

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

16th January 2020



Subject: Finance Birmingham Ltd - Company Pen Portrait
Report of: Alison Jarrett, AD Commercial and Development,
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

Finance Birmingham Ltd (FB) 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 FB is a company limited by shares and wholly owned by Birmingham City Council. The organisation's objectives are:

- To provide SMEs throughout England with access to affordable and flexible finance packages.
- To bring together the industry experience of private sector experts and the public sector support to drive innovation, job security and growth through well developed partnerships
- To support businesses within a variety of industry sectors including Advanced Manufacturing and Housing.

3.2 The company was created following Cabinet approval in October 2010 at the height of the global recession and at a time when mainstream lending was not available and managed the council's first business loan fund of £10m. The company was constituted as a Teckal company - effectively the fund management arm of Birmingham City Council (BCC) operating on market terms and conditions. In June 2015 Cabinet noted and approved proposed corporate restructures to FB and in subsequent reports noted the creation of Frontier Development Holdings (FDH) and Frontier Development Capital (FDC). These companies stand alone from FB and fund manage private sector and competitively awarded funds, ie non-teckal activities. The council is a minority shareholder in FDC.

3.3 Over time, FB has increased its funds under management, to in excess of £400m within this public sector arm, through a combination of public and private capital, secured through its relationship with the council, GBSLEP, central government and partners. These funds under the direct or accountable body control of the council cover loan, equity, mezzanine and grant into the local SME market, housing market and national rail and advanced manufacturing sectors. The management of these has created and/or safeguarded in excess of 19,000 jobs across the sectors and national geography with nearly 10% of those directly attributed to the BCC funds portfolio. FB has built a profitable business paying a dividend to the council of £500,000 in 2018/19.

3.4 The company has access to a team of 17 skilled investment and fund management officers/directors, headed by CEO Sue Summers.

3.5 Key personnel and board members within FB are:

Mrs Sue Summers – CEO

Mr John Handley – Non-Exec Director

BCC Board Members

Cllr Tristan Chatfield

Alison Jarrett - AD Finance

4 Options considered and Recommended Proposal

4.1 This report provides information to Members on PBL 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 FB.

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 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