

Public Report

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

5 June 2019



Subject: Acivico Limited – Pen Portrait
Report of: Corporate Director - Finance & Governance
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O & S Chair(s): Councillor Sir Albert Bore
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

- 1.1 This report sets out summary information in respect of Acivico Limited as background information to the company update presentation on this agenda.

2 Recommendations

- 2.1 Members are recommended to note the information in this report.

3 Background

- 3.1 Acivico Limited was created as a wholly owned subsidiary of the Council in September 2011.

- 3.2 Two subsidiary companies, wholly owned by Acivico Limited, were created in January 2012, namely:
- Acivico (Building Consultancy) Limited
 - Acivico (Design, Construction and Facilities Management) Limited
- 3.3 Acivico has been designed as a Teckal company, which means that 80% or more of its activity has to be through contracts for services with the Council. The benefit of being a Teckal company means that contracts may be awarded without going through a public tendering exercise.
- 3.4 The principal activities of the group of companies were for the provision of consultancy, design, construction and facilities management within the construction and property industry. The companies became operational from 1 April 2012 as Council staff were TUPE'd to the companies.
- 3.5 In April 2015, three additional services were transferred to Acivico, namely Civic Catering, Cleaning and Birmingham City Laboratories. These services provided catering, cleaning, asbestos surveys and toxicology testing to the public and to the Council. These services have recently been transferred back to the City Council.
- 3.6 Acivico has been in financial difficulties for some time and it has been undertaking a review of its activities. The company has recently undertaken a review of its staffing requirements and a number of staff have left. The company transferred its catering function back to the Council with effect from 1 October 2018 and is planning to transfer the laboratory service back to the Council with effect from 28 February. It is anticipated that cleaning services will also transfer back to the Council with the date to be confirmed. The Council gave Acivico Limited a letter of assurance on 24 October that it could continue to meet its liabilities as they fell due and thereby give its external auditors comfort that it could continue to be regarded as a going concern.
- 3.7 A report regarding the future of Acivico was considered by Cabinet at its meeting on 11 December 2018. It was agreed that the Council would continue to remain a shareholder and also plan to award Acivico a new three year contract once the current extension ends, thereby reversing the decision taken in July 2017 to outsource DCFM work. The expectation is that Acivico would no longer be a Teckal company at the end of the new contract.

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on Acivico Limited.

5 Consultation

- 5.1 The Chair of the Committee has been consulted on this paper.

6 Risk Management

- 6.1 This report provides information for Members and there are no risk management

issues arising.

7 Compliance Issues:

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

- a) The Council has created companies to support the delivery of services.

7.2 Legal Implications

- a) There are no legal implications associated with this report.

7.3 Financial Implications

- a) There are no financial implications directly arising from this report.

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 Resource implications directly arising from this report.

7.6 Public Sector Equality Duty

- a) There are no specific Equality Duty or Equality Analysis issues relating to the proposals set out in this report.

8 Background Documents

Appendix 1 – Pen Portrait Acivico Limited