

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE – GROUP COMPANY GOVERNANCE

**Thursday 26 January 2023 at 1400
hours Committee Room 6, Council
House (Informal meeting)**

Attendance:

Councillor Yvonne Mosquito - Chair
Councillor Jon Hunt

Also in Attendance:

Alison Jarrett	Director Group & Capital Finance, Deputy s151, Finance & Governance (online via MS Teams)
Connie Price	Head of Law, Commercial, Procurement, Privacy & Information
Georgina Dean	Solicitor, Legal Services
Mandeep Marwaha	Committee Services

1 **CHAIRS ANNOUNCEMENT**

The Chair informed attendees, the meeting would be conducted as an informal meeting as the Committee was not quorate. The meeting would be recorded via MS Teams.

It was noted Councillor Jones would be joining later during the meeting and no decisions would be made at this meeting.

Reminder: Quoracy for this Cabinet Committee Group Company Governance is two Cabinet Members and one opposition member.

APOLOGIES

2 Apologies were submitted on behalf of Councillor Brigid Jones and Councillor Yvonne Mosquito would be chairing the meeting in her absence.

Councillor Gareth Moore also submitted his apologies. Councillor Ewan Mackay was scheduled to attend as his substitute however, due to last minute engagement he also submitted his apologies for non-attendance.

DECLARATIONS OF INTERESTS

- 3 There were no declarations of interests made.
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PUBLIC NOTES OF THE LAST MEETING – 17 NOVEMBER 2022 & ONLINE INFORMAL 18 NOVEMBER 2021

- 4 The public notes of the 17 November 2022 and the online informal notes for 18 November 2021 were noted at this meeting and these would be ratified at the next formal meeting.
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COMPANY UPDATE

The following report of the Director Group & Capital Finance, Deputy s151 was submitted:-

(See document No. 1)

The Director Group & Capital Finance gave an overview of the latest changes made across the Council's portfolio of companies since the last meeting. The private agenda contains the details of confidential updates.

It was noted there were three company changes listed under 3.2 of the report. A summary of these changes was provided.

Councillor Jayne Francis had been appointed as a Director on the IKON Gallery Limited (as a Director and a Person with Significant Control) therefore, the Director Group & Capital Finance, Deputy s151 suggested this company could be considered to attend a future meeting for an update on the Council's role within the IKON Gallery.

A number of accounts had been submitted since the last meeting in November however, no issues were identified on the audits (they had unqualified Audits) and no issues or concerns.

The private appendix highlighted commercially confidential details associated with the companies. This gave a snapshot of the business position which is reported to each meeting of the Group Company Governance Committee on the private agenda.

Frontier Development Capital Ltd

A summary was provided on Frontier Development Capital Limited (FDC) which was set up by the existing Directors of Finance Birmingham in order to trade and compete competitively for private funds. BCC was gifted some shares from the company in recognition of goodwill. Members were notified that Mercia Asset Management PLC purchased Frontier Development Capital Limited. Details of the public announcement made in the media was detailed within the report.

The Council wholly owns Frontier Development Holdings (hold 9% of Frontier Development Capital). It was highlighted that within FDC there was a strong employee shareholding across the employees.

Further details of how the funds would be allocated was shared.

Non-Executive Director Arrangements

In preparation for June Council re-appointments of director, trustees and observers to the council's group of companies, trusts and charities a review will take place of member and officer arrangements. This will include consideration of appropriate appointee role, skills, process and associated arrangements. The nature and components of the review will be further discussed on the private agenda where committee views, recommendations and considerations would be sought.

Councillor Jon Hunt queried if there would be a further purpose for Frontier Development Holdings once all had been cleared. In response it was noted, once all the Corporation Tax, Dividends were clear there would be no purpose for this company.

No further questions were raised by members.

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RESOLVED: -

- (i) The Committee noted the information provided within the report and at private appendix 1 which contains commercially confidential details concerning associated companies.
- (ii) Members provided views and observations, in private discussion, of current and future arrangements for appointing Non-Executive Directors.

BIRMINGHAM CITY PROPCO LIMITED - PEN PORTRAIT (PUBLIC)

The following report of the Director Group & Capital Finance, Deputy s151 was submitted:-

(See document No. 2)

Key points made:

- There are two assets currently held - hotels at the NEC site pay rental to Birmingham City Propco Limited (PropCo).
- Both were impacted by the economic pressures experienced during Covid (own performance and this in itself impacted by the cessation and reduction in air travel - airport passengers) and large crowd events (NEC show calendar).
- The company has been audited as a going concern, the hotels have shown significant recovery and in year end 31 March 2022 reported a

profit of £622k (2021 £574k) and a net asset figure of £9,625k (2021 £9,003).

- 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.

No comments were made by Members of the Committee.

6 **RESOLVED: -**

Members noted the information contained within the Birmingham City Propco Limited Pen Portrait report.

DATE OF THE NEXT MEETING

7 The next meeting is scheduled on Thursday 09 March 2023 at 1400 hours.

8 **OTHER URGENT BUSINESS**

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 City Propco Limited, the public be now excluded from the meeting.
