

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET COMMITTEE - GROUP COMPANY GOVERNANCE
Report of:	Corporate Director, Finance & Governance
Date of Decision:	16 January 2019
SUBJECT:	GROUP COMPANY GOVERNANCE – INFORMING THE AUDIT RISK ASSESSMENT
Wards Affected: All	
1. Purpose of Report	
<p>1.1 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.</p> <p>1.2 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 responses provided are attached at Appendix 1.</p>	
2. Decisions recommended:	
<p>2.1 Members are asked to note the responses received to inform the audit risk assessment.</p> <p>2.2 Inform the Audit Committee of any significant risks or concerns identified so that remedial action can be taken.</p>	

Contact Officers:

Clive Heaphy, Corporate Director, Finance & Governance

Telephone No: 0121 303 2950

E-mail address: clive.heaphy@birmingham.gov.uk

Martin Stevens

Telephone No: 0121 303 4667

E-mail address: martin.stevens@birmingham.gov.uk

3. Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies:
The production of annual group accounts is a statutory requirement to consolidate entities that are controlled by the Council and are material to its activities.
- 3.2 Relevant Ward and other Members /Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
Section 151 of the Local Government Act requires the Corporate Director of Finance and Governance (as responsible officer) to ensure proper administration of the Council's financial affairs.
- 3.4 Will decision(s) be carried out within existing finances and resources?
Yes.
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
The issues raised in this report are largely of a technical financial nature.

4. Relevant background/chronology of key events:

- 4.1 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. This report includes assurance statements from those companies that meet the criteria for consolidation or which may meet the criteria in the near future. Appendix 1 is a collated set of responses to these questions.
- 4.2 A review of the Group Boundary has been undertaken and it is considered that one new company should be included in the Group Accounts, namely Birmingham Children's Trust C.I.C.
- 4.3 Birmingham Children's Trust C.I.C was incorporated on 9 May 2017 as a wholly owned Company of Birmingham City Council with Teckal status and became fully operational from 1 April 2018. The Council retains overall strategic control of the Trust and remains accountable for the welfare and wellbeing of children and young people for improving outcomes.
- 4.4 The Cabinet Committee - Group Company Governance reviews the activities of the Council's companies and can consider any appropriate mitigating actions where necessary.

Signature :

Corporate Director, Finance & Governance:

Dated:

List of Background Documents used to compile this Report:

None

Appendix 1

Responses from:

Acivico Limited

Birmingham Airport Holdings Limited (to follow)

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 (to follow)

PETPS (Birmingham) Limited

PETPS (Birmingham) Capital Limited

PETPS (Birmingham) General Partner Limited

PETPS (Birmingham) Pension Funding Scottish Limited Partnership

