

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE - GROUP COMPANY GOVERNANCE

WEDNESDAY, 13 FEBRUARY 2019 AT 11:30 HOURS
IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 **APOLOGIES**

To receive any apologies.

2 **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.

3 - 8

3 **PUBLIC NOTES OF THE LAST MEETING**

Public Notes of the last meeting to be confirmed.

9 - 16

4 **TRAINING UPDATE**

Report of the City Solicitor.

(Report sent 'to follow')

17 - 30

5 **REVIEW OF COMPANIES**

Report of the City Solicitor.

(Report sent 'to follow')

31 - 36

6 **COMPANY UPDATE**

Report of the Corporate Director, Finance & Governance

37 - 44

7 **GROUP COMPANY GOVERNANCE - SECTION 24**
RECOMMENDATIONS

Report of the Corporate Director, Finance & Governance

45 - 72

8 **GROUP COMPANY - RISK REGISTER**

Report of the Corporate Director, Finance & Governance

73 - 78

9 **ACIVICO LIMITED - PEN PORTRAIT**

Report of the Corporate Director, Finance & Governance

10 **DATE OF NEXT MEETING**

The next meeting is scheduled for Wednesday, 13 March 2019 at 1100 hours in Committee Room 6, Council House.

11 **OTHER URGENT BUSINESS**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chairman 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

P R I V A T E A G E N D A

13 **PRIVATE NOTES OF THE LAST MEETING**

Item Description

14 **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 Chairman are matters of urgency.

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

APOLOGIES

- 1 Councillor Brett O'Reilly, Councillor Jon Hunt and Clive Heaphy submitted their apologies.
-

DECLARATIONS OF INTERESTS

- 2 No declarations were made.
-

PUBLIC NOTES OF THE LAST MEETING

- 4 The public notes of the last meeting were agreed.
-

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.

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.

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.

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.

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.

9

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.
-

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.

10

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.
-

DATE OF NEXT MEETING

11

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

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.

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.

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

13 February 2019



Subject: Overview of Companies – A Report for Information
Report of: Kate Charlton, City Solicitor, Finance & Governance
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O & S Chair(s): Councillor Sir Albert Bore
Report author: Connie Price, Head of Law

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 type="checkbox"/> Yes	<input checked="" 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

1.1 This report provides Members with an overview of directors and Committee Members' training to date provided on:

- a) 29 October 2018
- b) 24 January 2019

2 Recommendations

2.1 Members are asked to:

- note the information provided
- Consider the proposals for future training needs.

3 Background

- 3.1 The Council owns, appoints to or otherwise has an interest in approximately 170 organisations made up of limited companies, charities, trusts and other entities.
- 3.2 The Committee has directed that all newly appointed Council nominated directors, observers and trustees shall receive mandatory training in their roles and responsibilities as directors, within three months of such appointment.
- 3.3 The Committee has requested a programme of training to ensure Council nominated/appointed directors, observers and trustees are adequately equipped to perform the duties required of them.
- 3.4 A feedback questionnaire from the most recent session will help inform future training needs but specific training for trustees and guidance on conflicts of interest are priority areas. A training plan will be presented to a future Committee meeting once this information has been collated.

4 Options considered and Recommended Proposal

- 4.1 The report is for consideration

5 Consultation

- 5.1 The Chair of the Committee has been consulted.

6 Risk Management

- 6.1 Failure to provide directors, observers and trustees with adequate training could result in non-compliance with statutory requirements and personal liability. A robust and comprehensive programme of mandatory training mitigates this risk.

7 Compliance Issues:

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**
The report is consistent with the Council's commitment to improve its corporate governance responsibilities.

7.2 Legal Implications

- a) None – the report is for information only

7.3 Financial Implications

- a) None

7.4 Procurement Implications

- a) There are no procurement implications directly arising from this report.

7.5 Human Resources Implications (if required)

- 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

8.1 None

Appendix 1

- Summary of training

Appendix 1 – Summary of Training

Cabinet Committee – Group Company Governance Report – Director’s Roles & Responsibilities Training

29 October 2018:

Subsidiary Companies & Governance

Scope:

- Background of Limited Companies
- Overview of the Roles and Responsibilities of a Director
- Overview of the Role of a Shareholder

Governance & Challenge

Scope:

BCC Subsidiary Governance / Monitoring:

- Types of Counterparty and context
- Board Composition and Role of Non-Executive Director
- Responsibilities of BCC Nominee - Non Executive Directors / Observer
- Accountability of Non-Executive Director / Observer
- Board Pack / Business Plan / Management Information

Constructive Challenge – a Consistent Methodology (what questions to ask):

Case Study: -

- Business Fundamentals
- Financial Fundamentals
- Risks and Mitigants

24 January 2019:

The Company Director: Roles, Responsibilities and Duties

41 Attendees

New mailbox established –

groupcompanygovernance@birmingham.gov.uk

Scope of training:

DIRECTORS

- What is a director? How is the role defined?
- Types of Director?
- Who can be a director?
- Formalities for appointment?
- Nature of office - multi-layered:
 - agents of their company.
 - fiduciary relationship with their company (utmost good faith > directors' duties)
 - employees of the company (only to the executive directors of the company who have a service contract and are paid a salary)

ROLE & RESPONSIBILITIES OF DIRECTORS

- Responsible for the management of the company. Broadly:
 - ensuring that the company meets its statutory obligations
 - determining the company's strategic objectives and policies
 - monitoring progress towards achieving the objectives and policies
 - appointing senior management
 - accounting for the company's activities to relevant parties, e.g. shareholders
- How is this exercised in practice?
 - board meetings
 - alternative approaches – e.g. written resolution (require unanimity)
- Authority of directors: power to bind the company
- Delegation of authority: to individual committees or individual directors
- Practical impact of the directors' management role? Shareholders not (generally) get involved in the day-to-day running of the company.
- Shareholders cannot usually overrule the board or retrospectively alter one of the board's decisions.

DIRECTORS DUTIES

- Who are duties owed to?
- Previous common law and equitable principles now codified in Companies Act 2006:
 - To act within powers
 - To promote the success of the company for the benefit of its members (shareholders) as a whole
 - To exercise independent judgment
 - To exercise reasonable care, skill and diligence
 - To avoid conflicts of interest
 - Not to accept benefits from third parties
 - To declare interests in transactions or arrangements with the company

Additional Specific Duties of Directors

Further Companies Act 2006 obligations/restrictions to be aware of:

- annual reports and accounts
- substantial property transactions
- loans

Other duties to be aware of:

- health, safety and welfare at work of its workers, under health and safety legislation
- environmental legislation
- anti-corruption legislation
-

Consequences of breach of a director's duty

- Potential Personal liability
 - common law damages awarded against the director for negligence
 - fine and/or imprisonment
 - account for profits
 - return company property
 - injunction against the director (usually when the breach is threatened)
 - disqualification

AVOIDING LIABILITY FOR BREACH OF A DIRECTOR'S DUTY

- Board authorisation
- Shareholder ratification
- Relief by the Court
- Insurance
- Company indemnity

FINANCIAL DIFFICULTIES & INSOLVENCY

- Directors' responsibilities on insolvency
 - Modification of the general duty to promote the success of the company
- Wrongful trading
 - When it arises
 - Consequences for a director
- Fraudulent trading
 - When it arises
 - Consequences for a director
- Misfeasance
 - When it arises
 - Consequences for a director

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

13 February 2019



Subject: Overview of Companies – A Report for Information
Report of: Kate Charlton, City Solicitor, Finance & Governance
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O & S Chair(s): Councillor Sir Albert Bore
Report author: Connie Price, Head of Law

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 type="checkbox"/> Yes	<input checked="" 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

1.1 This report provides Members with an example fact sheet detailing an overview of information relating to one of the Companies in which the Council is sole shareholder.

2 Recommendations

2.1 Members are asked to:

- note the information provided
- consider whether the information provided is sufficient by way of providing an overview of a Company to the Committee. The Committee is invited to request

further information, or details of specific information they would find useful in any future company overview fact sheet.

3 Background

- 3.1 The Council owns, appoints to or otherwise has an interest in approximately 170 organisations made up of limited companies, charities, trusts and other entities.
- 3.2 The Committee has requested a cleansing exercise to review the list of companies and organisations in order to obtain background information and a summary of the governance arrangements for each entity in order to inform the Committee and assist with future decisions relating to individual company governance.
- 3.3 InReach (Birmingham) Limited has been selected in the first instance to provide an example template information sheet containing a summary of background information and is attached to this report.
- 3.4 The Committee is invited to consider whether the template information sheet is sufficient for the purposes of providing an initial overview of a company and whether there is any additional information the Committee would like to be included in any future information sheet for a company.

4 Options considered and Recommended Proposal

- 4.1 The report is for information only

5 Consultation

- 5.1 The Chair of the Committee has been consulted.

6 Risk Management

- 6.1 The report is for information only

7 Compliance Issues:

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

The report is for information only

- 7.2 **Legal Implications**

- a) None – the report is for information only

- 7.3 **Financial Implications**

- a) None –the report is for information only

- 7.4 **Procurement Implications**

- a) There are no procurement implications directly arising from this report.

- 7.5 **Human Resources Implications (if required)**

- 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

8.1 None

Appendix 1

Example Information Sheet for Overview of InReach (Birmingham) Limited

Cabinet Committee – Group Company Governance

Overview of Companies

Inreach (Birmingham) Limited

Company Background

InReach (Birmingham) Limited is a wholly owned company of Birmingham City Council (BCC). The company was incorporated in December 2014 to provide a further tenancy option for city residents, offering high quality accommodation in the Private Rented Sector (PRS).

The overall strategy for InReach was to develop a portfolio of assets for the PRS that will generate a healthy yield and set the standard for tenant and facilities management.

Business Objectives on incorporation:

1. Develop a portfolio of purpose built PRS schemes in key locations in Birmingham;
2. Provide a high quality housing option to meet the growing demand for homes in the city;
3. Seek to ensure it is well placed to provide the housing infrastructure required to support the new investment moving into the city;
4. Maximise income by ensuring provision and service are of high quality and tenant occupation is maintained at a high level;
5. Generate revenue immediately from assets acquired or developed by InReach;
6. Offer quality PRS homes to a broad group of tenants;
7. Provide a high quality and trusted landlord service that sets the standard for such services in the city;
8. Increase the overall new housing supply in the city.

Company Governance Structure

Incorporation Date: 12 December 2014

Company Type: Private Company Limited by Shares

Shareholder: Birmingham City Council (sole shareholder)

Directors: Guy Olivant, Head of City Finance – Housing, BCC
Colette McCann, Head of Housing Development (Interim), BCC
(NB both Directors have attended the Director Training)

Quorum for

Director Meetings: Two

The Company is governed by its Articles of Association which largely follow the standard model articles for companies limited by shares.

Annual Accounts

A copy of the Company's Annual Accounts filed at Companies House for the year ending 31st March 2018 are attached.

Additional Note

InReach will attend a future meeting of the Committee to present proposals for the future operation of the company in respect of which Committee will be provided with further details at that time.

EXAMPLE

REGISTERED NUMBER: 09352102 (England and Wales)

Inreach (Birmingham) Limited

Financial Statements for the Year Ended 31 March 2018



Inreach (Birmingham) Limited

**Contents of the Financial Statements
for the Year Ended 31 March 2018**

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Inreach (Birmingham) Limited

**Company Information
for the Year Ended 31 March 2018**

DIRECTOR:

C J Skidmore

REGISTERED OFFICE:

Legal Services
10 Woodcock Street
Birmingham
West Midlands
B7 4BL

REGISTERED NUMBER:

09352102 (England and Wales)

AUDITORS:

UHY Hacker Young (Birmingham) LLP,
Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

Inreach (Birmingham) Limited (Registered number: 09352102)

**Balance Sheet
31 March 2018**

	Notes	31.3.18 £	31.3.17 £
FIXED ASSETS			
Tangible assets	4	13,747,986	4,624,606
CURRENT ASSETS			
Debtors	5	358,618	376,159
Cash at bank		12,348	36,335
		<u>370,966</u>	<u>412,494</u>
CREDITORS			
Amounts falling due within one year	6	(992,434)	(998,728)
NET CURRENT LIABILITIES		<u>(621,468)</u>	<u>(586,234)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,126,518	4,038,372
CREDITORS			
Amounts falling due after more than one year	7	(11,482,476)	(2,218,681)
NET ASSETS		<u>1,644,042</u>	<u>1,819,691</u>
CAPITAL AND RESERVES			
Called up share capital		2,000,100	2,000,100
Retained earnings		(356,058)	(180,409)
SHAREHOLDERS' FUNDS		<u>1,644,042</u>	<u>1,819,691</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Profit and Loss account has not been delivered.

The financial statements were approved by the director on 2 July 2018 and were signed by:



C J Skidmore - Director

Inreach (Birmingham) Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1. STATUTORY INFORMATION

InReach (Birmingham) Limited is a private company, limited by shares and registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentational and functional currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The directors are of the opinion that due to the nature of the business, there are no critical accounting estimates or judgments used in the preparation of these financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The directors believe that notwithstanding current year losses of £175,649, the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support from Birmingham City Council will be adequate to meet the company's needs for a period of at least 12 months from the date of approval of these financial statements.

Tangible fixed assets

No depreciation is provided in respect of freehold land. Assets under construction consists of expenditure directly relating to construction of apartments. The apartments are held at cost and will not be depreciated until the construction of the apartments is completed. InReach has capitalised borrowing costs during the financial year of £374,855 (2017: £19,705).

Inreach (Birmingham) Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2018

2. ACCOUNTING POLICIES - continued

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Impairment of financial assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found an impairment loss is recognised within profit or loss.

For financial assets that are measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. STAFF NUMBERS

The average number of employees during the year was 1 (2017 - 1).

Inreach (Birmingham) Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

4. TANGIBLE FIXED ASSETS

	Freehold property £	Assets under construction £	Totals £
COST			
At 1 April 2017	1,250,000	3,374,606	4,624,606
Additions	-	9,123,380	9,123,380
At 31 March 2018	1,250,000	12,497,986	13,747,986
NET BOOK VALUE			
At 31 March 2018	1,250,000	12,497,986	13,747,986
At 31 March 2017	1,250,000	3,374,606	4,624,606

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18	31.3.17
	£	£
Other debtors	358,618	376,159

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.18	31.3.17
	£	£
Trade creditors	9,341	692,088
Other creditors	983,093	306,640
	992,434	998,728

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.18	31.3.17
	£	£
Loan due to parent undertaking	11,482,476	2,218,681

The loan due to parent undertaking of £11,482,476 (2017: £2,218,681) is secured by way of first legal mortgage on the freehold property held by Inreach (Birmingham) Limited.

8. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Malcolm Winston (Senior Statutory Auditor)

for and on behalf of UHY Hacker Young (Birmingham) LLP, Statutory Auditor

Inreach (Birmingham) Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2018

9. RELATED PARTY DISCLOSURES

As at 31 March 2018, the company owed £11,482,476 (2017: £2,218,681) to Birmingham City Council, the sole shareholder. Interest of £374,855 (2017: £19,705) has been charged for the period.

As at 31 March 2018, Birmingham City Council held funds on behalf of the company £357,651 (2017: £376,159). Interest of £1,493 (2017: £1,559) has been earned for this period.

The company also purchased services of £82,385 (2017: £65,528) from Birmingham City Council during the period, the balance of £5,340 (2017: £3,354) was outstanding as at 31 March 2018.

On 31 March 2015, the company purchased freehold land from Birmingham City Council for £1,250,000. The asset is held at cost and the valuation was carried out by Birmingham Property Services, a department within Birmingham City Council.

The company is wholly owned by Birmingham City Council whose registered office is The Council House, Victoria Square, Birmingham, West Midlands, B1 1BB. Birmingham City Council draws up consolidated accounts, of which, Inreach (Birmingham) Limited are included.

10. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Birmingham City Council by virtue of being the sole shareholder.

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

13 February 2019



Subject: Company Update
Report of: Clive Heaphy, Corporate Director, Finance & Governance
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O &S Chair(s): Councillor Sir Albert Bore
Report author: Martin Stevens

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

1.1 This report provides Members with information on charities that have relationships with maintained schools within the City.

2 Recommendations

2.1 Members are asked to:

- note the information provided
- instruct officers to prepare a further report to Committee once the matters set out in Section 3 below have been reviewed by 17 April 2019.

3 Background

- 3.1 In publishing the Council's group financial statements, the Council has to consider the consolidation of a number of entities that it either controls, jointly controls or has significant influence over. The Chartered Institute of Public Finance and Accountancy (CIPFA) publishes guidance on producing financial statements in its *Code of Practice on Local Authority Accounting* (the "Code") and associated guidance. The Code generally follows International Financial Reporting Standards (IFRS) except where adaptations are required for the public sector.
- 3.2 Charities must be treated as separate entities and be managed in accordance with charity law and adhere to relevant Charity Commission guidance. Trustees are responsible for the management of a charity and any decisions made by them must be expedient in the interests of the charity at all times. However, the accountancy test of control can be different to that of legal control and there are instances where a charity's accounts may need to be consolidated into the accounts of another body.
- 3.3 Section 26 of the Charities SORP (*Charity Statement of Recommended Practice*) (FRS102) states:
- a) *"26.1 On occasion, a company or other incorporated body may act as a charity's corporate trustee, or a charity's trustees may be appointed by another entity. In these circumstances, the charity can be viewed for accounting purposes as a subsidiary because it is being 'controlled' by another entity through the trusteeship arrangements. This module applies to charities that are treated as a subsidiary in the accounts of another entity.*
 - b) *26.2 A subsidiary is an entity that is controlled by a parent entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Although a charity is controlled and managed by its trustees, it can be a subsidiary for accounting purposes when the criteria for control is met."*
- 3.4 The Code states that the Council has to consider the consolidation of an entity, including charities if it has all three of the following:
- a) Power over the entity
 - b) Exposure, or rights, to variable returns from its involvement with the entity
 - c) The ability to use its power over the entity to affect the amount of the authority's returns.
- 3.5 It has recently come to light that there are a number of charities within Birmingham that are associated with maintained schools and which have either Governors or Teachers from the school acting as trustees of the charity as detailed in Appendix 1. The Council will need to consider whether control is exercised through the criteria set out in paragraph 3.3 above. Where schools are consolidated into the Council's entity accounts, then consideration would need to be made in the preparation of its group accounts whether associated charities would need to be consolidated even though neither the school nor the Council has entitlement to any of the resources of the charities as they must be used in accordance with the

objects/purposes of the charity. However, one of the purposes of the charity may be to provide support to the school for specific activities/service provision.

- 3.6 The Council will also need to consider what oversight it should exercise over any charities that may fall within its areas of responsibilities, in the same way it currently does, through its Trusts & Charities Committee, particularly if there are any breaches of charity legislation.

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on charities within the City associated with schools and the accounting judgements required for production of the Council's group accounts. It is recommended that a further report be brought back to this Committee once the additional investigation of the issues identified in paragraph 3 have been finalised.

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 and identifies potential implications to the Council.

7 Compliance Issues:

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

a) Some schools within the City receive support from closely linked charitable organisations that may have governors and/or teachers acting as trustees of the organisation. The Council needs to consider any potential risks associated with the existing arrangements and how these should be managed.

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 the extent to which 'control' is exercised over any associated charitable organisations and whether the entities would fall within the Council's group boundary.

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

Charities SORP (*Charity Statement of Recommended Practice*) (*FRS102*)

Appendix 1

Charities linked with Maintained Schools within the City

School	Type of School	Charity No	Charity
Lindsworth School	Community	1083298	Friends of Lindsworth
Queensbury School	Community	1017351	Queensbury Parents Teachers and Friends Association
Baskerville School	Foundation	1115134	Baskerville Learning Trust
Longwill Special School	Foundation	1081089	Longwill Association
Uffculme School	Community	1097387	Uffculme Trust
Hamilton School	Foundation	1173446	Friends of Hamilton
Victoria School	Community	512758	Friends of Victoria
Hunters Hill Technology College	Community	1091007	Hunters Hill Charitable Trust
Skilts School	Community	1112214	Skilts School Fund
Langley School	Foundation	1014646	Langley School Parent Teacher Association
Braidwood School	Community	1019741	Braidwood School Parent Teachers' Association
Priestley Smith School	Community	513612	Friends of Priestley Smith School
Fox Hollies School and Performing Arts College	Foundation	700913	The Friends of Fox Hollies
The Pines Special School	Foundation	1039382	The Friends of the Pines Association
Selly Oak Special School	Foundation	1120819	The Real Life 4 Me Trust

Note: All the schools highlighted have objects that relate specifically to the school in question.

Public/Private Report

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

13 February 2019



Subject: Group Company Governance – Section 24
Recommendations

Report of: Clive Heaphy, Corporate Director, Finance & Governance

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Sir Albert Bore

Report author: Martin Stevens

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

- 1.1 This report sets out the progress to date in implementing actions to mitigate the recommendation raised by the External Auditor under Section 24 of the Local Audit and Accountability Act 2014 that was included in his Audit Findings Report published on 30 July 2018. The specific recommendation related to the Council's understanding of the financial position of its related companies and the Council's responsibility for their liabilities.

2 Recommendations

- 2.1 Members are recommended to note the progress in delivering the necessary actions to mitigate the issue raised by the External Auditor.

3 Background

3.1 The External Auditor issues his Audit Findings Report (AFR), which was considered by Audit Committee at its meeting on 30 July 2018. Contained within the AFR were a number of recommendations made under Section 24 of The Local Audit and Accountability Act 2014. Recommendations made under Section 24 had to be considered by full Council, which took place on 11 September 2018.

3.2 The External Auditor identified within one of his Section 24 recommendations that the financial position of companies and the Council's responsibility for their liabilities has not been well understood or reported by the Council. The external auditor went on further to state that the Council had not always had sufficient accurate information upon which to make decisions relating to the companies created in order to mitigate risk and that governance arrangements had not been adequate to enable companies' activities to be monitored. The auditor's specific recommendation in respect of companies was that the Council needs to:

“ensure that appropriate arrangements are implemented in relation to the Council's subsidiary bodies, including regular financial reporting and Council representation on subsidiary body boards, to ensure that emerging risks are monitored, reported and managed promptly.”

3.3 The Council needs to monitor its response to the recommendation to ensure that the proposed action to mitigate the weaknesses identified is being progressed. Attached at Appendix 1 is the latest progress report for Members to consider.

4 Options considered and Recommended Proposal

4.1 This report provides information to Members on the actions taken to mitigate the matter raised by the External Auditor in his Audit Findings Report recommendation in respect of the Council's arrangements in operating through subsidiary, associate and other related companies.

5 Consultation

5.1 The Chair of the Committee has been consulted

6 Risk Management

6.1 This report concerns the delivery of the proposed actions to mitigate the concerns raised by the External Auditor in his Audit Findings Report following the audit of the Council's Financial Statements 2017/18.

7 Compliance Issues:

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

a) The Council operates and delivers services through a number of different vehicles. The Council needs to consider the risks of delivering through arms-length arrangements so that Council policies can continue to be implemented.

7.2 Legal Implications

- a) The Council's Section 151 Officer has a duty to ensure the proper administration of the Council's affairs. The Accounts and Audit Regulations 2015, requires the Council to have effective arrangements for the management of risk.

7.3 Financial Implications

- a) There are no financial implications directly arising from this report.

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 specific Equality Duty or Equality Analysis issues relating to the proposals set out in this report.

8 Background Documents

8.1 Audit Findings Report of the External Auditor – 30 July 2018

Progress Report – Section 24 Recommendation

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
Sec 24 Recommendations					
6	The Council needs to ensure that appropriate arrangements are implemented in relation to the Council's subsidiary bodies, including regular financial reporting and Council nominees on subsidiary body boards, to ensure that emerging risks are monitored, reported and managed promptly.	The shareholder role is discharged through the CC-GCG, with attendance by subsidiaries either on a cyclical timeframe or where there are concerns with a Council-owned company, on a more regular basis.	Ongoing	Clive Heapthy	<p>November 2018: The workplan and timetable for the CC-GCG is being developed and regular reports of and presentations by the Council's subsidiary companies will be programmed into the timetable.</p> <p>The CC-GCG has been timetabled into the Committee calendar on a monthly basis and will be chaired by the Deputy Leader and be supported by senior officers.</p> <p>Acivico Limited presented its business plan to CC-GCG at its meeting on 13 November 2018.</p> <p>December 2018: Birmingham Children's Trust CIC presentation of its business plan to CC-GCG</p> <p>At its meeting on 11 December 2018, Cabinet considered a report on the Options for the Future of Acivico</p> <p>February 2019: Acivico Limited presenting a business plan update</p>
		The Intelligent Client Function is more robustly developed for some subsidiary bodies than others and the role of contact officers requires formal definition. This will form part of the work programme for CC-GCG in 2018, along with further development of the training			<p>November 2018: The role of client functions will be developed and implemented during the year to ensure that there remains a strong focus on the relationship with subsidiary companies.</p>

Progress Report – Section 24 Recommendation

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		package for officers and members who take up directorships.			<p>Client Officers will report to the CC-GCG on a regular basis in support of presentations by subsidiary companies.</p> <p>January 2019: A training session for Council appointed directors was delivered on 24 January. Further training will be provided to support those who couldn't attend and also consider the training needs of Charity Trustees.</p>
		Risks within subsidiary bodies are formally reported to Audit Committee annually as part of an assurance statement. The Council will extend this mechanism to capture emerging in-year risks.			<p>November 2018: CC-GCG will consider a regular report on the risks associated with subsidiary companies and emerging issues will be identified at the earliest opportunity to allow consideration at the committee.</p> <p>CC-GCG considered the risk register associated with its involvement in companies and the risk assurance questionnaire to be completed by those companies that will be consolidated into the Council's group accounts at its meeting on 13 November 2018.</p> <p>December 2018: An updated risk register of the Council's involvement in companies to be presented to CC-GCG at its meeting on 12 December.</p> <p>January 2019: An updated risk register of the Council's involvement in companies to be presented to CC-GCG at its meeting on 16 January.</p>

Progress Report – Section 24 Recommendation

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
					<p>Assurance statements from companies on their governance arrangements, approach to risk and financial performance were considered by CC-GCG at its meeting on 16 January and by Audit Committee at its meeting on 29 January.</p> <p>February 2019: An updated risk register of the Council's involvement in companies to be presented to CC-GCG at its meeting on 13 February.</p>

Public Report

Birmingham City Council

Report to Cabinet Committee – Group
Company Governance

13 February 2019



Subject:	Group Company – Risk Register	
Report of:	Corporate Director – Finance & Governance	
Relevant Cabinet Member:	Councillor Brigid Jones	
Relevant O &S Chair(s):	Councillor Sir Albert Bore	
Report author:	Martin Stevens	
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

- 1.1 This report provides Members with information on the potential risks faced and the actions being taken to mitigate those risks through the Council's relationship with external organisations where the Council has influence through its shareholding, an entity's Articles of Association, director appointments or other arrangement.

2 Recommendations

- 2.1 Members are asked to consider the information provided and determine whether the judgement on risks are reasonable and assess whether the mitigating actions are sufficient to reduce the risks to the Council to an acceptable level.

3 Background

- 3.1 Members have considered the company risk register at previous meetings of this committee. The risk register has been updated and includes one additional risks, namely:
- G12 – The Council is not aware of all of the relationships entered into, which may fall within its overall remit.
- 3.2 Identified risks have been assessed under two criteria, Likelihood and Impact. Each criterion has then been ranked as to whether they are Low, Medium, Significant or High Risk. Recognising that risk can never be completely eliminated the desired outcome from mitigating actions has been identified to assess the level of risk that the Council is willing to bear.
- 3.3 The risks borne by the Council will vary from company to company dependent on the Council's relationship with an entity, for example, where a company is:
- a wholly owned subsidiary, the risks and impacts will translate fully through to the Council;
 - an associate where the Council has, generally, between 20% and 50% control, the risks and impacts will be shared between owning entities; and
 - related to the Council through nomination rights, there may be little financial impact on the Council.
- 3.4 However, risks cannot just be determined in financial terms as there may be reputational risks to consider.
- 3.5 A full schedule of identified risks and the actions to mitigate them to an acceptable level are set out in Appendix 1 to this report.

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on the risks faced by the Council from its operational arrangements with organisations over which it is considered to exert an influence.

5 Consultation

- 5.1 The Chair of the Committee has been consulted on this paper.

6 Risk Management

- 6.1 This report considers the main risks that the Council faces as a result of its operation through and its partnership arrangements with external organisations. The report sets out the actions being taken to mitigate those risks.

7 Compliance Issues:

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

- a) The Council has created a number of entities or entered into a number of partnership arrangements to ensure that services can be delivered more effectively for local citizens. There is an element of risk in any activity and this report sets out details of potential risks faced and the actions being taken to mitigate them.

7.2 Legal Implications

- a) The Section 151 Officer has a duty to ensure the proper administration of the Council's affairs. The Accounts and Audit Regulations 2015 require the Council to have effective arrangements for the management of risk.

7.3 Financial Implications

- a) There are no financial implications directly arising from this report.

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 Resource implications directly arising from this report.

7.6 Public Sector Equality Duty

- a) There are no specific Equality Duty or Equality Analysis issues relating to the proposals set out in this report.

8 Background Documents

8.1 None.

Appendix 1

Council Company Risk Register

No		Status
G-01	Nominated Directors do not have sufficient skills to fulfil their roles within a third party whilst also representing the Council's interests.	Updated
G-02	Council nominated Directors fail to attend meetings	Updated
G-03	A company fails to file appropriate returns with Companies House	Updated
G-04	Observers at meetings act inappropriately	Open
G-05	A company fails to operate within the terms of its Articles of Association	Open
G-06	The potential of a fraud taking place within a company	Updated
G-07	Failure to comply with the requirements of GDPR	Updated
G-08	Failure to provide information for consolidation in group accounts	Open
G-09	The Council is considered to have significant influence over a company through its nomination rights	Open
G-10	A company does not have appropriate insurance covers in place	Open
G-11	Risks faced by the Council in respect of its associated companies are not given due consideration	Open
G-12	The Council is not aware of all the relationships entered into	New
F-01	A company requires support from the Council to remain a going concern	Open
F-02	The council does not arrange its tax affairs to minimise its level of corporation tax.	Open
F-03	A company provides guarantees/indemnities to a third party	Open
F-04	Movement away from the Council's terms and conditions of employment	Open
F-05	A company does not recognise that it is a controlled company for the determination of the Apprenticeship Levy	Open
F-06	A company does not have a viable business plan/budget	Open
F-07	The Council, as accountable body, is deemed responsible for the liabilities of a third party	Open
R-01	Company does not follow the principles of public service	Open
C-01	A company fails to provide appropriate levels of service	Open
C-02	A company does not comply with public contract regulations	Open

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
G-01	Nominated Directors do not have sufficient skills to fulfil their roles within a third party whilst also representing the Council's interests.	Corporate Director F&G	Significant/ High	<p>The role as a director of a company carries certain onerous obligations and there may be consequences to an individual if they do not fulfil their role appropriately. This may also have implications for the Council, both reputationally and financially.</p> <p>It is important that Directors demonstrate specific skills and knowledge and there should therefore be specific criteria for the selection of appropriate candidates and they should receive the necessary information to enable them to fulfil their duties in their role as Director.</p> <p>Action: Procedure to be agreed for the selection of Directors to be appointed by the Council.</p> <p>Directors to receive training on their personal responsibilities in their role within a company. Training has been provided for members of the Group Company Governance Committee and a session was provided for current Directors, potential Directors and officers who may support</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Criteria to be considered by Group Company Governance Committee for the selection of appropriate individuals to act as Directors by January 2019.</p> <p>Training to be cascaded to current and potential directors at the earliest opportunity with regular refresher sessions for existing and new directors.</p> <p>Source of Assurance: Directors should be required to record meetings invited to and those that they attend. This should be provided on a regular basis to the Council.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				Directors on 24 January 2019. Further training sessions will be provided for those who were unable to attend on 24 January and as part of continuous training for all.	
G-02	Council nominated Directors fail to attend meetings	Contact Officer	Low/ Significant	<p>Directors have specific responsibilities in the management and operation of a company to ensure that it operates in accordance with its Articles of Association and that it trades solvently. If a Director does not attend appropriate meetings then they may be considered to have acted negligently in the exercise of their duties.</p> <p>Action: It is essential that Directors receive training on their personal responsibilities in their role within a company. Training has been provided for members of the Group Company Governance Committee and a session was provided for current Directors, potential Directors and officers who may support Directors on 24 January 2019.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Training to be cascaded to current and potential directors at the earliest opportunity with regular refresher sessions for existing and new directors.</p> <p>Source of Assurance: Directors should be required to record meetings invited to and those that they attend. This should be provided to the Council on a regular basis.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>Training will have to be provided on an ongoing basis to ensure new councillors, officers or other Council nominated individuals who are asked to take on the role of a director are adequately trained.</p> <p>A system of recording Director attendance should be created to monitor attendance at meetings.</p>	
G-03	A company fails to file appropriate returns with Companies House	<p>Company Directors</p> <p>Contact Officer</p>	Low/ Significant	<p>Failure to file accounts or annual returns is a criminal offence. The filing of late accounts automatically generates a late notice penalty, which rises from £150 if up to 1 months late to £1,500 if more than 6 months late. Repeat offences receive a higher fine. A Director can end up with a criminal record and a fine of up to £5,000 for each violation.</p> <p>It is recognised that there may be a higher level of competency in Directors with specific backgrounds, for example, those with legal or financial qualifications, and consequently their penalties/sanctions may be higher.</p>	<p>Target Risk Rating: Low/Medium</p> <p>Anticipated date of attainment: Training to be cascaded to current and potential directors at the earliest opportunity with regular refresher sessions for existing and new directors.</p> <p>The recording database will be updated to provide details on forthcoming filings to ensure that there is a proactive rather than reactive review.</p> <p>Source of Assurance:</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>The failure to provide returns on a timely basis may be indicative of performance issues which may not have been detected.</p> <p>Action: It is essential that Directors receive training on their personal responsibilities in their role within a company. Training has been provided for members of the Group Company Governance Committee and a session was provided for current Directors, potential Directors and officers who may support Directors on 24 January 2019.</p> <p>Training will be provided on an ongoing basis to include new councillors, officers or other nominated representatives who are asked to take on the role of a director.</p> <p>The Council will also monitor each of its companies so that confirmation can be sought from companies that they have met the relevant filing date.</p>	<p>Responses from company secretaries</p> <p>Review of information held on Companies House</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				A monitoring database has been implemented to record information from Companies House as returns are made.	
G-04	Observers at meetings act inappropriately	Meeting Observers	Low/ Significant	<p>There is a difference in the roles of Director and Observer. Whilst a Director's role is defined, an Observer should not be part of the running of a company. They should attend meetings to view the activity of the Board and ask/answer questions for information if invited to do so.</p> <p>There is the potential for an Observer to comment at Board meetings which may be seen as issuing guidance. Where an Observer influences a company to take actions then they may be seen as acting as a Shadow Director and bear the same consequences as though they were a Director of a company.</p> <p>Action: Observers at meetings should receive training on the same basis as Directors so that they understand the difference between the two roles.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Training to be cascaded to current and potential directors at the earliest opportunity with regular refresher sessions for existing and new directors.</p> <p>Source of Assurance: Record of those undertaking training. Attendance at Board meetings as an Observer should be formally fed back to appropriate management within the Council.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				Training will have to be provided on an ongoing basis to include new councillors, officers or Council nominated individuals who are asked to take on the role of observer.	
G-05	A company fails to operate within the terms of its Articles of Association	Contact Officer	Low/ Medium	<p>The Articles of Association (AoA) regulates the way that a company is administered. If actions are taken that are outside of the AoA then they may be declared illegal by the courts.</p> <p>Action: As part of the training provided to Directors it should include the powers that a company has to undertake certain activities and any constraints on those activities.</p> <p>Training will have to be provided on an ongoing basis to include new councillors, officers or Council nominated individuals who are asked to take on the role of Director.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Training to be cascaded to current and potential directors at the earliest opportunity with regular refresher sessions for existing and new directors.</p> <p>Source of Assurance: Record maintained of those undertaking training.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
G-06	The potential of a fraud taking place within a company	Corporate Director F&G	Low/High	<p>Inherent within any organisation is the risk of fraud taking place. Within organisations it is usual for a series of checks and balances to be put in place to ensure that the opportunities for fraud are minimised.</p> <p>Directors carry out two main roles to deter fraud in that they should ensure that management has put in place appropriate controls that minimise the opportunity for fraud and that any frauds that are perpetrated are reported to the Board for consideration, which would include identification of additional controls to stop such episodes recurring.</p> <p>Action: For the larger companies that are to be consolidated within the Council's Group Accounts a questionnaire is sent out annually seeking assurance on the systems for minimising fraud within a company and that frauds that are identified are reported to the Board appropriately and then to the Council where appropriate. This document means that each major company has to consider its</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: March 2019</p> <p>Source of Assurance: Returns from companies on their approach to risk management and fraud.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>approach to risk management appropriately.</p> <p>Risk assurance statements from the Council's larger companies were considered by CC-GCG on 16 January and by Audit Committee on 29 January.</p>	
G-07	Failure to comply with the requirements of GDPR	Contact Officer	Low/ Significant	<p>The Council has to recognise that wholly owned companies are separate entities and that there are limits on what information can be shared. It is also important to recognise that there are constraints on companies releasing information accidentally. The consequences of a breach of GDPR can be significant.</p> <p>Action: The Council must follow its own GDPR practices and assess whether it is appropriate to share information with its companies.</p> <p>The request for information in respect of deterring fraud also asks for information on the company's approach to manage the requirements of GDPR. Responses from the Council's</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: March 2019</p> <p>Source of Assurance: Returns from companies on their approach to the management of GDPR.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				larger companies were considered by CC-GCG on 16 January and by Audit Committee on 29 January.	
G-08	Failure to provide information for consolidation in Group Accounts	Corporate Director F&G	Medium/ Significant	<p>The Council has to produce its draft financial statements by 31 May and its audited financial statements by 31 July of each year. This reporting timetable is in advance of that for companies that generally have nine months in which to produce their audited financial statements.</p> <p>The Council has to produce financial statements that show a “true and fair view” and are materially correct. The level of materiality for the Council is significant and therefore estimates of a company’s position are usually sufficient to satisfy external audit requirements as long as they are reasonably assured that there can be no material errors in the company accounts.</p> <p>Action: Companies that are considered necessary for</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: April 2019</p> <p>Source of Assurance: Return of draft and final questionnaires, management accounts during the year and companies’ draft accounts by 29 April 2019.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>consolidation, including those that are not consolidated but near the level for consideration, are contacted during the year so that they are made aware of the proposed timetable and of the information requirements that will be necessary.</p> <p>A questionnaire is sent out for return by 18 January for draft information on a financial position with the final return due by 29 April.</p> <p>Companies are also asked to provide management accounts so that a profile can be built up of the information that will be used for the final consolidation.</p>	
G-09	The Council is considered to have significant influence over a company through its nomination rights	Corporate Director F&G	Medium/ Medium	The test of control for accounting purposes is different to that for legal purposes. The Council is considered to have control over an entity if it controls 50% or more of the day to day activities of the company or has significant influence if it has more than 20% control. Control may be measured through the	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: July 2019</p> <p>Source of Assurance: Information is sought on the overall structure of entity boards when the Council considers</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>representation on company or charity boards where directors are considered to control the activities of a company. With the Council having nomination rights to a wide range of entities, there may be occasions where the number of Council nominees is such that they represent 20% or more of the board. In such cases, the entity would have to be considered for consolidation into the Council's group accounts. Failure to consolidate would lead to adverse audit reports or ultimately, qualification of the Council's accounts.</p> <p>Action: in the consideration of Council nominations to external bodies, a review should be undertaken of the level of control that may be exercised by the Council.</p>	nominating individuals to external bodies.
G-10	A company does not have appropriate insurance covers in place	Company Directors	Low/ Significant	Companies must have statutory insurance covers in place and should properly assess their financial tolerance to insurable risks. Financial risks which the company is unable to absorb should be transferred to the	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: January 2019</p> <p>Source of Assurance:</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>insurance market where insurance protection may be purchased.</p> <p>Action: In the creation of companies, the Council will need to ensure that consideration is given to the procurement of appropriate insurance cover.</p> <p>The Council will monitor companies' approach to ensure they have appropriate insurance arrangements in place through the risk assurance questionnaire.</p>	Information is sought through the return of the risk assurance questionnaire considered by Audit Committee.
G-11	Risks faced by the Council in respect of its associated companies are not given due consideration	Chair – Group Company Governance	Low/Medium	<p>As more information is provided in respect of Council companies and as people become more familiar with the issues faced, there is the potential for a more relaxed approach to be taken in critically analysing the position of a company. This may lead to issues slipping through and only being challenged when they become critical.</p> <p>Action: That individual risks and the associated mitigating actions are challenged on a regular basis</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: February 2019 and ongoing</p> <p>Source of Assurance: Risks are considered in detail on a regular basis and the information provided.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				and additional information sought where appropriate.	
G12	The Council is not aware of all of the relationships entered into, which may fall within its overall remit.	Corporate Director F&G	Medium/Significant	<p>There may be arrangements put in place, either through nomination rights on to external bodies or the creation of external bodies of which the Council is not aware but which may have implications for it, for example, a number of charities have been created where governors and/or school staff from maintained schools have been nominated to act as trustees. The Council will need to consider whether the arrangements place it at risk.</p> <p>Action: The Council continue to identify all potential relationships with external bodies.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: October 2019 and ongoing</p> <p>Source of Assurance: Information gathered from Companies House and the Charity Commission to determine potential relationships.</p>

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Financial Risks					
F-01	A company requires support from the Council to remain a going concern		Significant/ High	<p>A company is a separate legal entity and if it were to get into financial difficulties then the company could become insolvent. The Council may determine, as shareholder, that this is the most appropriate way forward to minimise financial losses. However, there are a number of significant implications that may arise from this course of action in that:</p> <ul style="list-style-type: none"> • The reputational impact on the Council may be significant • The impact on local businesses may be significant if the company were to be unable to pay its creditors impacting directly on the local community • The Council may have given guarantees to the company to enable it to continue trading which it will have to honour • The Council may face a loss of critical services that it will have to replace at a higher cost • The Council may have to meet a pension guarantee if staff were originally TUPE'd from the 	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: The provision of training to Directors will provide a base of knowledge to enable appropriate levels of challenge to be put in place.</p> <p>Source of Assurance: The oversight of regular monitoring reports and the review of business plans and final accounts will give added oversight of performance so that downward trends can be identified at the earliest opportunity.</p>

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Financial Risks					
				<p>Council</p> <p>The appropriate course of action to minimise the impact of any company falling into financial difficulties is to identify any fall off in trading performance at the earliest opportunity so that corrective action may be taken. This will be reliant on having the appropriate management team in place and Directors providing challenge at the appropriate level. The provision of appropriate performance reporting to the Council on a regular basis will also provide some assurance to the Council that performance is within acceptable bounds.</p> <p>Action: The training of Directors will give them knowledge of their responsibilities and the actions that they can take to gain assurance that performance is being delivered to the necessary level to remain solvent or the recognition that mitigating actions should be put in place where there is a drop in performance.</p>	

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Financial Risks					
				The provision of regular monitoring reports to the Council will provide an added oversight so that any downward trends can be identified at the earliest opportunity.	
F-02	The council does not arrange its tax affairs to minimise its level of corporation tax.	Corporate Director F&G	Medium/ Medium	<p>Companies that operate on a trading basis may be liable for Corporation Tax. As the Council has a number of entities under its control there is an opportunity to look at the companies on a group basis to determine whether there is any opportunity for Group Relief. At present each company operates on a silo basis with limited consideration of any opportunities for tax minimisation across the group.</p> <p>Action: Review the tax position across the Council's group and seek advice from external tax advisers.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: July 2019</p> <p>Source of Assurance: Advice received from external tax advisers</p>
F-03	A company provides guarantees/indemnities to a third party	Corporate Director F&G	Low/ Medium	Where an entity gives guarantees/indemnities to third parties, an assessment needs to be undertaken each year to determine any likelihood of that guarantee being called. Guarantees need not	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: April 2019</p>

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Financial Risks					
				<p>be explicit but may be as part of general contracts.</p> <p>Action: Information will be sought from the companies consolidated into the Council's Group Accounts to assess whether any guarantees have been given.</p>	<p>Source of Assurance: Responses to questionnaires from group companies</p>
F-04	Movement away from the Council's terms and conditions of employment	Head of HR	Low/ Significant	<p>When the Council TUPE's staff to third parties, the transfer is undertaken on the basis of current terms and conditions and access to the local government pension scheme. Where a company is controlled by the Council, should it move away from the Council's terms and conditions there is a potential for an Equal Pay Claim.</p> <p>Action: The Council monitors the terms and conditions of employment of Council companies.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: 31 March 2019</p> <p>Source of Assurance: Feedback from Companies.</p>
F-05	A company does not recognise that it is a controlled company for the determination of the Apprenticeship Levy	Head of HR	Medium/ Significant	<p>The introduction of the Apprenticeship Levy has meant that those companies with an employee budget of more than £3m were required to contribute to the scheme. However, where there is a group structure in place, the total group</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: April 2019</p>

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Financial Risks					
				<p>employee budget should be considered as a whole. This has meant that subsidiary companies with an employee budget of less than £3m, who may have considered that they did not have to contribute, may have been in breach of the levy requirements.</p> <p>Action: Seek information from the Council's subsidiary companies to determine whether they have been contributing to the Apprenticeship Levy.</p>	<p>Source of Assurance: Information sought from subsidiary companies through the financial information questionnaire for consolidation purposes.</p>
F-06	A company does not have a viable business plan/budget	Company Director	Medium/ Significant	The Company Business Plan sets the framework for the company's activities for both the short and medium term. The financial consequences of the plan set the budget, resource requirements and targets for service delivery. If a company does not have an agreed business plan, then it does not have clear direction and directors have no measures against which to assess management and company performance or to consider the impact of risks to the company.	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: September 2019</p> <p>Source of Assurance: Receipt of business plans from companies with oversight by the Group Company Governance committee for major entities.</p>

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Financial Risks					
				Action: Companies to be required to share their business plans with the Council, both as part of their contractual commitment for service delivery and for receipt of grant support to ensure that the Council's resources are being used appropriately.	
F-07	The Council, as accountable body, is deemed responsible for the liabilities of a third party	Corporate Director, Finance & Governance	Medium/ Significant	<p>The Council has an on-going accountable body role for a range of grant funding regimes, both historical and current, which include supporting programmes and projects under its direct control as well as managing programmes involving wider partnerships with external organisations.</p> <p>In accepting this role, the Council underwrites the financial performance and delivery of the activity along with compliance with the funding regulations. There may be a potential liability to the Council arising from its accountable body role due to the non-delivery of outputs, claiming of ineligible expenditure or from the disposal of assets prior to any clawback liability expiring.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: September 2019</p> <p>Source of Assurance: Appropriate mechanisms in place to cover or minimise the impact of clawback of grant. A review of the monitoring arrangements around activities where the Council transacts the activities of external organisations through its own financial systems.</p>

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Financial Risks					
				<p>The Council may also act as the accountable body for external organisations where the Council transacts activities through its own accounts. In such cases, the Council is acting as an agent of the external organisation. However, the Council may be responsible for certain liabilities if it is considered that it has not acted appropriately in dealing with the affairs of the external organisation.</p> <p>Action: The Council has put in place various measures to minimise the impact of any grant clawback, which include putting legal agreements and charges over assets in place to ensure that any grant clawback can be covered by disposal of an asset and by the provision of detailed expenditure verification and monitoring procedures.</p>	

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Reputational Risks					
R-01	Company does not follow the principles of public service	Company Directors	Low/ Significant	<p>The 7 principles of public service were laid down in the report by Lord Nolan. Whilst Council staff are expected to adhere to this level of integrity, the same should be expected of those companies controlled by the Council as they are perceived as being directly linked.</p> <p>Action: Company Directors should ensure that the ethos of the company includes the adherence to the 'Nolan' principles of public service.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: December 2019</p> <p>Source of Assurance: Feedback from company contact officers.</p>

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Contractual Risks					
C-01	A company fails to provide appropriate levels of service	Client Function	Medium/ Significant	<p>Where companies fail to provide the level of service expected from customers then this may adversely affect their ability to generate new business. Whilst the Council has some companies that trade externally, the majority of service provision is to the Council itself. The Council, therefore, has a choice of penalising its own company for non-performance, with a potential for then having to deal with a company in financial difficulties, or accepting a lower level of service.</p> <p>Action: the development of strong Client Functions that can monitor contract performance regularly and identify at the earliest possible stage any issues in delivery will ensure that service performance is of the required standard.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: March 2019</p> <p>Source of Assurance: Assessment of activity by Client Managers on a regular basis</p>
C-02	A company does not comply with public contract regulations	Head of Procurement	Medium/ Medium	If a Council owned company fails to comply with public contract regulations resulting in a legal challenge to a contract the company has awarded and consequential legal costs and reputational impact.	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment:</p>

No	Risk	Risk Owner	Current Level of Risk	Current Action	Long Term Aim
Contractual Risks					
				<p>Action: To ensure that all Council companies where appropriate have either:</p> <ul style="list-style-type: none"> • appropriately skilled procurement and contracting staff who are experience in public contract regulations or; • have access to these skills, competence and experience. 	<p>Source of Assurance:</p> <p>Initial written confirmation from Companies' Chief Executive</p> <p>Statement of compliance in annual returns from companies or the statement of assurance to the shareholder.</p>

Public Report

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

13 February 2019



Subject: Acivico Limited – Pen Portrait
Report of: Corporate Director - Finance & Governance
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O &S Chair(s): Councillor Sir Albert Bore
Report author: Martin Stevens

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

- 1.1 This report sets out summary information in respect of Acivico Limited as background information to the consideration of the company update presentation on this agenda.

2 Recommendations

- 2.1 Members are recommended to note the information in this report.

3 Background

- 3.1 Acivico Limited was created as a wholly owned subsidiary of the Council in September 2011.
- 3.2 Two subsidiary companies, wholly owned by Acivico Limited, were created in January 2012, namely:
- Acivico (Building Consultancy) Limited
 - Acivico (Design, Construction and Facilities Management) Limited
- 3.3 Acivico has been designed as a Teckal company, which means that 80% or more of its activity has to be through contracts for services with the Council. The benefit of being a Teckal company means that contracts may be awarded without going through a public tendering exercise.
- 3.4 The principal activities of the group of companies were for the provision of consultancy, design, construction and facilities management within the construction and property industry. The companies became operational from 1 April 2012 as Council staff were TUPE'd to the companies.
- 3.5 In April 2015, three additional services were transferred to Acivico, namely Civic Catering, Cleaning and Birmingham City Laboratories. These services provided catering, cleaning, asbestos surveys and toxicology testing to the public and to the Council.
- 3.6 Acivico has been in financial difficulties for some time and it has been undertaking a review of its activities. The company has recently undertaken a review of its staffing requirements and a number of staff have left. The company transferred its catering function back to the Council with effect from 1 October 2018 and is planning to transfer the laboratory service back to the Council with effect from 28 February. It is anticipated that cleaning services will also transfer back to the Council with the date to be confirmed. The Council gave Acivico Limited a letter of assurance on 24 October that it could continue to meet its liabilities as they fell due and thereby give its external auditors comfort that it could continue to be regarded as a going concern.
- 3.7 A report regarding the future of Acivico was considered by Cabinet at its meeting on 11 December 2018. It was agreed that the Council would continue to remain a shareholder and also plan to award Acivico a new three year contract once the current extension ends, thereby reversing the decision taken in July 2017 to outsource DCFM work. The expectation is that Acivico would no longer be a Teckal company at the end of the new contract.

4 Options considered and Recommended Proposal

4.1 This report provides information to Members on Acivico Limited.

5 Consultation

5.1 The Chair of the Committee has been consulted on this paper.

6 Risk Management

6.1 This report provides information for Members and there are no risk management issues arising.

7 Compliance Issues:

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

a) The Council has created companies to support the delivery of services.

7.2 Legal Implications

a) There are no legal implications associated with this report.

7.3 Financial Implications

a) There are no financial implications directly arising from this report.

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 Resource implications directly arising from this report.

7.6 Public Sector Equality Duty

a) There are no specific Equality Duty or Equality Analysis issues relating to the proposals set out in this report.

8 Background Documents

8.1 None.

Acivico Limited

Company N°: 07792304

Subsidiary Companies	Acivico (Building Consultancy) Limited		
	Acivico (Design, Construction and Facilities Management) Limited		
Directors	Ian Briggs (Chair)		
	Councillor Peter Griffiths		
	Councillor Frederick Grindrod		
	Catherine Newhall-Caiger		
	Councillor Kenneth Wood		
Company Purpose	Acivico is a multi-service company providing services in design, construction, facilities management, building control, laboratories and cleaning to clients across the public and private sectors.		
Financial Year End	31 March		
Filing Date	31 December		
Financial Information	2017/18	2016/17	2015/16
Accounts Filed	27 December 2018	6 April 2018	27 September 2016
	£m	£m	£m
Turnover	31.4	35.5	38.3
Operating Profit/(Loss)	(6.3)	(2.3)	(0.6)
Profit/(Loss) after tax	(6.5)	(2.5)	(0.7)
Balance Sheet			
Fixed Assets	2.1	2.3	0.1
Current Assets	12.2	15.1	21.6
Current Liabilities	(18.7)	(18.2)	(21.0)
Other Liabilities	(0.5)		
Pension Liability	(9.3)	(7.8)	(2.2)
Net Assets/(Liabilities)	(14.2)	(8.6)	(1.5)
Profit & Loss A/c	(14.2)	(8.6)	(1.5)
Net Reserves	(14.2)	(8.6)	(1.5)

