

Appendix B2 – Independent Shareholder Advisor commentary on the Business Plans

Fiona Ross, Independent Shareholder Advisor

Since the expansion of Bristol Holding Limited (BHL) in September 2019, there has been only one Independent Shareholder Advisor rather than two and the Shareholder Group only meets once a quarter. As the Independent Shareholder Advisor, I had placed a great deal of confidence in the existence of Bristol Holding Limited and the excellent reporting that was developed by BHL and the Shareholder Liaison Service. The Governance changes which took place in October 2021 have reduced the resources within BHL and I feel there is a lot of pressure on the remaining executive which poses a business continuity risk and I have raised this with the Shareholder Representative.

As planned, following the Grant Thornton review (completed in 2021) and my own governance review (commissioned by the Shareholder in 2021), the governance of the companies continues to be the subject to further changes especially in the context of City Leap. As the record of Shareholder Group meetings will demonstrate I remain concerned at the number of outstanding actions in the governance arena.

While the timing and detail of these governance changes remains a concern there has been very demonstrable improvements in strategic direction provided to the companies through the role of the Strategic Client (Executive Director: Growth and Regeneration) and it was excellent to see much better coordination and communication between the Strategic Client and the companies especially Bristol Waste Company Limited (BWC) and Goram Homes Limited (Goram).

With regard to finance, I asked and was assured that there is a better working relationship between BHL, the companies and the Section 151 officer. I had identified the critical importance of making sure that the companies interact with the Section 151 Officer earlier and more frequently. Given the finance and budget challenges facing BCC it is essential there are no gaps in understanding and information flow between the companies and the Section 151 Officer.

At the Shareholder Group on 17 January 2022, the business plans were accepted but with some reservations and caution as you would expect for any company operating in this challenging post Covid-19 environment. BHL is a holding company in transition and my concerns are noted above. BWC has a very ambitious plan that needs very careful monitoring but the new Chair at BWC is very experienced and I have confidence results will be tracked very carefully. Goram Home is more steady state.

In all cases I have raised my concerns regarding the management of expectations at a Council, Cabinet and Citizen level. This is most acute in BWC where there is a significant level of political interest in the company's operations. As separate companies we do need to remember that while a stakeholder view is appropriate the companies are not Council departments and have additional responsibilities under company law to adhere to.

As with all business plans once the Shareholder has reviewed the plans and posed their challenges they need to move to provide support to the companies to deliver. The most critical thing is to have full transparency, open and honest communication and regular reviews.

The Shareholder group did not see the Bristol Heat Networks Ltd. business plan as it was undergoing further due diligence, and following an alternative timeframe related to the City Leap Joint Venture procurement. I think a Shareholder Group session on BHNL and City Leap is advisable, given the scale of planned investment and risks associated with BHN and City Leap.