

Public Report

## Birmingham City Council

### Report to Cabinet Committee – Group Company Governance

16 November 2023



**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

2.1 Members are asked to 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.

1. BIRMINGHAM VOLUNTARY SERVICE COUNCIL (00421688) 18-Sep-23 - Appointment of Councillor Ken William Wood as a director on 25 July 2023

### 3.3 Annual accounts have been submitted for the following companies:

Company		unqualified audit (where applicable)
CSR CITY LIMITED (09734006) - 04-Sep-23	Accounts for a dormant company made up to 31 August 2023	N/A
STOCKFIELD COMMUNITY ASSOCIATION (02588109) - 05-Sep-23	Accounts for a small company made up to 31 December 2022	Y
STOCKFIELD COMMUNITY ASSOCIATION (SUBSIDIARY) LIMITED (02624455) - 06-Sep-23	Accounts for a small company made up to 31 December 2022	Y
BRIDGE STREET MANAGEMENT LIMITED (02286322) - 19-Sep-23	Total exemption full accounts made up to 31 December 2022	N/A
BIRMINGHAM SCHOOLS SPC HOLDINGS PHASE 1B LIMITED (07597941) - 27-Sep-23 per Sept	Group of companies' accounts made up to 31 December 2022	Y*
ST BASIL'S (03964376) - 02-Oct-23	Full accounts made up to 31 March 2023	Y
BIRMINGHAM WHEELS (01991870) - 03-Oct-23	Unaudited abridged accounts made up to 30 September 2022	Y
BIRMINGHAM AIRPORT (FINANCE) PLC (04061664) - 06-Oct-23	Full accounts made up to 31 March 2023	Y
BIRMINGHAM AIRPORT LIMITED (02078273) - 07-Oct-23	Full accounts made up to 31 March 2023	Y

BIRMINGHAM AIRPORT HOLDINGS LIMITED (03312673) - 11-Oct-23	Group of companies' accounts made up to 31 March 2023	Y
BIRMINGHAM AIRPORT PENSION TRUSTEES LIMITED (08462219) - 16-Oct-23	Accounts for a dormant company made up to 31 March 2023	N/A
BIRMINGHAM AIRPORT OPERATIONS LIMITED (09915844) - 17-Oct-23	Consolidated accounts of parent company for subsidiary company period ending 31/03/23	Y
BHX (SCOTLAND) LIMITED (SC445279) - 17-Oct-23	Unaudited abridged accounts made up to 31 March 2023	N/A
BHX FIRE AND RESCUE LIMITED (05997636) - 25-Oct-23	Consolidated accounts of parent company for subsidiary company period ending 31/03/23	Y
FIRST CASTLE DEVELOPMENTS LIMITED (02783202) 25-Oct-23	Consolidated accounts of parent company for subsidiary company period ending 31/03/23	Y
EURO-HUB (BIRMINGHAM) LIMITED (02403252) - 25-Oct-23	Consolidated accounts of parent company for subsidiary company period ending 31/03/23	Y
BIRMINGHAM AIRPORT SERVICES LIMITED (08203043) - 26-Oct-23	Consolidated accounts of parent company for subsidiary company period ending 31/03/23	Y
BIRMINGHAM AIRPORT DEVELOPMENTS LIMITED (02295119) - 26-Oct-23	Consolidated accounts of parent company for subsidiary company period ending 31/03/23	Y
BIRMINGHAM AIRPORT AIR TRAFFIC LIMITED (08201487) - 26-Oct-23	Consolidated accounts of parent company for subsidiary company period ending 31/03/23	Y

Y\* - For Birmingham Schools SPC Phase 1B Ltd, as reported at the previous meeting of this Committee for the other companies within this group, the audit report identified a heightened fraud risk in relation to management override of controls and revenue recognition. The Council's director appointment was asked to comment on the companies' responses to this. The audit report did not amount to a qualification. The council's director appointment reports that the key concerns from the external auditors of the companies that they drew attention to, rather than being a qualification of the accounts, centred around risks of conflicts of interest. This may arise because of the dual role of Council officers also acting as Directors of the companies. The director set out for Group & Capital Finance officers the way in which this is managed and has provided assurance that all interests are declared, there is the use of expert advisors and abstention from certain discussions and

decisions. Further work is scheduled for this financial year regarding the appointment of officers and members to companies and in particular with regard to Conflict of Interest. A report will be presented to Cabinet Committee Group Company Governance with recommendations for future company support and appointments.

### **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. 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