

Bristol City Council Minutes of the Overview and Scrutiny Management Board



9 February 2022 at 5.00 pm

Members Present:-

Councillors: Tony Dyer (Chair), Mark Bradshaw (Vice-Chair), Martin Fodor, Geoff Gollop, Tim Kent, Brenda Massey, Graham Morris and David Wilcox

1 Welcome, Introductions and Safety Information

The Chair welcomed all those present.

2 Apologies for absence

Apologies for absence were received from Councillor Pearce.

3 Declarations of Interest

Cllr Gollop declared himself as observer to the Shareholder group until May 21. Since then Cllr Carla Denyer, and Cllr Tony Dyer have held the role of Shareholder Group observer, due to their positions as Chair of OSMB.

4 Minutes of the previous meeting

The minutes of the previous meeting were approved as a correct record.

5 Chair's Business

The Chair advised that the main focus of the meeting was to review and scrutinise the draft business plans of Bristol City Council's arms-length companies for the following entities;



Bristol Holding Company
Bristol Waste Limited
Goram Homes Limited

He noted that the draft business plan for Bristol Heat Networks Limited was not available for scrutiny alongside the other business plans as this was subject to ongoing work, the outcome of which would feed into the City Leap procurement process which was still live and subject to some commercial confidentiality; and that OSMB would be updated on City Leap and related heat network matters in exempt session, ahead of April Cabinet, where it was anticipated that the preferred bidder for City Leap would be confirmed.

6 Mayor's Forward Plan - Standing Item (for information)

The Forward Plan was noted

7 Minutes from the WECA Overview and Scrutiny Committee - Standing item (for information)

The Minutes were noted and approved as a correct record.

8 Work Programme

The Work Programme was noted

9 Public Forum

Statements

Ref	Name	Topic
S 1	Clive Stevens	Goram Homes

RESOLVED;

That the Public Forum statement be noted.



10 Bristol Holding Group Limited Company Business Plans for 2022/23

The Group Finance Director, Bristol Holding, introduced the item, and advised Members that summaries of the draft business plans of Bristol Waste, Goram Homes, and Bristol Holding would be provided.

The Executive Director of Growth & Regeneration introduced the role of Strategic Client of Bristol Waste and Goram. The role had been formalised to ensure that the strategic goals of the Companies met the objectives of the Council as the client.

- The Board heard that the business plans had been developed through partnership working between the Companies, the Strategic Client and Cabinet Members.
- The Executive Director of Growth & Regeneration told Members that Bristol Waste was now leading waste transformation in the city.

Bristol Waste Business Plan

The Group Finance Director, Bristol Holding, stated that the Board had reviewed and provided assurance on Bristol Waste's proposed business plan and endorsed it. The following points were noted;

- The business plan was detailed and ambitious; that there was a challenge to absorb the cost of a new service (Hartcliffe Household Reuse and Recycling Centre) and to deliver improvements within the existing financial envelope.
- Improvements embedded in the plan included flats recycling, engagement with students, further waste reduction campaigns, and the move to a 'Village Approach'.
- A key risk of the plan was that it was predicated on maintenance of buoyant recyclate prices; that, whilst there were good reasons to justify higher commodity prices as sustainable, this was a significant risk, and if prices fell losses would be incurred with additional cost to the Council.
- Overall the plan indicated a surplus of £705,000 for the next financial year, of which £234,000 was assumed to be generated through non-teckal or commercial activity.

The Managing Director and the Financial Director, Bristol Waste Company, spoke to the [slides in the published pack](#).

- The Board was told that the Village Approach entailed six areas with their own street cleaners who would work as teams with refuse and recycling crews; and improved communication with ward Councillors was an important part of the approach.
- There was a discussion around the replacement of the vehicle fleet which would ensure net zero compliance by 2030, and Members were advised that all vehicles had been replaced with Euro 6 diesel engines which ran off gas to liquid fuel, and would last for 6-7 years. It was anticipated that



by 2030 technology may increase options to further improve the environmental impact of the fleet.

- The Board was advised that payment mechanism (paymech) protected the business, benefited the shareholder, and drove efficiencies.
- The Board was told there was a focus on both internal Teckal and external non-Teckal and the management and business development teams were to be developed to cope with both.
- There was a discussion about whether the 3% increase in the value of the contract was sustainable, and Members were advised that sufficient provision for inflation had been made; labour and waste disposal were the largest costs and inflation had been allowed for.
- The Staff Engagement survey was discussed and Members were advised the Company had reviewed training, managers had been out 'on rounds' with operatives to integrate and learn, and the aim was that staff felt more valued and listened to. Members agreed that staff welfare was something to be cognisant about and should be monitored and reviewed.
- Reports of aggressive behaviour toward operatives was highlighted as a serious concern, and Members were advised that the steps taken to mitigate this included installing a video camera on all vehicles, providing body cameras, producing education films made with staff; and reporting all incidents to the police.
- There was a discussion about the shortage of drivers last year and the Board was told there had been a national shortage; and that the number of agencies used had been increased, so all the rounds, plus holidays, were covered.
- There was a discussion about the opening hours of the Household Waste and Recycling Centres, and Members were advised that usage had been assessed, and the new booking system would help understand how many people used the sites; and if there was low usage at specific sites at specific times/days there would be a plan to reduce those opening times to reduce costs.
- There was a discussion about additional services required as a result of new homes across the city, and Members heard additional need had been factored into the business plan; and had included how waste management was incorporated into the design of new builds.
- It was noted that the engagement team's activities and the initiatives around reuse and zero waste were positive and should be commended.



Goram Homes Business Plan

The Executive Director of Growth & Regeneration confirmed that Goram Homes was not a Teckal company, that there was a close working relationship between the company and client which ensured the Council's strategic objectives were reflected in the business plan; and asked the Board to note the relationship between the Goram Business Plan and the Project 1000 report (housing delivery plan) that was approved at Cabinet the previous day.

The Group Finance Director, Bristol Holding endorsed the Goram Homes Business Plan with the following comments:

- This was a framework plan, and so, with the exception of Romney and Baltic Wharf, business and financial assumptions could only be indicative at this stage.
- By operating through a joint venture model with private developers, the business model was able to generate more affordable housing than other private housing development models; the plan aimed to deliver 48% of the pipeline being affordable whilst it also delivered a return to the Council.
- The plan detailed environmental and social value that Goram intended to achieve, and worked with the national Social Value Portal to ensure the metrics were recognisable and achievable.
- Any further project investment required would be needed to be contained within the allocated envelope which the Council had set aside in reserves for loans to support the Company, or re-investment of profit, or third-party finance.
- It may be that the inclusion of Hengrove in the programme required more flexibility in the assumed split between working capital and land investment; although the current view was that its inclusion would not impact on the need to draw down more than the agreed £10M for pipeline 2.
- Cost and sale assumptions for Romney and Baltic Wharf were based on detailed financial modelling and significant stress tests; those underlying assumptions were prudent; and the assumption that Baltic Wharf will commence in 2022 meant that added additional prudence has been added into the early years of the plan.

The Managing Director, Goram Homes, spoke to the [slides in the published pack](#).

- There was a discussion about the potential risks associated with Goram Homes taking on the Hengrove Park development, and Members heard that there was confidence that the Hengrove development project fitted with the joint venture structure already in place, although with larger scale over a longer period.



A discussion took place with respect to the financial risks, and the detail underpinning the stress testing, and worst-case scenario modelling contained within the business plan.

- The Board was told that the loans for land acquisition has been secured at commercial rates (which was assumed at 6%) between Goram and the Council, and the infrastructure cost on a site was built into the deal.
- There was a discussion around managing health and safety risks, and the Board was advised that Goram had a programme of independent health and safety inspections on all sites and that this would carry on as a priority.
- Members asked how Limited Liability Partnerships (LLPs) may be used on the Hengrove Park development and Members heard that whilst details hadn't been finalised it may be that Goram might create a number of LLPs to deliver specific elements.
- Members heard that there were a number of factors leading to why numbers of New Build Energy Performance Certificates (EPCs) had not correlated with numbers of new build completions (in 2020) - this included the way data was reported and the timelines.
- Members were advised that Key Performance Indicators (KPIs) were in place alongside stretch targets. It was confirmed KPIs had been set to aim for net zero carbon in homes. However, there were some circumstances where this would not be possible, for example the cost for listed building conversion could be a barrier.
- There was a discussion around the stretch targets within the KPIs, and the Board were told they were there to measure how much above the base target the company could reach. KPIs were reviewed annually and ideally the stretch KPIs could have become base KPIs in the future.
- Members commented that some of the information could have been presented with more clarity.
- Members were advised that the social value in the Goram Business Plan was the economic benefit of the jobs created linked to specific developments, and not linked to the cash balances of the company.

Bristol Holding Business Plan

The Chair of Bristol Holding introduced the report and made the following points;

- It was anticipated that this would be the last business plan for the Holding Company under the current board.
- A review of the 21-22 business plan included;
 - The sale of Bristol Energy
 - The establishment of Bristol Heat Networks Limited.
 - Continued support of Bristol Waste and Goram throughout the year.



- A recent independent governance review concluded that if there was to be only two companies in the group (Bristol Waste and Goram) there was no benefit for a Holding Group approach to continue. The decision had not been made yet, but it was the assumption for planning purposes in the business plan.
 - Consequently this was a short business plan which looked only one year ahead with a focus on the sale of the Bristol Heat Network; transfer of the Holding Company function; the final stages of the sale of Bristol Energy 2020 sale; and governance and oversight within the context of reduced resource.
 - The size of the team and related costs had been reduced by 30%.
 - The major risk was failure of clear governance arrangements in place; the risk had reduced due to clarity from the shareholder and work with the strategic client.
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- Members heard that the Company Boards had a role to apply initial governance and scrutiny; and the model at Goram entailed Joint Venture boards that would carry out scrutiny at the operational level, and that the functions being carried out by the Audit & Risk Committee will remain in any future model. The governance review highlighted the success of the risk management framework and the Audit & Risk Committee, and it was anticipated that these foundations will be built upon as it was viewed as best practice.
 - There was a discussion about whether Bristol Holding's skills could be used for a review into commercial activities for the Authority. The Chief Executive advised Members that this had been considered and that it had been felt there would not be sufficient income generated to sustain the company; the Executive Director for Growth & Regeneration led on the commercialisation agenda, and so the cost of the company was not justified. Extra support would be better secured on a case-by-case basis when commercial opportunities presented themselves. The Chair of Bristol Holding stated that the Company was supportive of the approach the Council had taken; that from a cost-benefit perspective it made sense; and that the Company would support the Council during the transition.
 - The Management Board was told that the Holding Company plan aimed for its functions and the establishment to be transferred by October 2022; assumptions had been factored in for a full year in terms of costings, although it was anticipated it would be delivered before that.

RESOLVED;

That the Business Plans be noted and comments from the Board be referred to the next Cabinet meeting.



11 Exclusion of Press and Public

The public was excluded from the meeting under s.100A(4) of the Local Government Act 1972, for item 10, Bristol Holding Group Limited – Exempt, on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of schedule 12A of the Act.

12 Bristol Holding Group Limited - Exempt

Meeting ended at 8.10 pm

CHAIR _____

