

Question 2 – Cllr Jonathan Hucker
Re: Bristol Energy

- 1. The report states that BE’s financial position had been impacted by inadequate cash management. Can the reporter expand on this statement?**

Answer: In our report we state that in January 2021 six days after BE’s 2020/21 business plan was approved BE experienced a significant cash flow crisis and was no longer able to meet its business plan objectives.

Our review did not consider what was the cause of this cash flow crisis or the specific measures that were undertaken to address this issue. Although we noted that the subsequent reports indicate that the variations in the cash-flow were broadly driven by market conditions - change in customer growth assumptions and wholesale energy market pricing. A revised operating cash-flow forecast was presented to the Council that indicated that without remedial steps, the previously authorised funding cap of £37.7m would be materially exceeded.

Supported by Bristol Holding Limited, various management actions were taken and through these actions and some earlier access to funds from the Council, the immediate cash crisis was alleviated and funding to the point-of-sale agreements, retained at £36.5m.

- 2. Does this mean that working capital was not managed efficiently?**

Answer: We are unable to provide an answer as our review was focused on the arrangements and decision-making arrangements of the Council and not the management and operation of Bristol Energy. A separate firm is the auditor of BE and Bristol Holding Limited, however as these are commercial audits, they do not fall within the public access arrangements applicable to the Council’s finances.

- 3. Or does this mean that BE’s cash flow forecasting was materially inaccurate? If so, was this always the case? And was this due to the methodology used to produce the cash flow forecasts or the inadequacy of the underlying P&L and balance sheet budgets and forecasts on which the cash flow forecasts were based?**

Answer: We are unable to provide an answer as our review was focused on the arrangements and decision-making arrangements of the Council and not the management and operation of Bristol Energy.

Who was responsible for approving BE’s cash flow forecasts?

Answer: The responsibility for any cash requirements set out within the business plan sits with BE. The business plan was approved by Bristol Holding, reviewed by the Shareholder Group, and approved by Cabinet, as referred to in our report.

- 4. Does Bristol Holding have any private sector INED’s?**

Answer: Yes - Bristol Holding has two Independent Non- Executive Directors

- 5. Is there any reason why members of the audit committee cannot be briefed privately on matters deemed to be commercially sensitive relating to the council's subsidiary companies?**

Answer: Following further discussion at the Audit Committee in January 2021 about access to information, it was agreed that officers would consider with the Chair, Vice-chair, and Independent Member of the Committee the types of information that the committee should receive to enable it to fulfil its duties. A report was presented to the Audit committee in June 2021 by the Director: Legal and Democratic Services (the Monitoring Officer) outlining the access to Information for Audit Committee functions. In the preparation of the report the Director: Finance, Chief Internal Auditor, Head of Legal, the Independent Member of the Audit Committee and the External Auditor were consulted.

In addition, new arrangements have recently been established for the External Auditor to be able to hold private briefing sessions with the Committee Chair and Vice-Chair.

The Monitoring Officer will take a legal view as to what issues should be considered commercially sensitive and as such should not be raised at public meetings.