

Decision Pathway Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 02 April 2019

TITLE	Bristol Energy Limited Business Plan 2019/20 –2023/24		
Ward(s)	All.		
Author: David Lawrence	Job title: Interim Shareholder Liaison Director		
Cabinet lead: Cllr Cheney	Executive Director lead: Executive Director Resources		
Proposal origin: <i>City Partner</i>			
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>			
Purpose of Report: To approve the 2019/20 – 2023/24 business plan for Bristol Energy.			
Evidence Base: It is intended that the Mayor (or his/her appointee) will make most decisions concerning the executive’s role in respect of company interests with the advice of the Shareholder Group. The approval of a five year business plan is an annual process, which sets the direction for the future of the company. Since this is a key decision, this decision will be made at Cabinet.			
Cabinet Member / Officer Recommendations:			
THAT CABINET			
<ol style="list-style-type: none"> 1. Approve the 2019/2020-2023/2024 business plan of Bristol Energy Limited, attached as Appendix A2 and Exempt Appendix J1, including the approval of the following in respect of the business plan period: <ol style="list-style-type: none"> A. Increasing the total cash funding envelope available for BE from the previously approved £31.3m to £37.7m, to support the core energy supply business (for the avoidance of doubt, this total cash funding includes any funding provided to BE to date). B. In respect of the total cash funding envelope, delegating to Director of Finance (s 151 Officer) in consultation with the Deputy Mayor for Finance and the Director of Legal and Democratic Services, authority to: (a) agree any phasing of the draw-down and other details of individual funding arrangements, and (b) negotiate, sign and enter into the necessary contract and agreements (including appropriate loans and guarantees in respect of such funding envelope). 2. Note that the limit of the parent guarantees and collateral support will remain at previously approved level of £17.6m. 			
Corporate Strategy alignment: Bristol Energy’s business plan aligns with the key theme of wellbeing, supporting Bristol to be on course to be run entirely on clean energy by 2050 via investment in renewable generation and developing innovative products to			

reduce domestic fuel consumption and tackle fuel poverty.

City Benefits:

The Bristol Energy's business plan will deliver the following benefits to the city:

- Addressing the inequality of the most disadvantaged paying disproportionately more for their energy.
- Financial savings for Bristol Citizens.
- Strengthening local communities.
- Increasing environmental sustainability and supporting Bristol towards a low carbon future.
- Making a first step towards the delivery of digital public services.

Consultation Details: Bristol Energy Company Board and Shareholder Group – October- March 2018/2019, City Leap joint working group – including representatives from Energy service - Jan – March 2019. OSMB – 27th November 2018. Cabinet members - 20th November 2018 and 12th March 2019.

Revenue Cost	See Appendix	Source of Revenue Funding	See Appendix
Capital Cost	N/A	Source of Capital Funding	See Appendix
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice:

The Council's investment in Bristol Holding as at March 2019 was £28.8m. A net impairment of £12.1m (taking into account the valuation of the group of companies under Bristol Holding) was recognised in the Council's own account and Bristol Holding Company's accounts for 2017/18.

Over the last 6 months, Bristol Energy (BE) had seen stable customer growth and had taken significant steps with the Council in restructuring its business operations and repositioning its strategy to align with the Council's strategic objectives. The revised business plan reflects key changes in strategies (e.g. product offer, pricing strategy, marketing strategy, margins on tariffs and overhead structures) in pursuing a realistic plan for a sustainable core supply business and also with the aim of building a sustainable energy service for the city with social value at its heart and to support Bristol to hit ambitious social and environmental goals set out in the One City plan.

Focusing on growing its customer base both locally and nationally, BE offers additional innovative energy services with its social mission to grow renewable fuel mix. They had recently won the Council's estate energy tender through a competitive process and the company's Fuel Good Fund has been gathering pace, supporting vulnerable residents around the city. They work in partnership with the Centre for Sustainable Energy and the Council to deliver meaningful impact to the lives of Bristol's citizens who are struggling with fuel poverty. In February 2019, Bristol Energy was the first energy supplier to trial selling 'Heat As A Service' with households in the UK (selling warmth, not kWh of gas). This was an important step in creating energy products and services fairly priced for everyone, and to support decarbonisation in the City.

Other significant steps taken also include actions ensuring BE as business would be 'City Leap ready', developing innovative pilots and projects demonstrating and transforming BE toward an energy service business and unlock additional value in the business.

Please see exempt appendix J2 for the further detailed financial commentary.

Finance Business Partner: Tian Ze Hao, Finance Business Partner
18/03/2019

Date:

2. Legal Advice:

Cabinet has already authorised the provision of a range of cash, credit, collateral and guarantee support to Bristol Energy (on market terms) in accordance with the Bristol Energy Operational Plan 2018/2019 and has delegated authority to the s 151 officer to negotiate, sign and enter into the necessary contracts and agreements (including appropriate loans and guarantees). The business plan currently being proposed requires a level of cash support beyond the current level of approval and accordingly requires Cabinet approval. In accordance with the above delegated authority, the terms under which this support is given will continue to be set by the s 151 officer and will include financial caps in the individual guarantees, and provisions addressing oversight of the company's utilisation of collateral support.

Legal Team Leader: Eric Andrews, Legal Team Leader
21.02.19

Date:

3. Implications on ICT:

Bristol Energy IT services are largely independent from BCC IT Services due to their specialist requirements; therefore there are no direct IT implications for BCC IT. However, BCC IT is supportive of Bristol Energy's role in advancing digital connectivity and it's role in delivering key City priorities.

ICT Team Leader: Ian Gale, ICT Service Delivery and Integration
19.03.19

Date:

4. HR Advice: The Business Plan highlights a number of workforce changes in the Company as a result of restructuring the business. These changes are the responsibility of the company to manage. However, as Shareholder, the Council is responsible for the appointment of board level directors. There have been a number of changes at Board level. The recruitment of three new non-executive directors has been completed and they will take up their roles during April 2019. The recruitment of a new permanent Managing Director has commenced and will be completed by May.

HR Partner: Mark Williams, Head of Human Resources – 7 March 2019

EDM Sign-off	Mike Jackson	26/02/2019
Cabinet Member sign-off	Cllr Cheney	25/02/2019
CLB Sign-off	Mike Jackson	26/02/2019
For Key Decisions - Mayor's Office sign-off	Mayors Office	04/03/2019

Appendix A – Further essential background / detail on the proposal - A1. Further information about proposal - A2. Bristol Energy Business Plan - Public document	YES
Appendix B – Details of consultation carried out - internal and external	YES
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal Bristol Energy intends to place an increased emphasis on the delivery of low carbon energy and diversification into new energy technology products. These are likely to deliver net environmental benefits. The principal environmental benefits of this proposal relate to the City Leap project which is the subject of a separate Cabinet report and has its own eco impact assessment	NO
Appendix G – Financial Advice - See Exempt Appendix J2	NO
Appendix H – Legal Advice	NO

Appendix I – Combined Background papers	
Appendix J – Exempt Information <ul style="list-style-type: none"> - Exempt Appendix J1. Bristol Energy Exempt Business Plan 2019/20 - 2023/24 Exempt Appendix J2. Exempt Financial commentary 	YES
Appendix K – HR advice	NO
Appendix L – ICT	NO