

Major Trading Companies Update - PUBLIC

Cabinet Committee Group Company Governance 16th November 2023

Company	Company operations	BCC Directors	Share interest	
Acivico Limited (Subsidiary Companies: Acivico (Building Consultancy) Limited & Acivico (Design, Construction & Facilities Management) Limited)	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. Providing programme and Project Management of major capital build programmes, engineering facilities management and a range of complimentary professional and technical consulting services. Major client is BCC	Cllr Ken Wood Vacant (Labour Cllr TBC) Vacant (External NED recruitment)	100% of Acivico Limited	The update contains commercially sensitive information and is contained within the private appendix.
Arden Cross Limited	A joint venture company between the three major landowners of a site within Solihull MB, adjacent to the NEC, Birmingham Airport and Birmingham International Station. The objective of the company is to maximise the commercial potential of the site.	Ian Macleod (Alternate: Kathryn James)	33% shares and voting rights	The update contains commercially sensitive information and is contained within the private appendix.
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)	General Update B:Music is now deep into Q3, the busiest trading period of the year with both Town Hall and Symphony Hall running at a high level of occupancy. Sell out shows on the horizon include Robert Plant, Eddie Izzard, Billy Bragg, Lang Lang and Russell Howard. The programme of free and low-priced events continues in Symphony Hall's foyer spaces and a new cohort of young musicians has joined B:And Together, the charity's talent development programme.

				<p>B:Music is now developing a refurbishment plan for Town Hall which will include re-seating, a refreshed heritage interpretation and access and sustainability improvements. Heritage Lottery Fund is likely to be a key component in the funding package.</p> <p>Financial position Cooper Parry have just completed their audit of the 2022-23 financial year. The audit confirms a trading loss of £27k for the year compared to a budgeted loss of £208k, a very favourable improvement. B:Music is now concluding a 6-month reforecast for the current year and it is likely that the budgeted deficit of £275k for the year will be comfortably improved. There is however still considerable risk in attendance for the autumn programme even if key metrics such as utilities and payroll remain stable.</p> <p>The reserves position remains strong enough to absorb what is still likely to be a second year of deficit, but that may mean re-designating some reserves and pushing back long-term maintenance projects. Clearly however, continuing to absorb this level of loss is unsustainable.</p> <p>Risks and Challenges</p> <ol style="list-style-type: none"> 1. Access to Town Hall for production vehicles remains compromised by the Paradise development. This causes difficulties with load-ins and associated reputational damage with clients. 2. The previously reported risk regarding an unresolved dispute between NEC Group and BCC over service charges at the ICC remains.
Birmingham Airport Holdings Limited	Commercial and Domestic Air travel	<p>Cllr Brigid Jones</p> <p>Cllr Paul Tilsley CBE</p>	18.68%	<p>General Update Passengers are forecast to increase from 10.5m in 2022/23 to around 12million in 2023/24.</p> <p>1.2 million passengers travelled through Birmingham Airport in September 2023, with the top 3 routes being Dublin, Palma and Dubai.</p> <ul style="list-style-type: none"> • Emirates - A380 returned July 1- twice daily to Dubai. • Saudia - Started July 2 Jeddah- 3 per week. • Qatar - Returned July 6- daily Doha. • EasyJet - Basing 3 aircraft at Birmingham from March 2024. • Aegean - returned in March. • Air India - 3 per week Amritsar, 3 per week Delhi. • Sun Express - 12 per week summer 2023, doubling capacity summer 2024. • Jet2 - 14th based aircraft. • Ryanair – 6th based aircraft and 7th in 2024. • Turkish airlines - twice daily Istanbul year round. • Tui - Just opened three new shops in the West Midlands. <p>Timeline of key milestones</p> <ul style="list-style-type: none"> • 2022, net economic impact including catalytic effects in the West Midlands region £1.5billion GVA (Gross Value Added), and 30,900 jobs. • 2024, Next Generation Security Hall completed. • 2025, Upgraded aircraft stands. • 2033, net economic impact including catalytic effects in the West Midlands region £2.1billion GVA (Gross Value Added), and 34,400 jobs. • 2033, around 18m customers each year. • 2033, Net zero carbon airport.

Birmingham Children's Trust Community Interest Company	Provision of Children's services	Richard Brooks	Trust (100%)	<p>General Update The Trust continues to thrive. Whist under significant pressure, we continue to drive improvement in services and outcomes for children. Key issues include:</p> <ul style="list-style-type: none"> • Preparation for the impending leadership changes: the current Chair of the Trust Board retires in December 2023 and I will move from Chief Executive to Chair. James Thomas will join in December 2023 as the new Chief Executive. James and I are meeting regularly, sharing papers and documents, so he is able as far as possible to 'hit the ground running' in December. We have reorganised using existing capacity to cover all key roles without external recruitment at this stage, and the transition has been smooth. The incoming Chief Executive will want to determine a structure and lead recruitment to any vacant senior roles. • 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. • We will be bidding to join the Sector-Led Improvement Partner process, whereby DfE will commission the Trust to support other struggling children's services. • High levels of demand in most areas of our work continue. • The number of children in care has risen in line with our projections and national trends. 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. In the last year we have seen an increase of almost 100 unaccompanied young people in our care. • Recruitment and retention remains a challenge, placing pressure on agency numbers and caseloads. <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 The Council's S.151 Officer, on 5 September, issued a S.114 Notice. In response we are taking steps that mirror those in the Council to address all spend decisions and to cease spend that does not support frontline 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 S.151 Officer in their spend control activity in the Council.</p> <p>We continue to work hard to manage and mitigate the financial pressure arising from increasing demand for services, growing 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>Risks or Areas of Concern The Trust continues to be a key part of system leadership across the city, and will want to play a full role in the Year of Change for Children. 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:</p> <ul style="list-style-type: none"> • 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).
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Birmingham City Propco Limited	Management and Leasing of Commercial Property	Alison Jarrett Simon Delahunty-Forrest	100%	<p>General Update 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 Summary</p> <ul style="list-style-type: none"> Propco made a profit before taxation of £0.697m in 2021/22. The accounts for 2022/23 are still in the process of being compiled due to delays in obtaining key pieces of information such as valuations and supplemental rental information for Crowne Plaza. Notwithstanding the outcome of the NEC estate road service charge dispute (shown in Risks section) profits should be similar to previous years. The Council invoices the hotels on behalf of Propco for rent and service charges and collects the income. This support has been adversely affected by the implementation of Oracle and invoicing has not commenced for 2023/24 yet, which will delay payment of the half year loan repayment from Propco to the Council. Propco paid its loan interest payment for 2022/23 of £1.076m to the Council at the start of October 2023 following delays in identifying income paid from the two hotel companies. Loan principal payments starting at £0.394m p.a. are due in 2023/24 which will reduce profitability significantly in future years. <p>Risks or Areas of Concern</p> <ol style="list-style-type: none"> A dispute between Propco and the NEC Group regarding a substantial increase in estate road service charges is progressing.

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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"> • Museum visits are strong for the year to date with a small dip in the summer due to the hot weather • School visits are 25% above target • BMT is focused on delivering public benefit and ensuring financial stability • BMT has in-year spending controls to meet budget which are not sustainable medium term • Rewiring and major grant repairs at Birmingham Museum & Art Gallery (BMAG) drawing to a close <p>Finance Update</p> <ul style="list-style-type: none"> • 2023-24 forecast showing approx. £200,000 deficit due to rising costs of supplies and services which is an improvement from the original budget set at £569k • £250,000 grant secured from FCC towards reopening Birmingham Museum & Art Gallery • £250,000 grant secured from National Heritage Lottery Fund (NHLF) for resilient programme to help with a more sustainable business model <p>Risks or Area 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 four year funding agreement which should be honoured as per S114 information • Reopening of Birmingham Museum & Art Gallery is critical to the sustainability of BMT • 2023-24 BCC service fee had no uplift for inflation which is in affect a cut to BMT • Our estate is continuing to deteriorate so a joint approach is needed for a long term strategy (like 10+ years) • Arts Council England are a major stakeholder and they have increased our risk profile to very high in light of S114
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%	<p>General Update</p> <p>The Embankment development continues to operate well, with strong demand for any apartments that do become vacant, with the relet time in September being only 3.5 days (reflecting the time required to undertake any minor works required between lettings). InReach continues to perform well in financial terms, with total net income over the first 6 months of the year slightly in excess of budgeted performance. This positive performance is anticipated to continue for the remainder of the financial year.</p> <p>Discussions are continuing with Council colleagues to progress the proposals for InReach to take a short term lease for part of the Perry Barr development (for which fitout is anticipated to be completed in early 2024). Good progress is being made, with negotiations anticipated to be concluded in the coming weeks.</p>

Paradise Circus Partnership Limited	The main vehicle for the redevelopment of Paradise Circus	Kathryn James Guy Olivant	50/50 joint venture	<p>General Update</p> <p>The Paradise Circus development continues to progress well, with very strong demand for the high quality office accommodation being provided. Work is currently under way to bring forward the next phases of the development (with support being sought through the Enterprise Zone, as with previous phases) – a draft business case for the EZ funding has been prepared and is currently being evaluated.</p> <p>PCLP's working capital position continues to be tight and require careful management through the JV partners, with options being considered for approaches that may alleviate the current pressures and allow an accelerated repayment of working capital borrowing facilities.</p>
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