

Decision Pathway Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 21 January 2020

TITLE	Bristol Holding Limited Group Company Business Plans 2020/21 – 2024/25		
Ward(s)	All.		
Author: Penny Fell	Job title: Director Commercialisation, Citizens and Shareholder Liaison		
Cabinet lead: Cabinet Member for Finance, Governance, Performance and Shareholder	Executive Director lead: Executive Director, Resources		
Proposal origin: City Partner			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: To approve the 2020/21 – 2024/25 Business Plans for the Bristol Holding Ltd. Group of Companies.			
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. Cabinet approval of a five year rolling Business plan is an annual process, which sets the direction for the future of the companies. This report seeks approval of Business plans in relation to Bristol Holding Company Limited, Bristol Waste Company Limited, Goram Homes Limited, and Bristol Energy Limited. In April 2019 Cabinet authorised the provision of a range of cash, credit, collateral, and guarantee support to Bristol Energy (on market terms) and has delegated authority to the council's s151 officer to negotiate, sign and enter into the necessary contracts and agreements (including appropriate loans and guarantees). This Cabinet Report does not alter the financial limits set in that April 2019 Cabinet Report, that will remain in place for the revised Business plan period of 2020/2021 – 2024/2025.			
Cabinet Member / Officer Recommendations: That Cabinet: In relation to Bristol Holding Limited 1. Approves the 2020/2021 Business Plan of Bristol Holding Limited (company number 9302408). In relation to Bristol Waste Company Limited: 2. Approves the 2020/2021 Business Plan of the Bristol Waste Company Limited (company number 09472624). In relation to Bristol Energy Limited: 3. Approves the 2019/2020 – 2024/2025 rolling Business Plan of the Bristol Energy Limited (company number 09135084).			

4. Notes that, pursuant to the Bristol Energy Business Plan approved in April 2019 for the period 2019/20-2023/2024, the following approvals remain in place in respect of the revised Business plan period (2020/2021-2024/2025):
- a) a cash funding envelope of £37.7m, to support the core energy supply Business (this total cash funding includes any funding provided to BE to date); and
 - b) a limit of £17.6m on the parent guarantees and collateral support.

In relation to Goram Homes Limited:

5. Approves the 2019/2020 – 2024/2025 rolling Business Plan of Goram Homes Limited (company number 11597204).

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 through investing in renewable energy generation, and developing innovative products to both reduce domestic fuel consumption, and tackle fuel poverty.

Bristol Waste's Business Plan aligns with the key theme of Wellbeing, by both creating environmental improvements to ensure people enjoy cleaner streets, together with moving towards a more 'circular economy', where goods and materials are reused and recycled rather than discarded: effective waste management can also help contribute to protecting both the economy and the environment, with positive wellbeing outcomes.

Goram Homes Business Plan supports the 'Fair and Inclusive' commitment to building 2,000 homes per year by 2020.

City Benefits:

Bristol Holding Ltd will support the Council, through its companies, to achieve the following:

- Putting Citizens at the heart – providing great services that are right for all citizens and customers
- A commercial approach, which secures value for money and optimizes all available resources
- Partnerships and collaboration – to maximise opportunities for joint working, particularly in the context of Bristol City Council, its family of companies and the one City Plan
- Governance, fairness and transparency – implementing robust procedures to ensure regulatory and legal compliance
- Ethical standards – ensuring the well-being and protection of the work forces throughout the companies.
- Innovation and improvement – continuously developing and improving our processes and working innovatively to secure improved outcomes.

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.

Bristol Waste's Business Plan benefits the City through the added value that BWC brings, working collaboratively with residents, Business customers, partners and the council, to encourage behaviour change, and increase recycling and re-use, helping to make the City measurably cleaner, in both public areas and Business districts.

Goram Homes Business Plan will assist with increasing the supply of decent housing that will contribute to the overall health and wellbeing and quality of life for Bristol residents. Currently, demand for housing in the city far exceeds supply, resulting in high rents and house prices. The Goram Homes Plan provides for an increase in the availability and affordability of a range of housing types, creating communities where people want to live and work.

Consultation Details:

At the Annual Shareholder Group Meeting on 25 July 2019, the Companies' Boards met the Shareholder Group to

discuss high level company strategies.

Since September, the Companies have been developing their respective rolling Business Plans: each of the Business Plans contained in the Appendix have therefore been through an iterative process, including:

- a. Discussion and challenge at subsidiary board level by Independent Non-Executive Directors
- b. Discussion and challenge at Bristol Holding Ltd Board
- c. Discussion and challenge by statutory officers as well as discussion and review by the Shareholder Group on 18 November 2019.
- d. Review by Resources EDM on 27 November 2019, approval at Cabinet Member briefing on 9 December 2019, and Cabinet Board on 17 December 2019.
- d. Members of Overview and Scrutiny Management Board (OSM) were briefed at their meeting on 18 December 2019, with representatives from both Companies and the Shareholder in attendance.

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 checked="" type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

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

1. Finance Advice:

Bristol Holding Limited

The Business Plan has been reviewed and no significant items have been noted with regard to the financial position set out therein.

The Holding company will recover its costs via management charges to the subsidiary companies and bring the needed degree of scrutiny, control and consistent use of processes and governance arrangements across the group.

Bristol Energy Limited

The Business Plan has been reviewed and whilst the challenges facing the company are not insignificant, not least achieving break-even by FY 23-24 no significant items have been noted with regard to the financial position set out therein, save as noted hereunder.

Peak Funding requirements of £37.3m remain within the Cap agreed by Council of £37.7m.

The level of collateral (PCG) required shows a requirement of £19.5m by FY 24-25, which is in excess of the £17.6m approved by Council. This is being addressed with the company.

Goram Homes Limited

As Goram Homes is a relatively new company without (as yet) a significant pipeline of properties / developments, the financial position set out within the Business Plan is by its nature high level.

Accordingly, no significant items have been noted with regard to the financial position set out therein.

Bristol Waste Company Limited

The Business Plan has been reviewed and no significant items have been noted with regard to the financial position set out therein.

The Plan includes a range of planned Investments, some of which will require Cabinet approval, subject to sign-off and approval of the individual business case(s). It should be noted that no further funding has been earmarked within the MTFP and thus any funding required for innovation / initiatives, will need to be self-financing.

The Plan includes growth in Commercial revenues, predominantly non-Teckal, over the period.

Finance Business Partner: Paul Keegan, Interim Finance Business Partner

Date: 7th January 2020

2. Legal Advice:

Approval of the company Business plans is a Reserved Matter and requires Shareholder approval. In addition, insofar as any Business Plan requires a commitment from the Council which would comprise a key decision, (e.g. investment above £500k) then this requires separate approval by Cabinet. As before, it is also important that any support for the companies continues to comply with state aid requirements.

Bristol Holding Limited

Approval of the Bristol Holding Limited Business Plan is a matter reserved to the Council, as Bristol Holding's Shareholder, under Bristol Holding's Articles of Association. Approval of the recommendations in this Cabinet report will constitute such Reserved Matter approval on behalf of the Council, as Shareholder.

Bristol Holding has not identified any other Reserved Matters that require approval as part of this Business plan, and so no other Reserved Matter approvals are being requested or approved at this time.

Bristol Energy Limited

Approval of the Bristol Energy Limited Business Plan is a matter reserved to the Council, as Bristol Energy's ultimate Shareholder, under Bristol Energy's Articles of Association. Approval of the recommendations in this Cabinet report will constitute such Reserved Matter approval on behalf of the Council, as Shareholder.

Bristol Energy has not identified any other Reserved Matters that require approval as part of this Business plan, and so no other Reserved Matter approvals are being requested or approved at this time.

Goram Homes Limited

Approval of the Goram Homes Limited Business Plan is a matter reserved to the Council, as Goram's ultimate Shareholder, under Goram's Articles of Association. Approval of the recommendations in this Cabinet Report will constitute such Reserved Matter approval on behalf of the Council, as Shareholder.

Goram Homes has not identified any other Reserved Matters that require approval as part of this Business Plan, and so no other Reserved Matter approvals are being requested or approved at this time.

Bristol Waste Company Limited

Approval of the Bristol Waste Company Limited Business Plan is a matter reserved to the Council, as Bristol Waste's ultimate Shareholder, under Bristol Waste's Articles of Association. Approval of the recommendations in this Cabinet report will constitute such Reserved Matter approval on behalf of the Council, as Shareholder.

Bristol Waste has not identified any other Reserved Matters that require approval as part of this Business plan, and so no other Reserved Matter approvals are being requested or approved at this time.

Bristol Waste's Teckal status needs to be continually kept under review to ensure that the existing contractual arrangement between BCC and Bristol Waste is adequate from a procurement perspective, as well as taking into account state aid considerations.

Legal Team Leader: Husinara Jones, Solicitor and Team Leader – Commercial & Governance Team, Claire Jeffwitz, Solicitor

Date: 7 January 2020

3. Implications for ICT:

- **Bristol Holding** – Whilst there is no direct impact on IT Services, the improved approach to Governance (that will include IT elements) is very much welcomed.
- **Bristol Energy** - No anticipated impact on IT Services

<ul style="list-style-type: none"> • Bristol Waste - No anticipated impact on IT Services • Goram Homes - No anticipated impact on IT Services 		
ICT Team Leader: Simon Oliver, Director of ICT and Digital Transformation Date: 4 December 2019		
4. HR Advice: No HR implications evident for employees of Bristol City Council. Any impact on employees of the companies will be identified and managed by the companies themselves.		
HR Business Partner: James Brereton, People & Culture Manager Date: 11 December 2019		
EDM Sign-off	Executive Director of Resources	27 November 2019
Cabinet Member sign-off	Cabinet Member for Finance, Governance, Performance and Shareholder	9 December 2019
For Key Decisions - Mayor's Office sign-off	Mayor's Office	19 December 2019

Appendix A – Further essential background / detail on the proposal <ul style="list-style-type: none"> • A1. Bristol Holding Ltd Board – Commentary on Business Plans • A2. Bristol Holding Ltd Board – Business Plan 2020/21 • A3. Bristol Energy Business plan - 2020/21 –2024/25 • A4. Bristol Waste Company Business plan - 2020/21 –2024/25 • A5. Goram Homes Business plan. 2020/21 – 2024/25 	NO
Appendix B – Details of consultation carried out - internal and external <ul style="list-style-type: none"> - Bristol City Council Client functions – commentary on business plans 	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	YES
Appendix G – Financial Advice <ul style="list-style-type: none"> • Financial commentary on Business Plans 	NO
Appendix H – Legal Advice	NO
Appendix I – Combined Background papers Previous Business plans of the companies. <ol style="list-style-type: none"> 1. Cabinet report 2 April 2018: Business Planning Update: Bristol Holding Ltd 2019/20 2. Cabinet report 22 Jan 2019: Business Planning Update: the Bristol Waste Company Ltd 2019/20 – 2021/22 3. Cabinet report 2 April 2018: Bristol Energy Limited Business Plan 2019/20 –2023/24 4. Cabinet report 4 September 2019: Creation of the Housing Company 5. Cabinet report 2 April 2018: Bristol Is Open: Assessment of Next Steps 	
Appendix J – Exempt Information <ol style="list-style-type: none"> 1. Exempt Appendix J1. Bristol Holding Ltd Board – Exempt Commentary on Business plans 2. Exempt Appendix J2. Exempt appendix to Bristol Energy Business Plan 2020/21 –2024/25 3. Exempt Appendix J3. Exempt appendix to Bristol Waste Company Business Plan 2020/21 –2024/25 	YES

<p>4. Exempt Appendix J4. Exempt appendix to Goram Homes Business Plan. 2020/21 – 2024/25</p> <p>5. Exempt Appendix J5. Exempt Financial commentary on Business Plans</p>	
<p>Appendix K – HR advice</p>	<p>NO</p>
<p>Appendix L – ICT</p>	<p>NO</p>