

Public Report

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

14 March 2024



Subject: Group Company Governance – Informing the Audit Risk Assessment

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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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		
Exempt appendices contain personal and commercially sensitive information		

1 Executive Summary

This report asks Members to consider responses from the Council's material group companies provided in response to a questionnaire concerning their Audit Risk Assessment

2 Recommendations

2.1 Members are asked to consider the responses from the Council's group companies and advise Audit Committee of any issues identified.

3 Background

- 3.1 The Council has created a number of companies that fall within its sphere of control, either as wholly owned subsidiaries, associates where the Council has significant influence, Joint Ventures or other arrangement. The Council has to consider whether there are risks to the Council either through misuse of funds or misstatement of activities.
- 3.2 An exercise is carried out each year to determine the “Group Boundary”, that is to define which subsidiaries, associates and joint ventures are consolidated with the Council’s financial statements to produce Group Accounts. The larger entities within the overall Council group boundary have been asked to provide information through the completion of a questionnaire to allow Members to gain assurance that funds are being used efficiently and effectively and that information provided in respect of their financial statements may be relied upon. The assurance statements have been broken down into three main areas:
- Company Environment – looking at the governance arrangements of the company
 - The Identification, Mitigation and Reporting of Risk – looking at how the company manages risk
 - Financial Statements – looking at factors that may impact on the company’s financial health and financial statements.

The responses provided are attached at Exempt Appendix 1.

- 3.3 Audit Committee is responsible for signing off the Council’s financial statements, including relevant group accounts, in due course. As part of this sign off process, members of the Audit Committee will need to be confident that the information presented represents a ‘true and fair view’ of the financial position of the group and that the accounts are materially correct.
- 3.4 Members are asked to consider the responses received and identify any issues that it would wish to raise with Audit Committee for their consideration and further review.

4 Options considered and Recommended Proposal

This report provides information to Members on governance and financial arrangements within group entities that will be considered for consolidation in the Council’s group accounts.

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.

7 Compliance Issues:

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

The production of annual group accounts is a statutory requirement to consolidate entities that are controlled by the Council and which are material to its activities.

7.2 Legal Implications

- a) Section 151 of the Local Government Act requires the Chief Finance Officer (as responsible officer) to ensure proper administration of the Council's financial affairs.

7.3 Financial Implications

- a) The Council is required to produce group accounts where it controls external organisations where the level of activity is considered to be material to the entity.

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

None

- 9 **Appendices** – these are attached to the private report as they contain commercially confidential information

Responses from

- A. Birmingham Airport Holdings Limited**
- B. Birmingham Airport Management Assurance**
- C. Birmingham Children's Trust C.I.C.**
- D. Birmingham City Propco**
- E. Finance Birmingham Limited**
- F. InReach Limited**
- G. Paradise Circus Limited Partnership/ Paradise Circus Limited Partnership – supplementary info**
- H. National Exhibition Centre Developments Limited**
- I. PETPS (Birmingham) Limited**
- J. PETPS (Birmingham) Pension Funding Scottish Limited Partnership**
- K. Acivico Limited**