

# **BIRMINGHAM CITY COUNCIL**

## **CABINET COMMITTEE – GROUP COMPANY GOVERNANCE**

**Tuesday 16 January 2019 at 1100 hours in  
Committee Room 6, Council House,  
Victoria Square, Birmingham B1 1BB**

### **Attendance:**

Councillor Brigid Jones, Deputy Leader, in the Chair;  
and Councillor Debbie Clancy

### **Also in Attendance:**

Kate Charlton	City Solicitor
Connie Price	Head of Service - Legal
Georgina Dean	Solicitor
Martin Stevens	Head of City Finance Accounts
Alison Jarrett	Assistant Director, Development and Commercial Finance
Richard Tibbatts	Head of Category - Strategic Services
David Smith	Committee Services

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### **APOLOGIES**

- 1 Councillor Brett O'Reilly, Councillor Jon Hunt and Clive Heaphy submitted their apologies.
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### **DECLARATIONS OF INTERESTS**

- 2 No declarations were made.
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### **PUBLIC NOTES OF THE LAST MEETING**

- 4 The public notes of the last meeting were agreed.
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### **TRAINING - UPDATE FOR COMPANY MEMBERS AND COMPANY DIRECTORS**

- 5 Connie Price, Legal Services, updated on the following:-

24 January 2019 – further training for members and officers - Connie advised that the proposed presentation covered the expected topics.

There had been 21 acceptances and only 10 people had declined, with reasons given. Councillors Brigid Jones, Debbie Clancy and Jon Hunt undertook to remind any Members who had not responded.

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### **PROCESS FOR APPOINTING DIRECTORS**

The following draft process document was submitted:-

(See document No. 1)

Georgina Dean, Legal Services, introduced the document.

During the discussion, it was raised that this could be an onerous process and that Cabinet would need to be asked to agree a delegation to this Committee.

It was noted that more detail would be required if the appointment related to an Executive position. A written commitment to attend meetings and to undertake training was seen by Members as being important.

With regard to resignations, it was noted that a search was made of former Member appointments when Councillors were not re-elected.

During the discussion the following action points were captured:-

- It was agreed that the process for ratification of urgent Director appointments set out in section 4 should be in consultation with the Chair of this Committee.
- Officers were requested to circulate a draft of the process to Members.
- The draft process document would be submitted to the Executive Management Team and Group Secretaries for discussion, prior to a report being submitted to Cabinet.
- A quarterly report on the process would be submitted to this Committee for noting.

### **6 RESOLVED:-**

The Committee noted the draft process document.

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### **PROCESS FOR CREATING COMPANIES**

The following draft process document was submitted:-

(See document No. 2)

Connie Price, Legal Services, introduced the document.

During the discussion, it was raised that Cabinet would need to be asked to agree a delegation to this Committee, but it was suggested that the Committee should consider the draft delegation before it was submitted for approval.

Concern was expressed regarding the need for transparency and that information regarding a company being created should be publicised at an early stage. It was noted that a public report setting out fully costed business proposals would have to be submitted to Cabinet, including a 5-year business plan. A submission would also have to be made to Companies House. Prior to those stages, commercial issues would need to be considered in relation to tenders and the possible effect on market considerations.

During the discussion the following action points were captured:-

- Officers were requested to circulate a copy of the current City Council statement regarding transparency to Members for information.
- It was agreed that a further report be submitted on the detailed process for approval, with a proposed recommendation from the Committee on governance arrangements.

7 **RESOLVED:-**

The Committee noted the draft process document.

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**GROUP COMPANY GOVERNANCE - INFORMING THE AUDIT RISK ASSESSMENT**

The following report of the Corporate Director, Finance & Governance was submitted:-

(See document No. 3)

Martin Stevens, Head of City Finance, introduced the report. He advised that the report would be considered by the Audit Committee on 29 January 2019. One response had been delayed slightly and one response had been returned to seek further information.

With regard to risks, those had been taken seriously in the responses and one response had identified a concern regarding possible fraud, but it had been investigated and no fraud was found.

During the discussion, 'WIP' was explained as meaning Work In Progress and 'FRS' was explained as being Financial reporting Standards.

8 **RESOLVED:-**

That responses received to inform the audit risk assessment be noted and the Audit Committee be informed of any significant risks or concerns identified in order that remedial action can be taken.

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**GROUP COMPANY GOVERNANCE - SECTION 24 RECOMMENDATIONS**

The following report of the Corporate Director, Finance & Governance was submitted:-

(See document No. 4)

Martin Stevens, Head of City Finance, introduced the report and advised that it would be submitted to the Audit Committee on 29 January 2019.

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**RESOLVED:-**

- a) That the proposed actions to mitigate the concerns of the External Auditor be noted;
  - b) That the progress in delivering the proposed actions to date be noted.
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**GROUP COMPANY - RISK REGISTER**

The following report of the Corporate Director, Finance and Governance was submitted:-

(See document No. 5)

Martin Stevens, Head of City Finance, introduced the report and advised that he had checked with Companies House earlier that day regarding late returns to confirm that they had been logged.

During the discussion the following action points were captured:-

- Further work was needed regarding G09.
- Grant aid and related appointments would need to be reviewed.
- It was agreed that an update report be submitted in March 2019.

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**RESOLVED:-**

- a) The Committee considered the information provided;
  - b) It was agreed that the judgement on the risks were reasonable and it was assessed that the mitigating actions were sufficient to reduce the risk to the Council to an acceptable level.
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**DATE OF NEXT MEETING**

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The next meeting is scheduled to take place on Wednesday, 13 February 2019 at 1130 hours in Committee Room 6, Council House.

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**OTHER URGENT BUSINESS**

- 12 The following item of business was considered by the Chair to be a matter of urgency, in order that Members could receive an update on the appointment of an interim Chief Executive Officer to Acivico Limited.

**Acivico Limited – Appointment of Interim Chief Executive Officer**

The following briefing note was tabled on behalf of the Corporate Director, Finance and Governance:-

(See document No. 6)

During the discussion the following action points were captured:-

- It was agreed that the interim Chief Executive Officer, the Chair of the Board of Directors and the Shareholder Representative submit a presentation by Acivico to this Committee at its February 2019 meeting.

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**EXCLUSION OF THE PUBLIC**

- 13 **RESOLVED:-**

That, in view of the sensitive nature of the discussion due to take place relating to Birmingham Children's Trust, the public be now excluded from the meeting.

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