

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE - GROUP COMPANY GOVERNANCE

THURSDAY, 17 MARCH 2022 AT 14:00 HOURS
IN COMMITTEE ROOM A, COUNCIL HOUSE EXTENSION, 6
MARGARET ST, BIRMINGHAM, B3 3BG

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's meeting You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded that they must declare all relevant pecuniary and non pecuniary interests arising from any business to be discussed at this meeting. If a disclosable pecuniary interest is declared a Member must not speak or take part in that agenda item. Any declarations will be recorded in the minutes of the meeting.

5 - 8

4 PUBLIC NOTES OF THE LAST MEETINGS – 13 JANUARY 2022

To agree the last minutes of the meeting.

9 - 12

5 COMPANY UPDATE

Information update.

6 TRAINING UPDATE

13 - 16

7 **INFORMING THE AUDIT RISK**

Information update.

8 **PREPARATION FOR MAY ELECTIONS**

Update from Officers.

17 - 20

9 **PEN PORTRAIT, UNIQUE VENUES BIRMINGHAM LIMITED**

Information update.

10 **DATE AND TIME OF NEXT MEETING**

The next meeting is scheduled on Thursday 9th June 2022

11 **OTHER URGENT BUSINESS**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

12 **EXCLUSION OF THE PUBLIC**

That in view of the nature of the business to be transacted which includes exempt information of the category indicated the public be now excluded from the meeting:-

Exempt Paragraph 3

13 **COMPANY UPDATE – PRIVATE**

Item Description

14 **UNIQUE VENUES BIRMINGHAM LIMITED**

Item Description

15 **PRIVATE NOTES OF THE LAST MEETING – 13 JANUARY 2022**

Item Description

16 **INFORMING THE AUDIT RISK (PRIVATE)**

Item Description

17 **OTHER URGENT BUSINESS (EXEMPT INFORMATION)**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE – GROUP COMPANY GOVERNANCE

Thursday 13 January 2022 at 1400
hours online at MS Teams

Attendance:

Councillor Brigid Jones, Deputy Leader - Chair
 Councillors Tristan Chatfield, Jon Hunt and Gareth Moore.

Also, in Attendance:

Alison Jarrett	Assistant Director - Development and Commercial, Finance & Governance
Georgina Dean	Solicitor, Legal Services
Elaine Peach	Finance Manager
Connie Price	Head of Service
Sofia Mirza	Committee Services

1 **NOTICE OF RECORDING/WEBCAST**

The Chairman advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's Internet site (www.civico.net/birmingham) and members of the press/public could record and take photographs except where there were confidential or exempt items.

The business of the meeting and all discussions in relation to individual reports was available for public inspection via the web-stream.

APOLOGIES

2 None submitted

DECLARATIONS OF INTERESTS

3 Councillor Chatfield expressed an interest in Item 6 – Birmingham Airport.

COMPANY UPDATE

4 The following report of the Assistant Director, Commercial and Development was submitted: -

(See document No.1)

The Assistant Director Commercial and Development presented the report to the members which provided an update on the changes that have been reported through companies' house or that the finance legal services have been made aware of.

The AD notified members that there was a private appendix which gives more detail on the companies and on areas that are of a confidential nature to company performance.

The AD stated that looking at company changes over the last two months there was just one through companies house on Arden Cross Limited that is relevant to the Council. There have been other changes however they do not impact us as a council.

The second update is to do with Prop Co Limited and Mendes. Prop Co has presented in a board meeting on 15th December at which Catherine James notified us of her resignation once the accounts were submitted on which the AD will be put onto as the company Director. Alison is due to take over. Catherine James as Assistant Director of Property is then able to act as the council and not have any conflict of interest by remaining on the board of Prop Co.

The annual accounts of a year-end of 31st March had a deadline of 31st December to submit their accounts. There are a number of accounts and after looking through all of the submissions made we have checked them for any notices of any public concern. Where applicable they have had clean audit reports. Where applicable they have had clean audit reports.

Whilst there is an appendix on the private agenda any issues will be reported on the normal report.

Members were asked to note the content of the report.

No further comments were made by the members.

RESOLVED: -

The Committee noted the information provided within the report and at private appendix 1 which contains commercially confidential details concerning associated companies.

TRAINING UPDATE

A verbal update on this item was provided by the Head of Law.

Training plans are as previously reported and on course. Ad Hoc training is being provided as and when a new director is appointed. Plans for 3 groups of specific training in progress that will cover the Director's in the cultural sector – the arts, museums, galleries and performance building. Where there is often

conflicts of interest such as hospitality the usual director's duties and responsibilities training will apply but with a focus on areas of conflict.

Will also be grouping together finance officers that are serving as directors and providing them with training that takes into account the particular areas of potential conflict for them being council employees and serving as directors.

Board effectiveness training is being provided by an external commercial director from the finance sector; the trainer will be provided with non-sensitive background information so that training can be tailored to address particular issues that have a reason with one or two of our company boards.

Annual training will be provided post the main elections provided by the civil service.

The Chair asked members if there were any questions.

Councillor Chatfield asked if there would be any training on what contributions board members could make with regards to commercial operations and supporting the institution. The Head of Law responded and stated that for now when we train the positives are pointed out to that contribution before the training takes place. As a Director you are judged rather vigorously if you are an expert in an area, nevertheless we try to change this and show how the individual can impact the company and serve a wider role.

5

RESOLVED: -

The Committee noted the verbal update on training.

BIRMINGHAM AIRPORT - PUBLIC

The following report of the Assistant Director of Commercial and Development, Finance and Governance was submitted: -

(See document No.1)

The Chair introduced the Finance Manager to the members.

The Finance Manager stated that the public report is as read and is for the private agenda.

Members were asked if they had any questions.

No further comments were made by members.

RESOLVED: -

6

Members noted the information provided in the report.

DATE OF NEXT MEETING

- 7 The next meeting is scheduled to take place on Thursday 17th March 2022 at 1400 hours.
-

OTHER URGENT BUSINESS

- 8 There was no urgent business to consider.
-

EXCLUSION OF THE PUBLIC

RESOLVED: -

- 9 That, in view of the sensitive nature of the discussion due to take place relating to Birmingham Airport, the public be now excluded from the meeting.
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Public Report

Birmingham City Council**Report to Cabinet Committee – Group
Company Governance**

17 March 2022



Subject: Company Update

Report of: Rebecca Hellard, Director Council Management

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq

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

This report provides Members with an update on changes within entities that fall within the Council's group structure.

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 There have been a number of changes in companies that fall within the Council's group structure, which have been detailed below.

3.2 Company Changes

Details of changes in companies 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. ACOCKS GREEN VILLAGE BID COMPANY LIMITED (07845519) - 04-Jan-22
- Termination of appointment of John Anthony O'shea as a director on 31 December 2021
2. KINGS HEATH BUSINESS IMPROVEMENT DISTRICT (05785221) - 17-Jan-22
- Appointment of Ms Lisa Stephanie Trickett as a director on 1 January 2022
3. BIRMINGHAM VOLUNTARY SERVICE COUNCIL (00421688) - 02-Mar-22
- Termination of appointment of Ken William Wood as a director on 22 February 2022

3.3 Annual accounts have been submitted for the following companies:

Company		unqualified audit (where applicable)
RETAIL BIRMINGHAM LIMITED (06181225)	Accounts for a small company made up to 31 March 2021	Y
BIRMINGHAM MUSEUMS TRADING LIMITED (04221635)	Accounts for a small company made up to 31 March 2021	Y
BIRMINGHAM MUSEUMS TRUST (07737797)	Group of companies' accounts made up to 31 March 2021	Y
CSR CITY LIMITED (09734006)	Accounts for a dormant company made up to 31 August 2021	N/A
BIRMINGHAM CURZON REGENERATION COMPANY LIMITED (09095850)	Accounts for a dormant company made up to 30 June 2021	N/A
BIRMINGHAM CITY PROPCO LIMITED (10989837)	Accounts for a small company made up to 31 March 2021	Y

3.4 Company Performance

A review of the material group company interests of the council is an ongoing process to understand current impacts, including Covid, supply chain costs, and Brexit on their business plans and performance. A snapshot of the business position is reported to each meeting of the Group Company Governance Committee on the private agenda and this month they are broadened to cover the company's

performance, risks and issues, not necessarily focussing on the impact of Covid. The content of these reports will be reviewed to ensure they meet the needs of the Committee's terms of reference. As 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 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 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.

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

Public Report

Birmingham City Council

Report to Cabinet Committee – Group
Company Governance

17 March 2022



Subject: Group Company Governance – Informing the Audit Risk Assessment

Report of: Rebecca Hellard, Interim Chief Finance Officer

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

This report asks Members to consider responses from the Council's group companies on a questionnaire on their Audit Risk Assessment

2 Recommendations

- 2.1 Members are asked to consider the responses from the Council's group companies and advise Audit Committee of any issues identified.

3 Background

- 3.1 The Council has created a number of companies that fall within its sphere of control, either as wholly owned subsidiaries, associates where the Council has significant influence, Joint Ventures or other arrangement. The Council has to consider whether there are risks to the Council either through misuse of funds or misstatement of activities.
- 3.2 An exercise is carried out each year to determine the “Group Boundary”, that is to define which subsidiaries, associates and joint ventures are consolidated with the Council’s financial statements to produce Group Accounts. The larger entities within the overall Council group boundary have been asked to provide information through the completion of a questionnaire to allow Members to gain assurance that funds are being used efficiently and effectively and that information provided in respect of their financial statements may be relied on. The assurance statements have been broken down into three main areas:
- Company Environment – looking at the governance arrangements of the company
 - The Identification, Mitigation and Reporting of Risk – looking at how the company manages risk
 - Financial Statements – looking at factors that may impact on the company’s financial health and financial statements.

The responses provided are attached at Appendix 1.

- 3.3 Audit Committee is responsible for signing off the Council’s financial statements, including relevant group accounts, in due course. As part of this sign off process, members of the Audit Committee will need to be confident that the information presented represents a ‘true and fair view’ of the financial position of the group and that the accounts are materially correct.
- 3.4 Members are asked to consider the responses received and identify any issues that it would wish to raise with Audit Committee for their consideration and further review.

4 Options considered and Recommended Proposal

This report provides information to Members on governance and financial arrangements within group entities that will be considered for consolidation in the Council’s group accounts.

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?

The production of annual group accounts is a statutory requirement to consolidate entities that are controlled by the Council and which are material to its activities.

7.2 Legal Implications

- a) Section 151 of the Local Government Act requires the Chief Finance Officer (as responsible officer) to ensure proper administration of the Council's financial affairs.

7.3 Financial Implications

- a) The Council is required to produce group accounts where it controls external organisations where the level of activity is considered to be material to the entity.

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

None

9 Appendices – these are attached to the private report as they contain commercially confidential information

Responses from

- A. Birmingham Airport Holdings Limited
- B. Birmingham Airport Management Assurance
- C. Birmingham Children's Trust C.I.C.
- D. Birmingham City Propco
- E. Finance Birmingham Limited
- F. InReach Limited
- G. InReach – KAIM
- H. Paradise Circus Limited Partnership
- I. Paradise Circus Limited Partnership – supplementary info

Public Report

Birmingham City Council

Report to Cabinet Committee – Group
Company Governance

17 March 2022



Subject: Unique Venues Birmingham Ltd (UVB)

Report of: Alison Jarrett, AD Commercial and Development,
Finance & Governance

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq

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

A presentation is to be made to the Committee by Unique Venues Birmingham Ltd on their joint contractual position with the Council. This report provides Members with an outline of the company and BCC contractual interests.

2 Recommendations

2.1 Members are asked to note the information provided

3 Background

- 3.1 Unique Venues Birmingham (UVB) is a wholly owned subsidiary of Birmingham Repertory Theatre and a commercial venture between the Theatre and Birmingham City Council through its ownership of the Library of Birmingham. UVB was launched in 2017 to bring together the existing operations in each venue. It now provides one conferencing and hospitality service to both corporate and private clients within the shared building on Centenary Square in the centre of the city. UVB is a wholly owned subsidiary of Birmingham Repertory Theatre Ltd jointly governed by Birmingham Repertory Theatre and Birmingham City Council (BCC).
- 3.2 A Collaboration Agreement exists between UVB, Birmingham Repertory Theatre and BCC and sets out both profit share and the process for sharing of any trading loss equally between the Theatre and the Council. This Agreement is due for renewal in 2021/22 and all parties are committed to ensuring a successful renewal. Today's presentation by UVB to members of CC-GCG on the private agenda will further inform the process.
- 3.3 The council appointed directors of UVB are Chris Jordan, AD Neighbourhoods and Guy Olivant, Business Partner, Council Management

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on the council's interest in the Birmingham Airport Group and will assist in the exchanges and discussion on the presentation within the private agenda.

5 Consultation

- 5.1 No consultation has been undertaken.

6 Risk Management

- 6.1 This report provides an outline of the company and background for discussion of company performance with the Council's liaison and support officer for the company.

7 Compliance Issues:

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

The recommended decision supports the Birmingham City Council Plan 2018-2022, contributing to the priority of Birmingham being an entrepreneurial city to learn, work and invest in.

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

