draft Statement of Accounts relating
to Group Companies Profit/Loss 2020/21**

Subsidiary Companies

I. Acivico Limited

Acivico Limited is a registered company, which is wholly owned by the Council. The company was launched in April 2012, with three special purpose vehicles: one holding company and two trading companies. The two trading companies, Acivico (Design Construction and Facilities Management) Limited and Acivico (Building Consultancy) Limited, have been operational since April 2012 and provide a range of statutory and non-statutory services on behalf of and to the Council and to other public and private sector clients. The Council has held the £1 issued ordinary share (100%) for the whole of the reporting period covered by these financial statements.

The Council issued a letter of assurance to the company, in June 2021, to ensure that it was able to meet its liabilities as they fell due. The Council also purchased £1.5m of shares in Acivico during 2020/21.

The year-end of the company is 31 March and for the purposes of consolidation the accounts for the period to 31 March 2021 have been used, as amended for alignment of accounting policies and the guarantee given by the Council.

| | 2019/20 | 2020/21 |
|--|---------|---------|
| | £m | £m |
| Total Comprehensive Income for the Year | 6.4 | (4.8) |
| Net Assets/(Liabilities) at the year-end | (1.3) | (9.5) |

There was no qualification to the audit opinion on the last audited accounts of the group.

Information regarding transactions during the year and balances held at the year-end between the Council and Acivico Limited Group can be found within Note 47 of the Council entity accounts.

II. Birmingham Children's Trust CIC

Birmingham Children's Trust CIC was incorporated on 17 May 2017 and became independently operational on 1 April 2018. The Council is sole member of the company. However, as the company is an asset locked entity, the Council has no entitlement to any assets of the company. For the purposes of consolidation, the Council has used the Trust's draft accounts for 2020/21, as amended for alignment of accounting policies. Details of the outturn, before elimination of intra-group transactions, are set out below.

| | 2019/20 £m | 2020/21 £m |
|---|---------------|----------------|
| Comprehensive Income and Expenditure | | |
| Turnover | 212.4 | 213.5 |
| Operating Expenses | (223.4) | (228.3) |
| Operating Profit/(Loss) | (11.0) | (14.8) |
| Interest Receivable | 0.2 | - |
| Interest Payable | (1.9) | (1.8) |
| Profit/(Loss) for the Year | (12.7) | (16.6) |
| Other Comprehensive Income | | |
| Actuarial Gain/(Loss) on defined benefit scheme | 19.4 | (60.1) |
| Total Comprehensive Income for the Year | 6.7 | (76.7) |
| Balance Sheet | | |
| Intangible Asset | 5.3 | 4.6 |
| Total Non-Current Assets | 5.3 | 4.6 |
| Debtors | 13.7 | 6.4 |
| Short Term Investments | 21.5 | 32.0 |
| Cash and Cash Equivalents | - | (0.8) |
| Total Current Assets | 35.2 | 37.6 |
| Cash Overdrawn | (1.0) | - |
| Creditors due within one year | (20.5) | (20.9) |
| Total Current Liabilities | (21.5) | (20.9) |
| Long Term Borrowing | (10.0) | (10.0) |
| Pension Liabilities | (72.6) | (151.7) |
| Total Long-Term Liabilities | (82.6) | (161.7) |
| Total Assets/(Liabilities) | (63.6) | (140.4) |
| Reserves | (63.6) | (140.4) |
| Total Reserves | (63.6) | (140.4) |

There was no qualification to the audit opinion on the last audited accounts of the Trust.

III. The National Exhibition Centre (Developments) Plc

The company was set up to provide an additional 30,000 square metres of exhibition space in four halls. The building was financed by a loan stock issue of £73 million, at 7.5625%, by the company and is guaranteed by the Council and which is due for repayment in 2027.

The Council has held all 1,000 issued ordinary shares of £1 each and all 100,000 £1 preference shares throughout the reporting period covered by these financial statements.

The position at the year end is detailed below.

| | 2019/20 | 2020/21 |
|--|---------|---------|
| | £m | £m |
| Profit/(Loss) for the year | (1.0) | (1.0) |
| Net Assets/(Liabilities) at the year-end | 6.9 | 6.0 |

The year end of the company is 31 March 2021. For the purposes of consolidation these accounts have been used. There was no qualification to the audit opinion on the last audited accounts of the company.

The Council continues to retain ownership of NEC (Developments) Plc.

IV. PETPS (Birmingham) Limited

PETPS (Birmingham) Limited, a company limited by guarantee, was incorporated on 14 November 2014. The company is a wholly owned subsidiary of the Council.

Following completion of the sale of the National Exhibition Centre Limited Group (NEC Limited) on 1 May 2015, PETPS (Birmingham) Limited replaced NEC Limited as the principal employer and assumed the ongoing funding obligation of two defined benefit pension schemes with the agreement of the pension trustees.

| | 2019/20 | 2020/21 |
|--|---------|---------|
| | £m | £m |
| Profit/(Loss) for the year | - | - |
| Net Assets/(Liabilities) at the year-end | - | - |

The year-end of the company is 31 March 2021 and for the purposes of consolidation these accounts have been used. There was no qualification to the audit opinion on the last audited accounts of the group.

Information regarding transactions during the year and balances held at the year-end between the Council and PETPS (Birmingham) Limited can be found within Note 47 of the Council entity accounts.

V. PETPS (Birmingham) Pension Funding Scottish Limited Partnership

PETPS (Birmingham) Pension Funding Scottish Limited Partnership (SLP) was formed by PETPS (Birmingham) Capital Limited (PETPS Capital) and PETPS (Birmingham) General Partner Limited (PETPS General), which are both wholly owned subsidiaries of the Council.

The arrangement was created in 2017/18 to enable the Council to manage the funding implications of its guarantee in respect of the pensions from the NEC Group Limited following its disposal. The Council has invested equity in PETPS Capital which it has subsequently invested in SLP. The rights of the investment in SLP have been assigned to the NEC Pension Fund Trustees whilst the pension fund is in deficit. At 31 March 2021, the level of investment in SLP that is currently assigned to the NEC Pension Fund Trustees was £4.9m (31 March 2020: £7.3m).

At 31 March 2021, there were nominal balances in PETPS Capital and PETPS General with the major transactions in SLP.

| | 2019/20 | 2020/21 |
|--|---------|---------|
| | £m | £m |
| Profit/(Loss) for the year | - | - |
| Net Assets/(Liabilities) at the year-end | - | - |

The year-end of the company is 31 March 2021 and for the purposes of consolidation these accounts have been used. Advantage has been taken of the exemption not to produce partnership accounts under regulation 7 of The Partnerships (Accounts) Regulations 2008 as the financial information for the partnership has been consolidated into these group accounts.

Information regarding transactions during the year and balances held at the year-end between the Council and PETPS (Birmingham) Pension Funding Scottish Limited Partnership can be found within Note 47 of the Council entity accounts.

VI. InReach (Birmingham) Limited

The Council set up InReach (Birmingham) Limited, a wholly owned subsidiary of the Council, in 2015/16 to facilitate the development of new private rented homes for market rent.

Throughout the whole of the reporting period considered in these financial statements, the Council has held 100% of the £2,000,100 share capital of the company.

| | 2019/20 | 2020/21 |
|--|---------|---------|
| | £m | £m |
| Operating Profit/(Loss) for the year | 0.4 | 0.6 |
| Change in value of Investment Property | - | (0.3) |
| Interest Payable | (0.7) | (0.7) |
| Tax | (1.8) | - |
| Total Comprehensive Income for the Year | (2.1) | (0.4) |
| Net Assets/(Liabilities) at the year-end | 8.7 | 8.3 |

The year end of the company is 31 March and for the purposes of consolidation the draft accounts for the 12-month period ending 31 March 2021 have been used. There was no qualification to the audit opinion on the last audited accounts of the group.

VII. Birmingham City Propco Limited

The Council set up Birmingham City Propco Limited, a wholly owned subsidiary of the Council, in 2017/18 to provide a vehicle for commercial investment. The initial transactions of the company were to purchase the leasehold interests of the Council in respect of the Crowne Plaza NEC and Hilton Metropole NEC Hotels, which were completed on 15 March 2018.

| | 2019/20 | 2020/21 |
|--|---------|---------|
| | £m | £m |
| Profit/(Loss) for the year | (2.6) | - |
| Net Assets/(Liabilities) at the year-end | 6.4 | 8.1 |

The year end of the company is 31 March and for the purposes of consolidation the draft accounts for the 12-month period ending 31 March 2021 have been used. There was no qualification to the audit opinion on the last audited accounts of the group.

Information regarding transactions during the year and balances held at the year-end between the Council and Birmingham City Propco Limited can be found within Note 47 of the Council entity accounts.

Associate and Joint Venture

The associate that has been consolidated into the Group Financial Statements is listed below.

I. Birmingham Airport Holdings Limited

The seven West Midlands District Councils together own 49% of Birmingham Airport Holdings Limited (BAH) (the Council holds 18.68% of the total shareholding). The remaining shares of the company are held by Airport Group Investments Limited, 48.25%, and 2.75% is held for the benefit of employees. The Shareholders' Agreement provides for the District Councils to cast their 49% vote in all circumstances in one consolidated block. The vote of 75% of ordinary shareholders is required for certain major decisions of the company.

The seven West Midland Districts together own all £15.4m of BAH's 6.31% preference shares (the Council owns £5.9m) which are cumulative and redeemable.

The BAH Group Accounts incorporate:

- Birmingham Airport Limited.
- Birmingham Airport Air Traffic Limited.
- Birmingham Airport Developments Limited.
- Birmingham Airport (Finance) Plc.
- Birmingham Airport Operations Limited.
- Birmingham Airport Services Limited.
- BHX Fire and Rescue Limited.
- BHX (Scotland) Limited.
- BHX Limited Partnership.
- Euro-Hub (Birmingham) Limited; and
- First Castle Developments Limited.

The principal activity of the group is the operation and management of Birmingham Airport and the provision of facilities and services associated with those operations.

The year-end of the company is 31 March 2021. For the purposes of consolidation these accounts have been used. There was no qualification to the audit opinion on the last audited accounts of the group.

BAH is accounted for as an associate for the following reasons:

- The Shareholders' Agreement provides for the Districts to cast their 49% vote in all circumstances in one consolidated block. As the Council holds 18.68% within this 49% it is considered that the Council has greater power to influence the voting of the block;
-
- Between 1 April 2019 and 5 November 2019, 4 of the 16 Directors were Council officers or councillors and from 6 November 2019 to 31 March 2021 this was amended to 3 of the 15 Directors.

Following adjustments to the financial information to align accounting policies with those of the Council, in accordance with the principal of equity accounting under the Code, the summarised financial information for the associate for the year ended 31 March is detailed below:

| 31 March 2020 | | 31 March 2021 |
|---------------|---|---------------|
| £m | | £m |
| 496.7 | Non-Current Assets | 481.7 |
| 239.6 | Current Assets | 88.3 |
| (176.7) | Current Liabilities | (50.9) |
| (440.8) | Non-Current Liabilities | (478.6) |
| <u>118.8</u> | Net Assets | <u>40.5</u> |
| 22.2 | Council Interest in Net Assets @ 18.68% | 7.6 |
| 171.1 | Revenue | 27.0 |
| 16.4 | Post-Tax Profit/(Loss) | (66.5) |
| 24.6 | Other Comprehensive Income/(Expenditure) | (12.1) |
| - | Adj. for difference in Balance Sheet between draft and final accounts 2019/20 | 0.3 |
| <u>41.0</u> | Total Comprehensive Income/(Expenditure) | <u>(78.3)</u> |
| (29.1) | Less Dividends paid | - |
| <u>11.9</u> | Change in Net Assets | <u>(78.3)</u> |
| 7.7 | Council Interest in Total Comprehensive Income/(Expenditure) @ 18.68% | (14.6) |

The carrying value of the Council's interest in this entity is £7.6m (2019/20: £22.2m), which is included within Investments in Associates and Joint Ventures in the Group Balance Sheet.

The joint venture that has been consolidated into the Group Financial Statements is listed below.

II. Paradise Circus Limited Partnership

Paradise Circus Limited Partnership (the partnership) is a joint venture arrangement between the Council, BriTel Funds Trustees Limited (BriTel) and Paradise Circus General Partner Limited, which is itself formed through a partnership of the Council and BriTel. The Council and BriTel share control of the joint venture on a 50/50 basis.

The partnership is facilitating the development of the area known as Paradise Circus, supporting delivery against one of the Council's strategic aims of making Birmingham an entrepreneurial city to learn, work and invest in. The entity was incorporated on 11 September 2013, with operational activity commencing in January 2015.

The year-end of the company was 30 June 2020. For the purposes of consolidation these accounts have been used and supplemented by management accounts information for the nine-month period to 31 March 2021. There was no qualification on the audit opinion for the last audited accounts of the company.

Following adjustments to the financial information to align accounting policies with those of the Council, in accordance with the principles of equity accounting under the Code, the summarised financial information for the joint venture for the year ended 31 March is as follows:

| 31 March 2020 | | 31 March 2021 |
|------------------|---|------------------|
| £m | | £m |
| 20.3 | Non-Current Assets | 23.1 |
| 14.3 | Current Assets | 16.5 |
| (5.6) | Current Liabilities | (6.0) |
| (41.9) | Non-Current Liabilities | (49.6) |
| <hr/> (12.9) | Net Assets/(Liabilities) | <hr/> (16.0) |
| (6.5) | Council Interest in Net Liabilities @ 50% | (8.0) |
| 19.3 | Revenue | 12.6 |
| (2.6) | Post-Tax Profit/(Loss) | (3.0) |
| - | Other Comprehensive Income/(Expenditure) | - |
| <hr/> (2.6) | Total Comprehensive Income/(Expenditure) | <hr/> (3.0) |
| (1.3) | Council Interest in Total Comprehensive Income/(Expenditure) @ 50% | (1.5) |

The carrying value of the Council's interest in this entity is a net deficit of £8.0m (2019/20: £6.5m deficit), which is included within the current liabilities in the Group Balance Sheet.

| Question | Response |
|---|----------|
| Company Environment | |
| What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately | |
| How does the company ensure that Directors engage fully with the company and what is the record of attendance | |
| Please explain the system of governance and the financial control environment within the company | |
| Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken. | |
| What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company | |
| What is the company's approach to the development of business continuity plans. | |

| Question | Response |
|--|----------|
| What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations. | |
| | |
| The Identification, Mitigation and Reporting of Risk | |
| Please set out your management's views on your risk assessment process as it related to financial reporting. | |
| Please set out your management's processes for identifying and responding to risks of fraud. | |
| How do those charged with governance monitor management's processes for identifying and responding to risks of fraud. | |
| Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified. | |
| How does the company's management communicate to those charged with governance with respect to business risks (including fraud). | |
| What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period. | |

| Question | Response |
|--|----------|
| How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud. | |
| How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company | |
| How would the company communicate any breach of GDPR requirements to the Council. | |
| What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place. | |
| Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers? | |
| | |

| Question | Response |
|--|----------|
| Financial Statements | |
| How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review. | |
| What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements. | |
| Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets. | |
| Please set out details of any indemnities or guarantees that the company has given. | |
| Please set out details of any indemnities or guarantees that the company has received. | |
| Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement. | |
| Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues. | |
| Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's | |

| Question | Response |
|--------------|----------|
| performance. | |
| | |

Appendix 3 – Company Questionnaire for Consolidation

A spreadsheet is available on request with the detailed questions that are put to the group company portfolio. The headings for each sheet of information required from each company is shown below:

| Ref | Sheet | Purpose | Interim Return | Final Return |
|-----|---|--|----------------|--------------|
| 1 | Contents Sheet | | | |
| 2 | Background | Sets out the context for the provision of information and the basis of the council consolidation into its group accounts | N/A | N/A |
| 3 | Timetable | Sets out the timetable for returns | N/A | N/A |
| 4 | Standing Data | Seeks information about the company, including contact details, company number, external auditors | Yes | Yes |
| 5 | Statement of Impact of Covid 19 on the business | Seeks information on the impact of Covid 19 on the business. | Yes | Yes |
| 6 | Accounting Policies | Asking whether company accounts are on an IFRS basis or not | Yes | Yes |
| 7 | Going Concern | Seeks information on Going Concern considerations | Yes | Yes |
| 8 | Cash & Cash Equivalents | Seeks details on the classification of cash and cash equivalents and whether the company has any short term investments | No | Yes |
| 9 | Guarantees | Seeks information on guarantees received/granted | Yes | Yes |
| 10 | Government Grants | Seeks information on government grants | Yes | Yes |
| 11 | PPE | Seeks information on property, plant and equipment | Yes | Yes |
| 12 | Revaluation and Impairment | Seeks information on revaluation and impairment of non-current assets | Yes | Yes |
| 13 | Assets Held for Sale | Seeks information on assets held for sale in line with IFRS 5. | Yes | Yes |
| 14 | Investment Properties | Seeks information on investment properties | Yes | Yes |
| 15 | Leases | Seeks information on leases | Yes | Yes |
| 16 | Financial Instruments | Seeks information on financial instruments | Yes | Yes |

Appendix 3 – Company Questionnaire for Consolidation

| | | | | |
|----|--------------------------------------|---|-----|-----|
| 17 | Heritage Assets | Seeks information on heritage assets | Yes | Yes |
| 18 | Financial Data | The Council has to produce information for consolidation into the Whole of Government Accounts. This includes analysis of the group accounts on a subjective basis. | No | Yes |
| 19 | Employee Benefits | The Council has to include significant information on pension assets/liabilities within its group financial statements. | Yes | Yes |
| 20 | Intra Group Transactions explanation | The Council has to eliminate intra group transactions on consolidation. It is important to set out those transactions with other entities within the group that would not be picked up from either the Council's or the company's accounts. | No | Yes |
| 21 | Intra Group Transactions table | Spreadsheet identifying inter company transactions | No | Yes |
| | | | | |

Public Report

Birmingham City Council**Report to Cabinet Committee – Group
Company Governance**

16 September 2021



Subject: Governance Review – Improvement Plan

Report of: Assistant Director Inclusive Growth

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq

Report author: Assistant Director Development & Commercial

| | | |
|--|---|---|
| Are specific wards affected? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No – All wards affected |
| If yes, name(s) of ward(s): | | |
| Is this a key decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, add Forward Plan Reference: | | |
| Is the decision eligible for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, provide exempt information paragraph number or reason if confidential : | | |

1 Executive Summary

At its July meeting, Cabinet Committee Group Company Governance (CC-GCG) received a report published by CIPFA entitled “The Need for Guidance About Council Owned Companies”. The report gave details of recent Public Interest Reports (PIR) that wholly or in part referred to the group company holdings of three other local authorities. CC-GCG reviewed the article and findings considering how they may relate to BCC’s own group company governance arrangements. Following that discussion a series of actions to improve and strengthen BCC’s governance arrangements were agreed. This report sets out the improvement plan and progress against it.

2 Recommendations

- 2.1 To note the information provided within the report and the improvement plan at appendix 1.
- 2.2 To confirm those actions and target implementation dates that refer to CC-GCG members.
- 2.3 To continue to receive updates on governance process enhancements in line with target implementation dates, including an updated Group Company risk register.

3 Background

- 3.1 A recent article by Joanne Pitt, local government policy manager at the Chartered Institute of Public Finance & Accountancy (CIPFA) on 25 May 2021 wrote of the need for guidance about council-owned companies. This article gave examples where recent public interest reports have shown how failures around council-owned companies can have devastating consequences. Her report summarised that the potential for issues can generally be linked to organisational governance, leadership, capacity, financial stability, and culture, including:

- a lack of understanding of roles and responsibilities
- a lack of skills around commercial decision making
- an optimism bias that does not reflect the true position
- a lack of strategic rationale surrounding the creation of companies
- a reluctance to listen to challenges.

- 3.2 Two case studies of recent Public Interest Reports written by External Auditors, Grant Thornton, were provided – Nottingham City Council, Robin Hood Energy and Croyden MBC, Brick by Brick Ltd. The CIPFA article further draws on experience from the recent enquiry into Liverpool City Council. The findings and recommendations from these reports were provided against an assessment of their relevance and position within BCC and an action plan for improvement was discussed. CC-GCG requested that a plan be drawn up and progress reported regularly, this is the first of those reports.

4 Options considered and Recommended Proposal

- 4.1 This report provides a governance improvement plan. There will be options to consider at future points of implementation and these will be addressed as appropriate. The proposal to adopt the improvement plan as set out in appendix 1 and as amended/enhanced from time to time in the future is recommended.

5 Consultation

- 5.1 CC-GCG were consulted at the initial stage in July 2021 when the findings of the PIR on 3 other local authorities were reported. This report draws together the discussion on how the City drew on those PIR findings in order to improve its own group company governance arrangements. Where appropriate further consultation will take place with Members and officers as individual process and control changes/enhancements are implemented.

6 Risk Management

- 6.1 This report seeks to improve existing governance arrangements in light of recent PIRs issued to three other local authorities. These actions and implementation of

improvements and enhancements will contribute to the risk management process of the Group Company position.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 The Council provides services to community through a number of different vehicles. This report provides information on the governance structure through which service delivery is being provided.

7.2 Legal Implications

- 7.2.1 The Council's Section 151 Officer has a duty to ensure the proper administration of the Council's financial affairs. The Accounts and Audit Regulations 2015, requires the Council to have effective arrangements for the management of risk.

7.3 Financial Implications

- 7.3.1 Group company governance is a vital tenet of sound group financial management. Improvements to the process and operation as a "best in class" authority in this regard will contribute to the overall reduction of financial risk for the Council
- 7.3.2 Where implementation of improvements have a financial impact then that will be considered at the decision point for that action, be it by member or officer delegation. None of the elements within Appendix 1 have a material financial impact.

7.4 Procurement Implications

- 7.4.1 There are no procurement implications directly arising from this report.

7.5 Human Resources Implications

- 7.5.1 There are no direct human resources implications arising from this report.

7.6 Public Sector Equality Duty

- 7.6.1 There are no equality duty or equality analysis issues relating to the proposals set out in this report.

8 Appendices

- 8.1 Appendix 1 – Governance Improvement Action Plan

9 Background Documents

Report to Group Company Governance Committee – 15 July 2021 – Governance Review – CIPFA Article on Local Authority Companies

Appendix 1
Group Company Governance Committee – Governance Improvement Action Plan

| | Governance Outcome | Action | Owner(s) | Progress | Target Date |
|----|---|---|---|--|--|
| G1 | BCC considers the strategic fit of its group companies taking into account the context of the City Plan, Delivery Plan and the MTFP | Group list to be updated with detail on company activities, turnover, meeting numbers, skill set required. Review of strategic fit for each company attendee at GCG | AJ GCG | List updated with 20/21 outturn results – turnover. Updating on company changes and activities in progress. Acivico Group Ltd to attend November meeting | Draft on completion, updated for May '22 appointments ongoing |
| G2 | The Council should review its overall approach to using councillors on the boards of its subsidiary companies and other similar organisations. This should be informed by a full understanding of the role of and legal requirements for company Board members. Full consideration of this to be made at Annual Appointments confirmation and when new appointments/changes occur | Within company analysis identify recommended board representation – members, officers, external experts. Rationalise appointment process to single route of officer approval through Council Management Directorate (member appointments remain the decision of political groups). Each company appointment to have a named officer contact | CP/AJ CP (in conjunction with Dir Legal Services) AJ/CP | Review of all appointments underway in conjunction with Monitoring Officer and Director Council Management. Draft paper to be presented to CLT and CC-GCG As a product of the appointments review above. All major companies have named officer contact. Their duties in this role to be updated as result of above review | November '21 |

| | | | | | |
|----|--|---|-----------------------------------|--|-------------------|
| G3 | BCC appointees to boards as directors and observers should demonstrate the knowledge, experience and strength to challenge. | Central register of members and officer training held within Legal Services. | CP | Register held and updated | January – May '22 |
| | All appointees will undertake training for their role of director/observer and be given direction on Council support in their role (legal support). | Training policy to be created outlining minimum skills and mandatory or advisory nature of training, timing of training and refreshment | CP/AJ | Training options/delivery mechanism in progress | |
| | | Officer Directors and Member Group offices to be notified of any nominees/appointees with outstanding training requirements | CP | Complete – notifications made – however will be an ongoing requirement | |
| G4 | Company governance structure and shareholder role should be defined more clearly and communicated to the necessary individuals. | Group company guidance on intranet is reviewed, updated and appointees notified of changes | AJ/AP | Guidance is current but will require updating following improvement plan progress. | Jan – May '22 |
| | | Incorporate individual clarification as part of training. Provide updates to appointees. | | All new and existing appointees and officer contacts to be signposted to guidance | |
| G5 | When allocating roles on Council-owned organisations to individual councillors, the Council should ensure that the scope for conflicts of interest is minimised, with a clear divide between those in such roles and those responsible for holding them to account or overseeing them. | Review annual declarations of Register of Interests (ROI) for inclusion of directorships and observer roles for members and officers. | Legal Services /Group Secretaries | | May '22 |

| | | | | | |
|----|---|---|--|----------------------------------|------------------------------|
| | Ensure no conflicts of interest in Councillor roles in BCC and through activity with Group Company boards. | Appointment process to include review at each new appointment. | | | |
| G6 | The Council should ensure that risks relating to its companies are considered for inclusion in its overall risk management processes, with appropriate escalation and reporting, rather than being seen in isolation. The client within BCC and their team should maintain a full risk register. | Combine existing BCC Group Risk Register with company risks identified within directorates as separate document to be reported to CCGCG | AJ/CP in conjunction with Head of Internal Audit | | Jan '22 |
| G7 | The Council should ensure that financial information is provided in accordance with its requirements and is fully understood by CC-GCG and others involved in holding the companies to account, and that robust action, with the oversight of the s151 officer, is taken if suitable information is not provided. | Annual report to be provided at outturn. Companies attending GCG to provide financial performance update. Company updates – private report – to include financial performance update. | AJ | 20/21 report to November meeting | Annually Each meeting |
| G8 | Responsibility for scrutiny of governance and risk management across the group is held by CC-GCG. The Audit Committee hold overall governance responsibility for the council. Interaction between the two Committees has been recommended by AC. | CC-GCG to consider whether there is a role for Audit Committee and what form and frequency might assurance from CC-GCG take. | CC-GCG | | March '22 |
| G9 | The council should monitor compliance with loan covenants and register of charges to any group companies | List of covenants and charges to be compiled and reviewed | AJ/CP | | January '22 |

Public Report

Birmingham City Council**Report to Cabinet Committee – Group
Company Governance**

16 September 2021



Subject: Acivico Group Ltd - Company Pen Portrait

Report of: Alison Jarrett, AD Commercial and Development,
Finance & Governance

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq

Report author: Alison Jarrett

| | | |
|--|---|---|
| Are specific wards affected? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No – All wards affected |
| If yes, name(s) of ward(s): | | |
| Is this a key decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, add Forward Plan Reference: | | |
| Is the decision eligible for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, provide exempt information paragraph number or reason if confidential : | | |

1 Executive Summary

Acivico Group Ltd is to present to Members on the private agenda. This report provides Members with a pen portrait of the company.

2 Recommendations

2.1 Members are asked to note the information provided

3 Background

- 3.1 Acivico Ltd – in 2020/21 final outturn reported a turnover of £26m (2019/20 £25m) giving rise to a loss of £4.8m (2019/20 profit of £4m) after pension losses of £2.4m and an exceptional depreciation charge on change of premises of £1.7m (2019/20 after exceptional/pension settlement gain of £3.5m). Without such exceptional/pension adjustments the performance for 2020/21 would be a trading loss of £0.35m (2019/20 £0.50m profit).
- 3.2 Acivico Limited was created as a wholly owned subsidiary of the Council in September 2011. It has 2 subsidiaries - Acivico (Building Consultancy) Ltd and Acivico (Design, Construction and Facilities Management) Ltd. In 2020 following presentation to CCGCG and April 2020 Cabinet approval the company expanded with a non-teckal trading arm in order to achieve a higher private sector market share and a sustainable future outside of any exclusivity agreements with the council . Until that point the company will continue to operate solely under Teckal requirements.
- 3.3 The principal activities of the group of companies are for the provision of consultancy, design, construction and facilities management within the construction and property industry.
- 3.4 Acivico undertook a full review of its activities during 2018/19. The council gave an undertaking to the auditors to support the company enabling a going concern opinion to be given and awarded Acivico a new three year contract from 2019/20. By the end of this contract it is expected that Acivico will be a self-financing entity with a broad portfolio of teckal and non-teckal contracts.
- 3.5 The company is headed by Group Managing Director, Chris Hall and the board is chaired by Councillor Ian Briggs.

3.5 Key personnel and board members within Acivico are:

Chris Hall – Group Managing Director

Vicki Palazon – Director Finance, IT and Resources

Mark Holden – Strategic Development Director

Ian Moss - Director Organisational Development & HR

BCC Board Members

Cllr Ken Wood

Cllr Peter Griffiths

Vacancy

The Director of Council Management and her deputy s151 officer are observers on the board.

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on Acivico Ltd and will assist in the exchanges and discussion on the presentation within the private agenda.

5 Consultation

- 5.1 The Chair of the Committee has been consulted on the attendance of Acivico Ltd.

6 Risk Management

- 6.1 This report provides an outline of the company and background for discussion of company performance with the company representatives.

7 Compliance Issues:

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

The recommended decision supports the Birmingham City Council Plan 2018-2022, contributing to the priority of Birmingham being an entrepreneurial city to learn, work and invest in.

7.2 Legal Implications

The Council's Section 151 Officer has a duty to ensure the proper administration of the Council's financial affairs. The Accounts and Audit Regulations 2015, requires the Council to have effective arrangements for the management of risk.

7.3 Financial Implications

There are no financial implications directly arising from this report but Members should consider any questions or considerations arising from this report for discussion during the private agenda.

7.4 Procurement Implications

There are no procurement implications directly arising from this report.

7.5 Human Resources Implications

There are no human resources implications directly arising from this report.

7.6 Public Sector Equality Duty

There are no equality duty or equality analysis issues relating to the proposals set out in this report.

8 Background Documents

None

