

Birmingham City Council

Report to Cabinet Committee – Group Company Governance

15 July 2021



Subject: Cabinet Report – PropCo Ltd - Consultation
Report of: Assistant Director Inclusive Growth
Relevant Cabinet Member: Councillor Brigid Jones
Relevant O &S Chair(s): Councillor Mohammed Aikhlaq
Report author: Simon Garrad, Project Delivery Manager, Inclusive Growth

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 :		

- **Executive Summary**

- 1.1 This report presents the draft report to Cabinet of the Interim Director Inclusive Growth programmed for 27th July 2021 and appended on the private agenda. The draft report is on the private agenda as it is not yet in its cleared final form and as such will not be made public until circulated in advance of Cabinet on 19th July 2021.
- 1.2 The Cabinet report details a proposal to utilise the Council's existing wholly owned company, Birmingham City Propco Limited (Propco), to support the Council's Property Strategy 2018/19-23. The decision will cover investment in Propco and a review and strengthening of the company's internal structure and governance to reflect the proposed changes.

2 Recommendations

- 2.1 Members are asked to note the information provided within the exempt appendix 1 and set out any comments as part of the consultation process for addressing by the authors prior to the submission to Cabinet for decision.
- 2.2 Note in particular the draft recommendation 2.5 which gives a role to the Cabinet Committee Group Company Governance (CC-GCG) as consultees in the approval of the terms and details of the revised restructure of PropCo governance.
- 2.3 Members are asked to note that in this regard any conclusions or comments should be limited to the company structure and governance and not the wider subject matter for which the changes to the company is proposed.

3 Background

- 3.1 CC-GCG have a remit to consider the governance arrangements in place across the council's group interests, included a gateway role for creation of new companies. The draft cabinet report in question does not create a new company but makes material changes to an existing company, including a requirement to confirm to members that a robust governance environment will remain in place after company structure changes. In this material amendment, CC-GCG have a role as consultees and will continue to review and challenge PropCo with regard to strategic fit, business plans and performance.
- 3.2 Cabinet will receive the report "Property Strategy: Asset Review - Birmingham City PropCo Limited (Prop Co)" at its meeting on 27th July 2021. That report is provided at appendix 1 in draft form. CC-GCG have been designated a formal consultation role within the draft under recommendation 2.5, below:
 - Delegates the approval of the terms and details of the revised restructure of Propco governance to the designated shareholder representatives, these being the Chief Executive and Section 151 officer; in consultation with the Council's shareholder representative Group Company Governance Committee.

4 Options considered and Recommended Proposal

- 4.1 This report provides information to Members on the changes to an existing company and the committee's role in the approval of the governance process. The views of the Committee will be noted on the report to full Cabinet.

5 Consultation

- 5.1 This report forms part of the consultation to the Cabinet report in question.

6 Risk Management

- 6.1 Should the proposed changes to PropCo subsequently be approved by Cabinet then as part of the Council's group structure Cabinet Committee Group Company Governance will continue to discharge its oversight of this company in the same way as for other group companies.

7 Compliance Issues:

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

- 7.1.1 The Council provides services to community through a number of different vehicles. This report provides information on revisions to an existing entity through which service delivery is being provided.

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

- 7.3.1 The decision to make amendments to the company and the service delivery risks associated with that decision will be considered by full Cabinet.
- 7.3.2 The actual direct costs of the amendments are detailed in exempt Appendix 1, however the corporate risks and financial implications created by the operation of a company can be significant if the company is not set up and managed appropriately.
- 7.3.3 Legal, tax and financial advisors are engaged in the amendments to the company, should Cabinet approved the strategic changes.

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 the full cabinet decision.

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

See Exempt Appendix 1