

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