

Detailed Financial Commentary on Bristol Holding Group Business Plans

1. Financial Overview

1.1 Overview to Date

1.1.1 Bristol Holding group currently includes the following subsidiaries:

- Bristol Waste Company Ltd.
- Goram Homes Ltd.
- BE 2020 Ltd (formerly Bristol Energy Ltd.)
- Bristol Heat Networks Ltd.

1.1.2 This financial commentary covers the 21/22 business plan and proposals submitted by Bristol Holding, Bristol Waste Company and Goram Homes. Bristol Holding currently holds £1 Ordinary share capital in each of these two companies. Please note that Bristol Holding and Bristol Waste are Teckal companies.

1.1.3 The Teckal directive requires that:

- The Council must control all of the shares in the company and must also exercise effective day-to-day control over its affairs; in other words, the same as the relationship between the Council and one of its internal directorates.
- At least 80% of its turnover / activity must be for its public sector owners and the companies can undertake up to 20% trading (smoothed over 3 years) with third parties outside of their 'Teckal' contract.
- The Council can directly award contracts to them without a formal public procurement process. However, the Teckal companies themselves are required to comply with public procurement processes when awarding contracts.
- If the companies are also trading with third parties (up to maximum 20% of turnover) the Council must be mindful that it is not subsidising the third party activity and giving a 'competitive advantage', not breaching new UK state aid and/or transfer pricing regulations.

1.1.4 The legal status of Goram Homes due to its commercial purpose, is a Body Not Governed By Public Law (non-BGPL) and as such the following principles apply:

- Any financial assistance provided by the Council will be on similar terms provided to external bodies and will not give a 'competitive advantage'.
- The Council must follow public procurement processes before awarding any contract to Goram Homes.
- Goram Homes is not required to follow public procurement processes itself when awarding contracts.

1.1.5 Local authority trading companies can be diverse, which means classification is not

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always a simple process and as such consideration needs to be given each year as to whether the status and exemptions remain unchanged, particularly in the context of funding / loan transactions. The business plans for 2021/22 are considered on the basis that the legal status for each of the companies remains unchanged.

- 1.1.6 As at 31 December 2020 the Council holds £37.15m share capital investment in Bristol Holding (£9.2m of Ordinary shares and £27.9m of redeemable Preference shares) of which £36.5m relates to Bristol Energy Ltd. The table below summaries the structure:

Table 1: Shareholding Structure of BHL

| | Shares | Total £ |
|------------------|------------|-------------------|
| BCC in BHL | Ordinary | 9,228,575 |
| BCC in BHL | Preference | 27,924,863 |
| Total | | 37,153,438 |
| <i>Of which:</i> | | |
| in BHL itself | Ordinary | 50,000 |
| in BHL itself | Preference | 603,438 |
| | | 653,438 |
| BHL in BE | Ordinary | 9,178,575 |
| BHL in BE | Preference | 27,321,425 |
| Total | | 36,500,000 |
| Total | | 37,153,438 |

- 1.1.7 In 17/18 the Council impaired £12.1m of this total £37.1m share investment in the Bristol Holding Group. In 19/20 the Council impaired a further £23.6m which resulted in cumulative impairment of £35.7m for the Holding Group. At the Balance Sheet date 31 March 2020, the fair value of the Council's investment in the Bristol Holding Group stands at £1.4m.
- 1.1.8 The total investment has been funded from earmarked revenue reserve, generated from legacy unused contingencies and in more recent years from a £35m reassessment of prior years' (1st April 2008 through to 31st March 2016) MRP overprovision. As such the accounting treatment does not require any changes to the Council's core general fund revenue budget. The risk reserve of £7.3m earmarked for BE collateral / guarantees has been translated into an indemnity agreement not to exceed this value; to ensure the managed process towards the company being wound up and any potential company liabilities that could arise as we finalise the transfer to end March 2023.
- 1.1.9 In addition, in respect of the accrued interest on the 7% Preference share investment (to date £4.4.m), the Council has not recognised these receipts due to long term profitability and has made full provision in its accounts, with regard to BE's Preference share interest. Bristol Holding has also made full provision in its accounts.

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2. Bristol Holding Ltd. (BHL)

2.1 2021/22 Business Plan

- 2.1.1 There are currently no loan agreements between Bristol City Council and Bristol Holding Company.
- 2.1.2 Bristol Holding currently directly employs 3.8 Full Time Equivalent staff, with additional administrative costs relating to Finance, Legal, HR and IT incurred via service provision arrangements partly with the Council.
- 2.1.3 Bristol Holding's operating model enables them to recover costs incurred directly where appropriate or via management recharges to the subsidiary companies in the form of a fee. Please see the revenue budget proposal for 2021/22 in the table below:

Table 2: Bristol Holding 2021/22 Budget Position

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

- 2.1.4 The gross budget expenditure for the 2021/22 financial year is £0.563m. Note that the 2020/21 revised budget in comparison to the approved budget at January 2020 has seen an in-year increase of £0.199m. This was principally due to £0.345m extraordinary costs (primarily specialist legal support) for the disposal of BE2020/Bristol Energy. A balanced position was maintained by increasing charges to the Subsidiaries commensurate with the additional activity.
- 2.1.5 It is worth noting the future financial impact in regards to BHL, where the loss of contribution from BE2020 to Bristol Holding cannot be sustained without long term options being considered to reduce costs and /or increase in the Councils trading portfolio or substantial increases in management fees to the remaining subsidiaries.

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For 2021/22 the subsidiaries include the Bristol Heat Networks (BHN), BHN which was established recently and is currently undergoing set-up due diligence (Business Plan to be presented to a subsequent Cabinet meeting), however it is currently proposed that BHN be transferred to City Leap Joint Venture in 2022/23 upon completion of the public procurement exercise.

2.1.6 In order to mitigate a consequential impact on Bristol Holding’s net position, the company has reviewed its current resource structure and plans to reduce its operating costs from the 2020/21 normalised annual budget of £0.608m to £0.563m in 2021/22 (a reduction of £0.045m). It plans to focus on increasing efficiencies and developing opportunities for commercial income growth in order to maintain a balanced position on an ongoing basis.

2.1.7 Bristol Holding’s risk framework for the Group is fully developed, and we are working on ensuring that risks that may impact upon the Council are appropriately included in the Council’s risk register and aligned with its scoring. Table 3 below is an extract which highlights the higher risk items identified by Bristol Holding (i.e. those with assessed probability and impact falling in the range ‘possible and moderate’ to ‘unlikely and critical’). Please see BHL Business Plan 2021/2022 Page 19 Appendix 3 for further details on all the identified and assessed risks.

Table 3: Bristol Holding Top Risks

| Risk Name | Description | Pre-Mitigation | | Mitigation/Controls | Post Mitigation | |
|---|--|----------------|----------|---|-----------------|----------|
| | | 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 |
| 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 | Moderat |
| 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 |
| 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 |
| 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 |

2.1.8 If the risks materialise or are compounded this would adversely impact on the delivery of Bristol Holding’s 2020/21 business plan, and in turn, its financial and

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cash position. Bristol Holding's mitigating measures include accessing interim / short-term cash inflow from its shareholder companies and seeking Council assurance that financial shortfalls will where possible be met. It should be noted that any financial assurances provided by the Council will be subject to the Council's own assessment of the position and will not extend beyond those outlined within this report. Ultimately any additional costs to the Council above that outlined in this report would be subject to a supplementary report / decision.

3. Bristol Waste Company Ltd. (BWC)

3.1 Overview to Date

- 3.1.1 The Council's original 2020/21 budget for its core waste services (Teckal activity) is 38.1m. Post COVID-19, maintaining the delivery of basic waste collection and management service has presented a challenge and had a financial impact on the Waste sector in some of the key areas below:
- Resourcing and Safety of workers - Increased staffing, healthcare and social protection costs.
 - Redistribution of waste production, shifting from industry and commercial settings to residential areas.
 - Increase in the volume of medical waste.
- 3.1.2 This has resulted in financial deterioration across the public and private waste sectors, increased debt and competing demands for public funds, such as economic stimulus initiatives e.g. bounce back loans.
- 3.1.3 The estimated unmitigated impact on BWC for 2020/21 is £1.55m and, in addition to the mitigations implemented by BWC, the need for increased budgetary support by the Council has been recognised and has been accounted for throughout the financial year. Subject to the draft calculation of outturn and the supplementary estimate produced by the Council's Waste Service, the final (Teckal Only) COVID-19 costs will be met from within the Council's 2020/21 un-ringfenced COVID grant. BWC has confirmed that the recently announced national restrictions will not have a further detrimental impact on their in-year financial position.
- 3.1.4 The value of the Council's COVID response funding from government for 2021/22 is yet to be formally announced and is expected to be a fraction of that received for 2020/21. The COVID position across the Council and its subsidiaries will be closely monitored but, as such, any additional ongoing COVID financial support from the Council should not be assumed and the full projected impact should be outlined in the 2021/22 business plan.
- 3.1.5 The BWC contract with the Council for its core (Teckal) service includes a payment mechanism, calculated annually according to unavoidable cost, market volatilities (e.g. for recyclates) and it also provides a mechanism for efficiencies and cost savings to be returned to the Council under the contract. This payment mechanism represents a risk / reward arrangement between the Council and BWC when dealing with in-year contract variations.

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- 3.1.6 The payment mechanism, in terms of the cost plus % and approach, should be consistently applied to remain compliant with tax rules but can be periodically reviewed and reset. A small reserve is held and movement + / - should be applied to this fund during the paymech period to reset. The next review is planned in mid-2021/22 for commencement in 2022/23. This will take into consideration the developing Waste Strategy, change in market conditions, new business segment for inclusions, overhead assumptions and the resulting new cost base.
- 3.1.7 The Council has previously approved a £12m loan facility to BWC for fleet vehicle replacement (Cabinet on 4 December 2018). To date £11.31m of this approved £12m has been drawn down in 4 tranches and these loans are scheduled to be fully repaid (principal plus interest) by 2028/29.
- 3.1.8 At the balance sheet date of 31 March 2020, the Council has reduced BWC's net asset valuation from £4.721m the previous year to £4.286m. This reduction primarily reflects an increase in the company's pension liability.
- 3.2 2021/22 Business Plan**
- 3.2.1 Financial headlines are included in Section 5 (from page 41) of BWC's Business Plan and details are included in exempt Section 6.
- 3.2.2 BWC has faced significant financial challenges in 2020/21 and beyond leading to economic and strategic uncertainty and include the following:
- COVID pandemic impacting on operational costs
 - Recyclate market and global pricing volatility
 - Brexit trade terms (potential impact on export of recyclates)
 - Waste volumes increasing due to population growth and COVID
 - Non-achievement of commercial income targets
 - Operational equipment failure due to asset conditions
 - Local and national legislation changes e.g. climate strategy and environment bill
 - Developing Waste Strategy
- 3.2.3 The above will continue to be assessed during 2021/22 but will require changes in the future operating model post 2021/22 and therefore the focus of the plan from the Council's perspective is for 2021/22 only.
- 3.2.4 BWC's risk framework is aligned to that of the Bristol Holding Group and many key points are captured in the risks outlined for the Bristol Holding Group. The Business Plan includes a SWOT analysis for 2021/22 which shows that many of these challenges are expected to continue.

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Table 4: Abstract from BWC SWOT

| <u>WEAKNESSES</u> | <u>THREATS</u> |
|--|---|
| • Competitive market for staff recruitment, particularly drivers | • COVID and Brexit |
| • Single point of failure for Albert Road baler facilities | • Recyclate market volatility |
| • Management capacity to progress innovation schemes, bids and tenders | • Competition in the marketplace |
| | • Local and National legislation and regulation changes |
| | • Unable to fully influence recycling headline rate due to political constraints. |

3.2.5 The same SWOT analysis lists opportunities including new waste resource income streams following business investments such as the improvement of waste mining processing facilities. It also identifies commercial (Non-Teckal) growth for integrated waste services, leverage following the integration of systems and technology and the development of shared services (e.g. ICT, Finance, HR and SHEQ - Safety, Health, Environment, Quality).

3.2.6 The table below summarises Bristol Waste's Budget for 2021/22 compared against the Forecast Outturn for 2020/21. Financial performance has been analysed to show the split of Teckal /Non-Teckal activities.

Table 5: BWC 2021/22 Budget with 2020/21 Comparator

| Forecast Outturn | 21-22 Budget | | | | 20-21 Outturn forecast | | | | Variance | | | |
|--|---------------|--------------|--------------|---------------|------------------------|--------------|----------------|---------------|--------------|------------|--------------|--------------|
| | Teckal | Non-Teckal | Covid | Total | Teckal | Non-Teckal | Covid | Total | Teckal | Non-Teckal | Covid | Total |
| | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k |
| Revenue | | | | | | | | | | | | |
| BCC - core services | 39,144 | - | | 39,144 | 38,104 | - | | 38,104 | 1,040 | - | - | 1,040 |
| BCC - other services | 630 | - | | 630 | 674 | | | 674 | (44) | - | - | (44) |
| Commercial - business | - | 1,864 | | 1,864 | - | 1,361 | | 1,361 | - | 503 | - | 503 |
| Commercial - waste processing | - | 850 | | 850 | | 687 | | 687 | - | 163 | - | 163 |
| Other income | 1,955 | - | | 1,955 | 1,140 | | | 1,140 | 815 | - | - | 815 |
| Recyclate revenue | 1,590 | - | | 1,590 | 2,097 | - | (332) | 1,765 | (507) | - | 332 | (175) |
| Total Revenue | 43,319 | 2,714 | - | 46,033 | 42,015 | 2,048 | (332) | 43,731 | 1,304 | 666 | 332 | 2,302 |
| Cost of Sales | | | | | | | | | | | | |
| Labour | 21,883 | 605 | 152 | 22,640 | 20,080 | 206 | 779 | 21,065 | 1,803 | 399 | (627) | (1,575) |
| Waste Disposal | 12,468 | 1,511 | | 13,980 | 12,408 | 1,457 | 428 | 14,293 | 60 | 54 | (428) | 314 |
| Premises | 1,170 | 74 | | 1,244 | 1,217 | 77 | | 1,294 | (47) | (3) | 0 | 50 |
| Vehicle & Fleet | 4,013 | 141 | 4 | 4,158 | 3,777 | 161 | 18 | 3,956 | 236 | (20) | (14) | (202) |
| Fuel | 1,204 | 60 | | 1,264 | 1,298 | 47 | | 1,346 | (95) | 13 | 0 | 82 |
| Equipment & Materials | 696 | - | 2 | 698 | 856 | 59 | (7) | 908 | (160) | (59) | 9 | 210 |
| Total cost of sales | 41,434 | 2,392 | 158 | 43,983 | 39,637 | 2,007 | 1,218 | 42,861 | 1,797 | 385 | - | 1,060 |
| | | | | | | | | | | | | |
| Overheads & Central | 1,706 | 107 | | 1,813 | 1,686 | 26 | | 1,712 | 21 | 81 | - | 101 |
| Surplus / (deficit) (pre paymech) | 179 | 216 | (158) | 237 | 692 | 15 | (1,550) | (843) | (513) | 201 | 1,392 | 1,080 |

3.2.7 This table above shows a bottom-line planned Budget surplus in 2021/22 of £0.237m (Teckal £0.179m) after covering an estimated overspend of £0.158m for COVID impact, before application of the Paymech. Taking out the impact of COVID, a normalised 2021/22 budget compared to a normalised 2020/21 forecast outturn

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excluding COVID, represents a £0.312m deterioration in bottom-line surplus.

- 3.2.8 The indicative payment mechanism calculation indicates that should this position further deteriorate due to COVID or otherwise, a payment under paymech may be triggered for any further unavoidable calls on funding from the Council above the core Waste budget for 2021/22.
- 3.2.9 The volatility within the recycle market (to some degree further exacerbated by COVID and Brexit) and also the increasing domestic waste volumes will have an adverse impact on the income and cost for delivery. The risk that these pressures could persist or be increased should be noted which may also have an impact on planned contract payment.
- 3.2.10 In addition the business plan includes assumptions around pay awards that may be effective for 2020/2021 and thereafter.
- 3.2.11 As part of the response to the economic impacts of the COVID-19 pandemic, the Chancellor announced in the Spending Review 20 that public sector pay will be “paused” for 2021/22. However pay awards for local government workers are agreed in negotiations between employers and trade unions through the National Joint Council for Local Government Services. In view of the financial position it is recommended that consideration is given by BWC to the funding source for any executive and senior management pay (excluding operational staff) that could exceed that negotiated for local government; in terms of additional call on the Council or alternatively funding these costs from BWC surpluses retained.
- 3.2.12 It should be noted that BWC’s Business Plan includes some items which are subject to separate approval, these are as follows:
- BWC has included additional operational costs of up to £0.9m p.a. (pro rata in 2021/22) linked to the commissioning of Hartcliffe Waste Recycling Centre from March 2022. BWC has not assumed Council funding of these additional costs and measures to mitigate these costs are currently under review.
 - BWC has assumed that the Big Tidy will continue for 2021/22. It has not included any projected costs thereafter. These are included in Teckal ‘Other Services’ but are outside the contracted payment mechanism. Again, these are subject to Cabinet and subsequently full Councils approval of the Council’s Budget for 2021/22.
- 3.2.13 BWC’s plan also includes Capital investments, loan funding for 2 of which is being sought from the Council. See Section 5, page 46 items 1 and 4.
- £2.8m for Phase 2 of the Avonmouth site redevelopment which includes a baling and can sort facility. Funding support for this in the form of a repayable loan . This would increase the Council’s outstanding loan facility to BWC from £9.2m at 31/3/21 (£11.3m less the first 2 years of principal payments totalling £2.1m) to £12m representing 26% of 2021/22 annual revenue.

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This funding has been included on in the Council's 2021/22 budget assumptions, which is subject to separate Cabinet / full Council approval.

- A further £1.7m for 'Clean Air Zone' Fleet Replacement is sought, however there remains £0.7m unallocated within the £12m fleet loan facility originally approved for vehicle replacement which could be initially utilised for this purpose and the Council will work proactively with BWC to identify alternative external funding sources for any outstanding balance e.g. Government grant.

This will bring the total outstanding loan for 2021/22 to £12.7m, representing 28% of 2021/22 forecasted annual revenue.

4. Goram Homes Ltd.

Overview to Date

- 4.1.1 The Council approved the establishment of Goram Homes (a housing company) at Cabinet on 4 September 2018 and in addition the following was agreed for the initial pipeline 1 development, namely: Romney House and Baltic Wharf land transfer with a deferred receipt and a £10m loan to Goram Homes both for working capital and development investment (terms to be agreed). Pipeline 1 schemes are expected to deliver 432 units of housing, 173 (40%) of which will be 'affordable'.
- 4.1.2 To date a loan facility of £3.3m for working capital has been established, against the approved £10m, over 3 years starting from 2019/20. As at December 2020, £1.3m had been drawn down and it is currently projected that the total draw down for working capital required to deliver pipeline 1 will be actioned by 2021/22. This is scheduled to be fully repaid (principal plus interest) by March 2024.
- 4.1.3 It is proposed that the Council should utilise and redirect any headroom from the initial £10m approved by September 2018 Cabinet as mentioned above for the funding of this new envelope of £10m. This could mean utilising the projected £3.7m headroom from the original £10m pot and topping it back up to £10m with an additional £6.3m from the Council's own resources which include the Capital investment reserve.
- 4.1.4 In addition, there is a non-cash back-to-back loan note agreement between Goram and the Council for £13m in respect of the land value for Romney House site. The deferred payment of this will coincide with the development and sales of housing units as they come on to the market. Currently payback of the capital receipt is estimated for March 2023 and indicative surpluses from the sales could commence from 2023/24 subject to the prevailing market conditions.
- 4.1.5 Baltic Wharf remains subject to commercial negotiations regarding the final proposal.

4.2 2021/22 Business Plan

- 4.2.1 The Business Plan includes the assumption that Goram will continue to operate

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within the £10m loan cap as previously approved for pipeline 1.

- 4.2.2 For pipeline 1 developments, £3m of the remaining amount within the original £10m has been earmarked for Baltic Wharf capital development, subject to commercial negotiation. It is not currently anticipated that Romney House will require any further amount and as such the remaining £3.7m from the original £10m could be considered surplus for Pipeline 1.
- 4.2.3 It was anticipated that following set up and operational commencement further development pipelines would be assumed and as such the business activity would be progressed beyond pipeline 1. The 2021/22 Business Plan is commencing the preparatory work for pipeline 2 developments and the following new requests are proposed for approval by the Council:
- A new £10m flexible funding facility in the form of a loan for working capital and potential development investment for pipeline 2. This will enable negotiations to be commenced and decisions to be made at pace following identification by the Council of the sites and opportunities for further transfer to Goram in respect of pipeline 2. Detail of the actual sites is being brought separately to Cabinet for approval.
 - It is proposed that the Council should utilise and redirect any headroom from the initial £10m, as mentioned above and held in the Capital Investment Reserve, for the funding of this new envelope of £10m. This would mean utilising any headroom which materialises from the original £10m pot and topping it back up to £10m (currently forecasting up to £6.3m) from the Council's own resources over the short to medium term to facilitate the business request. This assumption is included in the 2021/22 Council Budget and subject to Cabinet / full Council approval.
- 4.2.4 It should be noted that emerging risks include: site suitability e.g. flood zoning, delays to planning consents, market failure, housing price volatility, interest rate uncertainty, changes within the construction industry, slowdown in production rates; and more generally material uncertainties regarding the value of land and buildings since the onset of COVID-19.
- 4.2.5 Since Goram is a non-BGPL subsidiary, in the event that these risks materialise, Goram should seek financial mitigations without requesting to utilise the Council's resources. Consequently, the Council has not made specific provisions, beyond the envelope above and in the accounts in terms of risks of loan default, to mitigate any of Goram's (a non-BGPL Company) financial risks.
- 4.2.6 Goram Homes' risk framework is in development and at present does not yet fully align to the Council's risk assessment methodology. The highest potential score is 28 (4 for probability x 7 for impact) within the current risk framework. The extract below from its Business Plan shows the following higher category risks for consideration:

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Table 8: Goram Home Risk Assessment

| Risk No. | Risk | Current Assessment | | Target Scores | | Comment |
|----------|---|--------------------|-----------|---------------|-----------|--|
| | | Prob. | Impact | Prob. | Impact | |
| 2 | Failure to deliver growth / profit targets in line with Business Plan assumptions | Prob. | 3 | Prob. | 3 | Market failures (e.g. house prices drop, construction costs increase, market sales rate drops) Production rates reduce, delays in planning permission, interest rates rise, insufficient land available. |
| | | Impact | 4 | Impact | 4 | |
| | | Total | 12 | Total | 12 | |
| 4 | Failure of board to give capable leadership, control, and strategic direction and/or inappropriate governance arrangements and structures | Prob. | 3 | Prob. | 2 | Lack of sufficient skills, knowledge and experience on Board or SLT. Poor leadership or confused governance arrangements. |
| | | Impact | 4 | Impact | 4 | |
| | | Total | 12 | Total | 8 | |
| 38 | Loss of demand for property sales | Prob. | 3 | Prob. | 2 | Reduced access to (affordable) mortgage finance. Wider societal and cultural change to the way people want to live. Lack of suitable of properties developed for market demand. |
| | | Impact | 4 | Impact | 4 | |
| | | Total | 12 | Total | 8 | |
| 40 | Inability to establish sufficient development opportunities | Prob. | 2 | Prob. | 2 | Uncertainty around housing policy High level of competition for sites with / likely to secure full planning. Restrictions on opportunities to comply with development strategy e.g. mix of tenure. |
| | | Impact | 5 | Impact | 5 | |
| | | Total | 10 | Total | 10 | |
| 43 | Negative impact of spread of coronavirus (COVID-19) on delivery of Business Plan and viability | Prob. | 2 | Prob. | 2 | Uncontrollable spread of COVID-19 virus without vaccine, reducing staffing resource and impacting the housing market. |
| | | Impact | 5 | Impact | 5 | |
| | | Total | 10 | Total | 10 | |
| 25 | Failure of projects / Joint Ventures or programme of corporate projects to deliver expected benefits within planned costs and timescales | Prob. | 4 | Prob. | 2 | Projects poorly initiated or implemented. Benefits of anticipated outcomes will not be realised either in part or full. |
| | | Impact | 2 | Impact | 2 | |
| | | | 8 | | 4 | |
| 44 | Failure to maintain a strong and positive relationship with key stakeholders, including local government and MPs | Prob. | 2 | Prob. | 2 | Negative PR impacts are greater than if the risk was properly managed, lack of support for development schemes and new initiatives, lack of support on the outcome of complaints |
| | | Impact | 3 | Impact | 3 | |
| | | | 6 | | 6 | |

Jemma Prince - Finance Business Partner, 24 February 2021

Bristol Holding Ltd. Business Plan – 11 January 2021

Bristol Waste Company Ltd. Business Plan – 18 January 2021

Goram Homes Ltd. Business Plan – 24 February 2021