

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: **CABINET**

Report of: **Corporate Director, Economy**
Date of Decision: **6th March 2018**
SUBJECT: **INNOVATION BIRMINGHAM LIMITED**

Key Decision: **Yes** **Relevant Forward Plan Ref:** **004155/2017**
If not in the Forward Plan: **Chief Executive approved** ☐ **N/A**
(please "X" box) **O&S Chair approved** ☐
Relevant Cabinet Member **Leader**

Relevant O&S Chair: **Cllr Mohammed Aikhlaq, Corporate Resources and Governance**

Wards affected: **Nechells**

1. Purpose of report:

- 1.1 To provide an update for Members on proposals in relation to Innovation Birmingham Limited Group ("IBL Group"). The exempt matters for consideration are contained in the accompanying private agenda.

2. Decision(s) recommended:

That Cabinet:-

- 2.1 Notes the report

Lead Contact Officer(s): **Elaine Peach, Finance Manager**
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3. Consultation

3.1 Internal

Officers from Planning and Regeneration, Birmingham Property Services, Procurement, Finance and Legal have been involved in the preparation of this report.

3.2 External

Cllr Lisa Trickett and Cllr Timothy Huxtable who are nominated by the City Council to the Board of IBL and the Chief Executive of IBL have been fully involved in the transaction. Cllrs Zafar Iqbal and Brett O'Reilly who are nominated by the City Council as alternate Directors have been sent a copy of this report and they support the proposal.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The proposals in this report contribute to the Council Business Plan and Budget 2017+ priority of Jobs and Skills making Birmingham a great City to succeed in.

4.2 Financial Implications

The financial implications are set out in the accompanying private report

4.3 Legal Implications

Investment in economic development of the Science Park is made pursuant to the general power of competence contained in Section 1 Localism Act 2011. Section 123 of the Local Government Act 1972 obliges the Council to dispose of land for the best price reasonably obtainable. Section 111 Local Government Act 1972 allows the Council to do anything which is calculated to facilitate or is conducive to the discharge of its functions.

4.4 Public Sector Equality Duty

An initial Equality Assessment (Ref EA 002610) has been undertaken and is attached at appendix 1. There are no relevant issues identified from the recommendations in this report, therefore no action plans are currently required.

5. Relevant background/chronology of key events:

- 5.1 In 2012, the Birmingham Technology Group which managed and operated the Science Park reorganised its financial arrangements with the City Council. As a result of this reorganisation, leasehold properties namely Holt Court, Venture Way, Ashted Lock and Priestley Wharf were transferred to the City Council in exchange for the settlement of debt owed to the City Council. At the same time, Birmingham Technology Limited was re-named Innovation Birmingham Limited.
- 5.2 IBL Group is wholly owned by the City Council. It comprises Innovation Birmingham Limited, a company limited by guarantee and the following subsidiaries:
- Birmingham Technology Property Limited (“BTPL”) which holds long term leasehold interests in the built campus. 87.5% of the share capital in BTPL is held by Innovation Birmingham Limited and 12.5% is held by the City Council. BTPL holds one subsidiary, Birmingham Technology (Property One) Limited which is dormant.
 - Birmingham Science Park Aston Limited which is the operating company is wholly owned by Innovation Birmingham Limited.
 - Birmingham Technology (Venture Capital) Limited is dormant. 500 B shares are held by the City Council and 5,000 A shares are held by Innovation Birmingham Limited.
- 5.3 The IBL Group operates the Innovation Birmingham Campus which currently comprises Faraday Wharf, iCentrum and Universities Centre. There is potential for further significant development of the site, with around 90,000sq.ft remaining to be developed.
- 5.4 The land from which IBL Group operates is owned directly by the City Council, but the physical assets are owned directly by IBL Group.
- 5.5 At its meeting on 14th February 2017, Cabinet gave approval for the invitation of expressions of interest for either a majority stake or whole of IBL Group which would enable the Group to enter the next stage of development.
- 5.6 KPMG LLP was appointed on behalf of the City Council to explore the potential sale of the business and assets of IBL Group to a strategic purchaser or investor
- 5.7 The principal assets to be included in a sale are:
- Innovation Birmingham Limited’s interests in its active and dormant subsidiaries which operates the Innovation Birmingham Campus and owns and lets property on the site.
 - 150 year lease of Faraday Wharf and Universities Centre – coloured yellow in plan attached at Appendix 2
 - 150 year lease of iCentrum –coloured green in plan attached at Appendix 2
 - 150 year lease of Development Plot- coloured blue in plan attached at Appendix 2
 - 150 year lease of plot on which the electronic sign is situated - coloured red in plan attached at Appendix 2

6. Evaluation of alternative options:

6.1 The evaluation of options is set out in the accompanying private report

7. Reasons for Decisions:

7.1 To update Members on the current position regarding the potential sale of the business and assets of IBL Group.

Signatures

	<u>Date</u>
Councillor Ian Ward Leader of the Council
Waheed Nazir Corporate Director, Economy

List of Background Documents used to compile this Report:

Public report to Cabinet 14th February 2017 Innovation Birmingham Limited Site Development and Expansion

List of Appendices accompanying this Report:

Appendix 1 Equality analysis
Appendix 2 Site plan

PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in section 4.4 of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) tackle prejudice, and
 - (b) promote understanding.
- 5 The relevant protected characteristics are:
 - (a) marriage & civil partnership
 - (b) age
 - (c) disability
 - (d) gender reassignment
 - (e) pregnancy and maternity
 - (f) race
 - (g) religion or belief
 - (h) sex
 - (i) sexual orientation