

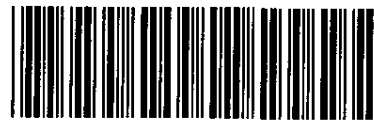
AM10

Notice of administrator's progress report



Companies House

THURSDAY



A8G94K80

A11

17/10/2019

#381

COMPANIES HOUSE

1 Company details

Company number 0 7 0 6 4 1 1 0

Company name in full Birmingham Highways Holdings Limited (In Administration)

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Daniel Christopher

Surname Hurd

3 Administrator's address

Building name/number Ernst & Young LLP

Street No.1 Colmore Square

Post town Birmingham

County/Region

Postcode B 4 6 H Q

Country UK

4 Administrator's name ①

Full forename(s) Robert Hunter

Surname Kelly

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Ernst & Young LLP

Street Bridgewater Place

1 Water Lane

Post town Leeds

County/Region

Postcode L S 1 1 5 Q R

Country UK

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6

Period of progress report

From date	d 1	d 9	m 0	m 3	y 2	y 0	y 1	y 9
To date	d 1	d 8	m 0	m 9	y 2	y 0	y 1	y 9

7

Progress report

☒ I attach a copy of the progress report

8

Sign and date

Administrator's
signature

Signature

X J. C. And

X

Signature date

d 1	d 5	m 1	m 0	y 2	y 0	y 1	y 9
-----	-----	-----	-----	-----	-----	-----	-----

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Jack Lavery

Company name

Ernst & Young LLP

Address

No.1 Colmore Square

Post town

Birmingham

County/Region

Postcode

B

4

6

H

Q

Country

DX

Telephone

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Building a better
working world

Ernst & Young LLP
No.1 Colmore Square
Birmingham
B4 6HQ

Tel: + 44 121 535 2000
Fax: + 44 121 535 2001
ey.com

TO ALL KNOWN CREDITORS AND SHAREHOLDERS

15 October 2019

Ref: BHHL/DH/JB/JL/016 1
Direct line: 0121 535 2456

Jack Lavery
jack.lavery@uk.ey.com

Dear Sirs

Birmingham Highways Holdings Limited (formerly Amey Birmingham Highways Holdings Limited) (In Administration) ("the Company")

**High Court of Justice, Business and Property Courts of England and Wales,
Insolvencies and Companies List (ChD), Number CR-2018-007949**

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the administration. This report covers the period from 19 March 2019 to 18 September 2019 ("the Period") and should be read in conjunction with our previous report dated 17 April 2019 and the Joint Administrators' Proposals ("the Proposals"). Statutory information about the Company, the administration and the office holders is given at Appendix 1.

Summary of progress

As previously reported, the Company's key assets are a 100% shareholding and the right to repayment of a shareholder loan in its sole subsidiary, Birmingham Highways Limited ("BHL"). BHL is party to a Private Finance Initiative contract to provide capital investment, operational and lifecycle works services to Birmingham City Council for a period of 25 years ("the Project") which it originally entered into on 6 May 2010.

A steering committee, joined by one of the Joint Administrators, was set up in early 2019 in order to monitor and progress discussions and negotiations with the wider body of Project stakeholders, with the primary aim of reaching a settlement agreement suitable for all parties involved.

In June 2019, BHL, together with various other stakeholders in the Project, entered into a series of contractual agreements, together referred to as "the Settlement", aimed at restructuring the Project and redefining the roles of certain stakeholders. The Company also entered into a number of these contractual agreements, although its obligations are minimal and have largely been discharged. The Project is now undergoing a period of restructuring and the Joint Administrators will continue to provide support and monitoring to both its restructuring and to the performance of BHL, with a view to generating long term value, thereby improving the prospects of recovering the Company's shareholder loan to BHL.

Extension of administration

The administration of the Company was initially for a period of one year, however, as the Joint Administrators' work was not expected to be completed within that period, the consent of both the secured and unsecured creditors to extend the administration for 12 months was requested.

The Security Trustee confirmed the secured creditors' consent to the administration being extended on 13 September 2019, and a virtual meeting was held by conference call on 17 September 2019 whereby the unsecured creditors voted in favour of the extension. The administration is now due to automatically expire on 18 September 2020 and any further extension beyond that date would need to be approved by the courts. The requirement for a further extension will be reviewed in summer 2020.

Receipts and payments account

A summary of our receipts and payments for the Period together with the cumulative figures for the administration to date is attached at Appendix 2. It does not reflect estimated future realisations or costs.

Joint administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

The Joint Administrators remuneration was initially fixed on the basis of time properly given by the administrators and their staff in relation to matters arising in the administration, and in accordance with the fee estimate dated 12 November 2018, by a resolution of the Company's creditors on 10 December 2018.

As stated in our previous progress report, we anticipated that our fees would exceed the original fee estimate. Since that report, the Joint Administrators fee estimate has been increased and approved twice by the Company's creditors.

On 30 May 2019, the Joint Administrators sent a notice to creditors of a decision procedure by correspondence with a resolution to approve an increase in the Joint Administrators' remuneration from £212,586 to £312,586. The decision was made by creditors on 17 June 2019 and the increase in remuneration was approved.

The reasons for the Joint Administrators anticipating remuneration exceeding the initial estimate are:

- Additional time costs incurred in calling and holding a physical creditors meeting held on 10 December 2019;
- The Joint Administrators receiving significant levels of correspondence from both creditors of the Company and stakeholders in the Project and have incurring additional time costs in responding; and

- The formation of a steering committee in respect of the Project and the protracted nature of settlement discussions with stakeholders meaning that one of the Joint Administrators, D Hurd, incurred more time than originally anticipated.

On 17 September 2019, a virtual meeting of creditors was held and creditors voted in favour of increasing the Joint Administrators' remuneration from £312,586 to £542,116. The reasons for the Joint Administrators anticipating remuneration exceeding the second estimate are:

- Additional time spent negotiating and agreeing to the restructuring of the Project, which has resulted in the Settlement;
- Attendance at meetings with the BHL board and increased dialogue with board members and advisers of BHL in relation to its governance, organisation and structure post the Settlement;
- Attendance at meetings and calls with other key BHL stakeholders, including discussing the intention to re-establish a Project steering committee to be attended by the Joint Administrators; and
- Time spent ensuring the Company complies with its obligations under the Settlement.

During the period covered by this report, we have incurred time costs of £122,847 bringing total time costs to £336,545. Of this sum, £160,000 has been invoiced and paid.

An analysis of the time spent and a comparison with the fee estimate dated 27 August 2019 is attached as Appendix 4 to this report.

Joint administrators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £85,899.55 plus VAT. There is a breakdown of expenses incurred in this period and to date at Appendix 3 of this report.

Expenses incurred by the Joint Administrators have exceeded the original estimate dated 12 November 2018, primarily in respect of legal costs incurred. This is primarily for the first two reasons stated above in respect of the Joint Administrators remuneration exceeding the initial fee estimate and additional time spent in relation to the restructuring of the Project.

Remaining work

The Joint Administrators will continue to deal with the Administration in line with the stated objectives, primarily by way of attendance at the steering committee set up with the ultimate objective of successfully reprocurring the Project, attendance at various BHL board meetings, meetings with the wider project stakeholders and monitoring governance within BHL.

Further tasks may include, but may not be limited to, the following:

- Dealing with VAT and corporation tax requirements as required by HMRC;
- Dealing with statutory reporting and compliance obligations;
- Distributing amounts due to the Company's creditors;
- If the Joint Administrators deem it appropriate, to seek an extension and/or further extensions to the administration from the Court;



Building a better
working world

- Finalising the Administration, including the payment of all administration liabilities; and
Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the Administration.

Next report

We will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully
for the Company

D C Hurd
Joint Administrator

D C Hurd is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales and R H Kelly is licensed to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland. As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the administration.

The affairs, business and property of the Company are being managed by the Joint Administrators, D C Hurd and R H Kelly, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.



Building a better
working world

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice, Business and Property Courts of England and Wales, Insolvencies and Companies List (ChD)
Court reference:	CR-2018-007949
Registered name of the company:	Birmingham Highways Holdings Limited (Formerly Amey Birmingham Highways Holdings Limited)
Registered office address of the company:	Currently: Ernst and Young, One Colmore Square, Birmingham, B4 6HQ Previously: The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX4 4DQ
Registered number:	07064110
Date of appointment of the joint administrators:	19 September 2018
Details of any changes of administrator:	None
Full names of the administrators:	Daniel Christopher Hurd and Robert Hunter Kelly
Office holder number(s):	20030 and 8582
Administrators' address(es):	Ernst & Young LLP No.1 Colmore Square, Birmingham, B4 6HQ Ernst & Young LLP 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Telephone number:	0121 535 2456
Name of alternative person to contact with enquiries about the case:	Jack Lavery

Birmingham Highways Holdings Limited
(in Administration)

Joint Administrators' Summary of Receipts and Payments from 19 September 2018 to 18 September 2019

Birmingham Highways Holdings Limited (In Administration)

Receipts and Payments account as at 18 September 2019

	Realisable value as per Statement of Affairs	Fixed charge		Floating charge		Fixed charge		Floating charge		Total
		19 September 2018 to 18 March 2019	19 September 2018 to 18 March 2019	19 September 2018 to 18 March 2019	19 September 2018 to 18 March 2019	19 March 2019 to 18 September 2019	19 March 2019 to 18 September 2019	19 March 2019 to 18 September 2019	19 March 2019 to 18 September 2019	19 September 2018 to 18 September 2019
	£	£	£	£	£	£	£	£	£	£
Receipts										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Loan Facility	-	-	250,000.00	-	-	-	250,000.00	-	-	500,000.00
Investment in ABHL	Not known	-	-	-	-	-	-	-	-	-
Loan to ABHL	Not known	-	-	-	-	-	-	-	-	-
Other income	-	-	219.25	-	-	-	322.58	-	-	541.83
VAT Payable	-	-	-	-	-	-	-	-	-	-
	-	-	250,219.25	-	-	-	250,322.58	-	-	500,541.83
Payments										
Direct Labour	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-	-
Office Holder fees - Pre appointment	-	-	(40,005.00)	-	-	-	-	-	-	(40,005.00)
Office Holder fees	-	-	-	-	-	-	(160,000.00)	-	-	(160,000.00)
Legal Fees	-	-	(64,168.23)	-	-	-	(56,142.00)	-	-	(120,310.23)
Legal Fees - Pre appointment	-	-	(46,477.18)	-	-	-	-	-	-	(46,477.18)
Other Expenses	-	-	(170.70)	-	-	-	(0.90)	-	-	(171.60)
VAT Receivable	-	-	(30,153.93)	-	-	-	(43,228.40)	-	-	(73,382.33)
	-	-	(180,975.04)	-	-	-	(259,371.30)	-	-	(440,346.34)
Balance in hand	-	-	69,244.21	-	-	-	(9,048.72)	-	-	60,195.49

Notes

1. Receipts and payments are stated net of VAT.
2. Other income is in respect of bank interest

Birmingham Highways Holdings Limited (In Administration)

Summary of joint administrators' expenses incurred

Type of Expense	Per Estimate Dated 27 August 2019	Paid as at 18 March 2019	Paid in Period	Outstanding	Total
Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)					
Advertising	-	169.20	-	-	169.20
Storage	1,000.00		-	-	-
Legal costs	214,580.00	64,168.23	56,142.00	27,883.92	148,194.16
Statutory costs	2,000.00		-	-	-
Bank Charges	500.00		2.40	-	2.40
Category 1 disbursements (see Note 2)			-		-
Specific penalty bond	1,280.00	1,280.00	-	-	1,280.00
Travel costs	3,500.00	2,286.00	1,656.08	-	3,942.08
Accommodation and subsistence	1,000.00	480.03	215.15	-	695.18
Advertising	85.00	84.60	-	-	84.60
Postage and printing	1,000.00		-	-	-
Category 2 disbursements (note 2)			-		-
Mileage	750.00		-	-	-
Totals	225,695.00	68,468.06	58,015.63	27,883.92	154,367.62

Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

Appendix 4

Birmingham Highways Holdings Limited (In Administration)

Joint administrators' time costs for the period from 19 September 2018 to 18 September 2019 and a comparison with the fee estimate dated 27 August 2019.

	Total per fee estimate dated 27 August 2019			Actual in this report period			Total actual to 18 September 2019		
	Total Hours	Time Cost (£)	Average Hourly Rate (£)	Total Hours	Time Cost (£)	Average Hourly Rate (£)	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Accounting and Administration	189.1	62,865	332	24.7	9,222	373	76.9	31,193	406
Bank & Statutory Reporting	171.3	60,242	352	18.0	5,793	322	92.0	34,579	376
Creditors	94.7	41,888	442	-	1,684	-	72.0	31,628	439
Debtors	13.0	4,393	338	-	-	-	-	-	-
Immediate Tasks	41.0	12,429	303	-	-	-	40.8	12,025	295
Investigation/CDDA	24.0	6,073	253	-	-	-	24.0	6,073	253
Job Acceptance & Strategy	0.7	392	560	-	-	-	0.7	392	560
Legal Issues	45.0	19,863	441	1.0	840	840	18.2	9,216	506
Members	15.0	5,513	368	-	-	-	1.0	560	560
Other Assets	506.6	273,636	540	131.8	79,128	600	291.8	168,007	576
Other Matters	65.1	25,739	395	6.0	9,947	1,658	36.1	22,992	637
Public Relations issues	3.0	1,190	397	-	-	-	-	-	-
Statutory Duties	62.5	18,760	300	24.2	13,490	557	34.8	15,989	459
VAT & Taxation	34.0	9,135	269	11.0	2,743	249	15.0	3,893	260
	1,265.0	542,116	429	216.7	122,847	567	703.3	336,545	479

Accounting & Administration: this includes general administrative duties, preparation for the Company entering Administration, processing receipts and payments and maintaining the Joint Administrators' accounting records.

Bank & Statutory Reporting: this includes statutory reporting to all classes of creditors. Reports include the Joint Administrators Proposals to creditors, six monthly progress reports and filing of documents with the Registrar of Companies.

Creditors: this relates to correspondence with creditors and specific creditor matters.

Debtors: this relates to correspondence with debtors and specific debtor matters.

Immediate Tasks: this relates to carrying out tasks and duties on appointment

Investigation & CDDA: time spent carrying out Administrators' investigations into the directors' conduct and any issues which the Administrators were made aware by creditors or other parties.

Job Acceptance & Strategy: time spent in complying with our firm's internal compliance, job acceptance procedures prior to accepting an appointment and the strategy pursued in the Administration.

Legal Issues: time spent in relation to legal issues of the administration

Members: time spent in relation to shareholders, this includes update calls to shareholders.

Other Assets: Dealing with matters pertaining to the value of the wholly owned subsidiary – including meetings with the board of directors and other parties, to monitor the progress towards reaching an overall restructuring of the subsidiary and its key project. Realising value from the Company's residual assets. Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment.

Other Matters: Matters relating to the sale of business and assets. Recovery of the Company's books and records, and electronic records (including a back-up of company servers and systems).

Public relations: time spent in relation to dealing with queries from the public

Statutory Duties: time spent in complying with statutory matters including filing letters and forms advising of the Joint Administrators' appointment.

VAT & Taxation: investigating the Company's VAT and corporation tax position up to the date of appointment, preparation and submission of VAT and corporation tax returns for the *post appointment period*.