

Cabinet

Supplementary Information



Date: Tuesday, 2 June 2020

Time: 4.00 pm

Venue: Virtual Meeting - Zoom Committee Meeting
with Public Access via YouTube

2. Public Forum

Questions and Answers



Cabinet

2 June 2020

Public Forum Questions and Answers



Question: PQ13.1&2

Cabinet – 2nd June 2020

Re: Agenda item 13 – Finance Outturn 2019/20 - Question for Cllr Craig Cheney

Question submitted by: Suzanne Audrey

1] Please can you explain the term 'earmarked' in relation to local authority budgets and financial reporting?

- Earmarked funds are funds which are set aside to meet identified spending commitments. Where formally earmarked they are to only be used for the purpose for which they were created.

2] If funds are 'earmarked' for a particular project or funding stream but circumstances change, is it possible to review that proposed expenditure and allocate the funds elsewhere?

- These can be released back to the general reserve if it is demonstrated that they are no longer required for their original purpose and only under certain circumstances.

Question: CQ15.1&2

Cabinet – 2nd June 2020

Re: Agenda item 15 – Bristol is Open

Question submitted by: Councillor Clive Stevens

1. Whilst it is good to see that most of the six jobs are secure (Appendix G seems to show one job loss). It is not a good time to lose your job. **What support is the Council giving to help this person regain employment?**
 - As BRISTOLISOPEN LTD is an associated employer, access to the redeployment pool to enable access other BCC roles can be offered. This is alongside external preparedness support which the Council offers. The person who held this role has benefited from this support and has secured alternative permanent employment.

2. I think this is a clear and well written report. At 3.2 it says, “Improved BCC oversight over the delivery of the OCPR deliverables”. **Will this improved oversight apply to all councillors or will BiO be subject to exemption rules (of information) too using LGA 1972, Sch 12a Part 1 to keep the rest of us in the dark?**
 - The OPCR project, (Open Programmable City Region) is a WECA grant funded project managed by BCC’s Connected City Service within the Directorate of Growth and Regeneration, it is able to be scrutinised in the usual way by councillors.

Question: PQ17.1

Cabinet – 2nd June 2020

Re: Agenda item 17 – Bristol Energy

Question submitted by: Mary Page

1) There are as usual more items on the agenda than I am as a member of the public allowed to ask questions about, however I would like to ask, why did the Mayor in his previous non-answers to me about Bristol Energy, knowingly refer me and others to the exempt session papers on this agenda item 17, when he knows full well I, members of the media, and public are not able to view that part of the meeting or even review them?

- We agreed to hold the meeting following the publication of the report to protect our commercial interests.
- It is unfortunate that the Full Council was called by your party, in coalition again with the Conservatives, before the report is published.

Question: CQ17.1&2

Cabinet – 2nd June 2020

Re: Agenda item 17 – Bristol Energy - Question for Mayor

Question submitted by: Councillor Gary Hopkins

Noting the failure by the Mayor to honour his written undertaking, regarding sharing reports and information about Energy Company and the misleading information given to Councillors and public questioners. I will give you a further opportunity to come clean.

1. There were obviously set up costs incurred by the previous Mayors decision to set up the company and cash had been earmarked for an initial trading period, but can you give a factual answer of the broken down cash cost, if you had made an immediate decision not to proceed with the company, instead of having a jamboree launch?

- It was you who broke your undertaking by holding a Full Council ahead of publication of the EY report. I now consider that agreement to be null and void due to your actions.
- You either called the Full Council early as a mistake before the cabinet where the decision was to be made or you called the meeting in the full knowledge that the papers couldn't be released and shows you're more interested in political point scoring than the financial interest of the citizens.
- The beginning of your question is that we should have collapsed the company in the first year of its trading
- £3.8 million had been spent by May 2016. The previous Cabinet had set a budget which included a further £12 million earmarked for Bristol Energy, prior to us setting a budget.
- That spend was part of a business plan approved by coalition Cabinet in Dec 2015 that set a planned investment of £15.7m. It was reasonable for us to expect that the business plan we inherited was accurate and robust. It was not.
- That business plan estimated a return of 12% at Year 5 and 35% at Year 10, making this either the most successful energy company in the country or the most inaccurate business plan ever written and signed off at Bristol City Council.

- That business plan also assumed additional investment for up to 5 years. It is worth noting this business plan was agreed by the Conservative Deputy Mayor for finance Cllr Geoff Gollop, was defended by the Coalition partner, Lib Dem portfolio holder for Place, Cllr Simon Cook and supported by the cross party cabinet. Furthermore it had also been subject to cross party scrutiny.
- From cross party scrutiny there have been no objections from any member, including yourself despite your protestations to the contrary.
- We were also dealing with the financial mess of the cabinet and the unravelling of the arena – all mistakes we inherited. All mistakes we have corrected or delivered against in a sustainable way.

2. When (in date or following event terms) will the Mayor release the 2 recently procured reports paid for by the Bristol taxpayer?

- We are a local authority with a commercial company in a highly competitive market with high costs of entry, operation and exit. We didn't choose to enter the market – we inherited it. And we tried to make the best of it for Bristol.
- As I have always said, I will publish the report to members when it is commercially responsible to do so. It is patently obvious it wasn't responsible to do so before you called the Full Council meeting. Holding that Full Council meeting was irresponsible and could have damaged the company further. I will continue to act in the best interests of the tax payers while you continue to try to score political points which, dare I say, damages the company and by extension the Bristol taxpayers who own it.

Question: CQ17.3&4

Cabinet – 2nd June 2020

Re: Agenda item 17 – Bristol Energy

Question submitted by: Councillor Chris Davies

1. How many people are employed by The Bristol Energy Company?
 - 190

2. If the Labour Cabinet decided to close down this company, what would be the overall redundancy costs?
 - Due to a number of unknowns, we are not able to provide any definitive redundancy costs at this time.

Question: CQ17.5

Cabinet – 2nd June 2020

Re: Agenda item 17 – Bristol Energy

Question submitted by: Councillor Martin Fodor

1. One of the notable features of Bristol Energy, as a locally owned not for private profit company, is the added value of a commitment to renewable energy, social and local tariffs, support for community energy, and local sponsorship. **What assessment is there of these contributions to the community and how is it envisaged that all these benefits be protected in any future arrangements?**

- At January 2020, the Bristol Energy contribution to the community was assessed using the national framework within the Social Value Toolkit, this indicated that since its inception it had contributed approximately £12m of social value in Bristol .
- The Council will consider the protection of these benefits when it considers the strategy for the company going forwards.
- There is a broader context, which are the social and environmental benefits we expect to be delivered through City Leap. This will pave the future for a low carbon economy, as part of a city wide partnership which will work collaboratively with partners in the city and the community and energy sector.
- There is also work which is being undertaken in the council's housing delivery programme to build homes which are more environmentally sustainable, better insulated and more fuel efficient.

Question: CQ17.6&7

Cabinet – 2nd June 2020

Re: Agenda item 17 – Bristol Energy

Question submitted by: Councillor Jerome Thomas

I have a concern, that may be unfounded, that Bristol City Council assets may have been handed over to Bristol Energy or contractual arrangements entered into by the council with Bristol Energy that unreasonably disguises the extent of Bristol Energy losses or unreasonably inflates the company's value. These could be in addition to the potential value of any financial guarantees that the council has provided for Bristol Energy to third parties.

Questions:

- 1) **Can the Mayor confirm what council assets, if any, have been transferred to Bristol Energy in the last six years?**
 - No assets have been transferred to Bristol Energy.
- 2) **Can the Mayor confirm what contractual arrangements, if any, have been entered into by Bristol City Council with Bristol Energy in the last six years that might enhance the value of Bristol Energy?**
 - It is worth including the Council contracts with Bristol Energy for its electricity and gas supplies to Council owned and managed buildings and innovation services to the City Leap Programme.
 - We also hold Power Purchase Agreements with Bristol Energy for the sale of the energy generated and the provision of feed-in tariff from the Avonmouth wind turbines and Severn Road Solar Park.

Question: CQ17.8&9

Cabinet – 2nd June 2020

Re: Agenda item 17 – Bristol Energy

Question submitted by: Councillor Mark Weston

1. At the EGM held to discuss this company, the Mayor stated that the best thing to do is for Members and the general public to bring their questions to Cabinet where the latest report – and its contents - will be shared. Can the Mayor confirm what amount of public disclosure of this entirely 'exempt' document has taken place?

- Even though I didn't need to, I have shared the report with Party Group Leaders and Overview and Scrutiny Management Board.
- As I have always said, I will publish the EY report to councillors when it is commercially responsible to do so. It is patently obvious it wasn't responsible to do so before you called the Full Council meeting. Holding that Full Council meeting was irresponsible and could have damaged the company further. It was either an error or it was engineered so that you could then make lots of political noise about not having access to commercially sensitive information.
- We are a local authority with a commercial company in a highly competitive market with high costs of entry, operation and exit. We didn't choose to enter the market – we inherited it. And we tried to make the best of it for Bristol.
- I will continue to act in the best interests of the tax payers while you continue to try to score political points.
- As I pointed out at Full Council, if you are genuinely interested in the company you can ask questions in the exempt session. Although you have the chance to ask your finance lead Cllr Geoff Gollop who was the financial lead in Cabinet in 2015 and signed off the business plan.

2. Again, on the basis that a promised briefing to all Members will not be given, does the Mayor recognise that his actions in relation to this have been, at best, disingenuous and, at worst, untruthful?

- I have been very clear that a member briefing will take place once the report has been published. It will.
- I have been open, honest and transparent. In relation to the promised briefing we exchanged an email as follows:
- You asked to postpone the Full Council meeting from March that you had already set to maximise political impact ahead of the elections. I agreed.
- You asked that an extraordinary meeting of Full Council would be reconvened to debate the Energy Company FOLLOWING the publication of the Ernst Young report. I agreed. But any extraordinary Full Council meeting is not in my hands it is in your hands. You know it takes five councillors, the Monitoring Officer and the Lord Mayor. The timing is down to you.
- You then broke your word and that agreement by calling an extraordinary full council meeting in advance of publication. I will not publish the report while it can commercially damage the energy company and therefore Bristol's taxpayers.
- Measured against any level of competence or morality, this kind of party politicking is not good enough for the city and is the style of politics that has held us back in the past.
- Once the report is published I agree we would have held a Full Council meeting to debate it. You broke that agreement.

- You asked that an all member briefing be held to appraise members of the content of the EY report. I agreed and the briefing will be held once the report is published.
- You asked that audit committee receives additional information and that the report is available to all members. I agreed and again the EY report will be available after the decision and enactment of that decision.
- You asked that active consideration be given to disposal options at the earliest prudent time and that these be reported to Party Group Leaders. I agreed and this is subject to cabinet decision today.
- Given that you called a Full Council meeting ahead of publication of the report despite your own request that it would take place following publication, and your political point scoring at the meeting, is it fair to say you've been at best disingenuous and at worst, untruthful.

Question: CQ17.10&11

Cabinet – 2nd June 2020

Re: Agenda item 17 – Bristol Energy

Question submitted by: Councillor Geoff Gollop

1. In addition to funding within the Bristol Energy business plan, how much money has been given to this company to support City Leap, projects with the Council Energy Service or other innovations?

- On City Leap, Bristol Energy has been paid £1.2m for innovation services for the City Leap programme.
- On the Energy Service and a number of energy innovation projects, Bristol Energy has been paid £25,000 for services rendered.

2. The Shareholders agreed to use additional money allocated to the City Leap Programme budget to fund the initial EY report, how much (as well as from where did the funding come from) did the second EY review cost?

- The second report cost Bristol City Council £165,000 + VAT (and not £440,000 as quoted in the meeting).

Question: CQ17.12&13

Cabinet – 2nd June 2020

Re: Agenda item 17 – Bristol Energy

Question submitted by: Councillor Richard Eddy

1. In answer to my suggestion that this initiative was an expensive ‘white-elephant’ you replied:

“I don’t agree that Bristol Energy should be described this way..”and that “Losses so far are expected within the business plan. We are confident that the company will be a financial and social asset for the city.”

Would the Mayor now like to revise his view of this ill-conceived entry into the highly volatile energy market?

- As we inherited the energy company and its flawed business plan. We had three options, fold the company, which would have been expensive and premature; try to make it work; or get it into a fit state where we could reduce our exposure to risk.
- My comments were public and in line with our efforts to make the company work and get it into a state that we could reduce our exposure to reduce our risk, and the need to not damage the company further.
- I agree that entering into the highly volatile energy market was ill conceived and I would suggest you ask, your friend and colleague and George Ferguson’s former number 2, the Conservative Cabinet lead for Finance and Conservative Group members in Scrutiny who supported it why they thought it was a good idea to get into the energy business. It seems like there was a split within the Conservative Group – which camp were you in?

2. Can the Mayor advise whether there is a point when the Mayor will not commit further public money to this venture - £50M of losses, £55M, £60M?

- That decision was taken at a Cabinet agreed in April 2019. No further public money has been committed outside of that agreed financial envelope.

Question: PQ19.1

Cabinet – 2nd June 2020

Re: Agenda item 19 – Port Closure Resilience Fund Closure Project

Question submitted by: Mary Page

I note and welcome the allocation of £450,000 within the Port Communities Resilience Fund report and the ambition to deliver four hubs (Lawrence Weston, Lawrence Weston, Shirehampton and Seamills) to support with jobs, training and enterprise. With the necessary response to Covid 19 meaning a delay to these projects, and also noting the numbers of jobs lost due to the pandemic impact on the economy, what is the Council's plan to bring these vital services for the community into action, as they will be needed even more to aid workers in this area of the city, retrain, gain new jobs or start their own businesses?

- **The £450,000 allocation is Capital funding and has been paid to community organisations across all four villages in the Avonmouth and Lawrence Weston Ward to support the delivery of Capital projects and purchases.**
- **The services to be delivered through the jobs, training and enterprise theme are funded and led by the respective community organisations, making use of the Capital investment from the Port Communities Resilience Fund (be that a building or new IT equipment).**

Question: CQ20.1

Cabinet – 2nd June 2020

Re: Agenda item 20 – City Leap

Question submitted by: Councillor Martin Fodor

The delayed progress on City Leap is regrettable. If the bidders wanted a different approach it would be helpful to understand what differences were asked for and why. We're not being told.

This delay and rethink could significantly affect the outcomes for the city and our communities, for instance the strategic partner might be less willing to offer a comprehensive package of social value, or be unwilling to share the investments in a meaningful way with the city's rich ecosystem of community energy groups and existing enterprises who are already busy developing carbon saving projects and social benefits already. The need to separate the loss making Bristol Energy once it was added to the package was always likely and bound to slow progress with the initiative.

Please can you explain:

What is the new likely timescale for City Leap and to what extent does this rethink affect the ways local energy initiatives can be part of the acceleration of carbon saving and community participation?

- A decision will come to July Cabinet with a view to launch a procurement as soon as possible.
- The new process will have a minimal impact on the timeline.
- Bids will be evaluated against the existing strategic objective.

Question: CQ20.2&3

Cabinet – 2nd June 2020

Re: Agenda item 20 – City Leap

Question submitted by: Councillor Claire Hiscott

1. Can the Mayor state precisely what feedback from Bidders has prompted the need for changes to the procurement process?

- Bidders provided around 200 pieces of individual feedback across a broad range of topics during the dialogue stage. This is confidential to the Bidding procurement process.

2. We are told that irrespective of the assessment or future direction of Bristol Energy, there is still strong interest in participating in this low carbon programme. What safeguards, seemingly absent with the council-owned supply company, will there be to protect the commitment of public money in these enterprises?

- You are correct, some safeguards were absent in the flawed energy company business plan, agreed by the Conservative Cabinet member for Finance.
- However this administration has ensured fiscal responsibility throughout its period of office.
- Our primary aim is to leverage substantial private sector investment into Bristol's future zero carbon energy system and this will form the vast majority of funding.
- If funds are committed this will be reported on in the usual way, through scrutiny.

Question: CQ20.4&5

Cabinet – 2nd June 2020

Re: Agenda item 20 – City Leap

Question submitted by: Councillor John Goulandris

1. Can the Mayor advise whether or not ‘commercial sensitivity’ will be used to limit oversight of this partnership?

- Of course commercial sensitivity will apply when it is in the interests of the partnership. When it’s not commercially sensitive it won’t.
- Here in lies the dilemma, a local authority owning a commercial company.

2. Can the Mayor confirm that all the criteria used to select potential partners in the new procurement process will be publicised, and that the process followed will be truly open and transparent?

- OSM and G&R Scrutiny have already had sight of and fed into the Strategic Objectives prior to the publication of the April 2019 Cabinet Report.
- The procurement process itself will be as open and transparent as possible given the need to maintain the commercial confidentiality of bidders. There are ongoing updates to OSM and G&R Scrutiny.