

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE - GROUP COMPANY GOVERNANCE

THURSDAY, 16 JANUARY 2020 AT 14:00 HOURS
IN HMS DARING ROOM, 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.

5 - 10

3 **PUBLIC NOTES OF THE LAST MEETING - 21 NOVEMBER 2019**

Notes of the meeting to be confirmed.

4 **TRAINING UPDATE**

Verbal Update.

11 - 14

5 **COMPANY UPDATE**

Information Update.

15 - 42

6 **GROUP COMPANY - RISK REGISTER**

Report of AD Commercial and Development, Finance and Governance.

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7 **COMPANY PEN PORTRAIT - FINANCE BIRMINGHAM LTD**

Report of AD Commercial and Development, Finance and Governance.

47 - 50

8 **COMPANY PEN PORTRAIT - BIRMINGHAM MUSEUMS TRUST,**
PERFORMANCE BIRMINGHAM LTD

Report of AD Commercial and Development, Finance and Governance.

9 **GROUP COMPANY GOVERNANCE - INFORMING THE AUDIT RISK ASSESSMENT**

Report of the Interim Chief Finance Officer

10 **DATE OF NEXT MEETING**

The next Meeting is scheduled for 'Special' meeting on Tuesday 11 February 2020 at 1400 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 - 21 NOVEMBER 2019**

Item Description

14 **COMPANY PEN PORTRAIT - FINANCE BIRMINGHAM LTD - PRIVATE**

Item Description

15 **COMPANY PEN PORTRAIT - BIRMINGHAM MUSEUMS TRUST, PERFORMANCE BIRMINGHAM LTD - PRIVATE**

Item Description

16 **GROUP COMPANY GOVERNANCE - INFORMING THE RISK ASSESSMENT - PRIVATE**

Item Description

17 **BIRMINGHAM WHEELS - UPDATE REPORT - PRIVATE**

Item Description

18 **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

Thursday 21 November 2019 at 1500
hours, Ellen Pinsent Room, Council
House, Victoria Square, Birmingham B1
1BB

Attendance:

Councillor Brigid Jones, Deputy Leader - Chair
Councillors Tristan Chatfield and Jon Hunt

Also in Attendance:

Connie Price	Head of Service – Legal
Georgina Dean	Solicitor – Legal
Alison Jarrett	Assistant Director, Finance & Governance
Matthew Davis	Finance Manager
Marie Reynolds	Committee Services

APOLOGIES

- 1 Apologies were submitted on behalf of Connie Price for lateness and Councillor Gareth Moore for his inability to attend the meeting.
-

DECLARATIONS OF INTERESTS

- 2 There were no declarations of interest.
-

PUBLIC NOTES OF THE LAST MEETING

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

TRAINING UPDATE

The following report of the Acting City Solicitor, Finance & Governance was submitted:-

(See document No. 1)

Georgina Dean, Legal Services, provided Members with an update on the current and proposed training activity provided to members and officers in relation to their duties and responsibilities as directors and trustees of companies and charitable organisations.

Georgina specifically referred to Appendix 1 of the report which illustrated the Basic Trust and Charity training event that had taken place on 24 October 2019. She reported that the event had been well attended and subsequently detailed those that attended and the positive feedback that had been received regarding the training.

She reported that there had been a one to one training session provided to an Assistant Director in the Inclusive Growth directorate who had been newly appointed as a Director to the company Birmingham Airport Holdings Limited.

She further reported on the future training activities which included additional one to one sessions' as required, particularly in relation to staff changes within Inclusive Growth and the new directorships which would be required as a result of this.

Further reference was made to the feedback received from the Trustee training event requesting some training on GDPR and for regular refresher 'Trusts and Charities' training was also made which could be incorporated going forward.

It was noted that The Trusts and Charities Committee had indicated an interest in having a repeat session in the new year of the recent Trusts and Charities Training with the same provider, and as a result of this, their legal representative was liaising directly and that it may be an opportunity to invite again those who could not attend the first session.

It was further noted that a second 'Director's Roles and Responsibilities' training session was anticipated for the new year which would act as a refresher for those who wished to attend again as well as a mop up session for non-attendees first time round.

Further consideration was being given to some Commercial Director training for directors of the most 'high profile' companies the Council was involved with. This would involve training from a Commercial Director and a Health and Safety expert and it would be set at a higher level than the roles and responsibilities training.

A discussion ensued relating to the recent training whereby; it was highlighted that having both Members and Officers receiving the training together had worked well and hoped that this would continue whenever possible in the future.

A further discussion ensued regarding the future training opportunities which were favoured by the Committee and regarding GDPR training that this could be offered as optional.

It was :

4

RESOLVED:-

The Committee noted the information.

GROUP COMPANY GOVERNANCE – SECTION 24 RECOMMENDATIONS

The following report of the Corporate Director, Finance & Governance was submitted:-

(See document No. 2)

Alison Jarrett, Assistant Director, Finance & Governance, reported that the report summarised the progress 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.

A brief discussion ensued whereby it was confirmed that the actions would remain under review within the CCGCG Risk Register reported at each meeting.

It was :

5

RESOLVED:-

The Committee :

Noted the progress in delivering the necessary actions to mitigate the issue raised by the External Auditor;

Approved the cessation of reporting on the progress against this requirement as a separate item for Cabinet Committee – Group Company Governance (CCGCG);

Noted that the understanding of the financial position of the Council's related companies and the Council's responsibility for their liabilities will form part of the risk register reported separately to CCGCG.

COMPANY UPDATE

The following report of the Corporate Director – Finance & Governance was submitted:-

(See document No. 3)

Alison Jarrett, Assistant Director, Finance & Governance referred to the details of the changes in the companies as well as additional changes yet to be confirmed at Companies House, as a result of the resignation of Waheed Nazir, detailed in 3.2 of the report.

Further reference was made to 3.3 of the report which highlighted that further work was being undertaken to try and capture information on charities that were associated with maintained school within the City. As part of the work undertaken by Birmingham Audit in their visits to schools, they were now asking whether there were any charities associated with the school. Each finding would be added to the master-list of company and/or charitable interests.

A discussion ensued whereby it was agreed by Alison to investigate Gordon and Phillips Words and Pictures Company Limited and to update accordingly.

Connie Price, Legal Services, provided a brief update on Acivico.

She reported that they were now in their final phase and were nearing completion with their new governance arrangements in place. Therefore, they were looking to submit a paper to this Committee prior to the Cabinet Committee meeting scheduled in March 2020.

A discussion ensued, whereby it was suggested that as the next CCGCG meeting was scheduled for Thursday, 16 January 2020, it may be necessary to schedule an additional meeting in February 2020, to accommodate the request for Acivico to present prior to the Cabinet Committee meeting scheduled in March 2020.

It was :

6

RESOLVED:-

That the Committee noted the information;

That an additional CCGCG meeting may be scheduled to accommodate Acivico as discussed in the preamble.

GROUP COMPANY GOVERNANCE RISK REGISTER

The following report of the Assistant Director, Commercial and Development, Finance & Governance was submitted:-

(See document No. 4)

Alison Jarrett, Assistant Director, Finance & Governance referred to G-01 and G-02 detailed in 3.1 and Appendix 1 of the report.

A discussion ensued relating to G-01 which addressed the training programme that was now in place and as the Committee were now confident with the process, agreed the risk (red) should now move to (amber).

Alison further referred to G-02 regarding nominated Directors failing to attend meetings and the proposal to circulate all nominated directors/board observers at half annual intervals to enquire of any company related and attendance issues.

Following a brief discussion, it was suggested and agreed by the Committee that a Workshop be organised for Members and Officers to consider the narratives on some of the risks.

The Chair suggested that an appropriate time would be to include on the agenda of the proposed additional meeting with Acivico.

It was :

7

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 risks to the Council to an acceptable level.

INSURANCE POSITION AND IMPLICATIONS FOR COUNCIL DIRECTORS

The following information was submitted:

(See document No. 5)

Matthew Davis, Finance Management, provided a comprehensive breakdown of the information while highlighting the Indemnity Limit was £5,000,000. He referred to the excluded activities and confirmed that they should have their own cover and explained how these worked.

A discussion ensued whereby comments and concerns were raised which included the following:

- Finance Birmingham – arrangements to be checked
- Excluded activities – more clear definition
- Companies/Boards – fines/penalties - needed to be addressed
- Training – highlight awareness of specific exclusion activities –and the relevant questions that need to be asked.

- Insurance policy to be devised to cover gaps.

It was :

8 **RESOLVED:-**

The Committee noted the information and an update to be provided in due course.

DATE OF NEXT MEETING

- 9 The next meeting is scheduled to take place on Thursday, 16 January 2020 at 1400 hours in HMS Daring Room.
-

PERFORMANCE BIRMINGHAM LIMITED – COMPANY PEN PORTRAIT

The following report of the Assistant Director Commercial and Development, Finance & Governance was submitted:

(See document No. 6)

It was :

10 **RESOLVED:-**

The Committee noted the information.

EXCLUSION OF THE PUBLIC

11 **RESOLVED:-**

That, in view of the sensitive nature of the discussion due to take place relating to Performance Birmingham Limited, the public be now excluded from the meeting.

Public Report

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

16 January 2020



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: 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

This report provides Members with an update on changes within entities that fall within the Council's group structure.

2 Recommendations

2.1 Members are asked to note the information provided

3 Background

3.1 There have been a number of changes in companies that fall within the Council's group structure, which have been detailed below.

3.2 Company Changes

Details of the changes in companies are set out below, where a termination or appointment is made that is not a BCC member, officer or associate it is not noted.

1. IB (BIRMINGHAM) LIMITED - formerly known as Innovation Birmingham Limited. At the November meeting of this committee, it was noted that the company ceased to trade on 18 April 2018 and the intention in line with the report to Cabinet on 6th March 2018 was to dissolve the company using a members' voluntary liquidation. On 5th December, 2 notifications were received by Companies House, appointment of a voluntary liquidator and declaration of solvency
2. FORWARD HOMES (BIRMINGHAM) LIMITED (09451223) – previous accounting period extended from 28 February 2019 to 31 March 2019
3. BIRMINGHAM AIRPORT HOLDINGS LIMITED (03312673) – Appointment of Mr Kevin John Hicks as a director on 6 November 2019.
4. BIRMINGHAM CURZON REGENERATION COMPANY LIMITED (09095850) – Appointment of Mr Martin Richard Stevens as a director on 5 December 2019. Termination of appointment of Richard Cowell as a director on 11 November 2019 and cessation of Richard Cowell as a person with significant control on 11 November 2019.
5. BIRMINGHAM WHOLESALE MARKET COMPANY LIMITED (09621110) - Appointment of Mr Robert Edward James as a director on 19 December 2019.

3.3 Annual accounts have been submitted for the following companies:

Company		unqualified audit (where applicable)
FORWARD HOMES (BIRMINGHAM) LIMITED (09451223)	Accounts for a dormant company made up to 31 March 2019	N/A
ST. PAUL'S COMMUNITY DEVELOPMENT TRUST (01429707)	Accounts for a small company made up to 31 March 2019	Yes
BIRMINGHAM ENDEAVOUR LIMITED (09995787)	Accounts for a dormant company made up to 28 February 2019	N/A
ARDEN CROSS LIMITED (09948413)	Unaudited abridged accounts made up to 31 March 2019	N/A
BIRMINGHAM MUSEUMS TRADING LIMITED (04221635)	Accounts for a small company made up to 31 March 2019	Yes

BIRMINGHAM MUSEUMS TRUST (07737797)	Group of companies' accounts made up to 31 March 2019	Yes
BIRMINGHAM SETTLEMENT (THE) (01946604)	Group of companies' accounts made up to 31 March 2019	Yes
COLMORE BUSINESS DISTRICT LIMITED (06731032)	Accounts for a small company made up to 31 March 2019	Yes
CREATIVE ADVANTAGE WEST MIDLANDS LIMITED (03914725)	Unaudited abridged accounts made up to 31 March 2019	N/A
ASCARII LIMITED (07970532)	Total exemption full accounts made up to 31 December 2018	N/A
ERDINGTON TOWN CENTRE PARTNERSHIP (04428948)	Total exemption full accounts made up to 5 April 2019	N/A
WITTON LODGE COMMUNITY ASSOCIATION (02903760)	Group of companies' accounts made up to 31 March 2019	Yes
THE GREATER BIRMINGHAM AND SOLIHULL LOCAL ENTERPRISE PARTNERSHIP LIMITED (07635395)	Full accounts made up to 31 March 2019	Yes
BIRMINGHAM ASIAN RESOURCE CENTRE (04351686)	Total exemption full accounts made up to 31 March 2019	N/A
BIRMINGHAM VOLUNTARY SERVICE COUNCIL (00421688)	Group of companies' accounts made up to 31 March 2019	Yes
BIRMINGHAM VENTURE CAPITAL LIMITED (01977205)	Total exemption full accounts made up to 31 March 2019	N/A
CENTRAL TECHNOLOGY BELT (04649812)	Accounts for a small company made up to 31 March 2019	Yes
THE JEWELLERY QUARTER DEVELOPMENT TRUST CIC (07675188)	Total exemption full accounts made up to 31 March 2019	N/A

- 3.3 Further work is being undertaken to try and capture information on charities that are associated with maintained schools within the City. As part of the work undertaken by Birmingham Audit in their visits to schools, they are now asking whether there are any charities associated with the school. Each finding will be added to the master-list of company and/or charitable interests.

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on changes to organisations that fall within the Council's group structure. Further reports will be provided to future meetings of this committee.

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?

- a) The Council provides services to community through a number of different vehicles. This report provides information on entities associated with the Council through which service delivery is being provided.

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 whether any of the changes in the company group structure has a financial impact on or increases the financial risks to the Council.

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

Public Report

Birmingham City Council**Report to Cabinet Committee – Group
Company Governance**16th January 2020

Subject:	Group Company – Risk Register	
Report of:	Assistant Director – Commercial and Development, Finance & Governance	
Relevant Cabinet Member:	Councillor Brigid Jones	
Relevant O &S Chair(s):	Councillor Sir Albert Bore	
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

- 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.

- 2.2 Members are requested to note the findings on the agenda report – Audit Risk Assessment – Questionnaire for BCC Companies which address the risks contained within the Governance section of the risk register.

3 Background

- 3.1 Members have considered the company risk register at previous meetings of this committee. The risk register has been updated and the following items are to be considered:

- Section G – Governance

A separate report on this agenda covers an annual review, Informing the Annual Audit Risk Assurance. This is an annual return sent to council group companies and provides assurance against the risk register governance section. This report should therefore be read in conjunction with that report on the public and private agenda.

Where updates to the risk register are required as a result of member deliberation of that report, the register will be so updated.

- F-02 - The council does not arrange its tax affairs to minimise its level of corporation tax. An external review by independent tax advisors has indicated that there may be opportunities to certain group companies who may trade losses where these are anticipated to be unused. Companies have been informed for consideration with their own tax advisors. Group structures add complexity but there remain opportunities.

- 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?

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

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

There are no financial implications directly arising from this report.

7.4 Procurement Implications

There are no procurement implications directly arising from this report.

7.5 Human Resources Implications

There are no Human Resource implications directly arising from this report.

7.6 Public Sector Equality Duty

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

8 Appendix

8.1 Appendix 1 – Risk Register

Group Company Directors and Nominees - Guidelines

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.	Chief Finance Officer	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</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 annually by January.</p> <p>Training to be cascaded to current and potential directors at the earliest opportunity with regular refresher sessions for existing and new directors. Ongoing</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					
				session was provided for current Directors, potential Directors and officers who may support 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</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>officers who may support Directors on 24 January 2019.</p> <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</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>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>with legal or financial qualifications, and consequently their penalties/sanctions may be higher.</p> <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</p>	<p>Source of Assurance: Responses from company secretaries 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					
				<p>companies that they have met the relevant filing date.</p> <p>A monitoring database has been implemented to record information from Companies House as returns are made.</p>	
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</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					
				<p>same basis as Directors so that they understand the difference between the two roles.</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 observer.</p>	
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	Chief Finance Officer	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</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Annually by 31 March</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>major company has to consider its 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.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Annually by 31 March</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					
				Responses from the Council's 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	Chief Finance Officer	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>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Annually by 30 April</p> <p>Source of Assurance: Return of draft and final questionnaires, management accounts during the year and companies' draft accounts by 30 April.</p> <p>Y/end 2019 – all data required was received in time for the preparation of the council's financial statements. Where there were issues, both within or without the control of the company (eg pensions information) liaison with that company and feedback were given.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>Action: Companies that are considered necessary for 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	Chief Finance Officer	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%	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: July 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>control. Control may be measured through the 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>	<p>Information is sought on the overall structure of entity boards when the Council considers nominating individuals to external bodies.</p> <p>Sept 2019 Update – review of all bodies for accounts consolidation achieved.</p>
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	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Annually by 31 March</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>company is unable to absorb should be transferred to the 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>	<p>Source of Assurance: Information is sought through the return of the risk assurance questionnaire considered by Audit Committee.</p>
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</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					
				are challenged on a regular basis 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.	Chief Finance Officer	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>
G13	Senior Managers within a company leave	Company Directors	Low/Significant	It is expected that there will be movement of senior managers within companies. However, the loss of a number of senior managers within one company in a short space of time may lead to operational difficulties and delays in making appropriate decisions in respect of staffing, resources, contracts etc..	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: Ongoing</p> <p>Source of Assurance:</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				Action: The responsibility for the appointment of senior managers would lie with the Company Directors. However, the Council should be informed of any senior manager changes so that any potential implications can be assessed. It is also important to ensure that there are appropriate succession plans in place to mitigate any adverse impacts.	Information to be sought through the gathering of information from companies.
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 	<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</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<ul style="list-style-type: none"> • 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 Council <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</p>	final accounts will give added oversight of performance so that downward trends can be identified at the earliest opportunity.

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>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> <p>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.</p>	
F-02	The council does not arrange its tax affairs to minimise its level of corporation tax.	Chief Finance Officer	Medium/ Medium	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	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: July 2019 and ongoing</p> <p>Source of Assurance:</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>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>	Advice received from external tax advisers
F-03	A company provides guarantees/indemnities to a third party	Chief Finance Officer	Low/ Medium	<p>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 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>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: April 2019 and ongoing annually</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	When the Council TUPE's staff to third parties, the transfer is undertaken on the basis of current terms and conditions and access	Target Risk Rating: Low/Low

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>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>Anticipated date of attainment: 31 March 2019 and ongoing</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 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</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: April 2019 and ongoing</p> <p>Source of Assurance: Information sought from subsidiary companies through the financial information questionnaire for consolidation purposes.</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
				they have been contributing to the Apprenticeship Levy.	
F-06	A company does not have a viable business plan/budget	Company Director	Medium/ Significant	<p>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> <p>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.</p>	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment: September 2019. Ongoing by invitation to CGCG</p> <p>Source of Assurance: Receipt of business plans from companies with oversight by the Group Company Governance committee for major entities.</p>
F-07	The Council, as accountable body, is deemed responsible for	Corporate Director, Finance & Governance	Medium/ Significant	The Council has an on-going accountable body role for a range of grant funding regimes, both historical and current, which	<p>Target Risk Rating: Low/Low</p> <p>Anticipated date of attainment:</p>

No	Risk	Risk Owner	Current Level of Risk	Comments and Current Action	Long Term Aim
Governance Risks					
	the liabilities of a third party			<p>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>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</p>	<p>September 2019 and ongoing</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	Comments and Current Action	Long Term Aim
Governance Risks					
				<p>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 Ongoing</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 Governance16th January 2020

Subject: Finance Birmingham Ltd - Company Pen Portrait

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

Relevant Cabinet Member: Councillor Brigid Jones

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

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

Finance Birmingham Ltd (FB) is to present to Members on the private agenda. This report provides Members with a pen portrait of the company.

2 Recommendations

2.1 Members are asked to note the information provided

3 Background

3.1 FB is a company limited by shares and wholly owned by Birmingham City Council. The organisation's objectives are:

- To provide SMEs throughout England with access to affordable and flexible finance packages.
- To bring together the industry experience of private sector experts and the public sector support to drive innovation, job security and growth through well developed partnerships
- To support businesses within a variety of industry sectors including Advanced Manufacturing and Housing.

3.2 The company was created following Cabinet approval in October 2010 at the height of the global recession and at a time when mainstream lending was not available and managed the council's first business loan fund of £10m. The company was constituted as a Teckal company - effectively the fund management arm of Birmingham City Council (BCC) operating on market terms and conditions. In June 2015 Cabinet noted and approved proposed corporate restructures to FB and in subsequent reports noted the creation of Frontier Development Holdings (FDH) and Frontier Development Capital (FDC). These companies stand alone from FB and fund manage private sector and competitively awarded funds, ie non-teckal activities. The council is a minority shareholder in FDC.

3.3 Over time, FB has increased its funds under management, to in excess of £400m within this public sector arm, through a combination of public and private capital, secured through its relationship with the council, GBSLEP, central government and partners. These funds under the direct or accountable body control of the council cover loan, equity, mezzanine and grant into the local SME market, housing market and national rail and advanced manufacturing sectors. The management of these has created and/or safeguarded in excess of 19,000 jobs across the sectors and national geography with nearly 10% of those directly attributed to the BCC funds portfolio. FB has built a profitable business paying a dividend to the council of £500,000 in 2018/19.

3.4 The company has access to a team of 17 skilled investment and fund management officers/directors, headed by CEO Sue Summers.

3.5 Key personnel and board members within FB are:

Mrs Sue Summers – CEO

Mr John Handley – Non-Exec Director

BCC Board Members

Cllr Tristan Chatfield

Alison Jarrett - AD Finance

4 Options considered and Recommended Proposal

4.1 This report provides information to Members on PBL and will assist in the exchanges and discussion on the presentation within the private agenda.

5 Consultation

5.1 The Chair of the Committee has been consulted on the attendance of FB.

6 Risk Management

6.1 This report provides an outline of the company and background for discussion of company performance with the company representatives.

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

Public Report

Birmingham City Council**Report to Cabinet Committee – Group
Company Governance**16th January 2020

Subject: Performances Birmingham Ltd - Company Pen Portrait

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

Relevant Cabinet Member: Councillor Brigid Jones

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

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

Birmingham Museums Trust (BMT) is to present to Members on the private agenda. This report provides Members with a pen portrait of the Trust.

2 Recommendations

2.1 Members are asked to note the information provided

3 Background

3.1 BMT was set up in 2012 as a registered charity and a company limited by guarantee to manage the Council's historic houses, cultural sites and collections on behalf the City Council. The Trust has a trading subsidiary Birmingham Museums Trading Ltd which contributed £644k to BMT in 2019 and its subsidiary charity, Thinktank Trust. It should be noted that Birmingham has the largest civic museum service in England.

3.2 The collections are displayed and stored in nine venues including Birmingham Museum and Art Gallery which operates as the head office for the BMT. The collection contains approximately 1 million objects. Much of it is designated by Arts Council England (ACE) as being of national importance and many collections are of international significance. Only 1% is on display or on loan at any one time. The collection is stored in 2 locations; BMAG and the Museum Collection Centre (MCC), Dollman Street, Nechells.

3.3 Charitable Objectives

- To advance education by the operation, maintenance, development and promotion of museums, galleries and libraries in Birmingham, together with associated facilities and related programmes of outreach and research, fostering knowledge, understanding, appreciation and enjoyment of the arts, history, science and technology by residents and visitors to the city of Birmingham.

3.4 Vision

- To reflect Birmingham to the world, and the world to Birmingham.

3.5 Core purpose

- To showcase our outstanding collections and venues to inspire learning, creativity and enjoyment for people of Birmingham and visitors to the region.

3.6 Guiding Principles

- Inclusivity - Birmingham Museums Trust is for everyone
- Excellence - We strive to be leaders and innovators, offering great experiences to our customers
- Working Together - We work in partnership and support each other to achieve more for our audiences
- Trust - Birmingham Museums Trust can be trusted to deliver on our promises and plans
- Sustainable - We are entrepreneurial and put sustainability at the core of our practices

3.7 Aims

- Leading in excellence
- Developing the collection and venues
- Growing and diversifying audiences

- Building a sustainable business
- Investing in people

3.8 The company received a fixed fee payment for services from BCC of £3.183m in 2019 and 2018 plus a variable performance based fee of £2.0m in 2019 (£2.1m 2018); Thinktank Trust has received loan finance of £11.5m and a grant of £1.4m to assist with property lease payments. During 2019 the Trust employed an average FTE of 179 together with the services of over a thousand volunteers.

3.9 In July 2018 Cabinet considered options for the relocation of the BMAG and its stores during proposed refurbishment works within the Council House complex. Subsequently however, the council rescheduled the timing of any works on the property for consideration after the Commonwealth Games in 2022. As a consequence, the publicised closure of the BMAG during these works and plans for the development of a new site were also postponed. BMT retain their ambitions to redevelop the museum at a new site sometime after 2022.

3.9 Key personnel and board members within BMT are:

Ellen McAdam – Director of Birmingham Museums Trust

Toby Watley - Director of Collections

Rachel Cockett - Director of Development

Alexandra Nicholson-Evans - Commercial Director

Janine Eason - Director of Engagement

Richard Paterson - Finance Director and Company Secretary

Trustees

Ian Grosvenor (Chair)

Councillor Muhammad Afzal

Randal Brew

Eamon Mooney

Tracey Stephenson

Jonnie Turpie MBE

Chrissie Twigg

Mohammed Ali MBE

Claire Williamson

Luke Southall

John Diviney

Dr Louise Brooke-Smith OBE, FRICS, MRTPI

Liam Byrne MP

4 Options considered and Recommended Proposal

4.1 This report provides information to Members on PBL and will assist in the exchanges and discussion on the presentation within the private agenda.

5 Consultation

5.1 The Chair of the Committee has been consulted on the attendance of PBL.

6 Risk Management

6.1 This report provides an outline of the company and background for discussion of company performance with the company representatives.

7 Compliance Issues:

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

The Council provides services to community through a number of different vehicles. This report provides information on PBL, a major provider of cultural services and events within the city.

The recommended decision supports the Birmingham City Council Plan 2018-2022, outcome 4: Birmingham is a great city to live in through priority 8, we will enhance our status as a city of culture, sports and events.

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

Public Report

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

16 January 2020



Subject: Group Company Governance – Informing the Audit Risk Assessment

Report of: Rebecca Hellard, Interim Chief Finance Officer

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

This report asks Members to consider responses from the Council's group companies on a questionnaire on 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 on. 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 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?

- a) 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

Responses from

Acivico Limited

Birmingham Airport Holdings Limited

Birmingham Children's Trust C.I.C.

Birmingham City Propco

Finance Birmingham Limited

InReach Limited

The National Exhibition Centre (Developments) Plc

Paradise Circus Limited Partnership

PETPS (Birmingham) Limited

PETPS (Birmingham) Capital Limited

PETPS (Birmingham) General Partner Limited

PETPS (Birmingham) Pension Funding Scottish Limited Partnership

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Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	<p>Acivico Board Directors are provided with an induction on appointment to ensure their responsibilities are understood and they have the tools necessary. All current Acivico 'officer' roles (senior managers, etc.) are aligned to BCC job descriptions and person specifications, ensuring the rights skills and competencies are present to perform their roles.</p> <p>The Acivico Board of Directors will have a Continuous Development Programme established, which will ensure that awareness of individual and collective roles and responsibilities will remain up-to-date.</p> <p>The Acivico Group risk register includes a risk and required controls on this matter and Acivico's Audit Committee review the effectiveness of these controls on an annual basis.</p>
How does the company ensure that Directors engage fully with the company and what is the record of attendance	Acivico company Directors attend monthly Board meetings, with all executive leadership officers (Chief Executive, Deputy Chief Executive & Director of Operations, Director of Finance & Resources & Director of HR & OD) and regular Audit Committee meetings (Audit Committee is due to meet 7 times during 2019/20)

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Question	Response
	<p>The company secretary records attendance of Board members from meetings. Audit Committee is done by an administrator.</p> <p>Additionally, the Board members have attended workshops on strategic items, for example strategic plan, values and workforce development.</p> <p>Directors record of attendance is currently 84.21% for 2019/20 (as at November Board meeting) with 3 of the 5 Directors maintaining a 100% attendance during this period.</p>
Please explain the system of governance and the financial control environment within the company	<p>Acivico operate a Company Governance Framework which outlines governance and financial controls (standing orders) within the company. This includes Board members.</p> <p>Acivico currently use the council's IT finance system which will change during 2019/20. Existing controls are as per the council's governance requirements. As part of implementing new IT systems, BCC Internal Audit is providing a critical friend role pre implementation and a review post implementation to ensure governance and financial controls remain effective.</p> <p>Monthly financial reporting is undertaken within the companies. A challenge session is held with the relevant Acivico Director and Sector leads (Heads of Service) to review financial reporting and projections. Acivico Board members receive monthly reports during Board. Acivico Audit Committee receives the latest finance board report for scrutiny.</p> <p>The finance report considers financial risks and issues</p>

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Question	Response
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	<p>The Acivico Director of Finance and Resources leads the monthly challenge sessions.</p> <p>The Acivico Group risk register is regularly maintained and reported to each Audit Committee. Audit Committee has a programme of work for 2019/20 which incorporates reviews including an Internal Audit work plan. The standing agenda also includes a statement to be made by both the BCC Assistant Director of Internal Audit and the Acivico Director of Finance and Resources to confirm that they are not aware of any matters concerning risk, internal control, and compliance.</p> <p>As part of the annual report Acivico's Audit Committee prepare a report on the statement of internal controls.</p> <p>To date, a review has been undertaken on the Environment, Quality Management Systems as part of continuation of the accreditation for Design, Construction and Facilities Management Ltd.</p>
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	<p>The current three year Business Plan, approved from 2019/20 by Cabinet, is currently being refreshed. This will be presented to Cabinet Committee, Group Company Governance in February 2020. In accordance with Acivico's Company Governance Framework the annual financial plan is scheduled to be approved by Acivico Board before end February 2020. The December Board will see the first draft with a workshop scheduled for January 2020. Alongside the financial plan will be the marketing strategy and the overarching Strategic Plan (refreshed 3 year business plan – strategic level).</p>

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Question	Response
	<p>The annual financial plan will include details for each company on cashflow projections. Cashflow is monitored and shared with the council.</p> <p>The company is currently operating under a going concern assurance letter from the council. Going concern is reviewed in accordance with ISA570, takes into account financial risks, trading position including pipeline and financial ratios produced by the Group end Qtr 1, Qtr 2 and now monthly.</p> <p>Remedial action is incorporated within a mitigation plan and tracked monthly, reporting outcomes to the Acivico Board</p>
What is the company's approach to the development of business continuity plans.	<p>Acivico Business Continuity Plans are being refreshed as the company is implementing new IT systems and business processes are being reviewed.</p> <p>Each company business unit is responsible for updating and refreshing their Business Continuity Plan.</p> <p>Given the changes within Acivico, there is a risk contained within the Group Risk Register regarding overarching arrangements for business continuity.</p> <p>Additional resource is being identified to follow up ICT transformation, business process reengineering, organisational design and other corporate transformation activity, to establish fresh business continuity frameworks across the whole Acivico Group.</p> <p>Expected work to be completed by Spring 2020.</p>

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Question	Response
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	A review has recently taken place to ensure compliance including refreshing the data matrix. The outcome is expected during January to coincide with the January Acivico Audit Committee. On a day to day basis, any escalations regarding compliance with GDPR are reported to the Acivico Governance Manager.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	Financial risks identified in the monthly Group Finance Report presented to Board. Audit Committee receive the latest available report for Scrutiny. The Group Risk Register is refreshed regularly and is a standing item on the Audit Committee agenda.
Please set out your management's processes for identifying and responding to risks of fraud.	The Acivico Company Governance Framework outlines the process for individuals to report potential irregularities or suspected fraud. The company also has an anti-bribery and fraud policy and anti money laundering policy. Training on anti-bribery and corruption (ABC) has been identified for inclusion in the Company's new e-learning platform go1. The Acivico Group Leadership Team are kept informed As outlined earlier, Acivico Audit Committee standing agenda also includes a statement to be made by both the BCC Assistant Director of Internal Audit and the Acivico Director of Finance and Resources to confirm that they are not aware of any matters concerning risk, internal control, and compliance. There has been one instance so far

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Question	Response
	which has been followed up through investigation and appropriate disciplinary action under existing HR procedures. BCC Internal Audit was informed and advice provided.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	See previous response
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	Fraud could occur during the procure to pay process, accepting cash within building control or an employee abusing the time recording system as examples. Acivico use separation of duties and weekly MI reporting checks to help mitigate against fraudulent activity. The Acivico Director of Finance and Resources further discusses this matter with External Auditors as part of the planning for the external audit.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	See earlier responses
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	For 2019/20 only one matter has been identified which has been investigated and referred for disciplinary action as part of existing HR policies and procedures.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Acivico's process is outlined in the Company Governance Framework. BCC Internal Audit attend Acivico Audit Committee.

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Question	Response
	If required, the Acivico Director of Finance and Resources would notify the council.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	<p>The council (in its capacity as shareholder of Acivico) has a representative attend the Board meetings and therefore receives the monthly Acivico Group Finance report.</p> <p>Each month the Acivico Director of Finance and Resources meets with the Shareholder representative (BCC Chief Finance Officer or delegated representative) to discuss finance matters and any areas of concern of the Shareholder</p>
How would the company communicate any breach of GDPR requirements to the Council.	Acivico Governance Manager would investigate, report to the Group Leadership Team, Acivico Audit Committee, Acivico Board and then via the Shareholder representative
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<p>Acivico currently secure nearly all their insurance policies via the council's insurance providers. A schedule of policies is available if required.</p> <p>Other specific insurances are based upon the company's identified needs such as Employment Tribunal Actions.</p>
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	No claims have been made against the company or its Directors that have not been reported to the company's insurers.

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Question	Response
	We are not aware of any current incidents that may lead to a claim.
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Accounting policies are reviewed in accordance with FRS102 where applicable and other local policies, for example the debt policy. Acivico finance team members use both CIPFA and the Financial Reporting Council to keep up to date on accounting developments. Accounting policies are reviewed and presented to Acivico Audit Committee
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	An initial meeting has occurred with Acivico's external auditors to start planning for 2019/20 audit. Acivico has set up Acivico Traded Services Limited during 2019/20 which is currently dormant. This may start to trade towards the end of the financial year.

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Question	Response
	<p>There remain a number of activities in discussion with the Shareholder, relating to governance and the future operating model of the Acivico Group, which may impact on the financial statements.</p> <p>Finally, Acivico is implementing its own financial IT systems during 2019/20 which will impact on audit approach. External Auditors are aware of this change.</p>
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	At the time of returning this questionnaire, there are no known events
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any indemnities or guarantees that the company has received.	The council provide the guarantor for the lease of Louisa House and pension funds
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	The latest Audit Findings for 2018/19 saw a significant improvement.

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Question	Response
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	<p>The loss of the Approved Inspector business activity. Whilst the company gained reaccreditation until 2024, the insurer's underwriters would not provide insurance (due to national market instability in the wake of the Grenfell tragedy).</p> <p>The revised Articles of Association for each company and the Governance Management Agreement (shareholder agreement) is in discussion with the Shareholder, which will influence the future operating model (and performance ability) of the company)</p>

BIRMINGHAM AIRPORT (HOLDINGS) LTD	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	Directors are appropriately qualified to ensure they are adequately resourced to carry out their duties. Directors continue to have updates and training to keep them up to date on current affairs. Directors are provided with regular updates with relevant information and reports on the Airport.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	The company holds Board working groups/workshops (which are minuted) throughout the year. Directors have access to any information that they request from time to time, which is reported to them in a timely manner. Attendance at Board meetings is noted and recorded in the Board meetings minutes. BCC (Elaine Peach) is also notified of meeting attendance.
Please explain the system of governance and the financial control environment within the company	The group has a number of policies in place to manage its financial risks, along with a risk management programme which is reported to the Board and Audit Committee. Where actions are necessary and not covered by the policies in place, approval is sought from the Board. Enclosed at appendix A is the Airport's Management assurance to Directors which details further information on this process.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	The group is highly regulated and have policies & procedures in place to ensure compliance. Management are adequately qualified to perform their duties. Audits & reviews are undertaken regularly to ensure that the control environment is effective. These are reported through management and internal audit to the Audit Committee. Enclosed at appendix A is the Airport's Management assurance to Directors which details further information on this process.

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What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	<p>The business holds a 10-year business planning model which includes full financial statements. This model is updated on an annual basis to reflect actuals and updated budgets. There is then a regular review of the plan to ensure that assumptions remain valid and engagement is sort from stakeholders throughout the business. A focus of the plan is on cash management and ensuring sufficient funds are available or access to funds available throughout the term to meet both operational and development needs. The plan also allows the business to ensure it remains within financial covenants.</p> <p>Engagement with key stakeholders throughout the business to understand the critical systems and processes in place. Understanding then the time criticality should these be compromised and the dependence these have on other systems and processes.</p> <p>The company has an information security department tasked with ensuring compliance with GDPR requirements</p>
What is the company's approach to the development of business continuity plans.	
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	

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<p>The Identification, Mitigation and Reporting of Risk</p>	
<p>Please set out your management's views on your risk assessment process as it related to financial reporting.</p>	<p>The risk assessment process is 'fit for purpose' and is supported by a robust internal audit function and external audit review. In addition, we keep proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group.</p> <ul style="list-style-type: none"> • Annually we set Budgets which outline the forthcoming year's expectations for financial and statistical results. Budgets are a useful function to benchmark and compare actual results against which could potentially highlight inaccuracies with accounting. • The Airport prepares Monthly management accounts (and adopted FRS102 (new UK GAAP) during 2015/16 and the monthly management accounts are being prepared on this basis), reporting actual results against budget on a monthly basis in a timely manner. In addition, the report includes Key Performance Indicators (KPIs) which are traffic lighted (red, amber, green) which direct attention to variances from prior year and Budget. The process includes investigating variances to budget with any anomalies identified and followed through to resolution. <p>The management accounts process is a thorough robust process and is able to disclose at any point in time the financial position of the company, subject to any processes that only occur at yearend such as actuarial valuations in accordance with accounting standard FRS102.</p>
<p>Please set out your management's processes for identifying and responding to risks of fraud.</p>	<ul style="list-style-type: none"> • Where risks of fraud are apparent or have been identified by internal audit or external auditors, management responds to these by reviewing existing controls and where necessary implementing additional controls. <p>Consideration to risks of fraud forms part of Management's processes, for example additional controls were implemented to reduce the risk of fraud on changing supplier bank account details.</p>
<p>How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.</p>	<p>The Airport has a robust Internal Audit (IA) function which periodically reviews the financial functions and findings are reported through to the Airport's Audit Committee (AC).</p> <ul style="list-style-type: none"> • The IA function reports to the Chair of the Audit Committee and reports independently from management to the AC three times per annum. <p>The Executive Board (EB) of directors formally reports to the Board six times per annum, any concerns raised by the EB are followed up with further supporting work and reporting.</p>

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Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	PWC identified during the economic downturn that there had been an increase in fraudulent activities in changing bank details held within supplier payment ledgers, with employee's changing bank details from supplier's details to their own personal details. Immediately following this awareness, The Airport increased its controls in this area and these were subsequently reviewed by the Internal audit and external auditors for satisfactory compliance.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Internal Audit maintain a risk register which is updated by management and is reported to the Audit Committee three times per annum highlighting any changes.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	No fraudulent or irregularities have been identified by the Directors or the Internal and External audit process.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	The Airport's Board and Audit Committee include representatives from BCC and therefore any fraud or suspected fraud would be reported to BCC via their representatives on these bodies.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	The Airport's Board includes representatives from BCC and therefore any financial risks would be reported to the Board and hence BCC would be informed through this channel.
How would the company communicate any breach of GDPR requirements to the Council.	The Airport's Board includes representatives from BCC and therefore any GDPR compliance breaches would be reported to the Board and hence BCC would be informed through this channel
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	The Airport has a Commercial Crime policy in place with a £5m value (£100k excess). This policy is dependent on rigorous policies and procedures being in place to mitigate fraud. The business operates segregation of duties, along with dual authentication (e.g. supplier payments). Change requests (i.e. bank details) are subject to verification from separate sources to those requesting. An authorisation level hierarchy is in place. The Airport also has an internal audit department to review policy and procedures in place, test effectiveness and advise improvements.

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Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None to report at this point in time.
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	<p>The financial statements continue to be prepared and comply with New United Kingdom Generally Accepted Accounting Practice (UK GAAP) following the adoption in 2015/16.</p> <ul style="list-style-type: none"> • To the best of our knowledge using the experience and professional knowledge of staff and external guidance, the financial statements have been prepared in accordance with New UK GAAP and the Companies Act 2006. • It should be noted that during 2018/19 there have been no fundamental changes within The Airport which would raise any concerns with regard to financial statements being prepared consistently with previous years. <p>We have selected and applied consistently, suitable accounting policies that are relevant to the company's and group's business</p> <ul style="list-style-type: none"> • The accounting policies adopted during the year are consistent with those applied in prior years. <p>Accounting Policies are considered with any new area which arises during the year.</p>
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None to report at this point in time.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None to report at this point in time.
Please set out details of any indemnities or guarantees that the company has given.	None to report at this point in time.

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Please set out details of any indemnities or guarantees that the company has received.	None to report at this point in time.
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	<p>The Airport's judgements and estimates made are reasonable and prudent.</p> <ul style="list-style-type: none"> The Airport makes relatively few judgments and estimates in preparing the financial statements and where the directors have had to make provisions they are reasonable and prudent. <p>The provisions held are subject to a timed release policy where any greater than three years old are subject to a phased release, provisions held with this policy highlighted during PwC's review and identified within their audit report</p>
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None to report at this point in time.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None to report at this point in time.

BIRMINGHAM CHILDREN'S TRUST CIC LTD	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	In recruiting directors the Trust has appropriate selection and evaluation criteria, which is then supplemented by its induction process for new directors. The Trust has a leadership and development programme for directors and holds regular Board development sessions.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	All directors attend regular committee and Board meetings and are also invited to a number of service meetings of a strategic nature. A record of attendance is maintained by the Head of Executive.
Please explain the system of governance and the financial control environment within the company	The Trust's overall governance is led by the Board supported by three sub-committees, which include Performance & Quality, Finance & Resources and Workforce Committees, and the Trust Executive. The Trust has adopted its own Scheme of Delegation which is reviewed on at least an annual basis.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	The Trust has appointed Birmingham Audit to provide an internal audit of its main processes and controls to test and provide assurance to the Executive, Committees and Board.

BIRMINGHAM CHILDREN'S TRUST CIC LTD	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	The Trust produced a Strategic Business Plan for 2019/20 which has been signed off by the Council. This business plan is refreshed annually on a rolling basis and reflected the recommendations of the previous Ofsted inspection.
What is the company's approach to the development of business continuity plans	The Trust has a number of business continuity plans covering specific services and is in the process of developing an overall business continuity plan for the Trust as whole based on advice by BCC's Business Resilience Team.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	The Trust inherited the levels of compliance with the (25th May 2018) Data protection Act 2018 and GDPR from the Council. To address the specific needs of the Trust an Information Assurance Plan has been developed and will be delivered in parallel to a similar Council Plan. Oversight of the delivery will be provided by the Trust Information Assurance Group chaired by the Trust's Senior Information Risk Officer. The Trust also complies with the Department of Health information governance requirements for the sharing of data between health and social care.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	The Trust has a corporate risk register and financial reporting is not identified as a significant risk. Operational risk registers are being rolled out across service areas which will include finance, at which further consideration will be given to this. In the meantime risks are monitored

BIRMINGHAM CHILDREN'S TRUST CIC LTD	
Question	Response
	and managed by the Trust Executive and financial risk is monitored and managed by the Director of Finance & Resources with support from the Head of Finance and team.
Please set out your management's processes for identifying and responding to risks of fraud.	The Trust has adopted and adapted BCC's fraud policy for its purpose.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	The process of identifying the risk of fraud is overseen by the three Executive Directors in the Trust and would be reported to the Chief Executive and Head of Executive via the Executive meetings.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	The nature of fraud risk across the Trust extends to financial and contractual matters. The Trust also holds petty cash across its operations and has to ensure appropriate controls are in place to avoid fraud. Contract compliance is regularly monitored by the Trust and in the case of a recent whistleblowing incident, will refer these for investigation to Birmingham Audit. in
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Oversight of the corporate risk register is managed by the Director of Finance & Resources and a report is provided on a quarterly basis to the Finance & Resources Committee, which also undertake reviews ("deep dives") of individual areas of significant risk.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	The Trust is subject to an external audit which tests for error or irregularity. There were no such issues detected during the financial year 2018/19.

BIRMINGHAM CHILDREN'S TRUST CIC LTD	
Question	Response
	Suspected frauds or irregularities are referred to Birmingham Audit to investigate which are then subject to a report being provided to the Director of Finance & Resources. Matters of a significant nature are notified to the relevant Executive Director who would then take appropriate action, including notifying the Chief Executive where necessary. The level of awareness is therefore considered appropriate for the Trust. The Trust had one issue of fraud during 2018/19 relating to purchase cards which was investigated, and the recommendations were acted upon.
How your organisation would raise the Council's Audit Committee's awareness of fraud or suspected fraud.	This would be via the Trust's Executive and where appropriate reported to the Trust's Finance & Resources Committee and /or Board.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	The Trust meets with the Council on a monthly basis at the Operational Commissioning Group (OCG) at which a monthly financial report is provided, and on a quarterly basis provides a more detailed quarterly financial report to the Council which is then discussed at the OCG. The Trust also meets quarterly with the Council for the Partnership Governance Group at which all strategic risks can be raised and discussed.
How would the company communicate any breach of GDPR requirements to the Council.	The Trust has appointed a Data Protection Officer who reports to the Head of ICT, and the latter acts as the Chief Information Officer for the Trust. Any breaches would be reported via the DPO to the CIO, SIRO, and the Information Assurance Group which meets every other month, and the Trust's Executive on at least a quarterly basis.

BIRMINGHAM CHILDREN'S TRUST CIC LTD	
Question	Response
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what insurance cover does the company have in place.	The Trust has procured via the Council a series of insurances to cover financial losses in a number of areas. The scope and level of cover for such insurances is subject to annual review by the Director of Finance & Resources.
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	The Trust's Director of Finance & Resources is responsible for determining the accounting policies in line with professional accounting standards, and agreeing these with the Finance & Resources Committee. These have been subject to independent review by the Trust's external auditors.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	No material matters or events have impacted on the Trust's approach to external audit.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	<p>The Trust does not currently hold any non-current assets.</p> <p>No changes in current circumstances that may cause impairment are envisaged.</p> <p>The Trust undertakes daily cash flow monitoring and cash management. The Trust secures investments of cash surpluses via the BCC treasury team.</p> <p>The Trust's debt relates to debtors only, approximately half of which as at 31 March 2019 related to monies owed by the Council to the Trust. Aged debt is monitored on a monthly basis and the Trust buys back "Account</p>

BIRMINGHAM CHILDREN'S TRUST CIC LTD	
Question	Response
	Receiveable" debt progression services from BCC via a support services agreement.
Please set out details of any indemnities or guarantees that the company has given.	The Trust has not provided any indemnities or guarantees which would give rise to a financial commitment.
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	The Trust made provision for the McCloud pensions judgement in line with the Council's accounting position.
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	<p>The audit findings report of the external auditors was presented to the Trust's Finance & Resources Committee on 11 September 2019 and provided for eight medium risks of a less urgent nature which still required prompt action. A number of these have already been actioned.</p> <p>There were two other risk classified as low level which require action within an agreed timescale.</p>

BIRMINGHAM CHILDREN'S TRUST CIC LTD	
Question	Response
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	The Trust is experiencing demand pressure as a result of the number of children in care increasing. This has been the subject of discussion with the Council as part of the budget consultation process.

BIRMINGHAM CITY PROPCO LTD	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	One of the Directors is a qualified Accountant. The other Director is newly appointed to Propco but is a director of other City Council companies. No specific formal training has been provided for Propco, although training has been provided on Company Directorships by Legal Services.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	Propco completed its first trading year in March 2019 and the audit of final accounts was completed in August 2019. The company has a relatively small number of transactions (approximately 40 transactions per annum. At present, there is unlikely to be more than an annual meeting. However, the company could expand to deal with other commercial property transactions and if this were the case, the frequency of business/meetings would need to be reviewed.
Please explain the system of governance and the financial control environment within the company	A Finance Business Partner and Finance Manager oversee all transactions. There are established contracts with PWC for accounting support and VAT/Tax advice and UHY Hacker Young as auditor. As above, the level of transactions with this company are low and monitored against an established business model/forecast spreadsheet.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	All property related transactions are authorised by Property Services (i.e. rent income is raised via Manhattan and expenditure invoices are authorised for payment). The Finance Business Partner and Finance Manager roles are purely to action payment to and from Propco. A few

BIRMINGHAM CITY PROPCO LTD	
Question	Response
	non-property transactions i.e. professional fees are authorised by the directors themselves.
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	This has been well covered for the initial dealings of the company relating to 2 hotels at the NEC but the business plan could evolve to include more commercial property transactions. There are no plans at present to expand the company at present.
What is the company's approach to the development of business continuity plans.	Nothing specific at present as the only 2 matters are long term leases relating to 2 well established hotels at the NEC site. This will be kept under review.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	Nothing particular as the transactions are receipt of lease/rental and repayment of borrowing (together with some modest running costs). No major GDPR risk.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	Nothing of concern at present.
Please set out your management's processes for identifying and responding to risks of fraud.	Separation of duties in place and there is a model which governs/monitors the transactions.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	Annual Board meeting.

BIRMINGHAM CITY PROPCO LTD	
Question	Response
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	None
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	See above
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None reported
How your organisation would raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Would report internally and escalate accordingly
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Embedded in monitoring but we have leases for both hotels for the long term.
How would the company communicate any breach of GDPR requirements to the Council.	Would report to Council reporting officer.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what insurance cover does the company have in place.	Insurance is in place. Low risk of fraud with the controls in place and nature of the company and with the monitoring undertaken.

BIRMINGHAM CITY PROPCO LTD	
Question	Response
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	The accounting processes and transactions were thoroughly reviewed by FHY Hacker as part of the audit of accounts for the year 2018/19. The Directors were supplied with the resulting management report, briefed on the findings and asked to approve the resulting management actions. These have been largely implemented however, further work is required to complete these by March 2020.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	Late submission of 2018/19 accounts to Companies House arising from delays in engaging the auditor. They had been procured earlier but not informed. The closedown timetable needs to be rigorously followed.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	Impairment of the finance lease debtors was shown in the accounts for 2018/19 on the basis of revised accounting treatment of leases. It is not expected that there will be any further impairment of current or non-current assets.
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None

BIRMINGHAM CITY PROPCO LTD	
Question	Response
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	<p>These were:</p> <ol style="list-style-type: none"> 1. VAT creditor overstated by £8k 2. Trade creditor of £67k misanalysed as an accrual 3. Interest on loan for 1 month (£67k) not accrued 4. BAC's controls – independent authorisation where bank account changes 5. Bank statements require authorisation to ensure reconciliation 6. Insufficient Directors meetings during year, 7. Operating lease relating to land has been classified as a finance lease. 8. The Council's policy of a 30%/70% land and buildings split valuation has been used rather than independent separate valuation.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None

FINANCE BIRMINGHAM	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	From a regulatory perspective, the FCA requires annual confirmation that approved persons are up-to-date on statutory compliance knowledge. From an operational perspective, the discipline of weekly senior management meetings, bi-monthly board meetings and annual appraisals (to include a review of any training requirements) keep everyone up-to-date. In addition, via a non-executive director, governance is monitoring via an independent view.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	Bi-monthly board meetings, supported by the provision of board papers, minutes of content and those in attendance.
Please explain the system of governance and the financial control environment within the company	Governance is monitored at a number of levels; as a regulated company FB is required to operate within FCA guidance, the board receives and reviews an annual business plan which incorporates any operating risks and governance is a statutory agenda item at each board meeting.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	Financial controls exist and a full accounts audit is undertaken by a third party (currently Grant Thornton) on an annual basis. Additionally, contracts are in place with external compliance advisors.

FINANCE BIRMINGHAM	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	Finance Birmingham is a self-sustainable, profit making business.
What is the company's approach to the development of business continuity plans?	Finance Birmingham is a business that essentially operates on the ability of its people, however, contingency plans exist in the event that any supporting infrastructure fails.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	Finance Birmingham is GDPR compliant.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	The company's financial performance is reported at every board meeting – anomalies are reported immediately. BCC officers and councillors attend FB board meetings.
Please set out your management's processes for identifying and responding to risks of fraud.	Financial controls are documented and followed. Senior management meets weekly and discusses each aspect of the business. As mandated by the FCA, FB has a formal Compliance Officer.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud?	Any instances of fraud would be immediately reported to the Board by the CEO. Management ensures that there is the appropriate segregation of duties in place to ensure that the risk of fraud is minimised.

FINANCE BIRMINGHAM	
Question	Response
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	None.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud)?	Through regular (weekly) management meetings.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud?	The CEO would report to the FB board and, at the same time, raise awareness with senior BCC officers.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Through financial updates and review of management accounts at bi-monthly board meetings.
How would the company communicate any breach of GDPR requirements to the Council?	The CEO would report to the FB board and, if required, raise awareness with senior BCC officers.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	PI insurance, Directors & Officers insurance

FINANCE BIRMINGHAM	
Question	Response
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	No.
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review?	Regular meetings with Grant Thornton. Annual audit.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None.
Please set out details of any indemnities or guarantees that the company has given.	Guarantee in the sum of £400k, approved by BCC – this relates to FDC's lease on the property at (part) 11 th floor, 45 Church Street. The guarantee was required due to the short trading history of FDC. FB's staff are located in these offices.
Please set out details of any indemnities or guarantees that the company has received.	None.

FINANCE BIRMINGHAM	
Question	Response
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None.
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None.

INREACH (BIRMINGHAM)	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	<ul style="list-style-type: none"> - INReach has two directors appointed by BCC who are both senior officers within BCC with extensive knowledge and experience in housing development sector and finance. - INReach has no direct employees - INReach has a service contract with BCC to provide specialist skills in housing development, finance and legal services.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	<ul style="list-style-type: none"> - Quarterly Board meetings are held, and the Directors have 100% attendance record.
Please explain the system of governance and the financial control environment within the company	<ul style="list-style-type: none"> - INReach employed KPMG as its accountant. - XERO accountancy system is used for bookkeeping, production of monthly management accounts and year end accounts. - A dual authorisation process is required for banking with Barclays.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	<ul style="list-style-type: none"> - All reporting is via INReach Board for approval and sign off.
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	<ul style="list-style-type: none"> - Monthly management reports are produced - Company cashflow is reviewed monthly - The Business Plan is reviewed and updated every six months. - INReach Risk Register is reviewed monthly

INREACH (BIRMINGHAM)	
Question	Response
What is the company's approach to the development of business continuity plans.	<ul style="list-style-type: none"> - INReach risk management plan - Business continuity Insurance
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	<ul style="list-style-type: none"> - INReach does not hold or process any personal data, contracted parties are required to be fully compliant with GDPR requirements
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	<ul style="list-style-type: none"> - The risk register is reviewed on a monthly basis at project group and reported to board a quarterly basis.
Please set out your management's processes for identifying and responding to risks of fraud.	<p>INReach has put in place processes across the business to identify and reduce the risk of fraud. This includes but not limited to segregation of duties, approvals and financial reporting.</p> <p>INReach Risk Register and scheme specific Risk Register are reviewed and updated by the Project Lead on a monthly basis. The Risk Register is also reviewed by the Director(s) on a quarterly basis.</p> <p>The Accountant Services review INReach accounts and identify and report any risk of fraud.</p> <p>Annual external audit is conducted to review, identify and report any risk of fraud.</p>

INREACH (BIRMINGHAM)	
Question	Response
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	- Quarterly monitoring is via the risk register
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	- Management agreement with Pinnacle, potential risk around rent collection on behalf of INReach. This is mitigated by monthly report of voids, arrears and rent collection and access to their IT system which provides INReach with full transparency in relation to rent collection.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	- Risk register and board meeting
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	- None
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	- Via the risk register and board meeting
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	- Monthly management accounts are shared with BCC as INReach's sole shareholder - Updates and performance are discussed at BCC Partnership board attended by INReach director(s)
How would the company communicate any breach of GDPR requirements to the Council.	- Promptly and in writing.

INREACH (BIRMINGHAM)	
Question	Response
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<ul style="list-style-type: none"> - Insurance Cover summary attached - Through its engagement of Accountant
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	<ul style="list-style-type: none"> - none
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	<ul style="list-style-type: none"> - Through ongoing dialogue with its Accountancy Service.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	<ul style="list-style-type: none"> - Final account settlement with development contractor Nov 2019.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	<ul style="list-style-type: none"> - INReach's key asset is Embankment which is a 92 apartment building, any impairment is dependent on the property valuation.

INREACH (BIRMINGHAM)	
Question	Response
Please set out details of any indemnities or guarantees that the company has given.	- None
Please set out details of any indemnities or guarantees that the company has received.	- None
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	- None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	- Audit report attached
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	- There are currently plans in place to expand INReach with the proposed acquisition of two city centre sites for development.

THE NATIONAL EXHIBITON CENTRE (DEVELOPMENTS) PLC	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	The Company's sole function is servicing the finance originally raised to fund the construction of halls 17-20 at the National Exhibition Centre. Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	<p>Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors.</p> <p>Directors meetings held during 2018/19 were attended by both directors</p>
Please explain the system of governance and the financial control environment within the company	<p>The Board comprises two Board members and is responsible for managing the affairs of the Company. It meets a minimum of once a year to discuss the requirements of the Company.</p> <p>The Board specifically monitors the statutory audit of the annual accounts including the independence of the statutory auditor.</p> <p>All transactions are processed through the City Council's financial systems in line with a budget previously approved by the Company Directors.</p>

THE NATIONAL EXHIBITON CENTRE (DEVELOPMENTS) PLC	
Question	Response
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	All transactions are processed through the City Council's financial systems in line with a budget previously approved by the Company Directors.
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	Not applicable. The largest transaction relates to fixed interest payable in relation to £73m loan. Other transactions cover scheduled repayments of City Council loan and minor costs of operating Company and administrating debt. The Company has no sources of income other than Birmingham City Council.
What is the company's approach to the development of business continuity plans.	Not applicable
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	Birmingham City Council officers manage the Company in line with Birmingham City Council processes.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	All transactions are processed through the City Council's financial systems.
Please set out your management's processes for identifying and responding to risks of fraud.	All transactions are processed through the City Council's financial systems.

THE NATIONAL EXHIBITON CENTRE (DEVELOPMENTS) PLC	
Question	Response
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	All transactions are processed through the City Council's financial systems
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	Largest transaction relates to the fixed interest payment in relation to £73m loan.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors. Largest transaction relates to the fixed interest payment in relation to £73m loan
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Not applicable. The largest transaction relates to fixed interest payable in relation to £73m loan. Other transactions cover scheduled repayments of City Council loan and minor costs of operating Company and administrating debt. The Company has no sources of income other than Birmingham City Council.

THE NATIONAL EXHIBITON CENTRE (DEVELOPMENTS) PLC	
Question	Response
How would the company communicate any breach of GDPR requirements to the Council.	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<p>The largest transaction related to fixed interest payable in relation to £73m loan. Other transactions cover scheduled repayments of City Council loan and minor costs of operating Company and administrating debt.</p> <p>All transactions are processed through the City Council's financial systems.</p> <p>Birmingham City Council maintains Directors and Officers insurance which both the Company and Directors have benefit of, to the value of £1million.</p>
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None

THE NATIONAL EXHIBITON CENTRE (DEVELOPMENTS) PLC	
Question	Response
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Accounting policies principally relate to the debt and are reviewed annually when preparing the Company accounts.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any indemnities or guarantees that the company has received.	The Company has no source of funds other than Birmingham City Council. Birmingham City Council has given a guarantee to the Company in relation to the £73m loan stock, and has agreed to make payments to the Company to enable it to meet all of its other liabilities as they fall due for at least 12 months following the date of approval of the financial statements.

THE NATIONAL EXHIBITON CENTRE (DEVELOPMENTS) PLC	
Question	Response
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	An active market quote did not exist for the guarantee given by Birmingham City Council over the Company's 2027 loan stock at 1 May 2015. Management, therefore developed an estimate of its fair value at initial recognition based on the trading price of the company's listed loan stock given the cashflows are identical.
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	In relation to the Company's accounts at 31 st March 2019, the independent auditor has stated that no key audit matters were identified to be communicated in their report.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	See attached document
How does the company ensure that Directors engage fully with the company and what is the record of attendance	See attached document
Please explain the system of governance and the financial control environment within the company	See attached document
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	See attached document
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	See attached document
What is the company's approach to the development of business continuity plans.	See attached document

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	<p>SANNE has implemented its own GDPR & Data Protection project to ensure that we have an end-to-end privacy compliance framework in place; this is fundamental in demonstrating how we are aligned with the requirements of the GDPR. Some of the key project streams include:</p> <ul style="list-style-type: none"> • The implementation of appropriate policies and procedures; • The roll out of a global training and awareness programme; • A priority driven data mapping and inventory exercise for each process within the business; and <p>Third party vendor review programme.</p>
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	<p>Sanne PLC Board has agreed a risk appetite statement for the Group. Those risk appetite statements are adopted by all the regulated entities within the Sanne Group:</p> <ul style="list-style-type: none"> • SANNE Group will take all reasonable steps to apply controls to mitigate the risk of fraud against its clients or any SANNE Legal Entity. • SANNE will apply a zero tolerance to any activity by any employee or party acting on behalf of a SANNE legal entity that constitutes, or could lead to, any fraudulent activity. • As permitted by law, SANNE will cooperate openly and transparently with SANNE's regulators and other lawful

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
	<p>authorities in governing, preventing, detecting, responding or remediating any fraudulent activity.</p> <ul style="list-style-type: none"> • Where any fraud is considered to be of a material nature, as determined by the CS&GS Risk Committee, then the matter will reported to the relevant Board of Directors who will determine it should be reported as a criminal activity to the local law enforcement authority. • SANNE will apply a risk-based approach to monitoring transactional activity and asset transfers that will include setting thresholds and client behavioural tolerances that will automatically prompt a referral for that activity or transaction to be subject of a further review. • As fraud is a predicate offence and when any employee has reasonable grounds to suspect that a fraud has been committed or attempted they will raise a SAR/STR and it will be processed in accordance with agreed reporting procedures.
Please set out your management's processes for identifying and responding to risks of fraud.	Sanne has established an anti-Fraud policy, and training. Fraud is included in compliance monitoring programme, as well as tested by first, and third line of defence.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	<p>Sanne has implemented the 3 lines of defence model.</p> <p>The 1st line of defence (FLOD) owns and manages risks. It includes senior and middle managers, and staff. FLOD is responsible for identifying and managing risk as part of their accountability for achieving objectives. Sanne has also established a QA function,</p>

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
	<p>which sits within first line of defence and is responsible for testing controls.</p> <p>Compliance and Risk forms the 2nd line of defence (SLOD). This provides the policies, frameworks, and support to enable risk and compliance to be managed in the first line, conducts monitoring to test adequacy and adherence to controls. Reports are provided to local boards and directors.</p> <p>Internal Audit function forms the 3rd line of defence (TLOD) Its main responsibility is to ensure that the first two lines are operating effectively and advise how they could be improved. IA reports to the board. It also provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal control to Sanne's senior leaders.</p>
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	<p>External fraud covers:</p> <ul style="list-style-type: none"> • Client is fraudster - where the client commits, or attempts to commit fraud through their accounts or products against another party. • Third Party Fraud - where a third party (i.e. anyone who is not a client of SANNE Group) uses our client's details to commit, or attempt to commit fraud. • Where a third party uses fraud against a SANNE entity. <p>Internal fraud covers:</p>

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
	<ul style="list-style-type: none"> Employee Fraud - committed by, or assisted by, staff, suppliers (and employees of suppliers) or business introducers. Activity includes: <ul style="list-style-type: none"> The intention to exploit an individual's or organisation's trust or legitimate access to their assets for unauthorised and or/illegitimate purposes. Aiding and abetting others through recklessness or wilful blindness, where colleagues are not actively involved in a deception, but recklessly or knowingly allow it to happen. Aiding or abetting others to commit tax evasion.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Please see the above sections.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	There are no instance of, or allegations of fraud, errors or other irregularities for the 2019 calendar year.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Notification to BCC representatives that sit on the board of Paradise Circus General Partner Limited and General Partner of Paradise Circus Limited Partnership.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	This would be communicated by Argent LLP and Avison Young UK LLP, who are engaged to provide services to the limited partnership. SANNE provide company secretarial and accounting services only.

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
How would the company communicate any breach of GDPR requirements to the Council.	Notification to BCC representatives that sit on the board of Paradise Circus General Partner Limited and General Partner of Paradise Circus Limited Partnership.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	SANNE has a control framework in place to mitigate risks in line with market practice. This residual risk is then insured. SANNE have appropriate levels of insurance in place.
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	No claims have been made against the directors or the company. We are not aware of any incidents that may lead to a claim. There have also been no claims against the company secretary.
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	The financial statements have been prepared in accordance with FRS 102 – as applied by the Partnership (Accounts) Regulations 2008. The accounting policies adopted have been consistently applied in the current and preceding year. The financial statements are reviewed on a regular basis and are audited.

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	The accountants have changed during the year from Argent to Sanne.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any indemnities or guarantees that the company has received.	None
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	At the inception of the 250-year head lease over the land at the Paradise Circus site, it is considered that the present value of the minimum lease payments amount to at least the fair value of the leased asset, therefore, it has been accounted for as a finance lease. Investment properties are measured at fair value. There have been no changes from prior period.
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	No issues have been identified by the external auditor as yet. The auditors are still completing their testing on the TB and the financial statements.

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	No material change of circumstances expected.

BCC Questionnaire – Paradise Circus Limited Partnership

Paradise Circus Limited Partnership (“PCLP”) is a Limited Partnership registered in the UK for the purpose of the development of Paradise Circus, Birmingham City Centre. It was established as a joint venture between BCC and Britel Fund Trustees Limited (“Britel”).

Paradise Circus is a 17 acre site in the historic civic heart of Birmingham. The planned mixed-use development will provide a mix of offices, shops, leisure and cultural facilities together with civic amenities, a hotel and new public realm. The Enterprise Zone has accelerated the transformation of the city centre, which has attracted £58million of private investment, securing a range of occupiers such as HSBC and HMRC. Enterprise Zone funded works are now programmed to be completed in early 2020. All of the Phase 1 works are due to be completed in Q1 2020. The Enterprise Zone funded work for Phase 2 was approved in December 2018, and this work is ongoing.

Paradise Circus General Partner Limited (the “GP”) has considered the impact of adverse changes in the market on the financial risks of market, currency, interest rate, credit and liquidity risks. It has been determined that any adverse changes in the market to the parameters that determine the effects of these financial risks will have a minimal impact on the financial performance and position of PCLP. The GP continues to monitor the economic market for fluctuations, which drive PCLP’s decisions and policy.

As PCLP is a joint venture, the Directors were appointed by way of a joint agreement between BCC and Britel. There are 4 directors on the board of the General Partner of PCLP, comprised of two directors from BCC and two from Britel. Any decisions taken must be taken by way of joint agreement by BCC and Britel. No resolutions can be passed without consensus from both parties involved.

Contracts are entered into between PCLP and 3rd parties in relation to the development and management of the development, such as Avison Young as real estate advisors, and SRM as above. Such contracts are always approved by both BCC and Britel. SANNE keep a record of all contracts entered into, and approval dates.

PCLP has no employees or workforce of its own. Instead, in order to achieve completion of its purpose, various third parties have been engaged:

- Argent LLP – is a UK property developer and acts as Property Manager for PCLP. Argent are responsible for the development works, and oversee the contractors engaged on the project (such as Sir Robert McApline (“SRM”) and BAM Construction Limited). Argent are also responsible for the budgeting of the joint venture, with assistance from Avison Young as below.
- Avison Young UK LLP – provides additional budgeting support and project planning for PCLP
- Sanne Group (UK) Limited – are engaged to provide company secretarial, administration and accounting services to PCLP and the wider structure. SANNE and Argent are in constant communication with one another regarding the project.

As PCLP has no workforce of its own, it therefore maintains none of its own controls, policies and procedures. Instead, these are the policies and procedures that are undertaken by SANNE as service provider to PCLP. PCLPs control environment and agreed practices around internal controls, review and audit are therefore an extension of SANNE.

With respect to Business Continuity Protocols/Practice, SANNE has its own BCP, which includes all employees being able to work remotely. Both BCC and Britel are able to contact some members of staff outside of business hours if required.

Quarterly board meetings are held, which must be attended by at least 1 BCC and 1 Britel director. In practice all directors attend the quarterly board meetings, either via phone if needed. All directors are heavily involved in the decision making for PCLP and the structure. During 2019 all of the directors were in attendance at these meetings. SANNE, Argent and Avison Young also attend these meetings to advise on any matters as necessary. SANNE oversee the governance of PCLP and the structure.

PETPS BIRMINGHAM LIMITED	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors
How does the company ensure that Directors engage fully with the company and what is the record of attendance	<p>Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors.</p> <p>Directors meetings held during 2018/19 were attended by both directors</p>
Please explain the system of governance and the financial control environment within the company	<p>Following the completion of the sale of the NEC Group in 2015, the Company assumed the ongoing funding obligation of the NEC Limited Pension Fund and Scheme. At the same time Birmingham City Council gave guarantees to meet the funding obligations that may arise in respect of the liabilities.</p> <p>The assets of the Fund and Scheme are held separately from the Company. The Company itself has no financial transactions.</p>
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	The Company itself has no financial transactions.

PETPS BIRMINGHAM LIMITED	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	The Company itself has no financial transactions.
What is the company's approach to the development of business continuity plans.	The Company itself has no financial transactions.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	Birmingham City Council officers manage the Company in line with Birmingham City Council processes
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	The Company itself has no financial transactions.
Please set out your management's processes for identifying and responding to risks of fraud.	The Company itself has no financial transactions.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	The Company itself has no financial transactions.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	The Company itself has no financial transactions.

PETPS BIRMINGHAM LIMITED	
Question	Response
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	The Company itself has no financial transactions.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	Not applicable. The Company itself has no financial transactions.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Not applicable. The Company itself has no financial transactions.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Not applicable. The Company itself has no financial transactions.
How would the company communicate any breach of GDPR requirements to the Council.	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	Not applicable. The Company itself has no financial transactions. Directors and Officers insurance is available to the value of £1million. Pension Trustee liability cover is also available to the value of £10 million.

PETPS BIRMINGHAM LIMITED	
Question	Response
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Accounting policies are reviewed annually when preparing the Company accounts.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None
Please set out details of any indemnities or guarantees that the company has given.	The Company is sole guarantor of the NEC Pension Trustee Company Limited, a wholly owned subsidiary.

PETPS BIRMINGHAM LIMITED	
Question	Response
Please set out details of any indemnities or guarantees that the company has received.	Birmingham City Council has given guarantees to meet the current and future contingent funding obligations that may arise in respect of the NEC Limited Pension fund and the NEC Executive Pension Scheme.
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	Birmingham City Council ("City Council") officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	City Council officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies. All meetings held during 2018/19 were attended by both directors.
Please explain the system of governance and the financial control environment within the company	During 2017/18, the City Council implemented an asset backed funding structure to allow the City Council to finance payments to the NEC Limited Pension Fund. As part of this, the City Council set up wholly owned companies PETPS (Birmingham) Capital Limited and PETPS (Birmingham) General Partner Limited which established PETPS (Birmingham) Pension Funding SLP. The Partnership was capitalised with £17.2m cash which has been loaned back to the City Council. All cash transactions are processed through the City Council's financial systems.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	All cash transactions are processed through the City Council's financial systems.

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	Not applicable. The largest transaction relates to payments by the City Council to the Partnership under the £17.2m loan and the Partnership makes payments to the Trustee of the Fund in accordance with an agreed distribution schedule.
What is the company's approach to the development of business continuity plans.	Not applicable
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	City Council officers manage the Companies and Partnership in line with City Council processes.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	All cash transactions are processed through the City Council's financial systems.
Please set out your management's processes for identifying and responding to risks of fraud.	All cash transactions are processed through the City Council's financial systems.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	All cash transactions are processed through the City Council's financial systems.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	Not applicable. The largest transaction relates to payments by the City Council to the Partnership under the £17.2m loan and the Partnership makes payments to the Trustee of the Fund in accordance with an agreed distribution schedule

Group Accounts Preparation

Appendix 1

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	City Council officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	City Council officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Not applicable. The largest transaction relates to payments by the City Council to the Partnership under the £17.2m loan and the Partnership makes payments to the Trustee of the Fund in accordance with an agreed distribution schedule
How would the company communicate any breach of GDPR requirements to the Council.	City Council officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<p>All cash transactions are processed through the City Council's financial systems.</p> <p>Directors and Officers insurance is maintained to the value of £1million in respect of PETPS(Birmingham) General Partner Limited, and £1million in respect of PETPS(Birmingham) Capital Limited.</p>

Group Accounts Preparation

Appendix 1

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Accounting policies are reviewed annually when preparing the Company accounts.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any indemnities or guarantees that the company has received.	None

Group Accounts Preparation

Appendix 1

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None

