

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE - GROUP COMPANY GOVERNANCE

THURSDAY, 14 MARCH 2024 AT 14:00 HOURS
IN COMMITTEE ROOM 2, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

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 Public-I microsite ([please click this link](#)) 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 they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting.

If a disclosable pecuniary interest is declared a Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If other registerable interests are declared a Member may speak on the matter only if members of the public are allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If it is a 'sensitive interest', Members do not have to disclose the nature of the interest, just that they have an interest.

Information on the Local Government Association's Model Councillor Code of Conduct is set out via <http://bit.ly/3WtGQnN>. This includes, at Appendix 1, an interests flowchart which provides a simple guide to declaring interests at meetings.

- 5 - 16** 4 **NOTES OF THE LAST MEETING - 25 JANUARY 2024**
- Notes of the meeting to be confirmed.
- 17 - 30** 5 **GROUP GOVERNANCE AND STRATEGIC REVIEW & UPDATE ON THE REVIEW AND RATIONALISATION OF GROUP COMPANIES (RESPONSE TO SECTION 114 NOTICE)**
- Report of the Interim Director of Finance, s151 Officer.
- 31 - 36** 6 **GROUP COMPANY GOVERNANCE - INFORMING THE AUDIT RISK ASSESSMENT 2023-24 (PUBLIC)**
- Item Description
- 37 - 46** 7 **COMPANY UPDATE**
- Report of the Interim Director of Finance, s151 Officer
- 47 - 52** 8 **BIRMINGHAM MUSEUMS TRUST - PEN PORTRAIT**
- Report of the Assistant Director Neighbourhoods Sports, Events, Culture & Communities
- 9 **SCHEDULE OF MEETINGS FOR THE MUNICIPAL YEAR 2024-25**
- To note proposed dates for the Committee:-
- **Thursday 11 July 2024** - 1400 – 1600 hours (2 hours)
 - **Thursday 19 September 2024** - 1400 – 1600 hours (2 hours)
 - **Thursday 07 November 2024** - 1230 – 1430 hours (2 hours)
 - **Thursday 23 January 2025** - 1400 – 1600 hours (2 hours)
 - **Thursday 13 March 2025** - 1400 – 1600 hours (2 hours)
 - **Thursday 15 May 2025** - 1400 – 1600 hours (2 hours)
- 10 **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.
- 53 - 56** 10A **ACIVICO GROUP LIMITED - PEN PORTRAIT**
- Report of the Director of Property and Investment
- 11 **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

12 **BIRMINGHAM MUSEUMS TRUST - (PRIVATE)**

Item Description

13 **NOTES OF THE MEETING - 25 JANUARY 2024 (PRIVATE)**

Item Description

14 **GROUP GOVERNANCE AND STRATEGIC REVIEW & UPDATE ON THE REVIEW AND RATIONALISATION OF GROUP COMPANIES (RESPONSE TO SECTION 114 NOTICE)**

Item Description

15 **GROUP COMPANY GOVERNANCE - INFORMING THE AUDIT RISK ASSESSMENT 2023 -2024 (PRIVATE)**

Item Description

16 **COMPANY UPDATE - 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.

17A **ACIVICO GROUP LIMITED (PRIVATE)**

Item Description

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE – GROUP COMPANY GOVERNANCE

Thursday 25 January 2024 at 1400
hours Committee Room 2, Council
House

Attendance:

Councillor Sharon Thompson, Deputy Leader (Chair)
Councillor Liz Clements, Cabinet Member, Transport
Councillor Brigid Jones, Cabinet Member, Finance & Resources

Observers: Councillors Ewan Mackey (in person) and Roger Harmer (online)

Also in Attendance:

Alison Jarrett	Director Group and Capital Finance, Deputy S151 Officer
Georgina Dean	Solicitor, Legal Services
Max Caller	Lead Commissioner
Nick Reed	Chief Executive of B: Music
Symon Easton	Head of Cultural Development & Tourism
Mandeep Marwaha	Committee Services

1 NOTICE OF RECORDING/WEBCAST

The Chair advised that this meeting will be webcast for live or subsequent broadcast via the Council's Public-I microsite ([please click this link](#)) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

APOLOGIES

- 2 Apologies were submitted by Councillor Gareth Moore (Observer) and Councillor Ewan Mackey was in attendance as a nominated substitute (Observer).

In addition, Connie Price, Head of Law, Commercial, Procurement, Privacy & Information submitted her apologies and Georgina Dean, Solicitor was in attendance on her behalf.

At this juncture, the Chair welcomed the Lead Commissioner, Max Caller to the meeting.

DECLARATIONS OF INTERESTS

- 3 Councillor Jones declared a non-pecuniary interest. She was a Director for Birmingham Airport (Under item 7 and 16 of the agenda).
- Councillor Mackey declared he was a Director for B: Music.
- Councillor Clements declared she was a Trustee for Birmingham Symphony Orchestra.
- Later in the meeting, during the Company Update item discussions, Councillor Jones declared two further non-pecuniary interests. She was a Director on the Colmore Business District and a Director on GBSLEP (in the period referred to in the accounts).
-

PUBLIC NOTES OF THE LAST MEETING – 16 NOVEMBER 2023

- 4 The public notes of the 16 November 2023 were agreed at this meeting.
-

COMMISSIONER’S REVIEW AND COMMENTS ON THE AGENDA

The following document from the Commissioner was submitted:

(See document No.1 of the agenda pack)

The Commissioner’s Review was read out by the Chair. It stated:

“Item 6 - Group Governance & Strategic Review - The recommendations to undertake the reviews and appoint an additional shareholder representative are supported. A clear timetable for the completion and report back on each company should be established based on turnover and risk.

Item 7 - Update on the Review and Rationalisation of the Group Companies (Response to Section 114 Notice) - Commissioners have noted the progress being made.

Item 8 - Company Update - Commissioners support the recommendations in this report.

Item 9 – B: Music - Pen Portrait - Cleared with no comment.

Item 16 – Company Update (Private) Comments from the Commissioner have been set out under item 16 as an exempt paper.”

The Committee noted the points raised by the Commissioner.

Upon consideration, it was;

5 **RESOLVED:-**

The Cabinet Committee Group Company Governance noted the Commissioner's review and comments on the agenda.

GROUP GOVERNANCE AND STRATEGIC REVIEW

The following report of the Interim Finance Director, Section 151 Officer was submitted:-

(See document No.2 of the agenda pack)

The Director Group and Capital Finance, Deputy S151 Officer reminded the Committee, this report was requested at the previous meeting. The report referred to the Local Authority Company Review Guidance (2002 edition). This was a toolkit for undertaking Strategic and Governance Reviews of wholly or partly owned Council Commercial entities. The report indicated the work undertaken within this area. Further details within the report was shared with the Committee.

Appendix 1 of the report indicated the recommendations of the review together with a comparison to existing practice and delivery structure within the council. The report outlined the evidence required from the Council and Companies to take robust governance.

Ahead of this meeting, the Chair had been sent an updated version of the report as well as a timetable of meeting the requirements. The Director Group and Capital Finance, Deputy S151 Officer was the company representative for several companies. It was proposed to increase the number of shareholder representatives for the Council, from the Chief Executive and the Director of Finance, S151 Officer to now include the Director Group and Capital Finance, Deputy S151 Officer.

It was highlighted, the Director Group and Capital Finance, Deputy S151 Officer, held directorships across the Council's entities. Seven of which had to be surrendered and one placed the Director Group and Capital Finance, Deputy S151 Officer as a Trustee of the Pensions Fund. The Commissioner had agreed that the Trustee of the Pensions Fund could be retained.

It was noted, of the seven companies, three companies were dormant and were in the process of closure. Three resignation letters had been prepared and alternative Directors had been identified. On 12th March 2024, the Director Group and Capital Finance, Deputy S151 Officer proposes to resign from the National Exhibition Centre (Developments) PLC.

Formal shareholder meetings between the Chairs and Chief Executives of companies with over 20% shareholder interest were taking place. Evidence of formal meetings would be available for companies such as Acivico Limited as this is the Council's largest shareholder company with multiple contracts.

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A timetable and forward plan would be shared with the Committee in March. This would outline companies that were attending Cabinet Committee Group Company Governance and how the reviews would start to take place.

Annual appointments would take place in May 2024 and training would be built into the timetable. At present officer time would cover the work on this area however, this would need to be reviewed in the future if there was a need for additional resource.

Appendix 2 consists of the existing annual risk assurance document which had been sent to group companies of over 20% shareholding and informed the audit assessment for the council. This would be shared to this Committee and any comments reported to Audit Committee.

Members raised questions and made the following comments;

- Cabinet Member for Finance and Resources welcomed this report and agreed with all the actions to be undertaken however, raised comments on the following:
 - Council appointments to the Board – disagreements between political parties around how Council appointments, criteria to the Boards were made. It had been difficult to get a system in place to select appointments.
 - Issue on Councillor time to serve on boards - there was a struggle to fill the board positions. As well as a review on training and background to Councillors appointed to boards, it was proposed to review if it was appropriate for Councillors to be appointed to the Board.
 - Remuneration issue had been raised previously too.
- It was queried if Acivico Limited had only one Council Company Director and there were two vacancies. It was important to fill these as Acivico Limited was one of the Councils largest companies.
- Cabinet Member for Transport referred to Acivico Limited. There was a gap and suggested to co-opt someone with a business or accounting background. Someone with appropriate skills would be required on the Board.
- Members were pleased to see a review and governance check was taking place however, there was a demand on the Council Director Appointees.
- Reference was made to appendix 1 :
 - Point C9 – Evidence - There should be evidence that senior company staff were performance managed against KPIs.
 - Point C10 – Evidence - There should be evidence of ongoing assessment of value for money and quality offered by the entity through an adequately resourced monitoring function.Both of these were 'not in place' and reassurances were required on these. In addition, what was the timescales of competing any work on this area.
- Directors of companies – main priority was to the Company and Council affiliation would be secondary.

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- B: Music undertake a full appraisal of the Directors and it was questioned if this took place for all Directors, Did the Council know how the Companies were appraising their Directors?

In response to Members comments the following points were made by the Director Group and Capital Finance, Deputy S151 Officer:

- Various discussions were taking place across all the issues raised by Members.
- A piece of work was taking place on appointing Councillors to Company Boards. For companies limited by shares where the Council has a financial interest, consideration was being given to independent Non-Executive Directors (NED) being involved due to their skills.
- Acivico Limited – The appointment must also represent the shareholder (Birmingham City Council) therefore, slightly different job description.
- Further information was provided around priorities for Directors and shareholder interests. In relation to Acivico Limited, expertise was required similarly to the Pension Trustees and Birmingham Airport, where an expert was employed. A Non- Executive Director would be appointed to Acivico Limited to represent the Council. Originally there were 3 Member appointments for this Board, to represent each of the main parties. The Director Group and Capital Finance, Deputy S151 Officer attends the Acivico Limited Board meetings as an observer.
- Some companies undertake appraisals for their Board Directors such as Acivico Limited, Birmingham Airport, Finance companies where the Chair of the Board holds the CEO and Directors to account.
- Appendix 2 of the report indicated the governance within each company is questioned. Ongoing work on this area was taking place as part of the review.
- Responses to the annual questionnaires was due to be submitted back to the Council and any gaps would be addressed.
- KPI's, Value for money – This varied across the companies. A whole review across the council was taking place to include new dashboards, KPI's to hold companies to account. Asset Management area was being focussed upon first.
- The Aim was to complete the work on dashboards and KPI's by the end of 2024. Urgent review was taking place on the larger companies. Work on KPI's with Acivico Limited would be reported back to the March meeting.
- Acivico Limited would attend the next meeting with their 5 year Business plan. This was scheduled to be shared at their next Board meeting which would then be presented to this Committee.

The Chair was pleased to see progress was being made and certain action had taken place however, there was room for improvement. The Chair wanted to ensure risk management was looked at clearly in order for Members to be assured at Committees, and where mitigations were being monitored.

The Chair requested for this agenda item to be reported to the Committee as a regular update.

Upon consideration, it was;

6 **RESOLVED: -**

The Cabinet Committee Group Company Governance;

- (i) Noted the information provided within the report and appendix 1 which provides the basis for a governance process review and improvement programme;
- (ii) Continue to undertake annual review of the Committee Terms of Reference, the consequent scope and relevant parts of the Constitution;
- (iii) Authorised officers to recommend and make such changes as are required to the Constitution and the operational process to effect improved group governance noting that where these are required to be effected or delivered outside of the Committee meeting cycle then such decisions and actions will be in consultation with the relevant portfolio holder;
- (iv) Endorsed the extension of shareholder representation posts to include the Director of Group and Capital Finance, Deputy s151 Officer, on confirmation that the post-holder is free from conflict of interest; and
- (v) Agreed for regular updates on Group Governance and Strategic Review to be provided to the Committee.

UPDATE ON THE REVIEW AND RATIONALISATION OF GROUP COMPANIES (RESPONSE TO SECTION 114 NOTICE)

The following report of the Interim Finance Director, Section 151 Officer was submitted:-

(See document No.3 of the agenda pack)

The Director of Group & Capital Finance (Deputy Section 151 Officer) made introductory comments. Members were reminded this item had been on the Committees' agenda for a regular update to review the companies the Council exercised ownership of. In addition, to consider which companies were dormant and to close these where possible.

Some of the companies were not straight forward to close, especially if they had transactions in recent years and potential tax issues to consider. Some of the closures to companies were complex. The report provided an update to this review. Progress was provided by the Director of Group & Capital Finance (Deputy Section 151 Officer) on the following companies; Birmingham Wheels; Birmingham Endeavour Limited; Birmingham Charities Limited; GBS Finance Limited and LBS Law Limited.

Members raised questions and made the following comments;

- Birmingham Wheels Limited - There were difficulties contacting the Director. It was queried if there was an end date or estimated timetable of closing the company down.

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- What was the percentage of dormant companies and costs associated with closures?
- Birmingham Wheels Limited – It was queried if they owned the land and if they did own the land, what happens to this going forward. What happens to the DLUHC money that came in for this site?

In response to members comments the following points were made by the Solicitor Legal Services and the Director Group and Capital Finance, Deputy S151 Officer:

- Birmingham Wheels – There was no exact date for the closure of this company however, the Director would need to sign papers before this was closed. It was noted, there would be a 2 month wait thereafter until the company was fully closed.
- Birmingham had just over 100 companies that were live, including the dormant companies. Some of the dormant companies were attached to other companies e.g. PCLP (Paradise Circus Companies) had 4 dormant companies included within the group. Details on this can be shared with the Committee Members.
- If there was a tax implication of closing dormant companies, arrangements would be made for external advice and assistance to liaise with HMRC. This would cost approximately £5k (for complicated companies). Not all the companies would require external advice and only those that could give rise to tax implications.
- Birmingham Wheels operated on Council owned land. Levelling up funds from DLUHC was received and ongoing work was taking place to clear up the site.

The Chair was pleased to see progress was being made however, recognised there was further work to do. The Chair requested for this item to be a standard item on the agenda until all the dormant companies were closed.

Upon consideration, it was;

7

RESOLVED: -

The Cabinet Committee Group Company Governance;

- (i) Noted the progress since 16 November 2023 meeting in the closure of entities no longer required; and
- (ii) Agreed for regular updates on the Review and Rationalisation of Group Companies (Response to Section 114 Notice) to be provided to the Committee.

COMPANY UPDATE

The following report of the Interim Finance Director, Section 151 Officer was submitted:-

(See document No.4 of the agenda pack)

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The Director of Group & Capital Finance (Deputy Section 151 Officer) gave an overview of the latest changes made across the Council's portfolio of companies since the last meeting. The private agenda contained the details of confidential updates.

There was a strike off notice for GBS Finance Limited and LSB Law Limited. In addition, there was two changes to PBRs (Perry Barr Residential Scheme) incorporation of the Company and Management Company.

The report listed the companies that had filed their statutory annual Accounts since the last meeting. Members were notified the Director of Group & Capital Finance (Deputy Section 151 Officer) had been through the companies where there was going concerns. It was noted, there was nothing to raise with the Committee.

Frontier Development Capital Limited was highlighted. Birmingham City Council had sold their shares last year in which approximately under 600,000 was the first consideration. The balance of the proceeds was to come the following year and the year after dependant on the performance of the company. Members were informed this had past the first year and another 135,000 was received. The final payment will be given the same time in the following year. Further details around this was shared with the Committee.

Details on the liquation of GBSLEP was shared with the Committee. Members were informed most of the services had now transferred and the company would settle all of their liabilities by March 2024.

At the end of the process, the expected liability left was estimated at £1.8 million. This would be transferred to the Council on the LEPs liquation.

- Permission has been granted to place certain amount into reserves to cover any current and future costs associated with team that was TUPE.
- Any costs to do with the holding data and information from the LEP company.
- The balance of the funds would be managed by the Enterprise Zone Partnership Board and used for the purposes for the intent of GBSLEP Limited (similar to a grant with conditions).

This was scheduled for a decision at the next Cabinet meeting.

Members raised questions and made the following comments;

- GBSLEP was heavily involved in Paradise Circus and it was queried if Paradise Circus was completed and who was overseeing this if GBSLEP was closing.
- Dividends sitting in the revenue budget, it was queried if this will be in the general fund and would this be the case for all dividends?
- It was queried if the residue from GBSLEP would be received as a ringfenced grant.

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In response to members comments the following points were made by the Director Group and Capital Finance, Deputy S151 Officer:

- Paradise Circus Development will be delivered in 3 phases.
 - Phase 1 – Completed
 - Phase 2 - Approaching completion
 - Phase 3 – Full Business Case has been received and currently being assessed.
- The Enterprise Zone Fund was still being managed. This had transferred into the Council rather than the Combined Authority. The Enterprise Board consists of three private sector partners, the Leader of the Council, Director of People, Place and Sustainability, Director Group and Capital Finance, Deputy S151 Officer and a member from Solihull Council. This was approved by DLUHC and ran under the same governance protocols as it used to and now the Enterprise Zone fund was ringfenced. A full Business Case on Paradise Circus will be shared with Cabinet in April/May 2024.
- Dividends were receive receipt and will sit in the general fund. Up until this year there was a ringfenced provision where interest from loans went into that provision and used to support Business Support activities for members of the finance team. If it was large, this was transferred to the general fund. In addition, this covered the loans across the Council. The provisions were being reviewed corporately.
- Provisions would be kept if there were any late costs from liquidation or any liabilities emerging. Employee and insurance costs had to be considered. The alternative was this was given to Solihull and Birmingham would have to apply to Solihull to cover the costs. Solihull agree it would be easier if the funds come directly to Birmingham.

At this juncture, the Cabinet Member for Finance and Resources declared a non-pecuniary interest. She was a Director on the Colmore Business District and was the Director on GBSLEP in the period the accounts cover.

Further questions raised by members;

- What was the criteria, threshold for the companies being listed on this document.
- Cabinet Member for Transport requested for the details on the companies update to be made clear particularly in relation to Voluntary organisations and managing the risk related to a Director.
- GBSLEP – TUPE of any remaining staff and had this been accounted for?

In response to members comments the following additional points were made by the Director Group and Capital Finance, Deputy S151 Officer:

- There was no threshold for companies being listed on the document. Every company that Birmingham had an interest in would be flagged on Companies House. A notification would come through and the list would be reported to the Cabinet committee Group Company Governance. Items that affect the member or officer; wholly owned companies and most of the companies had less than 20% shareholder interest.

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- Any companies above 20% interest would be highlighted on a separate list.
- Anything flagged by the Auditors via their reports would be shared with this Committee. Officers would then report on the matter.
- The full list of companies has the details of all the companies Birmingham had an interest in. At times, the interest were due to members being placed on the Board. Therefore, safeguarding the relationship. Anything that would affect the Council financially and reputationally would be listed.
- The Directors on the Board should be highlighting any risks and should be presented to the Board before they go onto companies house.
- Directorate of Place, Prosperity and Partnerships – If Birmingham was to have any costs associated with GBSLEP through redundancies, issues before they moved to the council this would be ringfenced for redundancies payments. There was no intention ringfenced from the Combined Authority for any unforeseen actions. This ringfencing was only open until the end of March 2025.

7 **RESOLVED: -**

The Cabinet Committee Group Company Governance;

- (i) Noted the information provided within the report and at private appendix 1 which contains commercially confidential details concerning group and associated companies; and
- (ii) Noted that Greater Birmingham and Solihull Local Enterprise Partnership Limited (GBSLEP) has started work on Members Voluntary Liquidation and a Cabinet decision will follow to accept and manage residual funds.

8 **B: MUSIC – PEN PORTRAIT (PUBLIC)**

The following report of the Interim Director of Finance, s151 Officer was submitted:-

(See document No. 5 of the agenda pack)

The Director of Group & Capital Finance (Deputy Section 151 Officer gave an overview of the pen portrait for the company. It was noted company receives a revenue support grant from the council.

Point 3.2 of the report indicated - BCC Core Grant - 2022/23 £1.388m, 2023/24 £1.388m. There was a 3 year agreement and currently B:Music was in their last year of the agreement. The performance of the company had been relatively strong though there was a loss in 2023. There had been positive impact from certain performance.

At this juncture, the Chair reminded the Committee, Councillor Mackey declared he was a Director on the B:Music Board. Advice had been taken from the Deputy Monitoring Officer around conflict of interest and participation to the debate. The Chair was content with Councillor Mackay contributing to the discussions.

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The Chief Executive of B:Music introduced himself to the Committee. This charity operates Symphony Hall and the Town Hall.

At 1456 hours, the Committee moved into a private session to discuss the B:Music item.

EXCLUSION OF THE PUBLIC

RESOLVED:-

- 12 That, in view of the sensitive nature of the discussion due to take place relating to B: Music, the public be now excluded from the meeting.
-

(Note 13 is in private)

RE-ADMITTANCE OF THE PUBLIC

- 14 At 1536 hours, following discussions on item 13, B: Music (Private), the Committee moved back into the public meeting.

(The Committee moved back to Item 9 on the agenda)

B: MUSIC – PEN PORTRAIT (PUBLIC)

The Chair thanked attendees, officers and members for their contributions during the private session.

Upon consideration it was;

- 15 **RESOLVED:-**

That the Cabinet Committee Group Company Governance noted the information provided within the Pen Portrait and from the B:Music attendees.

DATE OF THE NEXT MEETING

- 16 The next meeting is scheduled for Thursday 14 March 2024 at 1400 hours.
-

- 17 **OTHER URGENT BUSINESS**

There was no urgent business to consider.

EXCLUSION OF THE PUBLIC

At 1537 hours, the Committee moved into the remaining private section of the agenda.

RESOLVED:-

- 18 That, in view of the sensitive nature of the discussion due to take place relating to Company update, the public be now excluded from the meeting.
-

(Note 19 onwards are in private)

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

14 March 2024



Subject: Group Governance And Strategic Review - Update
Report of: Fiona Greenway, Interim Director of Finance, s151 Officer
Report author: Alison Jarrett Director Group & Capital Finance

Does the report contain confidential or exempt information? Yes No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential :

Exempt Appendix gives personal or commercially confidential information

1 Executive Summary

- 1.1 The report contains the update to a programme of work resulting from a review of the council's group company governance procedures and practices compared to those contained within the Local Authority Company Review Guidance - A toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities – 2023 edition.
- 1.2 Recommendations resulting from this review were approved and adopted as a structure for best practice at the January 2024 meeting of the Cabinet Committee.

2 Recommendation(s)

Cabinet Committee Group Company Governance are asked to:

- 2.1 Note the updates and progress within the report and at appendix 1.
- 2.2 Note the conclusions of the of the Acivico Ltd “deep-dive” within the exempt appendix 2 and support the progress of the Acivico Contract Extension Report to Cabinet in March 2024.
- 2.3 Note that the annual review of the Committee Terms of Reference, the consequent scope and relevant parts of the Constitution will take post May 2024 Council to accommodate any consequent new Committee appointments.
- 2.4 Authorise officers to recommend and make such changes as are required to the Constitution and the operational process to effect improved group governance noting that where these are required to be effected or delivered outside of the

Committee meeting cycle then such decisions and actions will be in consultation with the relevant portfolio holder.

3 Background

- 3.1 At the Committee's meeting on the 24 January 2024 a report was presented noting a programme of change and improvement to the council's group company governance procedures and practices. That programme of actions is noted at appendix 1 together with updates and progress. The appendix is based upon the conclusions and recommendations of the UK Government Publication, Local Authority Company Review Guidance - A toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities – 2023 edition.
- 3.2 Within the Improvement Programme was a recommendation to commence a cyclical review of all material companies. Given the materiality of Acivico Ltd both in company size and contract value across the council, that company was reviewed first. The review with Committee took the form of an informal meeting with Company officers, members and council officers with the opportunity to question, challenge and more fully understand the company performance, client list, finances and business plan. Acivico will formally present their 5-year business plan to Committee on this March 2024 agenda. Further commercially sensitive narrative is contained in the exempt appendix.
- 3.3 Portfolio rationalisation has been a programme supported by the Committee for some time. Since the January 2024 meeting the following updates are available:
- LSB Law Ltd – Closed at Companies House as of 6th Feb 2024
 - GBS Finance Ltd – Closed at Companies House as of 13th Feb 2024
 - Birmingham Charities Ltd – Application submitted for strike off on 16th Jan 2024. Following the two month notice period, formal closure should take place on or after 23rd March.
 - GBSLEP Ltd – The Company is progressing the Members Voluntary Liquidation. A Directors meeting to finalise preparations took place on 22nd February and a Members meeting to make the formal resolutions to enter into the MVL is scheduled for 7th March.
 - CSR City Limited - CSR City Ltd was incorporated in 2015 and was set up with the Chamber of Commerce, Birmingham City Council and GBSLEP as members/guarantors, to act as an “umbrella” for helping coordinate Corporate Social Responsibility activity across the business community, focusing on greatest need in the city-region. The Company did help to convene and support some very positive activity initially, however it has not been active for some time. The Company has filed dormant accounts since incorporation and has never traded. As it remains dormant and there are no

plans for it to become active in the future, there is a proposal to dissolve it. Approval to dissolve the company has been given by the three members/guarantors and the process is underway, being led by the Chamber of Commerce.

- Birmingham Venture Capital Limited (BVC) – A decision to close BVC Limited (the postal company) has already come to Committee. Preparations have started however as BVC are the parent Company of Creative Advantage West Midlands Limited, consideration needed to be given to the future of that Company before proceeding (see below). Once Creative Advantage has been dissolved, the process to dissolve BVC can continue.
- Creative Advantage West Midlands Ltd (CAF) – Having considered its options following the news of the proposed closure of BVC, the board of CAF also decided to dissolve the company as the Company is not currently active. It does however hold limited assets and one investment. The board have identified a suitable way forward to transfer the assets in accordance with their articles of association and lawyers have been engaged to progress this. It is hoped that the transaction will be complete before the end of the financial year so that strike off papers can be submitted.
- Birmingham Wheels Ltd – There has been some delay caused by the need to clarify instructions and costs with the firm appointed to assist in the liquidation. This has now been resolved and final instructions are being prepared to proceed with the liquidation process.
- Birmingham Endeavour Ltd – The corporation tax element is being reviewed and settled with HMRC before initiating the liquidation process. In the meantime the abridged accounts for the year ended March 2023 have been filed at Companies House.

4 Options considered and Recommended Proposals

- 4.1 As reviews, reports and public interest reports are made concerning company governance processes, and in particular those relating to local authority interests, then it is a requirement of the council to ensure that it is following best practice. Implementation of an improvement plan reduces the risk for the council both financial and reputational that is inherent in a wider group structure. It is recommended that the improvement plan at appendix 1, adopted at the January 2024 meeting of this Committee is implemented by officers and members.

5 Legal Implications

- 5.1 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.

6 Financial Implications

- 6.1 There are no direct financial implications arising from the recommendations within this report apart from the officer resource required to undertake the reviews. Where this may be in excess of existing provision, re-prioritisation or a request for additional resource will be presented to the Director of Finance. Such a request to be considered in the context of the risk rating applied to the relevant piece of work.
- 6.2 Robust governance over the group portfolio is in itself an efficient and economically strong contribution to the management of resources and risk across the council.

7 Public Sector Equality Duty

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

8 Other Implications

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

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

9 Background Papers

- 9.1 Local Authority Company Review Guidance - A toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities – 2023 edition.

10 Appendices

- 10.1 Appendix 1 – Improvement Plan – Group Company Governance, adapted from the LA Company Review Toolkit

APPENDIX 1

Group Company Governance Improvement Plan (adapted from the LOCAL AUTHORITY COMPANY REVIEW GUIDANCE A toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities – 2023 edition)				
EVIDENCE		CURRENT CONTROL/PROCESS	RECOMMENDATION	Progress/Update
COUNCIL ARRANGMENTS				
GOVERNANCE AIMS				
C1	There should be evidence that the council and senior management recognise the importance of establishing appropriate and proportionate governance arrangements for the oversight of entities	Operation of the CC-GCG - supported by senior officers. Improvements implemented following Public Information Reports in July 2021 Financial Regs - Company Procedures Manual - updated July 2023	Shareholder representative to attend CC-GCG	In progress Request made to Monitoring Officer and existing Shareholder representatives to add Director Group & Company Governance as shareholder rep.
C2	There should be evidence of a culture of challenge and clarity relating to the purpose, efficiency, effectiveness, specific objectives, and freedoms of the entity	Material entities present to CC-GCG Annual assurance return	Embed forward plan Reiterate structure of presentations	In progress 2024/25 Forward plan to be agreed – will cycle companies under control. Acivico – deep dive – Feb 24
SHAREHOLDER ROLE				

C3	There should be a clearly designated council shareholder role or function which is both understood and recognised by the council and the entity (and documented in terms of reference)	Set within Constitution as Chief Executive and Director of Finance, s151	Expansion to include Director Group & Company Finance, Deputy s151	In progress – see above C1
C4	There should be clarity regarding the role of shareholder, with reserved matters clearly documented and updated as required, reflecting any changes made as the entity has developed, in a shareholder’s agreement, or as set out in the company’s governing articles of association	Such documents are part of company creation process	Set a cyclical review programme - commence with most material entities	Acivico – review commenced Programme not yet in place
C5	There should be evidence that the individual undertaking the shareholder role is provided with suitable training and support commensurate with the role and is independent of the company. This responsibility may be delegated to a committee rather than an individual. If this is the case, there must be a terms of reference drawn up and a suitable cohort of elected members identified to sit on the committee	Shareholder role sits with Chief Executive and Director of Finance. Both roles are provided with support and training and are independent of the company.	The proposal to increase the representation to a third post will require that postholder to resign from current director-ships. This is under managed progress	Resignations submitted: Propco Ltd FDH Ltd Finance Bham Bham Endeavour – on liquidation (in progress) NECD Plc (post sign off of 2022/23 accounts 12/03/24)
C6	There should be evidence of formal periodic shareholder/ chair/chief executive meetings with effective supporting papers to inform subsequent company board meetings	Not in place across all entities and where in place these are with the Dir of Group & Capital Finance	Increase shareholder rep to include Dir Group & Company Finance. Expand & formalise meetings across portfolio	Programme of meetings to be confirmed. In place – Acivico Group, Finance Bham, PropCo, InReach
COUNCIL OVERSIGHT, SCRUTINY & GOVERNANCE FRAMEWORK				
C7	There should be documented evidence of transparent member and officer scrutiny, oversight, and approval of business plans	Attendance and presentation at CC-GCG	Formalise approval process for wholly owned companies. Document process for significant interest entities - action then as appropriate	In place for Museums, B:Music, Acivico, Children’s Trust. Control list not yet in place

C8	There should be evidence of a clear set of KPIs that fall out of the business planning process	Not in place for all entities	Document as an action following business plan approval. [Distinguish between KPIs on contract delivery and KPIs as corporate holding]	Acivico – in progress Other companies – to be developed with CEOs
C9	There should be evidence that senior company staff are performance managed against KPIs	Not in place	Document process as part of item C6	not commenced
C10	There should be evidence of ongoing assessment of value for money and quality offered by the entity through an adequately resourced monitoring function	Not in place	Consider appropriate approach across portfolio	Not commenced
C11	There should be ongoing assessment of risks relating to the entity, supported by processes to ensure that risks are managed as part of the council's overall risk management approach, with appropriate escalation and reporting	Risk register in place - overdue for review Individual entity risks previously noted within directorate process	Update risk register - add to forward plan	Risk workshop to be supported by Internal Audit
C12	There should be evidence of a consistent approach across the council when it comes to engaging with its entities	Not captured	Review approaches across council and consider re-introducing engagement template.	To be documented as part of above recommendations
C13	The council should have clear and unfettered access to audited accounts for its entities	Provided annually as part of group reporting for material (financial and shareholding) entities Companies House submitted reports reviewed and reported for each CC-GCG meeting	Add to checklist for Shareholder Rep duties	In place with GCGC officer rep – to be added to duties of service officer support.
BUSINESS CASE FOR THE ENTITY				

C14	There should be evidence of clear alignment between governance of entities and wider governance of council business by ensuring that issues relating to the performance of entities are integrated into corporate risk management, performance management and governance reviews as well as financial and strategic planning activity. The council constitution should appropriately reference the entity	Business case required to create a company - requires clear alignment of purpose and strategy. Constitution does not reference all entities	Consider how this is managed as a current requirement after company creation across the material entities	Financial Regulations – Group Companies due for update - to capture constitution update
C15	A business case which assessed the risk involved in establishing the entity and recommended its establishment, taking account of other potential delivery models, should be available to review	Financial Regulations and Policy/Procedure manual sets out the requirements for a business case to set up a company. This submission is required before permission to create a company may be given.		To consider access under e-filing arrangements
AGREEMENTS WITH THE ENTITY				
C16	Objectives of the entity should be clearly defined and documented, and regularly reviewed to ensure that its operation continues to support council policy and strategy, including periodically reviewing the business case to ensure it is still valid	Reviewed by CC-GCG as part of attendance and presentation.	Review and consider how this is managed across directorates - recommendations to follow.	To follow post identification of link officer. Part of annual business plan approval Key element of review of portfolio reduction
C17	Agreements should be documented between the council and the entity for any support or services provided by either party to the other party	SLAs and contracts in place	review and confirm as part of directorate rep engagement	Commenced in part – Fin Bham SLA Acivico – contract extension
AVOIDING & MANAGING CONFLICTS OF INTEREST				

C18	All agreements should be clear, up-to-date, and regularly monitored and reviewed, with any changes to agreements documented so that a clear audit trail exists			
C19	There should be evidence that a culture exists whereby actual or potential conflicts of interests are identified, declared, and acted upon, including evidence of appropriate training across the organisation	Training provided for all directors, nominees, observers Evidenced in meeting records	Reinforce through officer support	In part commenced through link officer review – Companies under significant control (>20%)
C20	The council's constitution should contain clear and up-to-date policies and processes to consistently manage actual conflicts or potential conflicts of interest, including a clear process for investigations and procedures for appropriate disciplinary actions in the event of breaches	Constitution contains Code of Conduct and Protocols for members and officers		
COUNCIL APPOINTMENTS TO THE BOARD				
C21	The roles, responsibilities and reporting lines of officers and members who are involved in council oversight of the entities, the provision of services between the entities or the running of the entities should be clearly defined and documented	Defined and available	Review in terms of entity relationship	May Council report
C22	There should be evidence that all matters relating to appointments to the board are subject to a documented formal, rigorous, and transparent procedure based on merit and published objective criteria which also promote diversity. This could include evidence that the recruitment process has been competitive and transparent, for example by demonstrating that a formal process for advertising and selection has taken place. Board appointments should be approved by the shareholder	In place for some entities	Review across all entities Revise process for annual appointments to provide evidence	May Council appointments limited to non-financial interest companies

The following controls and practices will be recorded against each entity as the CEO link officers are identified. Each link officer to confirm compliance and procedures in place.

Annual Audit Risk Assessment will confirm material controls.

ENTITY ARRANGEMENTS		ANNUAL RETURN - INFORMING THE AUDIT RISK ASSESSMENT – (Appendix 2)	OTHER - OR TO IMPLEMENT	
ARTICLES OF ASSOCIATION				
E1	The entity's articles of association should be clear, up-to-date, and reflective of how the entity is run			
BUSINESS PLANNING				
E2	There should be evidence of an up-to-date business plan that is reflective of the current circumstances and environment in which the entity operates	Y	Through CC-GCG	
ROLES & BEHAVIOURS OF THE BOARD				
E3	There should be evidence that the board meets regularly to consider, review and record discussions and conclusions	Y		
E4	There should be evidence of delivery of strategies and plans, including scrutinising key operational and finance performance information	Y		
E5	There should be evidence of the desired culture and behaviours		Officer contact/meeting with CEO	

E6	The company structures should be regularly scrutinised in order to ensure they remain fit for purpose		Officer contact/meeting with CEO	
E7	There should be evidence that the board has clear policies and procedures for its members to ensure that actual or potential conflicts of interests are identified, declared, and acted upon		Request confirmation annually	
ROLES & BEHAVIOURS OF COMPANY DIRECTORS				
E8	There should be evidence that directors have sufficient skills and experience to run the entity	Y		
E9	There should be evidence that directors' behaviours are aligned with the requirements of the Companies Act 2006 and the Nolan Principles as well as Cabinet Office's Code of Conduct for Board Members of Public Bodies ¹⁰		Officer contact/meeting with CEO	
E10	The scope of directors' authorities should be documented and clear to all parties		CEO meeting and BCC training provision	
COMPANY BOARD COMPOSITION				
E11	There should be evidence that the board has a diverse membership with the collective skills and attributes needed to lead the entity effectively		Officer contact/meeting with CEO	
E12	There should be evidence that board membership is reviewed regularly for composition and fitness for purpose		Officer contact/meeting with CEO	
THE BOARD & RISK MANAGEMENT				
E13	There should be evidence that the board understands the organisation's risk profile and the effectiveness of key controls and regularly reviews risks and risk appetite	Y		
BOARD MEMBERS' SKILLS & DEVELOPMENT				

E14	There should be documented evidence that the board regularly undertakes a skills audit to ensure that it has an appropriate balance of skills and experience	Y		
E15	There should be evidence of ongoing professional training provided to ensure that all board members are up-to-date in their understanding and supported in their roles	Y		
THE ROLE OF EXEC & NON-EXEC DIRECTORS				
E16	There is evidence that the role of executive directors is clearly defined and documented		CEO Confirmation. BCC training	
E17	Non-executive directors are in place to bring an independent judgement to bear on issues of subject matter expertise, strategy, performance, resources including key appointments, and standards of conduct			
E18	There is documented evidence that the board values the role of non-executive directors, and their views are influential in the board's decisions		CEO Confirmation - officer/observer confirmation	
THE ROLE OF THE BOARD CHAIR				
E19	There is evidence that the chair provides clear board leadership, supporting the directors and chief executive and taking account of the shareholders' views		Sharehold rep & board appointee confirmation	
FINANCIAL MANAGEMENT				
E20	There should be a fully documented and approved business plan that is consistent with and no more than 12 months older than the previous business plan. The changes within the updated business plan should accord with the trajectories that are apparent from monthly financial and non-financial performance reports	Y		

E21	The financial transactions and values attributable to the company within the council's medium term financial plan should agree with the projections in the business plan		Valuations on investments annually. Transactions reflected in MTFP as appropriate	
E22	Board reports should include clear presentation of the monthly income and expenditure position of the company as well as a cash flow statement and balance sheet		confirm via board representation	
E23	There should be evidence of an annual audit letter from the council's external auditors, confirming the degree of confidence they hold in respect of consolidation or treatment of financial instruments entered by the company	Y		
E24	Documented financial policies and procedures should be available	Y	to be confirmed as part of suite of policies	
E25	There should be evidence of an effective annual internal audit programme	Y		

Birmingham City Council
Cabinet Committee Group Company
Governance

14 March 2024



Subject: Group Company Governance – Informing the Audit Risk Assessment

Commissioner Review

Commissioners have considered the recommendations outlined in this report. The schedule attached to this report records several proposed actions which have yet to be progressed. Each element of this review requires a specific timeline and a named officer responsible, and Commissioners ask to be informed as these further details develop. Commissioners are concerned that without this discipline there is a risk that the programme will drift, and this must be avoided.

Public Report

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

14 March 2024



Subject: Group Company Governance – Informing the Audit Risk Assessment

Report of: Fiona Greenaway, Interim Director of Finance & Section 151 Officer

Report author: Alison Jarrett, Director, Group and Capital Finance and Deputy Section 151 Officer

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 appendices contain personal and commercially sensitive information		

1 Executive Summary

This report asks Members to consider responses from the Council's material group companies provided in response to a questionnaire concerning their Audit Risk Assessment

2 Recommendations

2.1 Members are asked to consider the responses from the Council's group companies and advise Audit Committee of any issues identified.

3 Background

- 3.1 The Council has created a number of companies that fall within its sphere of control, either as wholly owned subsidiaries, associates where the Council has significant influence, Joint Ventures or other arrangement. The Council has to consider whether there are risks to the Council either through misuse of funds or misstatement of activities.
- 3.2 An exercise is carried out each year to determine the “Group Boundary”, that is to define which subsidiaries, associates and joint ventures are consolidated with the Council’s financial statements to produce Group Accounts. The larger entities within the overall Council group boundary have been asked to provide information through the completion of a questionnaire to allow Members to gain assurance that funds are being used efficiently and effectively and that information provided in respect of their financial statements may be relied upon. The assurance statements have been broken down into three main areas:
- Company Environment – looking at the governance arrangements of the company
 - The Identification, Mitigation and Reporting of Risk – looking at how the company manages risk
 - Financial Statements – looking at factors that may impact on the company’s financial health and financial statements.

The responses provided are attached at Exempt Appendix 1.

- 3.3 Audit Committee is responsible for signing off the Council’s financial statements, including relevant group accounts, in due course. As part of this sign off process, members of the Audit Committee will need to be confident that the information presented represents a ‘true and fair view’ of the financial position of the group and that the accounts are materially correct.
- 3.4 Members are asked to consider the responses received and identify any issues that it would wish to raise with Audit Committee for their consideration and further review.

4 Options considered and Recommended Proposal

This report provides information to Members on governance and financial arrangements within group entities that will be considered for consolidation in the Council’s group accounts.

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?

The production of annual group accounts is a statutory requirement to consolidate entities that are controlled by the Council and which are material to its activities.

7.2 Legal Implications

- a) Section 151 of the Local Government Act requires the Chief Finance Officer (as responsible officer) to ensure proper administration of the Council's financial affairs.

7.3 Financial Implications

- a) The Council is required to produce group accounts where it controls external organisations where the level of activity is considered to be material to the entity.

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

None

- 9 **Appendices** – these are attached to the private report as they contain commercially confidential information

Responses from

- A. Birmingham Airport Holdings Limited**
- B. Birmingham Airport Management Assurance**
- C. Birmingham Children's Trust C.I.C.**
- D. Birmingham City Propco**
- E. Finance Birmingham Limited**
- F. InReach Limited**
- G. Paradise Circus Limited Partnership/ Paradise Circus Limited Partnership – supplementary info**
- H. National Exhibition Centre Developments Limited**
- I. PETPS (Birmingham) Limited**
- J. PETPS (Birmingham) Pension Funding Scottish Limited Partnership**
- K. Acivico Limited**

Public Report

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

14 March 2024



Subject: Company Update

Report of: Fiona Greenway, Interim Director of Finance, s151 Officer

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O & S Chair(s): Councillor Akhlaq Ahmed

Report author: Alison Jarrett Director Group & Capital Finance

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 :		
Appendix of Company updates giving personal or commercially confidential information		

1 Executive Summary

This report provides Members with an update on changes within entities that fall within the Council's group structure together with a summary report from each major company on their current performance and issues.

2 Recommendations

Members are asked to:

- 2.1 Note the information provided within the report and at private appendix 1 which contains commercially confidential details concerning group and associated companies.

3 Background

3.1 This report details Companies House reportable changes to companies that fall within the Council's group structure, reviews published accounts for audit assurance and details any material items for discussion, disclosure or recommended decision in relation to the Council's group of companies.

3.2 Company Changes

Details of changes in companies notified to Companies House since the previous Committee meeting are set out below, where a termination or appointment is made that is not a BCC member, officer or associate it is not noted.

3.2.1 RETAIL BIRMINGHAM LIMITED (06181225) - 17-Jan-24 - Termination of appointment of Mariam Khan as a director on 17 January 2024. And - - 17-Jan-24 - Appointment of Councillor Jayne Francis as a director on 17 January 2024

3.2.2 LSB LAW LIMITED (09389653) - 06-Feb-24 - Final Gazette dissolved via voluntary strike-off (first notice reported Jan '24 GCGC)

3.2.3 BIRMINGHAM WHOLESALE MARKET COMPANY LIMITED (09621110) - 01-Feb-24 - Termination of appointment of Paul John Kitson as a director on 18 January 2024

3.3 Annual accounts have been submitted for the following companies:

Company		unqualified audit (where applicable)
Companies wholly owned, ltd by shares, guarantee or financial interest		
BIRMINGHAM MUSEUMS TRADING LIMITED (04221635) - 06-Jan-24	Accounts for a small company made up to 31 March 2023	Y
BIRMINGHAM MUSEUMS TRUST (07737797) - 07-Jan-24	Group of companies' accounts made up to 31 March 2023	Y
THE GREATER BIRMINGHAM AND SOLIHULL LOCAL ENTERPRISE PARTNERSHIP LIMITED (07635395) - 09-Jan-24	Full accounts made up to 31 March 2023	Y
ACIVICO LIMITED (07792304) - 18-Jan-24	Group of companies' accounts made up to 31 March 2023	Y
FRONTIER DEVELOPMENT HOLDINGS LIMITED (09970140) - 31-Jan-24	Total exemption full accounts made up to 31 January 2023	N/A
BIRMINGHAM ENDEAVOUR LIMITED (09995787) - 23-Feb-24	Unaudited abridged accounts made up to 28 February 2023	N/A
Interest through Board/Trust membership or contractual partnership		

BIRMINGHAM SETTLEMENT (THE) (01946604) - 08-Jan-24	Group of companies' accounts made up to 31 March 2023	Y
BIRMINGHAM VOLUNTARY SERVICE COUNCIL (00421688) - 09-Jan-24	Group of companies' accounts made up to 31 March 2023	Y
BIRMINGHAM ASIAN RESOURCE CENTRE (04351686) - 07-Feb-24	Full accounts made up to 31 March 2023	Examiners report - clean
UNIQUE VENUES BIRMINGHAM LIMITED (10661257) - 08-Feb-24	Accounts for a small company made up to 31 March 2023	Y

3.4 Company Performance

A review of the material group company interests of the council is an ongoing process to understand current impacts, including supply chain costs, inflation and recession on their business plans and performance. A snapshot of the business position is reported to each meeting of the Group Company Governance Committee in appendix 1 and in the exempt agenda where the detail is considered commercially sensitive. The content of these reports will be reviewed to ensure they meet the needs of the Committee's terms of reference. As part of these updates contain commercially sensitive information that may impact on performance were it to be made public, they will remain on the private agenda however company information is reported on Companies House website as required. 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.

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 or where members or officers hold company positions by virtue of their council position. Further reports under company specific 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.
- b) There are no direct financial implications arising from consideration of this report and the recommendations contained within it.

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

9 Appendices

Appendix 1 Company Update

Exempt Appendix Company Update – commercially sensitive information

Major Trading Companies Update - PUBLIC

Cabinet Committee Group Company Governance 14th March 2024

Company	Company operations	BCC Directors	Share interest	
<p>Acivico Limited</p> <p>(Subsidiary Companies: Acivico (Building Consultancy) Limited & Acivico (Design, Construction & Facilities Management) Limited)</p>	<p>A multi-disciplinary consultancy company operating in the built environment. Provides the statutory service for Building Control and public safety, design, consultancy and asset and facilities management, along with a range of services that align to the Carbon Zero strategy and following the Grenfell disaster, the Building Safety Bill 2022.</p> <p>Providing programme and Project Management of major capital build programmes, engineering facilities management and a range of complimentary professional and technical consulting services.</p> <p>Major client is BCC</p>	<p>Cllr Ken Wood</p> <p>Vacant (Labour Cllr TBC)</p> <p>Vacant (External NED recruitment)</p>	<p>100% of Acivico Limited</p>	<p>General Update</p> <ul style="list-style-type: none"> The company is currently finalising its corporate strategy (The Acivico Plan 2024-2030) and due to take the FY24.25 budget for approval to 29th February Acivico Ltd. Board and its subsidiaries and due to be presented to CC-GCG on 14th March 2024. The changes in legislation to provide a new framework for building safety come into full effect on 6th April 2024 and Building Consultancy are making the necessary changes to meet the new national Operating Standard rules and provide key reporting data to the Regulator. A new Client Account Director role has been introduced to coordinate the council’s requirements and drive efficiencies and quality. Acivico is assisting Corporate Landlord to enable the Council’s asset disposal and relocation plans. An Acivico female Quantity Surveyor has been shortlisted for the 2024 Women in Construction and Engineering Awards for Best Woman in Quantity Surveying. The Local Authority Delivery Phase 3 (LAD3) project in Balsall Heath which retrofitted the highest number of homes in the country (700) and was delivered in partnership with a range of delivery partners and Birmingham City Council has been shortlisted for the Retrofit Academy Awards 2024 under the Social Value category and for the Construction Excellence Midlands Awards under the Regeneration and Retrofit category. The company has also been shortlisted for a PPMA (Public services People Managers Association) award for best learning and development programme. Acivico Group has won a place on the Procure Plus Dynamic Purchasing System framework under the commercial retrofit category which makes appointing Acivico easier for clients. Acivico Group has also won a place at the Birmingham City University Clerk of Works Framework, again making it easier for clients to access our skills and expertise. <p>23/24 Year to Date Financial Summary</p> <ul style="list-style-type: none"> YTD results on a Group P&L basis show positive profit generation for the group currently amounting to £827k, before adjustments. The company is however falling slightly behind budget after 10 months of trading. Mitigations are being put in place for business units to reduce budget shortfall and expectation that the accounting adjustment for pension to be considerably better than budgeted which will positively impact the balance sheet. Cashflows from operating activities excluding depreciation and accounting adjustment to pension currently stands in a positive position, which will improve the balance sheet position and the deficit. <p>Risks/Areas of Concern</p> <ul style="list-style-type: none"> Building Consultancy Staff are progressing towards registration as Building Inspectors which is required in order to continue to carry out their roles from April 2024. LABC, representing Local Authorities have written to the Building Safety Regulator and Government raising concerns in respect of the capacity within the system to allow individuals to register in time for the changes. This concern is shared by Acivico with recruitment and retention now a strategic risk for the company, given the high demand for registered inspectors The acceleration in disposal of the Council’s built assets and the reduction in investment works and projects will have a negative effect on longer term fee income. The situation remains a watching brief.
<p>Arden Cross Limited</p>	<p>A joint venture company between the three major landowners of a site within Solihull MB, adjacent to the NEC, Birmingham Airport and</p>	<p>Kathryn James</p>	<p>33% shares and voting rights</p>	<p>No Further Update</p>

	Birmingham International Station. The objective of the company is to maximise the commercial potential of the site.			
B: Music Limited (formerly Performances Birmingham Limited)	Provision, management, and administration of venues for performances at Birmingham Town Hall and Symphony Hall.	Cllr Albert Bore Cllr Ewan Mackey	Sole Member (Limited by Guarantee)	<p>General Update For the past 2 years B:Music has been working behind the scenes to make the necessary introductions with relevant BCC gatekeepers to allow Live Nation to bring large scale outdoor gigs to Centenary Square this summer. Subject to license, these are now going ahead with an announcement of the line up expected on March 1st. B:Music is providing back of house infrastructure and VIP hospitality for the gigs which will happen over the August Bank Holiday weekend.</p> <p>There are no significant operational challenges at the moment with general positive sales continuing on from a strong autumn. Alongside the commercial programme, B:Music's popular strand of free and low-priced gigs in the foyer spaces continue to thrive. Enrolment for the summer school has just opened and is set to reach capacity soon.</p> <p>Financial position Trading figures for P10 (January) show a modest improvement (£33k) against the budgeted deficit for the month, continuing the positive trend throughout the year.</p> <p>It is likely that B:Music will reach a breakeven position by year-end against a budgeted loss of £275k. This position is a result of savings on non-pay costs, increased income from box office commission, much improved income from funds held on account and increased income from food and beverage sales. Although this will be an excellent outturn for the year, B:Music needs to generate an annual surplus in order to maintain both free reserves and its long-term maintenance reserve at an acceptable level. A review of reserves policy is planned for this year.</p> <p>Trends from 23-24 have been reflected in the 24-25 budget which is due for trustee approval following the decision on the grant for the year from BCC in March.</p>
Birmingham Airport Holdings Limited	Commercial and Domestic Air travel	Cllr Brigid Jones Cllr Paul Tilsley CBE	18.68%	<p>General Update In the 12 months from 1 January 2023, Birmingham Airport served 11.5m customers, and is expecting around 12m customers during the financial year ending 31 March 2024, close to pre-pandemic volumes.</p> <p>Improved long-haul connectivity and low-cost growth are key as customer volumes in 2024/25 are expected to be around 13m.</p> <p>In 2024, the +£50m new security hall will be unveiled which will vastly improve the experience for customers, a new customer website will be switched on, and 20% of electricity needs will be generated from a 12,000-panel solar array currently under construction.</p> <p>By 2033, Birmingham Airport aims to serve 18m customers and to become carbon-net zero.</p>
Birmingham Children's Trust Community Interest Company	Provision of Children's services	Richard Brooks	Trust (100%)	<p>General Update The Trust continues to thrive. Whilst under significant pressure, we continue to drive improvement in services and outcomes for children. Key issues include:</p> <ul style="list-style-type: none"> Leadership changes: the previous Chair of the Trust Board retired in December 2023 and Andy Couldrick moved from Chief Executive to Chair. James Thomas joined in December 2023 as the new Chief Executive. We have reorganised using existing capacity to cover all key roles without external recruitment at this stage, and the transition has been smooth.

				<ul style="list-style-type: none"> • Our work with Solihull is established. We provided a detailed ‘diagnostic’ and initial work plan, which was well received and aligned with Ofsted findings there at a recent monitoring visit. Our support has been welcomed. • High levels of demand in most areas of our work continue. • The number of children in care has rose in line with our projections and national trends, with that trend slowing in December and January. Care costs have risen steeply, a consequence of a broken market, insufficiency, the impact of regulation and, critically, an increase in the complexity of need. • Numbers of unaccompanied asylum-seeking children arriving in Birmingham have also impacted upon children in care and care leaver volume and have continued to rise. • Recruitment and retention remain a challenge, placing pressure on agency numbers and caseloads, though our Good Ofsted outcome has seen more positive progress on recruitment and retention. <p>Despite the challenges we face, performance remains strong, as does the quality of practice, the range of services we offer has grown, and we remain optimistic about our work, our partnerships and our impact on children, young people and families.</p> <p>Finance Update</p> <p>In response to the s114 Notice we are taking steps that mirror those in the Council to address all spend decisions and to cease spend that does not support front-line practice. The Trust is working closely with the Council in relation to the immediate and longer-term budget challenges it faces, and is managing its own spend control. In addition, the Trust’s Director of Finance is supporting the Council’s s151 Officer in their spend control and budget activity in the Council.</p> <p>We continue to work hard to manage and mitigate the financial pressure arising from increasing demand for services, growth in numbers in care, complexity of need and risk, absence of appropriate care placements, and rising numbers of unaccompanied asylum-seeking young people. We have more fully aligned our budget recovery planning with that of the Council in the context of the most recent serious financial challenges facing the Council and, like most Children’s Services Authorities nationally, the Trust is working to mitigate an in-year pressure in 2023/24. Our focus is on diversion and prevention, enabling children to stay in their families, aligning our resources better to support this intent, and ensuring our commissioning and market engagement help us achieve best value.</p> <p>The Council has asked the Trust to contribute to its budget savings for 2024/25 and 2025/26. The Trust has agreed to an overall reduction of 8% which relates to a £9m reduction in the contract sum, increasing by a further £1m in 2025/26, and the cessation of the £5.7m Early Help contract. In response to the latter the Trust will look to reinvest in Early Help to maintain this critical offer to vulnerable children and families, as well as take action to mitigate wider demand and inflationary pressures, in particular placement costs. The combined impact of this will require the Trust to deliver an overall saving of £16.3m which was accepted by the Trust Board at its meeting on 23 January 2024. In response, a series of savings proposals have been developed as follows:</p> <ul style="list-style-type: none"> • Remove pensions liability (£3.0m) • Dedicated Schools Grant / High Needs Block (£2.6m) • Contributions from Health (£1.0m), Housing & Adults • Public Health Grant (£1.5m) • Supporting (Troubled) Families Grant (£1.2m) • Household Support Grant (£0.9m - £1.5m investment of which £0.6m is already committed to supporting care leavers) • Placement cost control (£3m) • Contract management (£1.2m) • Efficiency savings (eg. automation / digitalisation) (£1.0m) • Other service reductions (£2.1m including £1.0m for Early Help) <p>The approach taken has been to prioritise actions which seek to maximise alternative funding sources and promote efficiency savings, and minimise the need for service reductions.</p>
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The table below provides further detail on the range of service reductions proposed across the Trust. Given the majority of services provided by the Trust are either statutory or preventative, which in the case of the latter then avoids higher levels of statutory spend, the level of budget cuts has been kept to a minimum. The aim is to avoid putting jobs at risk, and through the deletion of vacancies and redeployment we will seek to avoid redundancies wherever possible. The table provides details as to the number of staff in scope in terms of FTE posts and those deemed at risk.

Service activity	£000	Staff in scope	Staff at risk
Adoption – RAA	225	-	-
Business Support	700	23	17
Early Help - management	1,000	14	2
Family Time	75	3	-
Front Door Services - management	210	3	-
Management	200	1	1
Preventative Services	280	3	-
Safeguarding & Partnerships	117	-	-
Total	2,807	47	20

Risks/Areas of Concern

The Trust continues to be a key part of system leadership across the city. There are some key partnership challenges that we need to address in the coming year. Successful progress will impact positively on demand for Trust services as well as promoting better outcomes through different and earlier responses. Examples include:

- **the Council’s financial position:** this clearly represents a new and significant risk to the Children’s Trust. We will, of course, continue to work closely with the Council and, as necessary, the Commissioners to support their work. We continue to experience increasing demand for our services, and the Trust delivers some critical services without secure revenue funding in place from the Council (Early Help).
- responding to the challenge of **domestic abuse and homelessness for women and children** – this continues to drive a substantial amount of work in the Trust. The absence of any perpetrator programmes in the city is a particular concern, and one noted by Ofsted.
- **children’s and parental mental ill health:** increasing amounts of Trust resources are used as a consequence of delivery and definitional issues around mental health. A better joint, and joined-up, response is required. Birmingham’s CAMH services have recently been inspected and judged ‘Inadequate’ by the CQC. This might offer an opportunity to collaborate over a different and more integrated and collaborative service offer.
- **contextual and transitional safeguarding:** increasing the strength of the partner response to safeguarding risks outside of the family and across the life course.
- **early intervention and prevention:** the work in the Council is progressing and there are real opportunities to build greater prevention into the role of universal services in the city. The Trust is eager to ensure that, in policy and practice, effective links are made across Early Intervention and Prevention, our Early Help service and the emerging Family Hubs programme. The Trust Early Help offer certainly reduces demand for statutory services, yet we see that demand continue to rise nevertheless.
- working with the **Council Commissioners** to build confidence in the governance, effectiveness and efficiency of the Trust.

We are well-placed to continue to rise to these challenges and maintain the trajectory of improvement we have set hitherto, maintaining effective collaboration with the Council and all of our partners.

Impact from the Cost of Living

The Trust continues to work with the Council and other partners to develop a coherent response to the cost of living crisis. We are concerned to ensure that family poverty is addressed and supported rather than referred to the Trust as a type of

				<p>neglect. We are working with BVSC and the Council to ensure that the Household Support Fund is delivered quickly and efficiently to young people and families experiencing hardship. Last summer we ran a range of schemes under the Holiday Activity with Food (HAF) programme, targeting families from vulnerable communities. It continues to be the case that financial hardship in communities is driving demand for Trust services.</p> <p>The withdrawal of the Household Support Grant which enabled the Trust to provide cash support to vulnerable families and children is a concern. The Council has responded proactively to this by providing an additional funding of £1.5m to the Trust to allow this financial support to continue whilst the Cost of Living is still impacting.</p> <p>Through our charity, Bfriends, we are forging some new and exciting partnerships with commercial and other organisations across the city that will bring in significant funds and support for our most vulnerable, including delivery of a fully sponsored Winter Wonderland offer to thousands of children over the festive season and have recently had approval to a programme of activities across the Easter 2024 period sponsored again by HAF.</p>
Birmingham City Propco Limited	Management and Leasing of Commercial Property	Alison Jarrett Simon Delahunty-Forrest	100%	<p>General Update Birmingham City Propco Limited (Propco) was created to support effective engagement with the investment property market, including acquisition, disposal and leasing of investment properties. Cabinet approved the company creation and sale of Crowne Plaza and Hilton Metropole hotels to Propco on 27th June 2017. The Council provided Propco with a loan of £20.2m and equity of £9.4m to finance the acquisition, which it is repaying over 25 years until 2043.</p> <p>Propco continues to manage the Council's NEC based hotels; Hilton Metropole and Crowne Plaza. Cabinet approved a report on 27th July 2021 to further invest in Propco, however no further plans have been made to expand the portfolio.</p> <p>Finance Update Propco made a profit before taxation of £0.697m in 2021/22. The draft accounts for 2022/23 indicate a profit before tax of £0.688m and will be finalised when the auditors' report is received shortly. Draft corporation tax of £0.110m was paid before the due date of 31st December 2023. The filing date with Companies House has been extended by 3 months to 31st March 2024 to accommodate additional auditor requests which are being progressed.</p> <p>As part of the audit, a cashflow forecast was provided for the next 12 months to 31st March 2025 which confirmed a positive cash balance. In addition, a profitability statement for the 25 year repayment period of the Council's loan has been produced, which shows trading losses as Council loan repayments include principal repayments in 2023/24 onwards. The loan repayment profile assumed increasing rent from periodic reviews and turnover based supplemental rent which has been stifled in recent years. However, there are indications that the conference hotel sector has recovered and opportunities for rental growth are being monitored closely.</p> <p>The Council invoices the hotels on behalf of Propco for rent and service charges and collects the income. This support was adversely affected by the implementation of the new finance system, however invoicing for Hilton Metropole has now been actioned for 2023/24, which means that billing is now up to date for both hotels. As soon as the hotel companies pay Propco's invoices, then Propco will be in a position to pay the Council's loan principal and interest for 2023/24 of £1.465m.</p> <p>Risks/Areas of Concern A dispute between Propco and the NEC Group regarding a substantial increase in estate road service charges is progressing towards a positive outcome with progress reported in the Private agenda.</p> <p>Propco's financial model anticipated rental growth through periodic uplifts as well as turnover related supplemental income. However, the profitability forecast provided to the auditors, shows losses in 2024/25 onwards as loan principal repayments increase. There is sufficient liquidity to continue operating in the short term, however the financial position will have to be monitored closely and if necessary the Council will be asked to reprofile the loan to reflect expected rental levels.</p>

				<p>Propco receives support services from the Council which includes legal, property and financial. Property Services support includes rent and service charge invoicing and cash posting which despite progress with invoicing continues to have issues locating and posting payments.</p> <p>Impact from the Cost of Living/Energy Crisis Propco does not have any direct property running costs and other than the estate road payments which are currently in dispute, it recovers water and service charges from the tenant hotel companies. Supplemental rent payable to Propco based upon hotel company turnover was impacted by Covid and airport and conference related hotel accommodation, however there is evidence based on recent turnover figures that this now exceeds pre-Covid levels.</p>
Birmingham Museum Trust	Provision of museum services	Cllr Robert Alden Cllr Philip Davis	100% (Trust)	<p>General Update</p> <ul style="list-style-type: none"> BMT Secured £250K from FCC grant to enable partial reopening of Birmingham Museum & Art Gallery for summer 2024. on 10th February the Gas Hall exhibition was reopened with 'Victorian Radicals' with 4 star reviews in the Telegraph and The Guardian Started £250,000 NLHF grant supporting financial stability, 10yr plans, business model and building resilience Focusing on maximising public impact <p>Financial Update</p> <ul style="list-style-type: none"> 2023-24 forecast improved to break-even position is an improvement from the original budget set at £569k deficit – mainly due to one off rebate on business rates. BMT has in-year spending controls to meet budget which are not sustainable medium-term. Costs of purchasing supplies and services still increasing <p>Risks/Areas of Concern</p> <ul style="list-style-type: none"> Section 114 may have serious implications for Birmingham Museums Trust. The BCC investment represents 45% of our annual revenue funding. BMT has a 25yr agreement until 2043 with a four-year rolling funding agreement (currently 2022-26) which is expected to be honoured as per contract Reopening of Birmingham Museum & Art Gallery is critical to the sustainability of BMT and securing museums accreditation and external funding Arts Council England are a major stakeholder and they have increased our risk profile to very high in light of S114 Recent Soho House sewage leak caused significant damage and costs to BMT. BMT are pursuing Severn Trent for a fix and damages.
Birmingham Wholesale Market Limited	Corporate Joint Venture to run the Wholesale Market Hub	Ian Chaplin Kathryn James Paul Kitson	50%	No further update
InReach (Birmingham) Limited	Construction and management of private rental properties	Guy Olivant Colette McCann	100%	No Further Update
Paradise Circus Partnership Limited	The main vehicle for the redevelopment of Paradise Circus	Kathryn James Guy Olivant	50/50 joint venture	No Further Update

Public Report

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

14 March 2024



Subject: Birmingham Museums Trust - Company Pen Portrait

Report of: Chris Jordan, Assistant Director Neighbourhoods
Sports, Events, Culture & Communities

Relevant Cabinet Member: Councillor Saima Suleman

Relevant O &S Chair(s): Councillor Akhlaq Ahmed

Report author: Symon Easton, Head of Cultural Development & Tourism

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

Birmingham Museums Trust 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:

2.2 Note the information provided on Birmingham Museums Trust.

2.3 Delegate to the Section 151 Officer or Chief Executive, as shareholder/company member representatives under Part E, paragraph 3.2 viii of the Council's

Constitution, approval and final sign-off of the special resolution giving effect to the new Articles, currently being finalised.

3 Background

- 3.1 Birmingham Museums Trust (BMT) was established by Birmingham City Council in March 2012 as a company limited by guarantee with charitable status. The Council is the only Member of the charitable company which merged the in-house service with the independent Thinktank Trust. BMT also has a trading subsidiary, which enables permissible tax efficient operations by allowing profits on its commercial activities (such as catering) to be gift aided at the end of each financial year.
- 3.2 BMT was created, to promote heritage within Birmingham, with the aims of advancing education through the operation, maintenance, development and promotion of museums, galleries and libraries in Birmingham. The Council continues to retain ownership of the buildings and collections. There is a contract for services between BMT and the Council which commenced in 2012. Under this contract, BMT manages the Council's museum collection, adhering to a set of nationally recognised standards for collection care, provides heritage advice and co-ordinates the City's Heritage Strategy Group. The final element of the contract is the maintenance of an agreed portfolio of public art works.
- 3.3 On 31st July 2018 Cabinet approved new 25-year lease arrangements for the council owned museum sites and the renewal of the services contract with BMT for the period 1 September – 31st August 2043 on a rolling four-year funding cycle basis aligned to Arts Council England's (ACE) funding cycle and the Council's funding commitments. The Cabinet meeting of 31 July 2018 also approved the commencement of Single Contractor Negotiation under Standing Order 5.2 with Birmingham Museums Trust.
- 3.4 The company receives a contract fee and revenue support grant from the council as shown in the table below:

BCC	2022/23	2023/24
Contract Fee and	£2.930m	£2.930m
Thinktank Grant	<u>£1.769m</u>	<u>£1.769m</u>
	£4.699m	£4.699m

BMT is also funded by Arts Council England as a National Portfolio Organisation (NPO). BMT were successful in receiving c.£3m+ over three years from ACE 2023-26 – but this is a standstill budget with no inflation. This arrangement has recently been extended by Arts Council for one year to 2027.

During 2022/23 BMT had 114 full time equivalent employees (2021/22 120), and an average number of core employees of 131 (2021/22 147). At 31 March 2023 (audited) the charity held net assets of £4,539,571 (2022 £5,015,587).

Recent financial performance is summarised below:

	Consolidated Income & Expenditure Account £'000 (loss)/surplus		Group Balance Sheet – Total Charity Funds £'000	
	Restricted (imposed by donors)	Unrestricted	Restricted (imposed by donors)	Unrestricted
31 March 2023	(807)	(507)	2,285	2,255
31 March 2022	(375)	729	3,092	2,762
31 March 2021	(881)	740	3,467	2,033

3.3 BCC funding covers the Trusts' long-term planning in relation to the management of the Council's Museum collection, the programming of activities in city museums and supporting capital development proposals for certain heritage sites.

3.4 The Council secured £4.98m from the Department for Culture, Media & Skills MEND fund in 2021-22 towards major external repairs at BMAG. This project completed in August 2023 but, the majority of BMAG remains closed following the electrical rewiring of the Council House / BMAG complex.

3.5 A Full Business Case was prepared in 2023 illustrating £4.6m of internal works required to fully refurbish and reopen BMAG. BMT have since secured some external funding to partially reopen Gas Hall and some galleries in 2024 and are working with BCC to identify further funding for the full works. In the meantime, BCC have identified a funding gap of £2.1m for external R&M at other heritage sites managed by BMT.

3.5 Key personnel and board (to include):

Mr Zak Mensah and Ms Sara Wajid – Joint Chief Executives

Mr Niels DeVos - Chair of the Board

Jess Phillips MP - Trustee

Councillor Robert Alden - Director

Councillor Phil Davis - Director

3.6 BMT is revising the company's Articles of Association and liaising with Council officers and Legal Services to agree the revisions.. As well as updating the provisions it seeks to clarify the number of trustees and quorums required. The

Council's powers to appoint directors and an Observer to the board are retained along with requiring the Council's prior approval; for any significant governance or structure changes. Under Company Law, changes to Articles of Association must be agreed by the shareholder/company member of the Company by special resolution. Therefore, once the Articles have been finalised, a resolution for approval must be executed by Council's shareholder/company member representative before being filed at Companies House. This will be reported back to a future meeting of the CC-GCG under the usual Company Update Report.

4 Options considered and Recommended Proposal

4.1 This report provides information to Members on Birmingham Museums Trust 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 Birmingham Museums Trust.

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 Council provides services to community through a number of different vehicles. This report provides information on Birmingham Museums Trust, the council's contractor (provider) of cultural and heritage services and events within the city – including curation of the city's collections and management / operation of nine heritage sites.

The recommended decision supports the Birmingham City Council Plan 2022-26
A Bold and Prosperous Birmingham.

- Support inclusive economic growth (increase in skills, employment, and tourism)
- Attract Inward Investment in infrastructure (cultural projects)

A Bold Inclusive Birmingham.

- Promote and champion diversity, civic pride, and culture
- Support and enable children and young people to thrive

A Bold Healthy Birmingham.

- Encourage and enable physical activity and healthy living (improved mental wellbeing)
- Improve outcomes for people with disabilities and older people

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

CIPFA Code of Practice on Local Authority Accounting

Public Report

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

14 March 2024

Subject: Acivico Group Ltd - Company Pen Portrait
Report of: Philip Nell, Director Property and Investment
Relevant Cabinet Member: Councillor Sharon Thompson
Relevant O &S Chair(s): Councillor Sir Albert Bore
Report author: David Harris, Assistant Director, Corporate Landlord

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.

This item will be discussed under 'other urgent business' as the 2024/25 business plan is to be presented on the private agenda. The next meeting of the Committee will be in July by which time the company would need to be well into implementation of the plan.

2 Recommendations

2.1 Members are asked to note the information provided.

3 Background

3.1 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, APSL Limited, in order to achieve a higher private sector market share and a sustainable future outside of any exclusivity agreements with the Council. The 2 main Acivico subsidiaries continue to operate under Teckal requirements.

3.2 The principal activities of the group of companies are for the provision of building consultancy, design, construction and facilities management within the construction and property industry.

3.3 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.

This was prior to Covid, however performance remained positive during this period and the company was able to continue to trade and avoid significant financial impact.

3.4 The company is headed by Group Managing Director, Marina Robertson and the board is chaired by Alison McKinna.

3.5 Key personnel and board members within Acivico are:

Marina Robertson – Group Managing Director

Tom Sadler – Group Finance Director

Marcus Passant - Group Director of People and Governance

Kevin Blunden - Director of Building Consultancy

Darren Quincy - Director Design, Construction & Facilities Management

BCC Board Members

Cllr Ken Wood

Vacancy

NED recruitment to take place

External Board Members

Alison McKinna (Chair)

David Powell

Mark Evans

The Director of Group and Capital Finance (deputy s151 officer) is an observer 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.
- 4.2 Activity is in train to formalise the contractual arrangement between the parties and the contract will be presented to March 2024 Cabinet.
- 4.3 In parallel officers are in dialogue with Acivico to consider the scope of services to be provided with reference to the changing size and shape of the Council's asset base and the reduction of the associated budgets.
- 4.4 A new rhythm of governance and performance management in respect of the contract is now in place to provide oversight and direction both in terms of escalation of specific issues or trends and informing improvement strategies.
- 4.5 Acivico have commissioned an external report from CIPFA to provide an independent view on performance and value for money, officers are also working on benchmarking in respect of the provision around individual services and respective costs.
- 4.6 The last audited financial position is:

	31 March 2023 - £'000	31 March 2022 - £'000
Turnover	26,379	30,340
Surplus/(loss)	(646)	(78)
Net Assets	(1,084)	(2,141)

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 together with a summary of ongoing activity.

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