

Bristol Holding Limited

Business Plan

2021/2022

As a Group, efficiently deliver outstanding services that contribute **economically** and **socially** to the success of Bristol.

BRISTOL
holding



Bristol Holding Limited

Business Plan 2021/2022

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Foreword



By Peter Beange
Executive Chair,
Bristol Holding Co Ltd

I am delighted to introduce our 2021/22 Business Plan (BP). Bristol Holding Company (BHL) has just completed its first year since it was re-launched by Bristol City Council (BCC), and what a year it has been for the new team!

As our end year review below outlines, our original plans for 20/21 were impacted by the unanticipated sale of Bristol Energy (BE), and the impact of COVID 19. Despite these major unplanned events, our shareholder has expressed their support with our progress and impact in our first year and this business plan focuses on consolidating this progress and positioning the BHL Group for future growth.

The BHL Board remains ambitious about the opportunities and benefits we can offer the Council. In the next year uncertainty will remain high, however, COVID 19 has not only exposed strengths and weaknesses in our businesses and services, but also opened new opportunities. In the next year as we all navigate our way through these uncertain times BHL wants to maximise the benefits we can bring to Bristol. This plan sets our priorities for the coming business year to ensure we continue to deliver for Bristol, its communities and meet the ambitions of BCC.

2020/2021 Review

Our first year BP was focused on transition, and we have made excellent progress, quickly establishing the BHL Board and our small operational team delivering improved governance and assurance, performance oversight, business scrutiny and shareholder assurance in regards our existing group of subsidiaries¹.

Despite the impact of the BE sale and COVID 19, we still made significant progress against our stated objectives, including:

- Quickly establishing group-wide governance arrangements, with specific focus on scrutinising and shaping individual company Business Plans and providing the Council with assurance in regards company performance.
- Introducing a group-wide Risk Management framework overseen by a group Audit & Risk Committee.
- Adopting a consistent approach to remuneration and senior appointment nominations, overseen by a group Remuneration Committee.
- Advancing a shared service approach across the group, starting with finance and accounting systems.

In addition to our core role, last year we supported BCC in their commercial and operational assessment of Bristol Is Open (BiO) and worked with the Council's Energy Services Team to establish Bristol Heat Networks (BHN), a new company within the BHL Group established for the purpose of managing the extension of the existing Old Market and Redcliffe heat networks².

BE continued to underperform in a particularly challenging energy retail sector and between March and June last year the BHL team were heavily involved with the BE Board, supported by external specialists, to consider the future of the business. This intensive period of work with the Council culminated in the Cabinet decision to sell BE, and in June we went to the market to seek buyers for the commercial and residential retail business. The sale of the BE business concluded on 30th September³, and the BHL team has continued to work alongside the small remaining BE 2020 Ltd⁴ team to wind the company up during FY21/22.

The Bristol Waste Company (BWC) business has had a challenging year, being severely affected by the COVID 19 impact on staffing levels and wider cost areas, whilst continuing to maintain key waste services throughout the City, and continuing to grow its recycling footprint with the reopening of the Avonmouth site in March 2020. Diversification and expansion of its non-teckal business is key to BWC's growth and in February last year the company secured its first Facility Management (FM) service contract in the City⁵. Finally, BWC have worked closely with BCC Resources team to consider the potential transfer of selected BCC FM services to BWC from 2021.

2020/2021 Review

On the housing front, the Council's newly established Goram Homes business has continued to step up its operation and enter their first Joint Venture (JV) Limited Liability Partnerships⁶ (LLP) to develop the Romney Homes and Baltic Wharf sites. By Mar 2021, Goram had entered into two JV contracts, established a pipeline of 1400 new homes, and created a repeatable legal joint venture template, as well as standing up a fully operation business.



"Working closely with council and subsidiary colleagues, we have led a series of significant commercial and business events for BCC over the year, whilst also delivering our core scrutiny and performance oversight roles."



Despite the significant impact of COVID 19 on the BHL Group, with all but key BWC operative staff working from home since March 20, the BHL team has quickly earned the confidence of the Shareholder and key council cross-party groups⁷ who have expressed their support and continued commitment for the BHL business model concept. Working closely with council and subsidiary colleagues, we have led a series of significant commercial and business events for BCC over the year, whilst also delivering our core scrutiny and performance oversight roles.

We are Dedicated

We strive to make a difference

We are Curious

We ask questions and explore possibilities

We show Respect

We treat each other fairly

We take Ownership

We accept personal accountability

We are Collaborative

We come together to reach shared goals

¹ Bristol Energy, Bristol Waste Company & Goram Homes.

² Funded partly by a Heat Network Investment Project (HNIP) grant from the Dept of Business, Energy & Industrial Strategy (BEIS).

³ Yu Energy and Together Energy bought the BE commercial and residential business, respectively.

⁴ With the transfer of the BE Brand as part of the sale to Together Energy, the BCC owned company was renamed BE 2020 Ltd from 1st October 2020.

⁵ Triodos Bank, Bristol.

⁶ Vistry LLP JV to develop Romney Homes and a JV LLP with Hill Residential Ltd to develop Baltic Wharf.



“This plan sets our priorities for the coming business year to ensure we continue to deliver for Bristol, its communities and meet the ambitions of BCC.”

The Year Ahead

Although impacted by the BE sale and impact of COVID 19 on last year’s group performance, the BHL Board’s vision and plans remain positive and ambitious. As we reset the business plan for 2021-22, BHL has proven agile leadership and can adapt to look at new challenges and opportunities. We judge the change in the portfolio of companies and the impact of COVID 19 on council resources as an opportunity to drive change, to create efficiencies and new service opportunities, and to ensure successful company performance within the Group.

This coming year we will continue to consolidate and embed the solid progress made last year in regards maturing our governance and operational oversight across the BHL Group. Beyond our core role, and given our finite BHL resource, we will focus our support around assisting BWC, BHN and Goram Homes to grow their respective business. BHL will also need to close out any final liabilities remaining from the BE windup activity and support BCC in dissolving the remaining BE 2020 Ltd entity. Finally, we intend to use our commercial expertise and experience to assist BCC in considering alternative delivery models for a range of wider council service areas to deliver greater social and commercial value to the Council.

Our 2021/22 objectives supporting the above priorities are captured at Appendix 2.

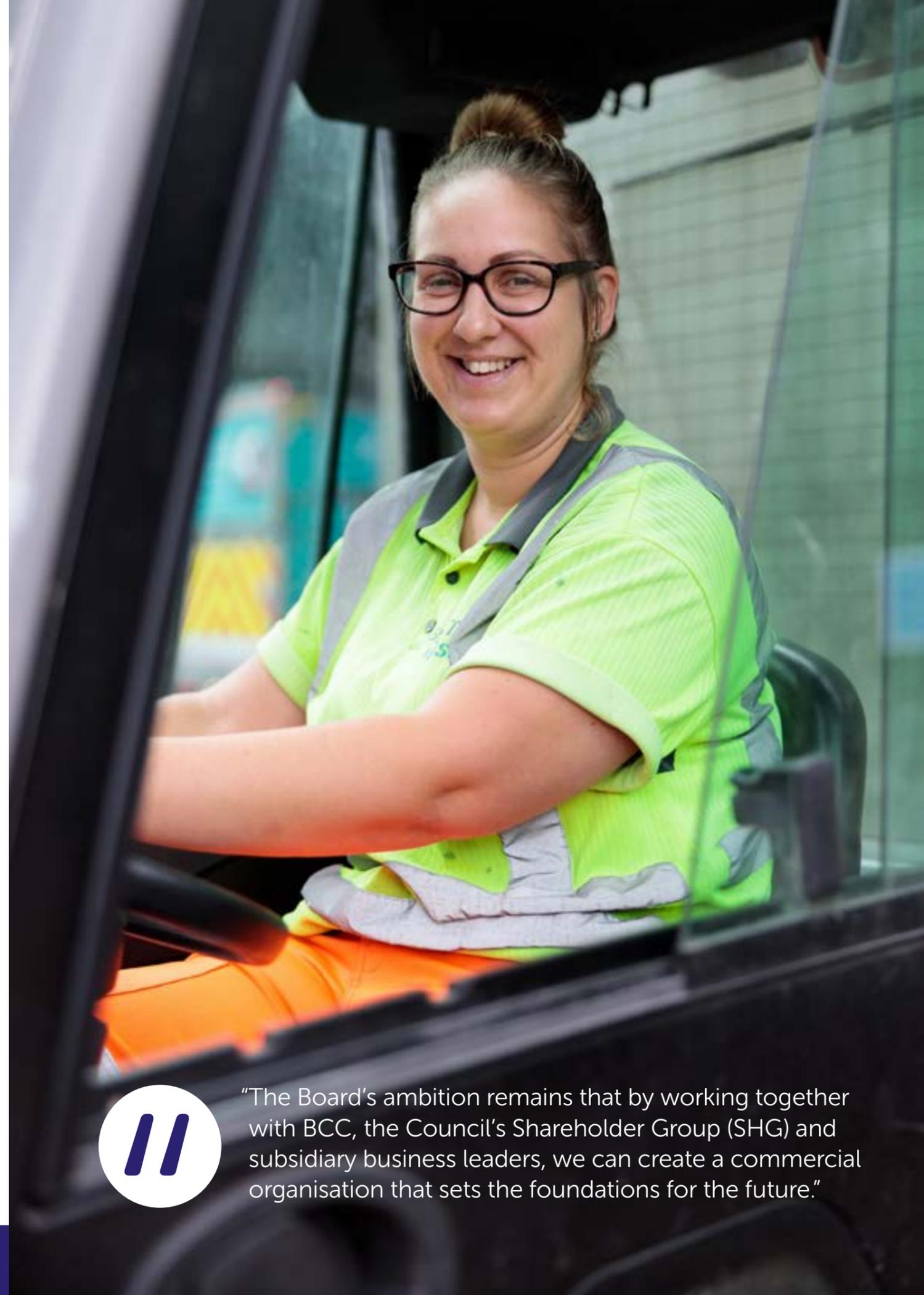


An Enduring Vision

The Board’s ambition remains that by working together with BCC, the Council’s Shareholder Group (SHG) and subsidiary business leaders, we can create a commercial organisation that sets the foundations for the future.

A group model that will be seen to strengthen governance and be effective in delivering quality services in a commercially effective and efficient manner, whilst ensuring a strong contribution to improving social value. By doing so, we will be judged by others as a centre of excellence within the City of Bristol, attracting alternative commercial delivery models for existing BCC services.

⁷Such as the Council’s Overview and Scrutiny Management Board.



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Bristol Holding Company Ltd (BHL) Value Proposition

All subsidiaries within the BHL Group will continue to deliver business specific services in their own field of expertise. BHL has proven its value to BCC by performing specific governance and oversight functions necessary to ensure the continuing effectiveness of the Council along with safety, regulatory compliance and effective management of risk, and we will continue to fulfil these key roles going forward.

First and foremost, BHL will continue to provide the necessary governance, scrutiny, and assurance that the Council's strategic objectives for each subsidiary are being delivered, and that the individual subsidiaries are being run correctly. Next, and to relieve the Council of the day-to-day supervision of their companies, we will continue to represent a single voice in reporting and oversight of the subsidiaries despite the significant differences across the businesses. By providing these activities, the BHL team will in effect be acting as BCC's delivery partner.



"In the longer-term, we aspire to also save costs and thus increase returns across the Group and ensure compliance through a range of back-office shared services for, and on behalf of, the individual subsidiaries."

Governance & Risk Management

The BCC Shareholder Liaison team recently launched a review of the existing governance arrangements and levels of delegation with consideration to better enable BHL to operate more directly with subsidiaries across the Group, whilst protecting the Shareholder and BCC's interests.

Concurrently, BCC's Internal and external audit teams⁸ each carried out various governance reviews and the overall result is anticipated to lead to changes to the existing arrangements that BHL will need to consider and support in 2021/22. The BHL Board established a range of group wide committees in 2020⁹, including the Group ARC attended by all companies.

Governance

A combination of internal and external audit reviews concerning governance of BCC's companies is expected to result in a range of recommendations to further improve the current arrangements.

Separately, BHL has submitted a paper to the SHG setting out recommended changes to elements of the current governance arrangements. We expect to develop these options and recommendations with the Shareholder and once these findings are considered and agreed by BCC, BHL expect to contribute towards any necessary changes throughout this BP period. The longer-term aim will be to transition to a more effective governance environment at reduced overall cost.



"The longer-term aim will be to transition to a more effective governance environment at reduced overall cost."



Risk Management

The BHL Group ARC was established last year and meets quarterly. This group-wide approach has already contributed towards a successful accounting year audit outcome, as well as acting as a single voice between the BHL Group and BCC's Internal Audit team.

Likewise, whilst identification and management of the risks associated with each subsidiary within the Group remain the responsibility of the respective business Board, the BHL ARC developed and successfully introduced a BHL Group Risk Framework that has been adopted by all companies and is now starting to deliver a consistent view on risks within the group and their management plans as well as improved mitigation plans.

The introduction of the group risk framework and methodology is a good start. However, experience has already highlighted inconsistency in regards risk management within the companies and there is also a need to link and escalate related risks to BCC, where appropriate. Consequently, this year's BP includes a key objective to continue to improve risk management within individual companies and across the Group, all aligned to the Group Risk Framework and to ensure consistency for the risks that BHL manages across BCC, BHL and subsidiaries.

The BHL Board has now developed a full risk register for BHL and reviews company risk monthly in addition to planned "deep dives" by the audit and risk committee. In addition, the BHL Board also reviews risk at a Group level and the risks at Appendix 3 represent the key risks that impact BHL and the Group in delivery of this business plan which we will continue to manage throughout the BP period.

⁸ Grant Thornton carried out a VFM exercise which included a review of the Council's governance arrangements around their wholly owned subsidiaries.

⁹ Audit and Risk Committee, and a separate Remuneration and Nomination Committee.



BHL Growth – Acting as BCC’s Delivery Partner

As stated in last year’s BP, our priority has been to engage stakeholders and to assist subsidiary business Boards and individual company management teams to ensure the successful performance of each group company.

This assistance is provided in many ways, including providing challenge in regards ensuring deliverable and affordable company plans, providing commercial and operational insight to company performance and/or direct intervention to support specific activities. This year we will not only continue to support each subsidiary in their individual growth plans as highlighted below, but we will establish our new company (BHN) as a fully operational business and work closely with BCC to address future alternative delivery options for their council services.



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Bristol Holding Limited (BHL)

The BHL Board has considered its current structure, resources and governance relationships with BCC and existing subsidiaries, and proposed various efficiency and effectiveness measures to the Shareholder.

We judge these measures essential to minimise BHL Group operating cost increase to the Council whilst more effectively positioning BHL Group for subsequent growth. We hope that these measures will be supported by the Shareholder and may require additional actions in this BP period.

Bristol Waste Company (BWC)

BWC’s separate 2021/22 BP includes a dependency on improving its capital assets through gaining approval for two respective business cases (BCs)¹¹, and BHL will assist and support in the development and scrutiny of both BCs to ensure that BWC are able to deliver the underpinning efficiencies that these capital assets would deliver.

In addition, BWC has spent considerable resource last year working with BCC to assess which Council FM services would be more effectively and efficiently delivered through BWC. BHL will continue to support, advise and scrutinise each element of this proposal whilst ensuring that the risk to ongoing BCC waste and FM services is appropriately considered and managed.

Goram Homes

Goram Homes has recently established its first JV LLPs to develop the Romney and Baltic Wharf sites, and the BHL Team will continue to support the Goram team in ensuring these partnerships are effectively established in order to deliver these essential housing programmes.

We will also support the Goram team in working with BCC Housing teams to identify and ensure a future pipeline of council sites for new housing developments.

As the only company within the BHL Group not to be governed under public law, Goram Homes position and relationship with BCC, BHL and within the wider group is unique. Whilst BHL will continue to support and advise the Goram Homes team and shareholder, particularly in matters that are Reserved for the Shareholder, it is important that neither BCC nor BHL act in a way that could weaken (or appear to weaken) the commercial character of this company.

Bristol Heat Networks (BHN)

As outlined earlier in this BP, BCC established BHN last year to support the delivery of the HNIP bounded extensions to their existing Old Market and Redcliffe heat network projects.

BCC has since recognised that it would be more effective and lower risk if all council heat network related Energy Service staff and assets operated within BHN and that the new company should assume full end-end responsibility for BCC heat network services. Consequently, it is anticipated that following due diligence and determination of the necessary business case, requiring Cabinet approval, that BHN will have established a fully operational business during 2021.

The BHL team have ensured that the new BHN governance is lean by appointing BHN Company Directors from the existing BHL Board. This approach ensures alignment across BHL/BHN and reduces the cost of establishing a separate set of independent directors. Going forward, the BHL team will also support BHN to roll-out a lean support structure for the new BHN company by providing a shared service back-office environment for BHN utilising existing services from across the wider BHL Group.

Throughout this BP period, the BHL Team will need to ensure that the BHN operation is properly established and resourced, and that the new company is able to deliver against its BP. The BCC Strategic Client¹³ role is a new governance relationship and BHL will also need to work with BCC to ensure that this role is understood and that the overall governance with and between BCC Shareholder, Strategic Client, BHN and BHL Boards is effective.

¹¹ Avonmouth Phase 2 enhancements and Electric Vehicle Fleet.

¹² BCC Heat Network Marketing, Business Development, Sales, Project Management+ and Delivery.

¹³ BCC Exec Dir G&R acts as Strategic Client for the Council’s Energy Services, including Heat Network Services.



City Leap

The City Leap Programme has taken stock and listened to the market in regards feedback from the first bidders round last year.

Moreover, BCC's sale of BE changes the environment, and this has also required a review of the wider programme going forward. BCC has returned to the market to seek partners in the City Leap venture and BHL is targeted to act as the Council's 50% owner of the subsequent Joint Venture (JV) Company established under City Leap. This governance arrangement with the CL JV and council strategic client will require consideration and preparation throughout this BP period.

Our Targets This Year

For FY 21/22, it is intended that each of the BHL Group of companies will continue to track their progress and measure success against individual business plans and an agreed set of Key Performance Indicators (KPIs).

Appendix 2 is a summary of BHL's key targets for the period of this plan, and progress against these actions will be reviewed by the BHL Board and Council Shareholder on a quarterly basis.



"This governance arrangement with the CL JV and council strategic client will require consideration and preparation throughout this BP period."

Finance

Whilst initial focus for BHL last year was transitioning to full operational capacity, increasing our establishment from 2.6 to 3.8 FTEs, and delivering on key group policies and procedures, most notably risk management and rationalisation of audit and remuneration processes, key resources have inevitably had to be directed throughout the year to supporting the review of Bristol Energy and the subsequent asset sales and transition to the new owners.

This has been followed by the process of winding up of the residual company BE2020 Ltd, and a key task for the months ahead for BHL will now be its final winding up, as outstanding assets and liabilities crystallise.

The Bristol Energy issue had significant implications for BHL's 2019/20 financial performance. Although generating a small operating surplus for the year, the requirement to impair investment assets in, and write off of accrued preference share interest from the BE meant actual losses for the year of £28m. There will be a need for further impairment in 2020/21 following the asset sale.

In parallel we successfully set up all financial and administrative systems for inception of BHN. This has not been an insignificant task, as we had to develop from scratch, and at pace, fit for purpose and flexible costing, billing, accounting and asset management systems and procedures for the new company, operating in a full commercial environment. We also ensured all arrangements were in place to satisfy requirements for securing the HNIP Grant to support delivery of heat networks in the Old Market and Redcliffe areas. This was all successfully implemented using existing resources within the BHL Group, demonstrating a lean and agile approach to project delivery.



"The focus for the year ahead will be delivery of the £26m capital programme, extending supply to new customers in line with business plan assumptions, and expansion of the company to incorporate BCC's residual network and assets prior to this transitioning to City Leap in the near future."

The review and sale of BE resulted in significant extraordinary costs during last year which were recovered from the company. Excluding these one-off costs, we continued to deliver efficiencies, keeping the core BHL team to a minimum, ensuring use of resources within the Group where possible, and only using external support where essential. That way we have strived to maximise value to subsidiaries and the Shareholder. We have reflected savings assumptions in the draft budget for 2021/22 with a minimum 5% reduction in controllable costs. Wherever possible, we will aim to move forward on delivering shared support services across the subsidiaries, and along with improved financing arrangements, maintain our aim, over the medium term, of being able to demonstrate an overall positive cost/ benefit position for the Council than before stand up of the team in 2019.





However, the loss of BE as our largest company (in terms of turnover) will have significant resource implications going forward for BHL, which will have to be absorbed by the remaining companies, as shown in the table below. We have reduced our cost base by some £45k compared to the 2020/21 base (excluding the extraordinary costs required to manage the BE sale process). Charges to subsidiaries incorporate an assessment of work still required to wind up the residual BE2020 business, and the transition of Bristol Heat Networks into the City Leap Joint Venture. Beyond 2021/22 it is not anticipated that either company will be chargeable entities of the BHL group, and this will have significant implications for BHL and its residual companies going forward. Whilst we have set out key areas for wider efficiencies, there will inevitably be additional measures required to address the gap. We hope some of that can be achieved by using our expertise, as one of the Council's own teckal companies, to provide support in delivering its financial objectives and maximising its commercial opportunities.

The initial draft budget for the year ahead is set out below;

Bristol Holding Draft Budget 2021/22			
Original Budget 2020/21 £		Revised Budget 2020/21 £	Draft Budget 2021/22 £
	Income		
17,500	Charges to BCC	30,000	5,000
590,000	Recharges to Subsidiaries	827,000	558,000
607,500	Total	857,000	563,000
	Expenditure		
407,000	Employees	385,000	396,000
	Supplies and Services	345,000	95,000
	Recharges from BCC/Subsidiaries		
145,000	Finance, Audit and Insurance	53,000	54,000
-	Management and Support		
17,500	Legal	10,000	10,000
35,000	HR	10,000	5,000
3,000	ICT	3,000	3,000
607,500	Total Cost	806,000	563,000

During the year ahead we will seek to finalise priority administrative policies and procedures, deemed essential by the BHL Board and our Audit and Risk Committee, for effective governance across the Group. We will also continue to demonstrate the added economic, social, and environmental benefits of trading companies, and our commitment to maximisation through supply chains.



"As we hope to develop and grow over the longer term, we will use the year ahead to implement improved group-wide approaches to treasury management, procurement, and capital investment, maximising the use of available resources and delivering further efficiencies."

How the Shareholder can help success

BCC has multiple roles¹⁴ in relationship to BHL and is integral to the success of the wider BHL Group.

We have common goals to ensure the delivery of quality services and social value in which our group of companies are engaged, and success will be measured by our effectiveness in continuing to operate within a partnership based on trust, confidence and collaboration. This business plan builds on our successful first year in this regard and sets out plans and activities as the BHL Group continues to develop as an effective and successful commercial model for the City of Bristol. Nevertheless, there are key areas where BCC can help towards this success.

Governance Review

Successful evolution to the optimum Group operating model will require all parties to operate within any future governance arrangements, and these are subject to review and change as the wider council/company experience builds. Coming out of the various 2020 governance reviews, it is important that the BHL Board and executive have appropriate levels of delegation across the Group to ensure smooth and robust operating parameters, and that these delegations are clear to council and company staff alike.

Strategic Client

Experience has shown that in addition to the established Shareholder role and relationship with BHL, there is a key role and relationship to be developed with BCC's emerging Strategic Client concept. It is important that BHL companies are clear what the Council's Strategic Client role entails and how it fits with the wider Shareholder role.

Alternative Delivery Models

The BHL Team have both commercial experience and expertise to assist the Council in its Commercialisation Strategy. We judge that BCC is serious about considering alternative delivery models during this BP period for certain services, and we need BHL to be involved at the shaping and analysis stage to consider options within the Group. We judge this potential growth area as key to BHL's future and have assumed certain objectives to work with BCC at Appendix 2.

We will continue to do our part in building a spirit of partnership with all our stakeholders and commit to working collaboratively to ensure our group of companies delivers the necessary performance, whilst positioning for growth and further financial returns.



"We will continue to do our part in building a spirit of partnership with all our stakeholders and commit to working collaboratively to ensure our group of companies delivers the necessary performance, whilst positioning for growth and further financial returns."

¹⁴ Acting as owner/Shareholder, Strategic Client and Service Client.



Appendix 1 - Biographies - BHL Board of Directors



Peter Beange

Executive Chairman & Chair of Group Nomination Committee

Peter Beange is a senior executive who has enjoyed a successful career in Defence and Security, both in the public and private sector.

After almost thirty years in the Ministry of Defence leading large teams and delivering complex equipment programmes, he re-entered industry in 2011 initially working for Airbus leading their Cybersecurity product and service business in the UK, before joining Northrop Grumman Corporation in London as their European Director of Corporate Operations. Peter is the first Exec Chairman for Bristol Holding Co. and joined in August 2019.



Elaine Holt

Senior Independent Non-Executive Director
& Chair of Group Remuneration Committee

Elaine has significant board level experience in construction and infrastructure and is highly experienced in working in complex, highly regulated environments which are subject to intense public, political and media scrutiny.

Elaine is a Non-Executive Director (NED) of HS2, Europe's largest infrastructure project and has just finished over six years as a NED of Highways England. Prior to this, she held a number of senior roles within the UK rail industry including Chairman and CEO of Directly Operated Railways, Chairman of East Coast and Managing Director of First Capital Connect. Elaine was also Executive Vice President Guest Experience at Carnival UK running all operations of P&O Cruises and Cunard.



Alex Wiseman

Independent Non-Executive Director
& Chair Group Audit & Risk Committee

Alex is a finance and strategy professional with a background in regulated utilities. His last full-time role was Regulation Director for a £1.5bn gas network, and prior to that he was Head of Strategy at United Utilities.

Alex has over 20 years' non-executive experience across Government, local authority and private companies. Alex was NED at Bristol Energy for over 3 years, including 6 months as interim chairman; Alex also chaired their Audit and Risk Committee. Alex's other current non-executive roles are for the Northern Ireland Utility Regulator and for a construction company that is listed on the Alternative Investment Market Stock Market.



Mark Bradshaw

Council Elected Non-Executive Director

Mark has been the elected city councillor for the Bedminster Ward in Bristol since May 2006, and has also been a cabinet member and deputy labour group leader for Bristol Council during his tenure.

In addition to his council responsibilities, Mark manages policy and public affairs for the HAE trade body in the UK.

Summary

This business plan represents the next stage in BHL's evolution, building on last year's solid foundations, whilst focusing its small executive team around driving key growth areas for the Group's future.

Successful delivery of this plan will continue to require close collaboration with BCC and the BHL Group set of companies. We are confident in our ability to deliver this change programme as we continue to evolve as a group.

We anticipate that 2021/22 will be another busy year with ongoing uncertainty of COVID-19, local elections, the development of BHN as an established business and the sale of BE continuing to impact the environment that we operate within. Nevertheless, we judge that amongst this uncertainty is real opportunity to drive meaningful change and benefits, and to advance the BHL Group concept for BCC and the City of Bristol.



"We are confident in our ability to deliver this change programme as we continue to evolve as a group."

Appendix 2 - BHL 2021/22 Targets

KPI	Metric	Owner	Dependency	Timescale
Growth				
BE2020 Ltd Wind Down underway and plan to liquidation agreed with BCC	• All staff, assets, resources appropriately transferred, all liabilities understood, and clear liquidation plan in place	BHL Gp FD	Effective 2020/21 wind down project	Jun 21
Full end-end heat network business established and operating effectively.	• All staff, assets, resources, governance, and processes established to deliver heat network services.	BHL Board	BCC Strategic Client BHN Board Cabinet Approval	Aug 21
Effective scrutiny and assurance of BWC BC enables transfer of first BCC FM Services.	• Shareholder & Cabinet approval to transition relevant BCC staff, assets & resources to deliver first services by BWC	BHL Board	BCC Client BWC Board Cabinet Approval	Sept 21
Ensure that BHL are engaged and contributing towards the analysis and development of Exec Dir G&R's Commercialisation workstreams.	• Analysis supports timely BCC Commercialisation decision making	Exec Chair BHL	Exec Dir G&R and BCC's Commercialisation workstreams.	As Req'd
CONSOLIDATION				
Governance				
Risk Management effective and maturing across BHL Group	• Group Risk Management at Maturity Level 3 of the Group Risk Management Framework	Chair BHL Gp ARC	All MDs	Nov 21
More effective Group Governance approach agreed and transition underway	• Shareholder approval to transition to new group governance arrangements	Exec Chair BHL	BCC Shareholder Approval	Sept 21
Resources				
Effective BHL Executive leadership	• Succession Plan for Exec Chair agreed	BHL Board	Shareholder and BCC CE Approval	Apr 21
Succession Plans established and being maintained	• All companies have succession plans for Board and Exec team	Exec Chair BHL	Subsidiary Boards and MDs	Jul 21
Stakeholders				
BCC Shareholder Satisfied with BHL Effectiveness	• Shareholder Satisfaction Survey	Shareholder Liaison Team	SHG	Dec 21
Effective cross-Chair engagement	• Self-assessment by all Chairs	Exec Chair BHL	All Chairs	Ongoing

Appendix 3 – Top BHL Group Risks

Risk Name	Description	Pre-Mitigation		Mitigation/Controls	Post Mitigation		Owner
		Prob	Impact		Prob	Impact	
Business Failure due to severe Economic Recession	Significant reduction in/ or termination of BCC authority and commercial funding streams following Covid-19 and severe recession leads to business failure	Near Certainty	Critical	<ul style="list-style-type: none"> Regular financial and commercial review by Holdco Board of BHL and subsidiaries Regular subco. financial and commercial review by appropriate subco. board Regular liaison with BCC Finance and Shareholder Liaison Seek BCC assurances/guarantees that financial shortfalls will, wherever possible, be met. Annual business plan refresh and scrutiny review process; BHL staff revert to part-time to reduce costs 	Unlikely	Serious	Group FD
COVID-19 exposures	Negative impact of spread of coronavirus (COVID-19) on delivery of Business Plan of BHL	Near Certainty	Critical	<ul style="list-style-type: none"> Staff moved to homeworking and virtual solutions established to support business continuity Staff encouraged to follow national guidelines to minimise risk of exposure. 	Possible	Moderate	Exec Chair
BE Legacy	BE business legacy impacts all aspects of wider BHL business	Near Certainty	Serious	<ul style="list-style-type: none"> Maintain effective communication channels with Shareholder Ensure and maintain Transparency. Consistent business practises Effective decision making Appropriate escalation Accurate reporting Effective governance 	Possible	Critical	BHL Board
Inadequate Resources	Insufficient resources are available to deliver against BHL plan.	Probable	Serious	<ul style="list-style-type: none"> Reduce involvement in operational matters across subsidiaries. Prioritise work with small exec Team 	Unlikely	Serious	Exec Chair
Risk and assurance failures	Failure to demonstrate an effective risk management/internal control system	Near Certainty	Serious	<ul style="list-style-type: none"> Risk management framework in place Risk culture embedded in all formal meetings and board papers Risk register in place, regularly reviewed and updated Internal audit services available and in place (from BCC) 	Unlikely	Serious	BHL Board
BHL Business Plan delivery	Failure to deliver in line with BHL Business Plan	Probable	Serious	<ul style="list-style-type: none"> Identify realistic targets and benefits in tangible terms and then measure and agree progress with stakeholders throughout year Ensure resources are prioritising activities which pose greatest risk/ impact to group Complete BC for appropriate roles against a Resource Plan Collaborate with BCC and subsidiaries to utilise existing resources 	Unlikely	Minor	Exec Chair
BHL Recruitment/ Retention failures	Inability for BHL to attract or retain staff with the skills and competencies to deliver the requirements of the Business Plan.	Probable	Serious	<ul style="list-style-type: none"> BCC empowers BHL executive to make decisions across Group Investment in BHL to drive change across Group BHL role descriptions prepared with external HR support where required and following market analysis. Salary benchmarking in place. Annual staff appraisals and regular staff 1to1s. Board and executive continue to drive ambitious agenda for company Clear communication of Business Plan and delivery plans. Budgets in place for on-going staff learning and development 	Unlikely	Moderate	Exec Chair
Cybercrime/ Data Security breaches	Cybercrime/ Data protection breach	Probable	Serious	<ul style="list-style-type: none"> Utilise BCC ICT infrastructure to provide secure infrastructure All BHL staff must undergo mandatory ICT security and GDPR training to access and use the network. 	Rare	Moderate	Exec Chair
ICT Failures	Failure to operate an adequate ICT infrastructure which supports BHL and the wider group to collaborate and consolidate approaches in line with business plans.	Probable	Serious	<ul style="list-style-type: none"> Current BHL ICT provision is embedded within BCC ICT's service provision which provides day to day suitable access for business needs, but does not suit long term business needs Develop long term ICT Strategy 	Unlikely	Moderate	Exec Chair
Board succession	Failure in effective Board succession planning across the group	Probable	Serious	<ul style="list-style-type: none"> Establishment of Group Remuneration Committee Establishment of Board succession plans Regular appraisals of Chairs and board members 	Unlikely	Moderate	BHL Board
Legal and Compliance	Lack of and/or misalignment of BHL and Subsidiary regs, standards, policies, procedures.	Near Certainty	Moderate	<ul style="list-style-type: none"> Ensure there is a clear set of regs, standards and that policies and procedures are consistent and appropriate Joint review by BHL and Subsidiaries Internal and external audits 	Possible	Minor	Exec Chair



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