

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

12 May 2021



Subject: New Company Creation
Report of: Assistant Director Inclusive Growth
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O & S Chair(s): Councillor Sir Albert Bore
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential: Exempt information paragraph 3: Information relating to the financial or business affairs of any particular person (including the Council).		

1 Executive Summary

This report is presented as part of the process to create a new company, it outlines the reason for the creation, the purpose of the company and provides assurance that the Company Creation Gateway process has been complied with. The creation of the new company will be presented to Cabinet for decision and will note comments from the Cabinet Committee Group Company Governance as part of the consultation.

2 Recommendations

- 2.1 Members are asked to note 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.
- 2.2 Members are asked to note that in this regard any conclusions or comments should be limited to the company creation and not the wider subject matter for which the creation of a new company is proposed.

3 Background

- 3.1 The gateway process for the creation of a new company requires the requesting service to answer a number of questions demonstrating that the company creation is in line with Council objectives and priorities and has satisfactorily considered and sought advice on all relevant corporate issues. This detail is then presented to the Assistant Director of Development & Commercial (Finance & Governance), Head of Law (Commercial, Procurement, Privacy & Information) and is also presented to Cabinet Committee Group Company Governance for consultation.
- 3.2 The company creation checklist is contained in exempt Appendix 1.

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on the completion of the requirements imposed upon a service in order for a new company to be created. The views of the Committee will be noted on the report to full Cabinet that recommends the setting up of a company in order to discharge a recommended service solution. Views and recommendations of this Group Company Governance Cabinet Committee will be taken in account in the preparation of that report.
- 4.2 As part of the company creation process Cabinet Committee are recommended to consider whether the service has presented sufficient detail and assurance in its proposal to create a new company.

5 Consultation

- 5.1 Noted on exempt Appendix 1.

6 Risk Management

- 6.1 Should a new company subsequently be approved by Cabinet then the company will be part of the Council's group structure and subject to appropriate governance. Cabinet Committee Group Company Governance will be able discharge its oversight of this company in the same way as for other group companies.

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 a new entity to be created 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 decision to create the company and the service delivery risks associated with that decision will be considered by full Cabinet.
- b) The actual direct costs of creating a company are detailed in exempt Appendix 1, however the corporate risks and financial implications created by the operation of a new company can be significant if the company is not set up and managed appropriately. The Gateway process ensures that these considerations have been taken into account and sets a process by which the company itself will be managed as part of the group structure for the Council.
- c) Legal, tax and financial advisors are engaged in the creation of the company, should it be the preferred option to deliver the service.

7.4 Procurement Implications

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

7.5 Human Resources Implications

- a) There will be human resources implications directly arising from the full Cabinet decision. Advisors are engaged on HR implications for the new company, this is noted in the exempt Appendix 1.

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

See exempt Appendix 1.