

Appendix A: Management Actions Update re: Grant Thornton Reviews regarding Council Companies.

New Management Actions agreed in the September 2021, Grant Thornton Report “Report concerning the governance arrangements for Bristol Energy” (GT 2 report)

Rec no.	Management Action	Timing	Responsible Officer	Status
1. GT2 report	The Council should consider communicating to the public the full cost of operating and winding down Bristol Energy. (NEW RECOMMENDATION)			
	<p>Liquidation remains an evolving process and as such confirmed final costs are not available and could not be communicated.</p> <p>However, reactive media relations have been transparent about this, with a January 2021 media statement from the Mayor including: “These accounts do not give the final financial picture but do demonstrate that our lost investment in Bristol Energy remains within financial envelope of £37.7m approved by Cabinet in April 2019. A further £7.3m of risk reserves to cover indemnities was set aside at the same time, and how much of this will be drawn upon cannot be confirmed until our accounts for 2020/21 are appropriately audited and filed next year.”</p> <p>We will consider the appropriate mechanism for communicating the direct financial cost to the public once liquidation is complete (this will not include speculative opportunity costs such as Council staff time), and the audited accounts for the relevant year will detail the final position.</p>	Subject to completion of the liquidation process	Director: Policy, Strategy and Partnerships	Members Voluntary liquidation is in progress; however, this work is expected to take up to a further 18 months. The overall costs of the liquidation look likely to be in line with those outlined in the GT2 report, although this cannot be confirmed until the liquidation process is complete.

2. GT2 report	In order to support key decisions relating to significant projects the Council should ensure an options appraisal that is fit for purpose is completed prior to completing a business plan. (NEW RECOMMENDATION)			
	<p>The Council has a culture of continuous improvement and will seek to strengthen option appraisal techniques to support evidenced based decision making. Providing a framework or protocol for Officers (incorporated within the Companies handbook and financial protocols published on the Source), that can be consistently applied in ensuring that where required the identification and appraisal of options, is undertaken as objectively as it can be.</p> <p>This will ensure that Officers look at the different ways of achieving the changes and outputs required, pros and cons of each (financial and non-financial) and clear rationale for determining the option which best meets the requirements and ensures value for money (VFM) is secured prior to completing a business plan.</p> <p>The resulting business plan should provide a clear audit trail of how the preferred option has been reached and that it works best financially for the Council and for best meeting the aspirations and needs of the community.</p>	31 March 2022	Director: Finance	Work has commenced within Finance and the Shareholder Liaison service to define the scope and reach of this piece of work. Action ongoing.
3. GT2 report	Where the Council is working with external advisors on complex projects it should better document its response against all recommendations made. (NEW RECOMMENDATION)			
	Guidance and training for officers will be prepared to ensure that due regard is had to all recommendations proposed by external advisors on advisors on complex projects. The advice and any recommendations proposed by external advisors will	31 March 2022	Director: Legal & Democratic Services	Work has commenced within the Shareholder Liaison service to define the scope and reach of this piece of work. Action ongoing.

	be clearly presented to decision makers, and the preferred approach being recommended by officers will be clearly set out and this will be emphasised in the guidance and training for the Companies handbook.			
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Original Management Actions, agreed in the the January 2021, Grant Thornton report “Review of Governance Arrangements for Bristol City Councils Subsidiaries” (GT 1 report)

	Management Action	Deadline	Responsible Officer	Status
1. GT1 report	Discussions and decisions made within exempt committee meetings should be recorded.			
	<p>It has not been custom and practice in Bristol to take minutes at the part of a Committee or Cabinet meeting dealing with sensitive or commercially confidential issues, but we have clearly stated when a meeting or part of a meeting will be closed to the public to enable confidential issues or exempt papers to be considered and the resulting decision (Cabinet) is recorded and published. We acknowledge that in looking back when the exemption no longer applies this appears to be a gap in our governance arrangements and lacks public transparency and as such propose to revise this approach within the Council for the future.</p> <p>We will put in place procedures to ensure that exempt committee and Cabinet meetings are minuted appropriately and signed off at the</p>	Feb-21	Director: Legal & Democratic Services	<p>Complete</p> <p>We have put in place procedures to ensure that exempt committee and Cabinet meetings are minuted appropriately and signed off at the subsequent meeting as a true record and the decision taken in the exempt session is published. All relevant colleagues have been briefed on the new arrangements and management are monitoring implementation.</p> <p>The Working Group: To Oversee Agreed Management Actions (established pursuant to a motion passed by Full Council in February 2021) (Working Group) recommended that a policy setting out the approach to exempt information be</p>

	subsequent meeting as a true record and publish the decision taken in the exempt session.			produced, and this is being taken forward.
2. GT1 report	Public reports should be consistent with the issues and concerns raised within exempt papers. The exempt papers should only provide confidential information which cannot be discussed within the public sessions.			
	<p>Whilst seeking to balance public transparency and as the only shareholder the responsibility for the protection of shareholder value, we had previously identified the need for additional information to be incorporated within the presentation of the council-owned companies' business plans. Content considered exempt for commercial reasons have been incorporated within the exempt business plans and continue to be significantly improved. We have worked closely with the companies over the last 12 months to ensure that exempt information is presented effectively and only includes information which cannot be discussed in public sessions.</p> <p>We will continue to improve the reports to ensure that exempt information is presented effectively, with appropriate redactions to ensure consistency in the information reported and that only information which cannot be discussed in public sessions is excluded.</p>	Ongoing	Director: Legal & Democratic Services	<p>Complete</p> <p>We have reviewed our processes and receive ongoing professional advice from BCC Legal Services round the structure and content of exempt papers in Cabinet Report.</p> <p>In respect of Cabinet Reports relating to the companies specifically, the Cabinet Report in respect of the 21/22 Business Plans contained minimal exempt information (largely relating to costs/profit, land value, or commercial know-how). No public information was repeated in the exempt appendices. In contrast to previous years, the vast majority of the BCC Finance Comment was public. Clear cross-references to the exempt appendices were included in the body of each business plan for ease of reference and cover pages were included within the exempt appendices, where necessary, to illustrate what part of the business plan the content related to. The exempt appendices were clearly referenced in the main Cabinet Report, so that Councillors and the public were aware of the nature of the information that was exempt.</p>

				<p>The Cabinet Member's introductory remarks to the Cabinet Report on the Business Plans confirmed that changes requested by Shareholder Group had been incorporated and provided clarifications on a non-material change to the Bristol Holding Business Plan that had occurred since the council had received the final version, for full transparency.</p> <p>A Guidance Note on the management of exempt information and the business planning process have been agreed for inclusion in the Company Handbook to reflect this approach and the Shareholder Liaison Service has developed template text and guidance for use in future Cabinet Reports relating to the companies to ensure a consistent approach is taken each year.</p>
3. GT1 report	Cabinet reports relating to Bristol Holding Limited's companies which include exempt information should be improved. Exempt papers, should clearly identify and quantify the risks and advice provided by the Shareholder Group and any relevant independent advisors as well as the clear views of Bristol Holding Limited.			
	<p>We are committed to ensuring a high quality of discussion and decision making and note that exempt sessions of Cabinet invited views from the Shareholder Group and other representatives. We acknowledge that it would be beneficial to also capture these in the written reports. Risk assessments will be included in each Cabinet Report relating to the Council's companies and we will consider with the Shareholder Group how their advice, and that of other advisors and organisations, should be presented to Cabinet.</p>	Apr-21	Director: Legal & Democratic Services	<p>Complete</p> <p>Please refer to status update given in respect of Recommendation 2.</p> <p>The template text and guidance developed by the Shareholder Liaison Service in respect of Cabinet Reports relating to the companies clearly notes the dates on which the Shareholder Group reviewed the Business Plans and includes commentary from Shareholder Group (including views of the Independent Shareholder Advisor),</p>

	<p>The report template will be strengthened, and training provided where required to improve the quality of the report content and ensure key financial points and risks from the proposal and associated appendices are appropriately summarised in reports.</p> <p>In cases where logistics make it impossible to update written reports prior to publication, any additional views of Shareholder Group will be incorporated into Cabinet Member introductory remarks to ensure they are known to Cabinet.</p>			<p>Bristol Holding and the clients in separate appendices.</p> <p>The Working Group recommended that minutes of the Shareholder Group be made available to OSMB members and this is being taken forward.</p>
4. GT1 report	The Council should ensure Cabinet decisions are based upon more timely and current information.			
	<p>This finding highlights the governance challenge that was inherent in operating a commercial company in a high-paced, volatile marketplace whilst needing to serve the high levels of scrutiny, transparency and assurance which are required in local government. Consideration will be given to the governance pulse and how this could be streamlined from Shareholder Group to Cabinet, whilst still enabling appropriate Scrutiny and feedback to be considered and where appropriate, reflected in the plans / reports and further written confirmation of endorsement or recommendations obtained. In future, Cabinet Reports will be explicit about the date of the latest Business Plan upon which the report is based. We will also consider holding separate Cabinet meetings for budget and business plans to help ensure sufficient capacity is available for wider discussions should it be required at the point that a decision is</p>	Apr-21	<p>Director: Legal & Democratic Services Director: Finance</p>	<p>Complete</p> <p>Please refer to status update given in respect of Recommendation 3.</p> <p>The business planning timetable for 22/23 is being revised so that the Business Plans are considered by Shareholder Group in January, OSMB in February and Cabinet in March. This will ensure effective scrutiny of the plans, which can then be referred to in the Cabinet Report. It will also ensure that the Business Plans are being approved closer to the start of the financial year to which they relate, to ensure the content is relevant, and that there is adequate time on the Cabinet meeting agenda to consider the item (as the Business Plan Cabinet Report will no longer coincide with the</p>

	<p>taken. Utilising new IT systems available to officers, the version control of reports and appendices will be improved with appropriate report prompts and ensure that during iteration of proposals, the professional commentary of Business Partners is subject to a final review and only signed-off as complete at the end of the process.</p>			<p>Budget Cabinet Report.</p> <p>Version control measures have been strengthened to ensure that professional advisors are reviewing and commenting on the most up to date version of the Cabinet Report and that the date of their commentary is accurately recorded.</p>
5. GT1 report	<p>The Council should update the articles of association and shareholder agreement to reflect the strengthened role of Bristol Holding Limited. The terms of reference for all elements and functions of the governance structure should be in place and updated.</p>			
	<p>A Governance Review has already been commissioned to help inform the update of the articles of association and shareholders' agreement, to take into account Bristol Holding's role. This was placed on hold subject to the completion of this Value for Money review and can now be progressed. The Terms of Reference for the Shareholder Group will be updated as part of this review. A series of guidance notes are being devised to illustrate the governance structure and the workings of the governance arrangements for inclusion in the company's handbook.</p>	Oct-21	Director: Legal & Democratic Services	<p>Ongoing</p> <p>The Governance Review was completed in Summer 2021 and the decision has been taken to retain Bristol Holding in substantively its current form until the outcome of the City Leap procurement is known, at which time the position will be reviewed again to ensure proportionate governance arrangements are in place.</p> <p>A 'Group Collaboration Note' is being drafted to clearly set out the roles and responsibilities within the Group and will be agreed by the end of December and the articles of association and shareholders' agreement will be reviewed to take into account any amendments required.</p> <p>The Terms of Reference for Shareholder Group were revised and approved on 11 March 2021.</p> <p>A number of Guidance Notes have been</p>

				agreed for inclusion in the Company Handbook, including on the reserved matter decision making process and the business planning process.
6. GT1 report	The Council should agree and consider if the client function role is appropriate for each of its companies and document the role and responsibilities for those companies where it is agreed.			
	<p>We acknowledge that it was a challenge for the council to act as a client function due to commercial energy retail being outside of the council's core services, increasing reliance on the use of external advisers. We note that this is not an issue in terms of the council's other companies. A Governance Review has already been commissioned to consider the client function, and how it can be strengthened to ensure that roles and responsibilities are clear across the Group and the Council. We have already included the 'strategic client' within Shareholder Group to ensure that the Shareholder Representative has additional appropriate strategic advice relating to each company when taking decisions at the Shareholder Group meetings. We will consider introducing a similar arrangement to support the weekly Companies update provided at the Cabinet Member Briefings.</p>	Oct-21	Chief Executive	<p>Ongoing</p> <p>The Governance Review was completed in Summer 2021 and recommended that the Strategic Client role be strengthened. This is now underway by the introduction of quarterly meetings between the Strategic Client and the companies. The Strategic Client has been attending Cabinet Member Briefings since February 2021.</p> <p>The roles and responsibilities of the Strategic Client, and the wider client function, will be clearly set out in the Group Collaboration Note.</p> <p>The City Leap client function is being considered by the City Leap Project Board and a steering group including relevant Heads of Service, and specialist support is being obtained to develop an effective client structure. This will take into account the assumption that Bristol Heat Networks Limited will transfer to City Leap.</p> <p>See also the status update against Recommendation 5.</p>

7. GT1 report	Consideration should be given to the role of the Executive Chair of Bristol Holding. This should include if this role is appropriate going forward, and does it ensure independence of the chair and reduce potential conflicts.			
	The revised Bristol Holding arrangements were intended to be reviewed. The Governance Review has been commissioned and the role of Executive Chair, independence and potential conflicts will be considered as part of the planned review. The Executive Chair post was filled on a fixed term basis in order to facilitate a revised approach if deemed appropriate as a result of this review.	Oct-21	Chief Executive	Complete The Executive Chair will not be renewed at the end of October 2021, in line with one of the Governance Review recommendations. An independent Chair will be appointed and the Group Finance Director will absorb relevant executive functions.
8. GT1 report	The Council should minimise the potential for conflicts of interest, such as the role of the Executive Chair, elected members and officers. To facilitate this, the Council should develop a conflicts of interest policy to ensure potential conflicts in relation to Council how companies are identified and managed appropriately. This could be incorporated within a company's handbook			
	The Council has in place procedures for declarations of interests for elected members and officers and proactively considers conflicts of interests on an ongoing basis. A formal Conflicts of Interests Policy is intended to be developed, along with supporting guidance, which will be incorporated into the company handbook which we have been developing. Training for elected members who are directors includes conflicts of interests and this element of the training will be further developed.	Apr-21	Director: Legal & Democratic Services	Complete The Guidance Note on conflicts of interest has been agreed and will be published as part of the Company Handbook. Detailed member induction training was given, which included the topic of conflicts. Following a recommendation from the Working Group, this training included general training made available to all members and advanced training available to members of OSMB, Audit Committee and member directors of company boards. External training is being arranged for all directors of the companies, including member directors, is being arranged for Autumn and will include training on conflicts of interest.

				<p>Internal and external advice is being sought to in respect of any conflicts of interest that may arise as a result of the duplication of directors within the Group. The company secretaries are responsible for ensuring that any director conflicts are appropriately monitored and managed in accordance with the Companies Act 2006 and each company's articles of association.</p> <p>See also the status update against Recommendation 7.</p>
9. GT1 report	The Council should develop a mechanism to enable the Audit Committee to be sighted on potential exempt issues within their role and responsibilities and legal duties.			
	<p>In the Access to Information report presented to the November 2020 Audit Committee, it was acknowledged that the Audit Committee has a responsibility to ensure that key representations to the external auditors as part of the external audit are accurate and complete in line with ISA260 and other standards. The Audit Committee should be able to access such information, including exempt information, that is reasonably necessary for them to discharge this duty. The report also provided the Audit Committee with an overview of the legal framework relating to access to information by Members of the Council, including access to exempt information.</p> <p>We will continue to ensure that Audit Committee have the ability to see exempt information which is reasonably necessary for them to carry out their</p>	Ongoing	Director: Legal & Democratic Services	<p>Complete</p> <p>In March, information was provided to the Audit Committee, following discussion with the Chair and independent member of the Audit Committee and external auditors, setting out the types of information that the Audit Committee should receive in order to discharge their functions.</p> <p>A further report / appendix was provided to the Audit Committee in June, providing examples of the types of information that the Audit Committee will receive periodically or can request, in order to discharge their functions.</p> <p>The Working Group recommended that joint briefings for the Chairs of Audit</p>

	legal duties.			Committee and OSMB on company matters be introduced, and this is being taken forward.
10. GT1 report	The Council should consider publishing all reserved matter decisions relating to its companies and consideration should be given to how elected members access to confidential information relating to reserved matter decisions could be improved.			
	Reserved Matter Decisions taken by the Shareholder Representative following receipt of advice from various members of the Shareholder group and officers are not key decisions (which are always taken by Cabinet), but they are nevertheless recorded in a formal Decision Record and tracked on a Decision Register. Consideration will be given to whether an equivalent process to Officer Executive Decisions (which are decisions which do not meet the criteria for a formal key decision to be taken at a Cabinet meeting but are considered important enough to be open to public scrutiny and as such published on the ModernGov website) can be adopted for these Reserved Matter Decisions.	Apr-21	Director: Legal & Democratic Services	Complete Summaries of all Reserved Matter decisions taken since 1 January 2021 have been published on the Council's website (https://www.bristol.gov.uk/how-council-decisions-are-made/reserved-matter-decisions) and will be published on a monthly basis.
11. GT1 report	Appropriate training should be provided on a regular basis to elected members who are involved in the Council's owned companies, in relation to decision making, scrutiny and the Audit Committee. This should include both sector specific training, roles and responsibilities and potential conflicts of interest.			
	Training is routinely provided to all elected members who are involved in the Council owned companies and a training programme is currently being developed for elected members involved in the Council owned companies for 2021/22.	Aug-21	Director: Legal & Democratic Services	Complete Member induction training was offered to all members in respect of the companies and an advanced session was offered to members of Audit Committee and OSMB

	<p>We will engage with independent external parties such as Centre for Public Scrutiny and CIPFA on the development and design of the training to ensure its suitability for the various roles being performed by elected members in relation to our subsidiaries.</p> <p>Where required, external experts will support the training delivery. All newly elected members will also be given training on the companies as part of their induction process.</p>			<p>and member directors of the companies, in line with a recommendation from the Working Group.</p> <p>External training is being arranged for all directors of the companies, including member directors, and ongoing support is available to member directors from the Shareholder Liaison Service.</p> <p>Officers are working with the Centre for Public Scrutiny and Governance to ensure a best practice approach to scrutiny post-election.</p>
12. GT1 report	The Council should improve the risk management arrangements to ensure that all key risks are identified and clearly reported to Cabinet.			
	<p>Steps have been taken during 2020/21 to strengthen the risk management framework in the Council and across the Council's subsidiaries and continues to be advanced in order to move further towards risk maturity and seamless embedding of risk management. Whilst ensuring its suitability and effectiveness, further consideration is being given to greater alignment with the risk matrix adopted by the Council and its subsidiaries, in terms of scoring, likelihood and impact to facilitate ease of collation and consistency in reporting.</p> <p>We propose that going forward the risk will be incorporated in the reports to Cabinet and where the lack of alignment prevents this, the full details will remain in the Business Plan and the significant risks and potential Council impact will be summarised in the officer comments to the report.</p>	Feb-21	Director: Legal & Democratic Services	<p>Complete - to be regularly reviewed.</p> <p>The risk management framework for the companies has been strengthened with a risk matrix and group risk register reported to every Shareholder Group. A methodology has been developed to map the risks against our BCC criterion to enable where appropriate a transition into the Corporate Risk Register.</p> <p>The 21/22 Business Plans, include the main risks in each business and the finance commentary in the Cabinet Report seeking approval for the Business Plans, included a summary of the risks in each. A similar approach will be taken in future years.</p> <p>The Group Audit and Risk Committee</p>

				present an annual statement to the council's Audit Committee and attend the Audit Committee meeting to respond to associated matters in public or exempt that the Committee may wish to discuss.
The Council should improve the risk management arrangements to ensure that all key risks are identified and clearly reported to Cabinet.				
	Subsidiary and Investment risks will be disaggregated from the 'long term commercial investments and major projects risk '(CRR1) and separately identified and management actions reported on quarterly within the Corporate Risk Management Reports. This will ensure the continuous overview and monitoring currently being undertaken by the Shareholder Group can be more visible.	2021 Quarter 4 Repot & Ongoing	Director: Finance	<p>Complete - to be regularly reviewed</p> <p>See the status update against Recommendation 12.</p> <p>In the Councils Corporate Risk Report, Quarter 3 2020/21, CRR1 - Long Term Commercial Investments and Major projects Capital Investment has been closed and the risk within has been disaggregated.</p> <p>For Subsidiary risk CRR40 - Unplanned Investment in Subsidiary Companies has been created and following the mapping of the Group risk, relevant risks are reported / update periodically.</p>