

Governance Review Action Plan		Updated August 2018			Green- Complete/nearly complete Amber - In progress Red- Task stalled/Not started despite high priority Blank - Starting dependent on completion of another activity/Lower priority.		
Rec No./ Action No.	Recommendation	Action	Category/ Timescale	Action Update August 2018	Responsible Owner	Revised Date/ Review Date (if applicable)	R/A/G
1 a/ BCC1	1) The Shareholder needs clear commercial strategy. The strategy of the current administration is not clear. Any commercial activity engaged in by BCC must have a strategic, financial and operational home within the Council. The adoption in July of a Council Medium Term Financial Plan (MTFP) that covers finance and planning out to 2022 should be welcomed; however, as stated in the MTFP, BCC still does not have a commercial strategy, despite the fact that it has an interest in a range of commercial or quasi-commercial companies.	Complete and communicate the council's commercial strategy of which these companies are part. Obtain buy-in from politicians and the executive.	Short (1-3 months)	<p>The council is committed to ensuring the companies are given a clear strategic direction, and has reinforced the commitment to the original social and commercial objectives for each of the companies covered by this review. The Councils overall commercial strategy will be further informed by the newly appointed Commercial Director of the council who recently joined the council in August 2018.</p> <p>Various workstreams are underway with respect to integrating the companies business plans with the councils corporate strategy and values.</p> <p>The initiatives above feed into a regular milestone report, which is provided by the Shareholder Liaison Director to Shareholder Group meeting.</p>	Shareholder Liaison Director	Q3 2018	
1 b/ BCC 1a	1) The Shareholder needs clear commercial strategy. The strategy of the current administration is not clear. Any commercial activity engaged in by BCC must have a strategic, financial and operational home within the Council. The adoption in July of a Council Medium Term Financial Plan (MTFP) that covers finance and planning out to 2022 should be welcomed; however, as stated in the MTFP, BCC still does not have a commercial strategy, despite the fact that it has an interest in a range of commercial or quasi-commercial companies.	Risk appetite. Part of the challenge seems to be the appetite for risk has changed. We recommend that that BCC conduct a risk appetite review - an output being a shared understanding of the Council's risk appetite. The Council's statement of risk appetite must state clearly and fully the nature and extent of the key risks it is taking on and is willing to embrace as part of the delivery of the Council's MTFP (or other relevant planning or strategy document).	Short (1-3 months)	<p>Risks to each of the companies are reported and refined on a monthly basis and discussed at the Shareholder Group.</p> <p>The council has revised it's risk policy - and agreed that the Council's approach is to identify risk tolerance on a case by case basis. This is the approach which will be adapted to any new company.</p> <p>The diversity of the services delivered by the Council and nature of the risks it faces, means it is not possible to set a 'one size fits all' risk tolerance that managers and Members alike can apply and embed in strategic and operational decision making.</p> <p>The approach to risk in relation to a number of Bristol Energy joint initiatives has been reviewed which have presented a number of initiatives which have been progressed by taking a risk based, 'case by case' approach.</p> <p>A Shareholder Risk Register is in development which includes all the identifiable risks. These are characterised and mitigations identified that can be applied across the group as well as upon the individual businesses.</p>	Shareholder Liaison Director	Q1/Q2 2018	

2/ Joint 1	<p>2) Specify the requirements for the effective identification, development and management of collaborative business relationships within/between Shareholder/companies.</p> <p>Delivering services efficiently and effectively by utilising the companies' commercial credentials balanced by an element of public sector ethos will only be achieved by committing to collaboration, shared strategic direction and appropriate trust and respect about the roles of each organisation. It may be worth BCC considering the attainment of ISO 440001 – Collaborative Working.</p>	<p>Ensure everyone involved in the companies and at BCC signs up to a more respectful, effective and collaborative work ethos. Shareholder Group to develop an approach to share with companies and relevant BCC staff and then implement.</p>	Short (1-3 months)	<p>Interim Shareholder Liaison Director has concentrated on building effective relationships with CEO's and NEDs of each of the companies and this has already improved the exchange of information and understanding of the direction of travel.</p> <p>The corporate strategy was approved by full council in February 2018. Within the strategy are the new values which cover the principles by which the Council will work in a collaborative manner to do business.</p> <p>Shareholder Liaison officers attended values workshops in April. The values have been communicated to our companies as part of the kick off of the business planning process, alongside other corporate policies.</p> <p>Interim Shareholder Liaison Director to continue to engage with the companies and support the establishment of the informal forums so that items are dealt with at the right time and level. Further work to take place for example within the Council's Client Function to set up partnership working groups, particularly to improve the customer experience / journey.</p>	Shareholder Liaison Director	Ongoing	
3 /BCC2	<p>3) There are many conflicts of interest and a frequent concerns about people wearing 'many hats'.</p> <p>Absolute clarity on roles and responsibilities on the Boards, on SLT, on Shareholder Group, within the companies, with council staff and the cabinet is a priority. BCC must create a number of roles to oversee the effective governance of the Council's companies. The first critical hire is a Shareholder Liaison Director (SLD) who will sit at a senior level and whose primary role is to manage the interaction between the companies and the Council. The second critical hire is a company secretary. The SLD will be committed to collaboration between BCC and the trading companies for the delivery of a shared ambition of promoting dynamic, competitive companies that help deliver benefits to the Shareholder in the context of wider budget challenges and BCC goals.</p>	<p>Appoint a skilled Shareholder representative, 'Shareholder Liaison Director' to be the liaison between Companies and Council and officer NED sitting on all the company boards. Would also manage council's commercialisation agenda. There will be a need to re-allocate a small number of other resources as direct reports to ensure smooth operation.</p>	Short (1-3 months)	<p>An skilled 'Shareholder Liaison Director' (SLD) was recruited, on an interim basis in December 2017 - and growth bid will secure funding for that function to be funded as part of the permanent establishment. The SLD attends company boards as an 'observer' and representative of the Shareholders views in order to support effective communication.</p> <p>The SLD is currently supported by the Senior Client Manager, which is an existing post, and works closely with BCC Legal, BCC Finance, Client functions for the companies in Energy, Waste and ICT, and with the companies Management teams and Boards.</p> <p>All officers with conflicts have now been removed from the boards of the trading companies, Bristol Energy and Bristol Waste. Councillors have been appointed to the boards of the trading companies, Bristol Energy and Bristol Waste.</p>	Shareholder Liaison Director	Q2 2018	
4/ BCC 3	<p>4) Appoint a qualified company secretary to improve board minutes, board support, board planning and to ensure smooth operation of the Shareholder Group.</p> <p>This role is responsible for ensuring that governance matters are in place at the Boards and Board Committees and that BCC and its trading companies meet all regulatory, legal and corporate governance requirements.</p>	<p>Hire a full time company secretary.</p>	Short (1-3 months)	<p>As an Interim measure, a BCC Lawyer with company law experience is covering the company secretary role.</p> <p>The present arrangements are considered to be a significant improvement, even so the job specification of a dedicated company secretary is being considered within the context of this additional company law experience in the BCC Legal team which means the Company secretary is not needed to provide overall governance advice to the Shareholder. It is now suggested that the company secretary role should be dedicated to the companies only to avoid conflict of also providing advice to the Shareholder.</p> <p>The recruitment of a permanent Company Secretary to support the councils subsidiary companies will commence subject to evaluation of a suitable JD and person spec which is being progressed during August 2018.</p>	Monitoring Officer	Q2 2018	

5/BCC 4	<p>5) It is important that any NEDs fully understand their responsibilities to their board.</p> <p>The responsibilities of the role are those of a Director of a Company with limited liability as defined in law. The NED's principle purpose is to work towards the success of the Company by encouraging and challenging the Executive Directors, contributing to the strategic debate and monitoring performance against agreed strategies and plans. Directors represent the interests of the shareholder (BCC) and must ensure the highest standards of governance in line with the public service and corporate codes. The Board as a whole is collectively responsible for the success of the Company.</p>	<p>Put in place a clear Job Description and allowance structure for council appointed NEDs and set up a selection process to ensure quality and experience.</p>	Short (1-3 months)	<p>The JD for Non-Executive Directors has been reviewed, and a selection process, to ensure that members with the appropriate skills and experience has taken place.</p> <p>Legal advice suggests that neither members or officers can be remunerated by the companies for their roles on company boards.</p> <p>Training has been delivered to the officers already on the boards, and this training programme is being refined for the councillors who join the boards of any company in which the council nominates a board member.</p>	Shareholder Liaison Director	Q2 2018	
6/BCC5	<p>6) Change Non Executive Directors on the company boards.</p> <p>Each board will have one councillor NED who has some NED or relevant business experience and the SLD who will ensure that there is extensive communication and follow up from the boards. The SLD is a vital link between the companies and the Shareholder, having the authority and autonomy to help the trading companies deliver agreed benefits to BCC.</p>	<p>Remove all officer NEDs from the group of companies and appoint one councillor NED per company (and add the Shareholder Liaison Director (SLD) as the officer NED) to BH/BW/BIO/BE.</p>	Medium (3-6 months)	<p>All officers with conflicts have now been removed from the boards of the trading companies, Bristol Energy and Bristol Waste, and councillors have been appointed to the boards as 'council appointed' Directors.</p> <p>The SLD attends company boards as an 'observer' and representative of the Shareholders views in order to support effective communication.</p> <p>Officers will remain on the boards on the smaller companies Bristol Holding Ltd. and the Dormant company (BETS) whilst they have minimal functions, and mainly carry out administrative activities. Any decision to change these functions will trigger a review of membership.</p>	Shareholder Liaison Director	Q2 2018	
7/BCC 6	<p>Shareholder Group refresh. The Shareholder Group has not operated fully effectively since its inception. Roles are not clear, attendance is mixed and communication does not flow appropriately. The Shareholder Group acts with the delegated authority of the Cabinet to monitor and review the performance of the trading companies and any other commercial businesses established by the Council where BCC has a shareholding interest. The core objective of the Shareholder Group is to safeguard the Council's interest as shareholder and take decisions in matters that require approval of the Council as owners or part owners of these companies.</p>	<p>Review and agree the existing TOR for the Shareholder Group. Agree new attendees and improved meeting format as per the TOR</p>	Short (1-3 months)	<p>Shareholder Group TOR has been refreshed with the input of the Shareholder Group. The document will be subject to regular review from time to time to ensure the continued effective operation of the Shareholder Group.</p>	Shareholder Liaison Director	Q1 2018	

8/BCC 7	8) Resolve the significant gaps and inconsistencies in the paperwork. As highlighted in the findings, the original legal documents were initially well developed but never fully executed or implemented.	Agree and implement the Code of Practice, The Shareholder Agreement, The Shareholder Group and in so doing deal with the list of Reserved Matters and delegated authorities.	Short (1-3 months)	The Shareholder Agreement, and Reserved matters have been updated and strengthened in terms of their alignment. A new document, which is a Scheme of Delegations has been added to the suite which clarifies the delegated authorities.  At the Annual General Meeting of the companies in July, the Articles of each of the companies were agreed.  The 'Code of Practice' document will be refreshed during autumn to capture in the form of a 'Handbook' the revised governance arrangements which have been implemented as part of this governance action plan. Many sections of this have already been drafted, with 'advice' issued by the Shareholder on a number of topics and processes, along with a calendar of corporate events over the year with which the companies timescales need to be aligned.	Shareholder Liaison Director and Monitoring Officer	Q1 2018/Q3 2018	
8/BCC 7	As above	Put in place an annual review and make sure BH is legally a "thin" company.	Short (1-3 months)	Updated Shareholder Agreement has been entered into and clarifies BH's role in respect of the companies.  Plans to be considered for a purposeful annual review of all governance arrangements to ensure they remain fit for purpose.	Shareholder Liaison Director and Monitoring Officer	Q1/Q2 2018	
9/BCC 8	Ensure the governance process for new commercial ventures will work in reality as well as on paper. There are a significant number of learnings from this review and it is important these lessons are considered in future company set ups. In the first instance review Housing Company proposals.	Apply learning from this review to future proposed companies.	Short (1-3 months)	Housing Company workshop to take place in June to discuss lessons learnt and provide Shareholder Group feedback into proposals.  BCC Legal and Shareholder Liaison function working with Housing project manager to consider appropriate governance arrangements as plans develop.	Shareholder Liaison Director	Q2 2018	
10 /Joint 3	10) Commercial companies' remuneration issues. The BCC legal team is clear that the companies' remuneration is not linked to the council's pay structures. The delegated authorities proposed by ISAs, and agreed by the Shareholder Group, define for the companies the matters that need to be agreed by the SG. There are, we understand, outstanding remuneration matters that the company boards need to resolve and, where appropriate, get agreement from the SG.	Resolve any outstanding remuneration issues with Shareholder Group.	Medium (3-6 months)	All outstanding remuneration matters which have been passed to the Shareholder for the year 16/17 and 17/18 have been resolved.  Remuneration structures (including performance related pay arrangements) to be presented to the shareholder as part of the roll-out of the updated reserved matters and process of appointment of new Executive Directors. Review of these structures will be aligned and built into the shareholder decision making timetable.	Shareholder Liaison Director	Q2/Q3 2018	
11 /Joint 2	11) Agree the business planning process principles, and timelines.	Finance and the Companies agree a workable timeframe for future business planning. This needs to include dates, KPIs and outputs required.	Medium (3-6 months)	Finance Business Partner to work with the companies to ensure that business planning fits with councils budget process.  Specification for the business plan and financial reporting requirements were clarified to the companies in May 2018 in advance of the commencement of the business planning process.	Senior Client Manager/ Finance Business Partner	Q2 2018	

12/BCC 9	12) Shared Services provided by the Council.	Working group reporting to SHG to review services which council is providing to companies and ensure appropriate SLA's are in place. Ensure operational processes are in place to ensure impacts of 'projects' undertaken by council or companies do not have unplanned impacts on either parties.	Medium (3-6 months)	Conversations taken place with individual services around a gap analysis of SLA's and charging rates. This is part of a larger piece of work being led by the Resources directorate which aims to secure appropriate returns to the council for work done for third party organisations.	Senior Client Manager	Q2/Q3 2018	
13 a/BCC 10	13) Resolve Bristol Waste conflicts. There are four recommendations in this section that will deliver improvements in the BCC/BW Waste relationship.	Separating Waste Client responsibility, and appoint permanent Waste Manager responsible for developing waste strategy in line with Mayor's ambition for clean streets and managing an intelligent client management approach to the waste contract.	Short (1-3 months)	Interim Waste Strategic Lead recruited, and growth bid drafted to add funding for the role into the permanent establishment. Replacement 'Client Officer' role for the Waste Service advertised and interviews for both permanent posts are taking place during August.	Monitoring Officer	Q2 2018/Q3 2018	
13 b/BCC 11	13) Resolve Bristol Waste conflicts. There are four recommendations in this section that will deliver improvements in the BCC/BW Waste relationship.	Develop a revised BCC Waste Strategy that takes into account the gap between what the Council wants of its waste service and what it can afford. BW can input from a waste industry knowledge perspective.	Short (1-3 months)	Waste strategy is being reviewed in line with Government guidance. New contract developed in line with the 'contextual papers' and revised strategy discussed with BWC. To note that UK government will be producing a waste strategy within the context of its revised Environmental Strategy in Summer 2018.  Waste Client Lead to coordinate 'process improvement' sessions with the Interim Managing Director at Bristol Waste Company over the next three months.	Waste Client Manager/ Shareholder Liaison Director	Q2 2018/Q3 2018	
13c/BCC 12	13) Resolve Bristol Waste conflicts. There are four recommendations in this section that will deliver improvements in the BCC/BW Waste relationship.	Change the waste contract approach to an "intelligent client" style of contract. In the interim, ensure that there are appropriate contractual arrangements.	Short (1-3 months)	All contract documents and leases completed, signed and sealed in May 2018.  This provides the platform for developing the services in the future and refining the cost envelope - by identifying an investment programme that will improve the services whilst seeking process and financial efficiencies.	Waste Client Manager/ Shareholder Liaison Director	Q2 2018	
13d/BW 1	13) Resolve Bristol Waste conflicts. There are four recommendations in this section that will deliver improvements in the BCC/BW Waste relationship.	BW to adapt the existing 10-year plan to better meet the budget available as the BCC Waste Strategy develops.	Medium (3-6 months)	Action dependent on progression of action 13b/BCC11. Timescale for provision of new business plan identified. Co-operative approach to a 5 year plan for improving the service Teckal and the Commercial Services. Greater resilience will be built into the Board and the upper tears of leadership / management.	BWC MD	Ongoing	
14/BW2 /BE1	Internal audit from BCC and /or the companies. Establish an appropriate internal audit activity that covers the companies (BE/BW) to present plans to SG by end January 2018. This may be a combination of using some BCC audit staff and external specialist help. BE/BW to ensure that costs are included in 2018/19 business plans. Each January, the companies to present their annual internal audit plan to the SG.	Companies to be formally asked to develop internal audit arrangements and a clear annual audit plan.	Short (1-3 months)	Both companies are working with the BCC Internal audit team in order to support the development of the internal audit regime.  BE presented an update on their Audit committee and work plan for 2018/2019 at the Shareholder group meeting on the 17th April.	BE MD/ BWC MD	Q1 2018	



15a/BCC 13	15) BCC involvement in third party organisations. There are five actions that can improve BCC involvement in other companies to ensure better value, more cohesive management and potentially identification of opportunities.	Finish audit of other council companies to ensure all details are available of spend, commitments and liabilities.	Medium (3-6 months)	Action to form part of Company Secretary work plan. Action dependent on progression of action 4/BCC3 and 15a/BCC 13.  Action delayed due only to the need to prioritise the use of a finite resource.	TBC	Q3 2018	Blank
15b/BCC 14	15) BCC involvement in third party organisations. There are five actions that can improve BCC involvement in other companies to ensure better value, more cohesive management and potentially identification of opportunities.	Manage a database and regularise governance arrangements of companies where BCC provides non-executive or other representatives. Ensure there is a clear record of investment and other commitments.	Medium (3-6 months)	Action to form part of Company Secretary work plan. Action dependent on progression of action 4/BCC3 and 15a/BCC 13.  Action delayed due only to the need to prioritise the use of a finite resource.	TBC	Q3 2018	Blank
15c/ BCC 15	15) BCC involvement in third party organisations. There are five actions that can improve BCC involvement in other companies to ensure better value, more cohesive management and potentially identification of opportunities.	Other historic Co's - New Co Sec to set up process around providing half-yearly summary report of key activities and opportunities to SG and ensure any issues are raised as part of the standard SG meeting.	Medium (3-6 months)	Action to form part of Company Secretary work plan. Action dependent on progression of action 4/BCC3 and 15a/BCC 13.  Action delayed due only to the need to prioritise the use of a finite resource.	TBC	Q3 2018	Blank
15d/ BCC 16	15) BCC involvement in third party organisations. There are five actions that can improve BCC involvement in other companies to ensure better value, more cohesive management and potentially identification of opportunities.	Other historic Co's - Review all current NEDs and representatives against NED profile and recommend changes to SG if BCC spend/liability is significant.	Medium (3-6 months)	Action to form part of Company Secretary work plan. Action dependent on progression of action 4/BCC3 and 15a/BCC 13.  Action delayed due only to the need to prioritise the use of a finite resource..	TBC	Q3 2018	Blank
15e/ BCC17	15) BCC involvement in third party organisations. There are five actions that can improve BCC involvement in other companies to ensure better value, more cohesive management and potentially identification of opportunities.	Other historic Co's - Once the analysis is complete it may be necessary to appoint replacements and also provide support for existing or new appointees via training.	Medium (3-6 months)	Action to form part of Company Secretary work plan.. Action dependent on progression of action 4/BCC3 and 15a/BCC 13.  Action delayed due only to the need to prioritise the use of a finite resource.	TBC	Q3 2018	Blank
16/ BCC 18	16) BIO would find it much easier to have a "client" type function within BCC.	Ensure BIO has a council sponsor/client.	Short (1-3 months)	A principle has been established which ensures that appropriate client side capacity is maintained in-house to advise the Shareholder with respect to its companies. Growth bid being considered for the addition of resources into the ICT budget for some client capacity.	Shareholder Liaison Director	Q2 2018	
17/BCC 19	17) State Aid. There are mixed views on whether BCC is applying State Aid rules too harshly and in so doing putting restrictions on the trading companies. This needs to be resolved to see if there is any flexibility.	Conduct a review of State Aid advice. Incorporated in Shareholder Work Plan	Short (1-3 months)	Legal officers have further investigated the rules and guidance on state aid, and can confirm that in some circumstances it may be possible to take a different approach - for example, the Council may be able to provide 100% guarantees on a case by case basis.  State aid advice in other contexts is being reviewed on a case by case basis according to priority of action being undertaken.	Monitoring Officer	Q1 2018	
18/BW3	18) Complete Board committee structures. Whilst the BW board is functioning satisfactorily, there is further work to do on normal board sub committees.	Decide how audit and risk, remuneration and nominations committees will work in BW.	Medium (3-6 months)	Further work required in Bristol Waste to establish these structures in the context of changes in management team, and the council is proposing that the recruitment of a further NED for the Waste company may provide the board with increased capacity to operate a separate audit committee.	Shareholder Liaison Director	Q2 2018	
19/ BE2	19) Complete Board committee structures. Whilst the BE board is functioning well, there is further minor work to do on normal board sub committees.	Decide how remuneration and nomination committees will work in BE..	Medium (3-6 months)	BE Audit committee established and work with companies to establish their remuneration policies and committees will take place in autumn.	Shareholder Liaison Director	Q2 2018	

20/ BE 3, BW 4, BCC 20.	20) Quality assurance reviews and continuous improvement. <i>As normal good board practice, there should be regular board effectiveness reviews for all boards and we suggest a similar approach for the Shareholder Group. This will allow each board to look at improvements and development.</i>	<i>Establish with companies regular board effectiveness reviews for all boards and we suggest a similar approach for the Shareholder Group. This will allow each board to look at improvements and development.</i>	Medium (3-6 months)	Companies have been asked to consider how board effectiveness reviews can be planned into work programme, this includes considering independent support to carry these out (as well as linking this with training for boards).  The Shareholder Group considered the output of the board effectiveness reviews in July, and this will become an annual process hereafter. A shareholder group effectiveness review will be planned for January.	Shareholder Liaison Director	Q2 2018	
21 / BCC21	21) Develop a NED board training pack.	<i>To ensure that councillor, officer NEDs understand their roles and responsibilities, develop a simple NED familiarisation programme that can be used to train new appointees.</i>	Short (1-3 months)	A training approach is being devised which will cover individual training for board directors, as well as overall board effectiveness. Training for council officers on boards took place in early May. Content reviewed in preparation for training of new appointments to the company Boards and Director appointments to outside bodies to take place during summer 2018. A wider programme of training will be considered for a wide cohort of members.	Shareholder Liaison Director	Q2 2018	
22/ BCC 22	22) Continually review the optimum governance structure. <i>The review investigated how a selection of other UK local authorities run their commercial businesses and there is a wide variety of 'models' that have been adopted. What is clear is that without complete support from the executive and the politicians, as well as the freedom and appropriate funding, LATCs will not be successful. Governance is not set in stone and will need to be adapted as the portfolio of companies' changes, and the Shareholder needs to consider the impact to the Holding company when considering which companies make up the portfolio.</i>	<i>Continual review of BH as the subsidiary companies move in to the group.</i>	Medium (3-6 months)	Will be ongoing, as required. Council is considering the optimum governance structure for delivering key work streams in the next 12 months, and the function of the Holding company is critical to this consideration.  Housing company workshop took place in June (to discuss lessons learnt and provide Shareholder Group feedback into proposals). Further to this a discussion about the role of Bristol Holding Ltd as a parent company is taking place in August.	Shareholder Liaison Director	Q2/Q3 2018	
23/BCC2 3	23) Financial planning and maximising financial returns <i>Ensure there is appropriate financial resource available to BH, to ensure tax and other benefits are maximised as well as day-to-day accounting is undertaken.</i>	<i>Ensure there is appropriate financial resource available to BH, to ensure tax and other benefits are maximised as well as day-to-day accounting is undertaken. (Additional resource to be considered in line with development of Housing company .</i>	Short (1-3 months)	The council will be considering all of the relevant roles and the details of the financial resources required to support the Shareholder as further companies are proposed.	Director of Finance	Q2 2018	