

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

26th January 2023



Subject: Birmingham PropCo Ltd - Company Pen Portrait
Report of: Alison Jarrett, Director Group & Capital Finance
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O &S Chair(s): Councillor Akhlaq Ahmed
Report author: Alison Jarrett

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 PropCo 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 note the information provided

3 Background

- 3.1 PropCo was established in 2017 in order to manage certain property assets on behalf of the City Council. The 2 asset currently held are hotels at the NEC site who pay rental to PropCo. Both were impacted by the economic pressures experienced during Covid, both in terms of their own performance and this in itself impacted by the cessation and reduction in air travel (airport passengers) and large crowd events (NEC show calendar).
- 3.2 The company has been audited as a going concern, the hotels have shown significant recovery and in y/e 31 March 2022 reported a profit of £622k (2021 £574k) and a net asset figure of £9,625k (2021 £9,003).
- 3.3 Noted within the published accounts is the loan from the council of £20.2m at a commercial rate of 5.4% interest over 25 years. Repayment of capital is due to commence in 2023. Also noted is the NEC's proposal to consider its service charge methodology in relation to estate roads, this would impact the costs and income of Propco and is being rigorously disputed by the company.

3.9 Board Directors are:

Simon Delahunty Forest - Assistant Director Inclusive Growth

Alison Jarrett – Director Group and Capital Finance

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on Birmingham Propco Ltd 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 PropCo 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.

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 Propco.

The recommended decision supports the Birmingham City Council Plan 2022, priority 1 - Prosperous: through continued economic growth, tackling unemployment, attracting inward investment and infrastructure, and maximising the opportunity of the Commonwealth Games

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