

## Birmingham City Council

### Report to Cabinet Committee – Group Company Governance

13 January 2022



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**Subject:** Birmingham Airport

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

**Relevant Cabinet Member:** Councillor Brigid Jones

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

**Report author:** Alison Jarrett

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

#### 1 Executive Summary

A presentation is to be made to the Committee on the Council's company holdings within the Birmingham Airport Group. This report provides Members with an outline of the company and BCC interests.

#### 2 Recommendations

2.1 Members are asked to note the information provided

### **3 Background**

- 3.1 Together, the 7 West Midland Authorities (“Authorities”) own 49% of Birmingham Airport Holdings Limited (BAHL), and vote in one block at meetings. The Council owns 18.68% of BAHL’s total ordinary shares, holding 19.2% of BAHL’s “A” and “C” ordinary shares, in addition to £5.9m preference shares which pay a fixed dividend of 6.31%. In both 2018/19 and 2019/20, notably prior to the Covid pandemic, the Council received over £5million income from its investment.
- 3.2 Birmingham Airport plays a very significant role in the regional economy, providing the air connectivity vital for international trade, investment and employment, the growth of inbound tourism, and access to outbound leisure destinations. Prior to Covid-19, 7,000 people were directly employed by companies located within the Airport boundary and a further 9,900 people were employed indirectly to supply goods and services to the Airport. The Airport’s net economic impact including catalytic effects in the West Midlands region was estimated as £1.5billion GVA (Gross Value Added), and 30,900 jobs.
- 3.3 The Covid-19 pandemic has led to the worst decline in traffic and income in BAHL’s history. In response, BAHL reduced costs where possible, without impacting the ability to resume normal operations when travel restrictions are lifted. This included a two-phase restructure which has resulted in around 43% reduction in roles throughout the workforce.
- 3.4 In January 2021, Cabinet agreed to provide support to the organisation if required at a level that results in the Authorities’ total support being in proportion to their current collective investment in BAHL. Specifically a commercial terms loan facility of up to £18.5m was approved.
- 3.5 The City Council appointed Directors on the Board of BAHL are Councillors Tristan Chatfield and Paul Tilsley.

### **4 Options considered and Recommended Proposal**

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

### **5 Consultation**

- 5.1 No consultation has been undertaken.

### **6 Risk Management**

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

### **7 Compliance Issues:**

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

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

## **7.2 Legal Implications**

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

## **7.3 Financial Implications**

There are no financial implications directly arising from this report but Members should consider any questions or considerations arising from this report for discussion during the private agenda.

## **7.4 Procurement Implications**

There are no procurement implications directly arising from this report.

## **7.5 Human Resources Implications**

There are no human resources implications directly arising from this report.

## **7.6 Public Sector Equality Duty**

There are no equality duty or equality analysis issues relating to the proposals set out in this report.

## **8 Background Documents**

None