

Appendix B: Management Actions Update to Shareholder Governance Review

	Recommendation	Responsible Officer	Management Action	Timeline	Latest Update at 1 Nov 2021
Question 1 (relating to the role of the Strategic Client)					
A.	Develop a clear definition for the Strategic Client role, in line with the findings of this report	Executive Director: Growth & Regeneration Director: Legal & Democratic Services	A clear definition of the Strategic Client role will be developed and included as part of a Group Collaboration Note which will set out roles and responsibilities across the Group. A summary will be included in the Company Handbook. This Management Action aligns with Management Action 6 of the VfM Report.	1 Nov 21	Revised timeline 17 Dec 21. Further time required to incorporate the views of the relevant stakeholders into the GCN note.
B.	Develop a clear definition for the Operational Client and Sponsor roles, in line with the findings of this report	Executive Director: Growth & Regeneration Director: Legal & Democratic Services	A clear definition of the Operational Client and Sponsor Roles will be developed in line with the proposals in the report and included as part of the Group Collaboration Note and, at a high level, in the Company Handbook. This Management Action aligns with Management Action 6 of the VfM Report.	1 Nov 21	Revised timeline 17 Dec 21. See Management Action Update A.
C.	Establish a clear model of accountability for the Strategic Client where the Operational Clients and Sponsors are across multiple directorates, in line with the findings of this report	Executive Director: Growth & Regeneration	Where Operational Clients/Sponsors are located across different directorates, the Strategic Client will convene regular formal internal alignment sessions. These will be structured to ensure that Operational and Strategic Client requirements of the same company are complementary and do not create conflicts or risks.	1 Nov 21	Complete
D.	Ensure there is adequate resource and skill dedicated to the Strategic Client	Executive Director:	The Strategic Client role is currently performed by the Executive Director: Growth & Regeneration who has already established quarterly meetings with each of the	Ongoing	Action ongoing, progress will be monitored regularly, and progress formally reported as part

		Growth & Regeneration	<p>companies and has agreed to develop a quarterly report on these meetings for presentation to the Shareholder Group. The level of resource available to the Strategic Client was considered at Shareholder Group meetings in June, July and August. It was recognised that if Holding Company was disbanded, the Strategic Client would need additional resource but that if it was retained, the need for additional resource was reduced but not extinguished. As the decision has been taken to continue with the Holding Company until the outcome of the City Leap procurement is known, this will be kept under review.</p> <p>A review of the client function for City Leap and the existing Holding Company entities will be carried out prior to March 2022 – the date by which the outcome of the City Leap procurement will be determined. This will make recommendations for clienting arrangements within the Directorate: Growth & Regeneration for City Leap, Bristol Waste and Goram Homes.</p>		of 6 monthly review process.
Question 2 (relating to the role of the Shareholder Liaison Service)					
E.	Develop a clear definition for the Shareholder Liaison Team, in line with the findings of this report	Director: Legal & Democratic Services	A clear definition of the role of the Shareholder Liaison Service will be developed and included as part of the Group Collaboration Note and, at a high level, in the Company Handbook. It was agreed at Shareholder Group meeting on 23 August 2021 that there would be no change to the	1 Nov 21	Revised timeline 17 Dec 21. See Management Action Update A.

			existing scope and remit of the Shareholder Liaison Service.		
F.	Revise relevant governance documents to reflect the outcomes of this Shareholder Governance Review	Director: Legal & Democratic Services	<p>(a) The report finds that the current governance documents are detailed and helpful. However, there is a need to provide clarity around individual roles and responsibilities within the governance arrangements (e.g. the role of the Holding Company, the role of the Strategic Client, the role of the Shareholder Liaison Service). It was agreed at the Shareholder Group meeting in August that this would be documented in a Group Collaboration Note and reflected, at a high level, in the Company Handbook.</p> <p>(b) In addition, the articles of association and the Shareholders' Agreement will be reviewed for any changes that may be necessary to reflect the revised governance arrangements.</p> <p>These Management Actions align with Management Action 5 of the VfM Report.</p>	<p>(a) 1 Nov 21</p> <p>(b) Feb 22</p>	<p>(a) Revised timeline 17 Dec 21</p> <p>See Management Action Update A.</p> <p>(c) Action still on track for completion in Feb 22</p>
G.	If the Holding Company is not retained, consider expanding the Shareholder Liaison Service, in line with the findings of this report	Director: Legal & Democratic Services	As the recommendation suggests, this will be considered as part of the decision around whether a Holding Company is retained upon review of the agreed governance arrangements once the outcome of the City Leap procurement, and BHN's future, is known.	To be reviewed on an ongoing basis and no later than Spring 22	Action ongoing. Scenario planning taking place as part of BCC corporate planning cycle for 2022/23.
Question 3 (relating to the role of the Holding Company)					

H.	Pause establishing any additional companies and disband the Holding Company. This should involve:	Director: Legal & Democratic Services	<p>Unless a business case suggests that this is the best value for money option in delivering our strategic objectives, it is not anticipated that any further companies will be established in the short to medium term.</p> <p>It has been agreed, that the Holding Company should be retained until the outcome of the City Leap procurement, and BHN's future, is known.</p>	To be reviewed on an ongoing basis and no later than Spring 22	Action ongoing with regular monitoring.
i.	identifying a timeline for the disbanding of the Holding Company	Director: Legal & Democratic Services	A further review of the governance arrangements relating to the companies will be undertaken once the outcome of the City Leap procurement, and BHN's future, is known, to ensure that such arrangements are proportionate to the size and nature of the Group. If the decision is taken at that time to disband the Holding Company, a detailed implementation plan, and transition timeline, will be developed.	To be reviewed on an ongoing basis and no later than Spring 22	Action ongoing with regular monitoring.
ii.	developing an appropriate transition plan to achieve the disbanding of the Holding Company, including:	Director: Legal & Democratic Services	See Management Action H(i).	To be reviewed on an ongoing basis and no later than Spring 22	See Management Action Update G.
	appointing a separate chief executive to oversee the wind down of the Holding Company and the transfer of activities back to the council	Director: Legal & Democratic Services	<p>The current Executive Chair role should not be extended beyond 31 October 2021. Instead, an independent Chair will be appointed from 1 November 2021.</p> <p>This Management Action aligns with Management Action 7 of the VfM Report.</p>	1 Nov 21	Complete

			A Chief Executive role will be held vacant and the Group Finance Director will absorb where relevant the existing executive functions of the Holding Company, following a recommendation from the Holding Company that this role could adequately fulfil the remaining executive functions required.		
	mapping the work currently done by the Holding Company and which teams or roles within the council will absorb this (for example, Strategic Client, the Shareholder Liaison Service, BCC Finance, the Shareholder Group)	Director: Legal & Democratic Services	As part of the Options Analysis and the Implementation Plan, a detailed mapping of the current functions of the Holding Company was undertaken and was used to inform the decision taken to continue the role of the Holding Company until the outcome of the City Leap procurement is known. This recommendation will be reconsidered as part of the review of the governance arrangements once the outcome of the City Leap procurement is known, and the mapping exercise can be updated as needed.	To be reviewed on an ongoing basis and no later than Spring 22	See Management Action Update G.
	consider transferring the current Executive Chair and Group Finance Director into council employment to support the council's commercialisation work	Director: Legal & Democratic Services	This recommendation will be reconsidered as part of the review of the governance arrangements once the outcome of the City Leap procurement is known.	To be reviewed on an ongoing basis and no later than Spring 22	See Management Action Update G.
	increasing the remit of Shareholder Group to carry out the accountability mechanism currently performed by the Holding Company and consider establishing sub-committees	Director: Legal & Democratic Services	This recommendation will be reconsidered as part of the review of the governance arrangements once the outcome of the City Leap procurement is known.	To be reviewed on an ongoing basis and no later than Spring 22	See Management Action Update G.

	(for example, in respect of performance monitoring and risk) to support this work				
iii.	considering whether the Holding Company entity should be retained for tax purposes, and ensure appropriate support in place to manage this entity (e.g. a Chair, company secretarial support etc.)	Director: Legal & Democratic Services Director: Finance	Grouping companies together under a holding company gives them advantages they would not have when operating as separate entities, such as consolidation tax advantages and specialist added value skills. It is therefore assumed that if the Holding Company functions are transferred into the council, the Holding Company entity will be retained for tax purposes. The further advantages and disadvantages of having such an entity will be considered at the incorporation of any subsidiaries and would be considered more broadly should an option to wind up the Holding Company beyond a shell be proposed	Complete	N/A
I.	If, despite Recommendation H, the council intends to transfer additional companies to the Holding Company in the short to medium term, then I recommend that the council implements 'Option 3' as outlined in the Holding Company paper: "Managing HoldCo Costs & Improving Group Effectiveness" (December 2020)	Director: Legal & Democratic Services	Following receipt of Option 3 in December 2020, the Holding Company submitted a lower cost alternative referred to as 'Option 4' in May 2021. This was considered in detail by the Shareholder Group as part of the Options Analysis. The Implementation Plan agreed at Shareholder Group's August 2021 meeting was largely based on the Option 4 model.	1 Nov 21	Complete
Question 4 (in relation to material barriers to effectiveness)					

J.	Consider pausing any new company formation in the short to medium term	Director: Legal & Democratic Services	See Management Action H.	Complete	
K.	Complete the council's commercial strategy as soon as possible	Executive Director: Growth & Regeneration	This piece of work was put on hold pending the outcome of the Shareholder Governance Review and will be subject to the outcome of the Common Activities Programme.	TBC	On Hold
L.	Establish a template business case for the establishment of companies and commit to its use in advance of any decision-making surrounding new company formation	Executive Director: Growth & Regeneration Director: Legal & Democratic Services Director: Finance	A template business case for the establishment of companies will be developed and will be used as part of council decision making on new company formation. A Guidance Note will be developed as part of the Company Handbook which explains the process needed to consider the establishment of a new council-owned company.	Mar 22	Ongoing
M.	Conduct a skills audit of its Operational Clients and Sponsors and consider how the council can begin to 'home grow' the type of commercial expertise it needs	Executive Director: Growth & Regeneration	This will be completed as part of Management Action D.	Mar 22	Ongoing
N.	Ensure adequate succession planning in place for the Shareholder Representative	Director: Legal & Democratic Services	A briefing pack on the role of the Shareholder representative, its responsibilities and its core advisors and meetings will be developed so that it can be provided to any individual performing the Shareholder Representative role in the future.	Mar 22	Ongoing

			<p>A second Cabinet member is a member of Shareholder Group to provide resilience and consideration will be given to how to develop this role.</p> <p>These arrangements will be kept under review.</p>		
O.	Develop a graphic to explain all of the relevant forums at which the companies are discussed with the level of decision making made explicit	Director: Legal & Democratic Services	<p>A graphic has been developed as part of the Company Handbook to illustrate the roles within the council that are relevant to the companies. This will be developed to illustrate decision making and consideration will be given to whether this should also be included as part of the Group Collaboration Note.</p>	Nov 21	<p>Revised timeline 17 Dec 21.</p> <p>See Management Action Update A.</p>
P.	Devise a new model of engagement between the s151 Officer and the companies	Director: Finance	<p>A new model of engagement is outlined to provide sufficient and proportionate assurance through the annual financial cycle and ensure that financial risks are managed appropriately. No “one-size-fits-all”, the assurance approach and content will reflect the size and scale of the business, the size of any debt owed to the council or wider dependency on public sector loans or grants. There should be no critical gaps in the assurance approach and no areas of duplication of assurance provided elsewhere at that time.</p> <p><u>Early and Iterative Annual Engagement:</u></p> <p>To ensure the financial transactions and values attributable to the company as the Council’s medium term financial plan evolves, agree with the projections in the</p>	Mar 22	<p>Ongoing</p> <p>Effectiveness to be assessed following the 2022/23 Business Planning process.</p>

			<p>company business plan and thereafter the Councils approved budget.</p> <p><i>A revised timeline for reviewing and approving the companies' business plans has been agreed with the Holding Company and the Director: Finance.</i></p> <p><u>Periodic (at least Quarterly) Company Finance Director (FD) Engagement:</u></p> <p>New or varying financial transactions that affect the Council such as timing of loan drawdowns / repayments or longer-term finance, provision of financial support in terms of short term working capital, letters of comfort or parent guarantee and material unplanned utilisation of reserves.</p> <p>Internal / external audit reports - significant weakness identified in internal controls and notification of any material financial irregularities / fraud.</p> <p><i>The above will provide greater structure to scheduled meetings, which can be expanded to Company FDs as appropriate.</i></p>		
Q.	Ensure company risks are escalated to the BCC risk register as appropriate	Director: Finance	<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</p>	Jan 22	Ongoing

			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.		
R.	Develop a process chart to assess if and where duplication of roles is taking place	Director: Legal & Democratic Services	As part of the Options Analysis and the Implementation Plan, a detailed mapping of the current functions of the Holding Company was undertaken. A meeting is scheduled between the Strategic Client and the Holding Company for early September to ensure clear governance and no duplication of roles. The Group Collaboration Note will ensure that roles and responsibilities across the Group are clear and agreed.	1 Nov 21	Revised timeline 17 Dec 21. See Management Action Update A.
S.	Complete the Company Handbook and share with all parties	Director: Legal & Democratic Services	The Company Handbook is made up of individual Guidance Notes on relevant topics. The initial Guidance Notes will be published in September 2021 and further Guidance Notes will be published in Autumn to reflect the principles of the Group Collaboration Note. Additional Guidance Notes will be published/existing Guidance Notes updated when need arises.	Jan 22	Revised timeline 30 November 21 Company handbook finalised and undergoing final accessibility checks prior to upload to the website.
T.	Undertake a review of Holding Company and subsidiary Board composition and effectiveness	Director: Legal & Democratic Services	(a) The Holding Company has been asked to commission independent external board effectiveness review of the Holding Company and each of the subsidiaries as soon as possible. (b) The findings of the reviews will be reported back to Shareholder Group.	(a) Nov 21 (b) Jan 22	Complete Ongoing

Recommendations in respect of City Leap					
U.	Provide a workshop for relevant stakeholders as a matter of some urgency, in order to communicate the vision and secure explicit support	Executive Director: Growth & Regeneration	<p>A City Leap Briefing for the Independent Shareholder Advisor was held on 17 June 2021.</p> <p>Engagement with relevant stakeholders is ongoing. The Shareholder Representative, Chief Executive, Executive Director: Growth & Regeneration, Director: Legal & Democratic Services, and Director: Finance regularly attend the City Leap Project Board to receive updates.</p> <p>The City Leap Team will be asked to report back to SHG on progress at an appropriate point in the procurement process.</p>	Ongoing	Ongoing
V.	Define the key governance roles relating to City Leap (for example, the Holding Company (if retained), Shareholder Liaison Service, Strategic Client, Shareholder Group, joint venture board, joint venture partner)	Executive Director: Growth & Regeneration	The Executive Director: Growth & Regeneration is in the process of commissioning external consultancy support to map out an effective client function in respect of City Leap. A client function steering group has been established to consider with relevant Heads of Service (including the Shareholder Liaison Manager from a Shareholder perspective) what is required to ensure a robust governance structure. This will be developed further once the preferred bidder is known.	Mar 22	Ongoing
W.	Ensure adequate external specialist support provided to the council to ensure a robust and balanced relationship between	Executive Director: Growth & Regeneration	See Management Action V.	Mar 22	Ongoing

	Strategic Client and Strategic Partner				
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