

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE - GROUP COMPANY GOVERNANCE

TUESDAY, 21 MARCH 2023 AT 14:00 HOURS
IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's meeting You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting.

If a disclosable pecuniary interest is declared a Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If other registerable interests are declared a Member may speak on the matter only if members of the public are allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If it is a 'sensitive interest', Members do not have to disclose the nature of the interest, just that they have an interest.

Information on the Local Government Association's Model Councillor Code of Conduct is set out via <http://bit.ly/3WtGQnN>. This includes, at Appendix 1, an interests flowchart which provides a simple guide to declaring interests at meetings.

- 5 - 20**
- 4 **PUBLIC NOTES OF THE LAST MEETING – 17 NOVEMBER 2022, ONLINE INFORMAL 18 NOVEMBER 2021 & INFORMAL 26 JANUARY 2023**
- Notes of the meetings to be confirmed.
- 21 - 24**
- 5 **COMPANY UPDATE**
- Information update.
- 25 - 28**
- 6 **GROUP COMPANY GOVERNANCE - INFORMING THE AUDIT RISK ASSESSMENT 2022 -2023 (PUBLIC)**
- Report of the Director of Council Management
- 29 - 32**
- 7 **PETPS COMPANIES – PEN PORTRAIT (PUBLIC)**
- Information update.
- 33 - 36**
- 8 **THE NEC (DEVELOPMENTS) LIMITED – PEN PORTRAIT (PUBLIC)**
- Information update.
- 9 **SCHEDULE OF MEETINGS – MUNICIPAL YEAR 2023/24**
- To agree the following dates:
- | | |
|----------------------------|-------------------|
| Thursday 06 July 2023 | 1400 – 1600 hours |
| Thursday 21 September 2023 | 1500 – 1700 hours |
| Thursday 16 November 2023 | 1400 – 1600 hours |
| Thursday 25 January 2024 | 1400 – 1600 hours |
| Thursday 14 March 2024 | 1400 – 1600 hours |
- 10 **OTHER URGENT BUSINESS**
- To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.
- 11 **DATE OF NEXT MEETING**
- The next meeting is scheduled on Thursday 06 July 2023 at 1400 hours.
- 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

PRIVATE AGENDA

- 13 **PRIVATE NOTES OF THE LAST MEETING – 17 NOVEMBER 2022,
ONLINE INFORMAL 18 NOVEMBER 2021 & 26 JANUARY 2023**

Item Description

- 14 **COMPANY UPDATE - PRIVATE**

Item Description

- 15 **GROUP COMPANY GOVERNANCE - INFORMING THE AUDIT RISK
ASSESSMENT 2022 -2023 (PRIVATE)**

Item Description

- 16 **PETPS COMPANIES – (PRIVATE)**

Item Description

- 17 **THE NEC (DEVELOPMENTS) LIMITED - (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 Chair are matters of urgency.

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE – GROUP COMPANY GOVERNANCE

**Thursday 17 November 2022 at 1400
hours Committee Room 2, Council
House**

Attendance:

Councillor Brigid Jones - Chair
Councillors Jon Hunt, Gareth Moore and Yvonne Mosquito

Also in Attendance:

Alison Jarrett	Director Group & Capital Finance, Deputy s151, Finance & Governance
Connie Price	Head of Law, Commercial, Procurement, Privacy & Information
Georgina Dean	Solicitor, Legal Services
Mandeep Marwaha	Committee Services

1 **NOTICE OF RECORDING/WEBCAST**

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The business of the meeting and all discussions in relation to individual reports was available for public inspection via the web-stream.

APOLOGIES

2 None

DECLARATIONS OF INTERESTS

3 There were no declarations of interests made.

PUBLIC NOTES OF THE LAST MEETING – 22 SEPTEMBER 2022

- 4 Councillor Moore highlighted there were some typo errors in the public notes of the 22 September 2022. The Chair requested for these to be updated. Following the amendments, the public notes of the 22 September were agreed at this meeting and there were no other matters arising.
-

COMPANY UPDATE

The following report of the Director Group & Capital Finance, Deputy s151 was submitted:-

(See document No. 1)

The Director Group & Capital Finance gave an overview of the latest changes made across the Council's portfolio of companies since the last meeting. The private agenda contains the details of confidential updates.

It was noted there were four company changes listed under 3.2 of the report. A summary of these changes was provided. There was ongoing work taking place with Birmingham Wheels.

A number of accounts had been submitted since the meeting in September however, no issues were identified on the audits. The private appendix highlighted commercially confidential details associated with the companies.

5 **RESOLVED: -**

The Committee noted the information provided within the report and at private appendix 1 which contains commercially confidential details concerning associated companies.

NEC PENSION STATEMENT

A verbal update was provided by the Director Group & Capital Finance, Deputy s151.

(See document No. 2)

The NEC Pension Trustee Company Limited is overseen by Trustees appointed by PETPS (Birmingham) Limited (which Birmingham City Council wholly owns) - a company remaining within the corporate structure of the council following the sale of the NEC in 2015, the council has appointed trustees to operate the Fund.

The trustees can make their own decisions however, they like to consult with the Council on some of the areas. The NEC Pension Trustee Company Limited would like to consult on their Statement of Investment Principles Environmental and Social Governance paper which details would be shared on the private agenda.

On the private agenda, the Committee provided feedback to the Director Group & Capital Finance, Deputy s151 to share with the NEC Pension Trustee Company Limited.

6 **RESOLVED: -**

- (i) The Committee noted the information provided within the report and at private appendix 1 which contained commercially confidential details.
 - (ii) The Committee agreed for the Director Group & Capital Finance, Deputy s151 to submit the feedback in the private session to the NEC Pension Trustee Company Limited.
-

BIRMINGHAM MUSEUMS TRUST – PEN PORTRAIT (PUBLIC)

The following report of the Director Group & Capital Finance, Deputy s151 was submitted:-

(See document No. 3)

No comments were made by Members of the Committee.

7 **RESOLVED: -**

Members noted the information contained within the Birmingham Museums Trust Pen Portrait report.

PARADISE CIRCUS LIMITED PARTNERSHIP, PCLP – PEN PORTRAIT (PUBLIC)

The following report of the Director Group & Capital Finance, Deputy s151 was submitted:-

(See document No. 4)

No comments were made by Members of the Committee.

8 **RESOLVED: -**

Members noted the information contained within the Paradise Circus Limited Partnership, PCLP Pen Portrait report.

DATE OF THE NEXT MEETING

9 The next meeting is scheduled on Thursday 26 January 2023 at 1400 hours.

10 **OTHER URGENT BUSINESS**

There was no urgent business to consider.

EXCLUSION OF THE PUBLIC

RESOLVED:-

- 11 That, in view of the sensitive nature of the discussion due to take place relating to Birmingham Museums Trust and Paradise Circus Limited Partnership, PCLP, the public be now excluded from the meeting.
-

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE – GROUP COMPANY GOVERNANCE

**Thursday 18 November 2021 at 1400
hours via an On-line informal meeting**

Attendance:

Councillor Brigid Jones, Deputy Leader - Chair
Councillors Jon Hunt and Gareth Moore

Also in Attendance:

Alison Jarrett	Assistant Director - Development and Commercial, Finance & Governance
Connie Price	Head of Law, Commercial, Procurement, Privacy & Information
Georgina Dean	Solicitor, Legal Services
Mandeep Marwaha	Committee Services

1

NOTICE OF RECORDING/WEBCAST

The Chair advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

The business of the meeting and all discussions in relation to individual reports was available for public inspection via the web-stream.

The Chair informed the Members and the public, due to last minute isolation issues this meeting would be conducted as an online informal meeting rather than an in-person formal meeting. The online informal meeting was covering business as usual however any formal decisions would be ratified at the next meeting.

The Chair thanked all attendees for adjusting to an online meeting.

APOLOGIES

2

Apologies were submitted on behalf Councillor Tristan Chatfield.

DECLARATIONS OF INTERESTS

- 3 In relation to item 8 – Business Improvement Districts, the Chair declared two non-pecuniary interests. She was a Member of the Colmore Business Improvement District and attended the Jewellery Quarter Business Improvement District on behalf of the Council.
-

PUBLIC NOTES OF THE LAST MEETING – 15 JULY 2021 & 16 SEPTEMBER 2021

- 4 The public notes of the 15 July were noted at the online informal September meeting.

The public notes of the 16 September were noted at this meeting and there were no matters arising.

Both sets of notes were informally agreed and they would be ratified at the next meeting.

COMPANY UPDATE

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

(See document No. 1)

The Assistant Director Commercial and Development gave an overview of the latest changes made across the Council's portfolio of companies.

She highlighted a number of accounts had been submitted since the last meeting however, there were no audit issues.

Under point 3.2 of the report, the notifications made on the Companies house were listed.

- Reference was made to Birmingham Wheels and compulsory strike off on 07 September 2021 and following this the strike off on the 28 September this had been discontinued. Further details would be shared on the private agenda.
- Birmingham & Solihull Local Enterprise Partnership Limited – There was a change of registered office address from Baskerville House to new serviced offices. Details were contained within the report.

A number of accounts had been submitted since the September meeting. There were no going concern or adverse audit opinions on those that had an audit.

The private appendix highlighted commercially confidential details with associated companies – impact of Covid -19 and Brexit. This also gave a general bimonthly update.

The Assistant Director Commercial and Development highlighted if there were any companies that indicated any specific financial impact, this would be addressed in the monitoring reports.

5

RESOLVED: -

The Committee noted the information provided within the report and at private appendix 1 which contains commercially confidential details concerning associated companies.

TRAINING UPDATE

A verbal update on training was provided by the Head of Law, Commercial, Procurement, Privacy & Information

Key points noted;

- A larger formal training schedule would take after the elections in May 2022 as there may be a whole scale change with Directorships.
- In the meantime, training would be provided to Directors as and when required.
- Over the next few weeks, a couple of subject matters group training sessions would take place (e.g., Directors for Finance Companies and Cultural Sector). The training would be tailored according to the type of industry they were.
- Directors of Companies within the Cultural Sector would trained together. This would include companies such as City of Birmingham Symphony Orchestra; B:Music; Birmingham Museums Trust; West Midlands Arts Limited.
- In January 2022, Board Effectiveness Training would be delivered. This would cover areas such as addressing the issue of what Boards were currently doing and were supposed to do.
- 1 -2 Companies identified required greater confidence in knowledge and expertise of the Boards. A few areas of weakness had been identified in which an external provider would address.
- It was expected the Board Effectiveness Training would test and train on matters such as.
 - Risks – financial and reputational.
 - Effectiveness of processes in place to address matters around health and safety.
 - What a board agenda should look like;
 - Standing orders that should be in place;
 - Robust audit processes in place;
 - Audit Committee – what an audit committee should look like and when to trigger Auditors to intervene via the Audit letter.

- Details around what a board pack should look like would be included – previous minutes; agendas; health and safety etc.
- What a business plan should look like and contain – how far back and forward a business plan should be looking - Forecasting.
- Encourage and empower Board Directors to trust their instinct and challenge issues.
- The invitation to the Board Effectiveness training would be extended to Members of the Cabinet Committee Group Company Governance.

The Assistant Director Commercial and Development notified the Committee, a contact officers had been identified against each Board. She suggested these officers to be included in the training cohort. It was noted an officer who worked with the Business Improvement Districts had already expressed an interest in Director training and the Board Effectiveness would be picked up accordingly.

No comments were made by the Members.

6

RESOLVED: -

The Committee noted the verbal update on training.

GOVERNANCE REVIEW UPDATE

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

(See document No. 2)

The Assistant Director Commercial and Development notified members this was an update to the discussions which took place in July and September's meetings. The Improvement Plan was discussed at the September meeting. The actions were not ratified at the previous meeting however, progress on the work had taken place. The decisions would be ratified at the next formal meeting.

An update was provided on the actions in which the appendix gave the detail.

Key points noted;

- One action was due for completion by November 2021 – Review of all the appointments – the intention was to take a paper to Corporate Leadership Team (CLT) which would be shared in the near future as the budget for the Council had taken priority.
- There was a shortage of officers being appointed to Boards where appropriate. CLT would decide what training was required for each cohort across the council and ensure appropriate appointments were being made and add value to the companies.
- Officers would be identified and appointed via the Council's Management Team Directorate, and this would be ratified via the CLT report.

- Each company would have a named officer, and this was currently being updated with a protocol being put in place to ensure support and training were in place.
- The rest of the actions were in various stages and progress.
- Arrangements were taking place for an informal discussion to ensure all areas related to companies covered between Audit Committee and Cabinet Committee Group Company Governance and there were no gaps.

Members response;

- Councillor Moore requested for the final appointments document to be shared with the political groups as soon as it was agreed so that work could take place immediately ahead of the new municipal year.
- The Assistant Director Commercial and Development would share the detail of the companies and appointments required by January 2022.
- The Chair suggested to review the 'need' to have an appointment for a particular Board and their relevance as due to the reduced number of Councillors within Birmingham (from 120 Councillors to the current 101 Councillors), it was difficult to assign them to Company Boards.
- Officers to review the following; if it was relevant to have a board members on the company board; purpose to BCC to have an appointment; was it an invite from the company; historic arrangement that was not relevant anymore; was there a better way to have a relationship with the company etc
- The Chair referred to her place at the Jewellery Quarter Board, where she was a Council Nominee/ guest – Council liaison. This would be captured whilst working through the requirements for each of the companies.
- The Trust and Charities was another area where appointments were being made and this was a separate area to the Company appointments.
- The Chair suggested an informal meeting with the Chair and relevant officers for the Trust and Charities Committee as well as Audit Committee to ensure there were no gaps between the Committees.
- Non-companies spreadsheet including Trust and Charities to be shared at the January 2022 meeting.
- An update to the Governance Review be provided at the next meeting.

7

RESOLVED: -

That the Committee;

- (i) Noted the information provided within the report and the improvement plan at appendix 1.
- (ii) Noted the actions and target implementation dates that refer to CC-GCG members. This would be confirmed at the next formal meeting.

- (iii) Noted to receive updates on governance process enhancements in line with target implementation dates, including an updated Group Company risk register.
-

BUSINESS IMPROVEMENT DISTRICTS

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

(See document No. 3)

The Chair made introductory comments around the Business Improvement Districts as a whole and the governance arrangements and the role of the council.

The Assistant Director Commercial and Development highlighted there were 12 BIDs set up as not-for-profit companies in Birmingham. Business Improvement Districts were business led partnerships which were created through a ballot process to deliver additional services to local businesses. A Business Improvement District was a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects, opportunities which will benefit businesses in the local geographical areas. Further details would be provided on the private agenda.

The Chair noted the information within this area can be commercially sensitive therefore discussions would continue in private.

No comments were made by the Members.

8 **RESOLVED: -**

Members noted the information provided in the Business Improvement Districts report.

DATE OF NEXT MEETING

- 9 The next meeting is scheduled to take place on Thursday 13 January 2022 at 1400hours.
-

10 **OTHER URGENT BUSINESS**

There was no urgent business to consider.

EXCLUSION OF THE PUBLIC

RESOLVED:-

- 11 That, in view of the sensitive nature of the discussion due to take place relating to the Business Improvement Districts and the Birmingham Wheels Limited update, the public be now excluded from the meeting.
-

BIRMINGHAM CITY COUNCIL

CABINET COMMITTEE – GROUP COMPANY GOVERNANCE

Thursday 26 January 2023 at 1400
hours Committee Room 6, Council
House (Informal meeting)

Attendance:

Councillor Yvonne Mosquito - Chair
 Councillor Jon Hunt

Also in Attendance:

Alison Jarrett	Director Group & Capital Finance, Deputy s151, Finance & Governance (online via MS Teams)
Connie Price	Head of Law, Commercial, Procurement, Privacy & Information
Georgina Dean	Solicitor, Legal Services
Mandeep Marwaha	Committee Services

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CHAIRS ANNOUNCEMENT

The Chair informed attendees, the meeting would be conducted as an informal meeting as the Committee was not quorate. The meeting would be recorded via MS Teams.

It was noted Councillor Jones would be joining later during the meeting and no decisions would be made at this meeting.

Reminder: Quoracy for this Cabinet Committee Group Company Governance is two Cabinet Members and one opposition member.

APOLOGIES

2

Apologies were submitted on behalf of Councillor Brigid Jones and Councillor Yvonne Mosquito would be chairing the meeting in her absence.

Councillor Gareth Moore also submitted his apologies. Councillor Ewan Mackay was scheduled to attend as his substitute however, due to last minute engagement he also submitted his apologies for non-attendance.

DECLARATIONS OF INTERESTS

- 3 There were no declarations of interests made.
-

PUBLIC NOTES OF THE LAST MEETING – 17 NOVEMBER 2022 & ONLINE INFORMAL 18 NOVEMBER 2021

- 4 The public notes of the 17 November 2022 and the online informal notes for 18 November 2021 were noted at this meeting and these would be ratified at the next formal meeting.
-

COMPANY UPDATE

The following report of the Director Group & Capital Finance, Deputy s151 was submitted:-

(See document No. 1)

The Director Group & Capital Finance gave an overview of the latest changes made across the Council's portfolio of companies since the last meeting. The private agenda contains the details of confidential updates.

It was noted there were three company changes listed under 3.2 of the report. A summary of these changes was provided.

Councillor Jayne Francis had been appointed as a Director on the IKON Gallery Limited (as a Director and a Person with Significant Control) therefore, the Director Group & Capital Finance, Deputy s151 suggested this company could be considered to attend a future meeting for an update on the Council's role within the IKON Gallery.

A number of accounts had been submitted since the last meeting in November however, no issues were identified on the audits (they had unqualified Audits) and no issues or concerns.

The private appendix highlighted commercially confidential details associated with the companies. This gave a snapshot of the business position which is reported to each meeting of the Group Company Governance Committee on the private agenda.

Frontier Development Capital Ltd

A summary was provided on Frontier Development Capital Limited (FDC) which was set up by the existing Directors of Finance Birmingham in order to trade and compete competitively for private funds. BCC was gifted some shares from the company in recognition of goodwill. Members were notified that Mercia Asset Management PLC purchased Frontier Development Capital Limited. Details of the public announcement made in the media was detailed within the report.

The Council wholly owns Frontier Development Holdings (hold 9% of Frontier Development Capital). It was highlighted that within FDC there was a strong employee shareholding across the employees.

Further details of how the funds would be allocated was shared.

Non-Executive Director Arrangements

In preparation for June Council re-appointments of director, trustees and observers to the council's group of companies, trusts and charities a review will take place of member and officer arrangements. This will include consideration of appropriate appointee role, skills, process and associated arrangements. The nature and components of the review will be further discussed on the private agenda where committee views, recommendations and considerations would be sought.

Councillor Jon Hunt queried if there would be a further purpose for Frontier Development Holdings once all had been cleared. In response it was noted, once all the Corporation Tax, Dividends were clear there would be no purpose for this company.

No further questions were raised by members.

5

RESOLVED: -

- (i) The Committee noted the information provided within the report and at private appendix 1 which contains commercially confidential details concerning associated companies.
- (ii) Members provided views and observations, in private discussion, of current and future arrangements for appointing Non-Executive Directors.

BIRMINGHAM CITY PROPCO LIMITED - PEN PORTRAIT (PUBLIC)

The following report of the Director Group & Capital Finance, Deputy s151 was submitted:-

(See document No. 2)

Key points made:

- There are two assets currently held - hotels at the NEC site pay rental to Birmingham City Propco Limited (PropCo).
- Both were impacted by the economic pressures experienced during Covid (own performance and this in itself impacted by the cessation and reduction in air travel - airport passengers) and large crowd events (NEC show calendar).
- The company has been audited as a going concern, the hotels have shown significant recovery and in year end 31 March 2022 reported a

profit of £622k (2021 £574k) and a net asset figure of £9,625k (2021 £9,003).

- Within the published accounts is the loan from the council of £20.2m at a commercial rate of 5.4% interest over 25 years.
- Repayment of capital is due to commence in 2023.
- Also noted is the NEC's proposal to consider its service charge methodology in relation to estate roads, this would impact the costs and income of Propco and is being rigorously disputed by the company.

No comments were made by Members of the Committee.

6 **RESOLVED: -**

Members noted the information contained within the Birmingham City Propco Limited Pen Portrait report.

DATE OF THE NEXT MEETING

7 The next meeting is scheduled on Thursday 09 March 2023 at 1400 hours.

8 **OTHER URGENT BUSINESS**

There was no urgent business to consider.

EXCLUSION OF THE PUBLIC

RESOLVED:-

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

Public Report

Birmingham City Council

Report to Cabinet Committee – Group
Company Governance

9 March 2023



Subject: Company Update

Report of: Rebecca Hellard, Director Council Management

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Akhlaq Ahmed

Report author: Alison Jarrett Director Group & Capital Finance

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 within the report and at private appendix 1 which contains commercially confidential details concerning group and associated companies.

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 changes in companies notified to Companies House since the previous Committee meeting 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. BIRMINGHAM CITIZENS ADVICE BUREAU SERVICE LIMITED (02202427) - 15-Feb-23 - Director's details changed for Mr Gareth Raymond Moore on 11 February 2023. The public notification on Companies House does not detail the nature of the change however this will be noted on the private agenda with the permission of Councillor Moore.

- 3.3 No annual accounts have been submitted to Companies House in the period since the last report to CC-GCG on the 26 January 2023.

3.4 Company Performance

A review of the material group company interests of the council is an ongoing process to understand current impacts, including pandemic recovery, supply chain costs, inflation and recession on their business plans and performance. A snapshot of the business position is reported to each meeting of the Group Company Governance Committee on the private agenda. The content of these reports will be reviewed to ensure they meet the needs of the Committee's terms of reference. As these updates contain commercially sensitive information that may impact on performance were it to be made public, they will remain on the private agenda however company information is reported on Companies House website as required. Where it is indicated that there is a risk of a financial impact to the council then that will be reported within the regular revenue and capital monitoring reports to Cabinet.

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. Such changes will be reported both in this report and where appropriate within the reporting requirements of the council's governance structure.

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**

9 March 2023



Subject: Group Company Governance – Informing the Audit Risk Assessment

Report of: Rebecca Hellard, Director Council Management

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Akhlaq Ahmed

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 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 chaired by Councillor Fred Grindrod will need to be confident that the information presented represents a ‘true and fair view’ of the financial position of the group and that the accounts are materially correct.
- 3.4 Members are asked to consider the responses received and identify any issues that it would wish to raise with Audit Committee for their consideration and further review.

4 Options considered and Recommended Proposal

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

5 Consultation

- 5.1 The Chair of the Committee has been consulted in the preparation of this report.

6 Risk Management

- 6.1 This report sets out information on external organisations associated with the Council.

7 Compliance Issues:

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

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

7.2 Legal Implications

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

7.3 Financial Implications

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

7.4 Procurement Implications

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

7.5 Human Resources Implications

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

7.6 Public Sector Equality Duty

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

8 Background Documents

None

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

Responses from

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

Public Report

Birmingham City Council

**Report to Cabinet Committee – Group
Company Governance**

9th March 2023



Subject: PETPS (Birmingham) Ltd - Company Pen Portrait
Report of: Alison Jarrett, Director Group & Capital Finance
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O &S Chair(s): Councillor Akhlaq Ahmed
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

PETPS (Birmingham) Ltd 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 PETPS was incorporated in November 2014 as a company limited by guarantee. Following completion of the sale of the National Exhibition Centre Ltd (NEC) by Birmingham City Council (BCC) in May 2015, the NEC was replaced as principal employer by PETPS Ltd, which is a wholly owned subsidiary of the council. PETPS then assumed the ongoing obligation of the NEC Pension Fund and the NEC Executive Pension Scheme with the agreement of the pension trustees. At the same time, the City gave guarantees to meet the current and future contingent funding obligations that may arise in respect of the liabilities.

3.2 In June 2020 the City implemented an asset backed funding structure in order to allow the City to finance payments to the Fund. As part of this structure the City set up wholly owned companies PETPS (Birmingham) Capital Limited and PETPS (Birmingham) General Partner Limited which established a Scottish Limited Partnership (SLP) called PETPS (Birmingham) Pension Funding SLP. This partnership was capitalised with £17.2m cash which has been loaned back to BCC. NEC Pension Trustee Company No2 which is the Trustee of the fund and a subsidiary of the company received an interest in the Partnership in 2017. Payments will be made by the City to the Partnership under the loan and the Partnership will make payments to the trustee of the Fund in accordance with an agreed distribution schedule.

3.9 Board Directors are:

Guy Olivant - Business Partner – Group and Capital Finance

Clare Sandland – Finance Business Partner CYP

4 Options considered and Recommended Proposal

4.1 This report provides information to Members on NECD Ltd 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 NECD Ltd.

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 Propco.

The recommended decision supports the Birmingham City Council Plan 2022, priority 1 - Prosperous: through continued economic growth, tackling unemployment, attracting inward investment and infrastructure, and maximising the opportunity of the Commonwealth Games

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 Governance9th March 2023

Subject: The National Exhibition Centre (Developments) Ltd - Company Pen Portrait

Report of: Alison Jarrett, Director Group & Capital Finance

Relevant Cabinet Member: Councillor Brigid Jones

Relevant O &S Chair(s): Councillor Akhlaq Ahmed

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

The National Exhibition Centre (Development) Ltd (NECD) 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 NECD was established in January 1997 as a Private Limited Company and in May 1997 the Company re-registered as a Public Limited Company. Its principal objective was to raise finance, construct, operate and manage property at the National Exhibition Centre. The Company issued £73m 7.5625% Guaranteed Unsecured Loan Stock 2027. This loan stock is listed on the London Stock Exchange and is guaranteed by BCC.
- 3.2 In May 1997, the Company entered into a Shareholders' Agreement with Birmingham City Council, EMAP Business Communications Ltd and Birmingham Chamber of Commerce and Industry, forming a joint venture for the purpose of constructing new exhibition halls, Halls 17-20, at the NEC. The Company issued 50,000 £1 Preference Shares to BCC and 50,000 £1 preference shares to EMAP, all fully paid. £2.5m loan stock was also issued to BCC and EMAP. Once trading started, the NEC paid a share of the net income achieved to the Company.
- 3.3 In March 2010 BCC acquired the shares and outstanding loan stock held by EMAP, and in September 2010 BCC acquired all the shares held by Birmingham Chamber of Commerce and Industry. BCC then became sole shareholder of the Company.
- 3.4 In May 2015 BCC sold the NEC. From that point, BCC provided a guarantee to pay all outstanding capital and interest payments due on the 2027 Loan Stock issued by the Company. The lease on the constructed halls (not the entire property) was assigned to the NEC for consideration of £21m. The result of the transactions for NECD was the effective contribution by BCC to the NECD (wholly owned by BCC) of £12.6m.
- 3.5 NECD does not trade or have any employees. Its main risks arise from interest rate and liquidity risk. To address these risks, the company finances its operations through fixed rate debenture stock in sterling, and addresses liquidity by ensuring that the maturity profiles of its borrowings and investments are matched.
- 3.6 The role of NECD Ltd is to ensure continuity of available funding by making BCC aware of its likely cashflow requirements as BCC meets the costs relating to the 2027 Loan Stock and reimburses the Company's administrative expenses.

3.9 Board Directors are:

- | | |
|----------------|--------------------------------------|
| Mohammed Sajid | - Interim Head of Financial Strategy |
| Alison Jarrett | – Director Group and Capital Finance |

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on NECD Ltd 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 NECD Ltd.

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 Propco.

The recommended decision supports the Birmingham City Council Plan 2022, priority 1 - Prosperous: through continued economic growth, tackling unemployment, attracting inward investment and infrastructure, and maximising the opportunity of the Commonwealth Games

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

