

BRISTOL HOLDING LTD BUSINESS PLAN 2025/26

1. Bristol Holding Strategic Objectives and Targets

This business plan is based on operating for the year with two subsidiaries in the Group, Bristol Waste Company (“BWC”), and Goram Homes (“GH”). This may change with the mobilisation of a ‘second Goram Homes’ organisation, where Bristol Holding (“BHL”) will play an assurance and governance role, however no assumptions to that effect have been made in this business plan. Additionally, if it is determined that BHL has a longer-term role, we may review during the year whether it would be beneficial for any more of Bristol City Council’s (“BCC”) commercial interests to come under BCC’s remit.

As reported previously, BHL’s role of co-ordinating the Audit and Risk Committee (“ARC”) has been transferred to the subsidiary companies, via the set-up of individual company Audit and Risk Committees (“ARAC’s”); this has been completed at the same time as minimising the financial risks to the Council and its remaining companies, by ensuring that effective corporate governance is retained. BHL chairs and hosts the key quarterly review known as the Companies Assurance Meeting with key stakeholders to provide an overarching assurance role on the companies to BCC and to report to Shareholder Group on any concerns or issues.

In its governance and assurance role, BHL attends all company board meetings and quarterly ARAC meetings as independent observer. It also attends company strategy meetings and is embedded in the business planning process for the Companies.

BHL continues to collaborate closely with the Companies and with the Strategic Client to confirm Strategic Objectives, contractual issues, and other core parameters, including matters for inclusion in council’s budget consultation, as well as other matters such as loans, dividend policy, audit, and tax. BHL and the Companies collaborate with the Strategic Client, BCC Finance and Shareholder liaison to ensure that any borrowing requirements are fixed, service and company budgets are aligned, as well as identifying the use of reserves and if applicable, dividend policy.

This business plan has been prepared based on the following assumptions:

- That BHL continues in its present form for at least another fiscal year to March 2026 (but recognising that BCC has the option to wind up BHL earlier and devolve its responsibilities to its subsidiaries and BCC).
- That following the outcome of the independent shareholder advisor review, and the subsequent management action plan, the Council will determine to support BHL functions in its role providing assurance to the shareholder.
- It is recognised that BHL is a lean, effective, agile organisation, which can pivot depending on the needs of the shareholder and that as such it is positioned to act

quickly for the strategic needs of the council. This business plan assumes that BHL continues to provide a vital part in providing assurance and good governance for the council's companies.

During this business plan period, the strategic objectives of BHL are as follows:

Key Strategic Objectives.

- Provide effective commercial, financial, governance and risk assurance to the Shareholder in the operation of its wholly owned companies.
- Ensure strategic alignment between Bristol City Council corporate aims, objectives, and values, and those of its wholly owned companies, including their commercial objectives.
- Oversee the delivery of the companies' 2025/26 business plans and objectives.
- Provide key input and guidance in the development of the 2026/27 business plans.
- Consider, alongside BCC, whether any additional commercial interests should be included in the BH portfolio.
- Support the decision-making process for the establishment of new service delivery models (as and when proposed by BCC), and the provision of the waste contract.
- To assist BCC and the subsidiaries, as appropriate, in key decisions such as recruitment and large contract submissions.
- Ensure effective and efficient arrangements for company statutory and retained Holding Company activities.
- To minimise costs and charges to subsidiaries and deliver value for money.
- Support FRP to finalise the Liquidation process for BE2020, expected to take place by June 2025.

In line with our strategic priorities outlined above, BHL’s key targets for the year ahead are set out in the table below.

BRISTOL HOLDING - Key Priorities		
	Priority	Description
1	2024/25 Statutory Accounts Process	To efficiently complete the statutory accounts process for BHL, with an unqualified opinion from the auditors. Similarly to oversee the submission of the company accounts for GH and BWC to be produced with an unqualified opinion.
2	To update all BHL functions to identify any gaps in providing company assurance	This enables all options for the future of BHL to be kept under review. This will enable BHL to be agile and to react to the requirements of the shareholder.
3	Key tenets of good corporate governance promoted by BHL	<p>Review of audit & risk arrangements - Ongoing review of audit and risk arrangements. Attendance at company audit and risk committees on a quarterly basis. Review of internal audit reports and the hosting of the Companies Assurance meeting attended by the Shareholder advisor.</p> <p>Board Effectiveness Reviews - Each board to carry out annual assessments of board effectiveness, with annual board self-certification as part of the annual comprehensive assurance statement. An independent review of board effectiveness is to take place every 3 years, with an annual board self-certification in other years.</p> <p>Company Board appointments - BHL to continue to provide input into the recruitment of company board appointments.</p>
4	Business Plans for BHL and subsidiary companies for 2026/27	Scrutinise the 2026/27 business plans and assist with the timely submission to BCC for approval. BHL has some degree of independence from both BCC and the subsidiary companies, it is uniquely placed to be able to support both companies and council to find mutually agreeable and optimal resolutions to finance matters taking account the interdependencies between BCC and its wholly owned companies.
5	Supporting BWC and Goram Homes to progress their respective business and delivery plans	Ongoing support to BWC and Goram Homes. We will be providing support and assurance for proposals and commitments included in BWC's and GH's Business Plans, together with a review of the key assumptions. Goram progressing with key site development and JV partner selections
6	Liquidation of BE2020 - liaise with the Liquidators, with an expectation to complete the process by Jun 2025.	To ensure that Financial performance of the liquidation continues in line with signed approvals.
7	Support the shareholder should there be a need to set up new subsidiary companies or new commercial ventures	This could apply to a new company, or a new joint venture or other commercial arrangement where the experience and expertise of the BHL team can be called upon.

2. Bristol Holding 2024/25 Forecast

BHL has reduced in scale in the last eighteen months and now reflects an agile but focused and value for money operation. It consists of a small but experienced team, including a part time Chair and Executive lead, as well as a part time administrator. This means that BHL efficiently provides a strong level of governance and assurance. It operates in conjunction with other key lines of assurance, such as Internal audit and the company Audit and Risk Committees (“ARAC’s”).

The budget forecast for this current year includes recharges to the subsidiaries of £281k, which is a circa 10% reduction from last year and circa 50% lower than three years ago. In terms of the annual budget, circa 40% of the budget relate to direct costs such as external audit fees and costs of EY tax advice; costs that would otherwise be incurred directly by the subsidiaries. It is important to note that the governance costs incurred by BHL in this business plan would continue to be incurred by the council and subsidiary companies if the functions of BHL were to be conducted under other alternative structures.

3. Bristol Holding 2025/26 Financial Plan

This business plan includes retaining the existing team, which includes the part-time Chair, Alex Wiseman and the Executive lead, Chris Smith. In addition, there is some part-time administrative support.

Other costs are being kept to a minimum, with 40% of the costs being straightforward pass-through costs, or in other words, costs that would be directly incurred by the companies. The costs form a large part of the BHL business plan numbers and include external audit fees, EY tax advice, insurance premiums and some administration costs such as CoSec support. It is assumed that Internal Audit costs are charged directly to subsidiary companies. In summary, the vast majority of the BHL budget costs would be incurred by BCC, whichever governance and assurance model were adopted.

The recharge costs to subsidiaries are indicative at this stage. BHL is operating on a lean basis, but there is flexibility to provide specialist ad hoc work, as and when required, as the executive team can flex their hours. This provides the maximum flexibility for the business and its stakeholders. It is important to note that should more specialist advice be required, for example as subsidiaries such as Goram Homes take on other complex Joint Ventures, then additional costs may need to be recovered via additional subsidiary recharges.

BHL has continued to provide an active role consulting very closely with the shareholder liaison team. In addition, BHL has played an important part in the executive recruitment process for BWC, as well as in the recruitment of the non-executive Director and head of the BWC ARAC. This support has been absorbed within the annual company recharges.

This plan assumes that BHL will continue to play an important governance and assurance role, advising stakeholders and ensuring governance and assurance environment is

embedded and 'fit for purpose.'

The overall cost of running BHL has been reduced by circa 50% over the last 3 years.

For the purposes of next year's budget, we have renegotiated the audit fees for the subsidiaries and appointed new auditors (Bishop Fleming) via running a competitive tender process. Overall, the management charges from BHL to the subsidiaries is to decrease by 9.2% compared with last year, against a backdrop of a forecast increase in the Consumer Price index of 2.6% per annum.

Note that recognising BCC budget concerns, we have reduced BHL staff costs by 3% compared to the current year. The other cost pressures arise from external audit and professional costs, where providers are looking to pass on the recent increases in Employers National insurance together with their own inflationary pay increases, however BHL have managed to mitigate these risks through the competitive tendering of services.

The table on the next page shows the make-up of the draft budget and recharges to the subsidiary companies.

Bristol Holding - Draft Budget 2025/26			
Original Budget 2024/25 £		Draft Budget 2025/26 £	Comments
Income			
	Charges to BCC		
309,294	Charges to Subsidiaries	280,931	
309,294	Total	280,931	
Expenditure			
178,557	Staff Costs	173,305	Management team, Co Sec Support
107,937	Supplies & Services	86,608	External audit fees, tax advice
Recharges from BCC/ Subsidiaries			
22,800	Insurance	21,018	Company insurances incl D&O
		-	
		-	
309,294	Total Costs	280,931	9.2% annual decrease
Surplus/ (Deficit)			
Current Charging Assumptions			
195,294	Bristol Waste	177,385	9.2% decrease in costs
114,000	Goram Homes	103,546	9.2% decrease in costs
309,294	Total	280,931	
-	Inherent shortfall	-	

Set out below are key sensitivities and financial assumptions underpinning the reforecast. It should be noted that some core costs, including Company Secretary, external audit, and group-wide insurance will be required under the future governance model.

Sensitivities

- *Contract inflation – Each 1% increase equates to additional costs of c.£3k.*
- *Delays in audit completion and costs incurred over budget: c.£15k.*

Financial Assumptions

- % Pay Awards, Pension & NI – in line with CPI
- % Inflation assumptions - 2% contracts and services provided by BCC
- All costs to be charged to subsidiaries.
- The company has minimal reserves.
- The company recharges for 25/26 are indicative and subject to final sums invoiced.
E.g., cost overruns for items like external audit fees could be recharged to subsidiaries.