

**BRISTOL HOLDING LTD -  
COMPANY BUSINESS PLAN for 2022/23 and 2023/24**

**1. Bristol Holding Strategic Objectives and Targets**

We have put together a business plan following the sale of Bristol Heat Networks Ltd (“BHNL”) and the transfer of Bristol Holding Ltd (“BHL”) functions, minimising the financial implications for the Council and its remaining companies, but ensuring effective corporate governance is retained.

This business plan has been prepared on the following assumptions:

- That BHNL was acquired, via share purchase agreement, by the City Leap Joint Venture during the financial year 2022/23
- That following the outcome of the independent shareholder advisor review, and subsequent management action plan, the Council will determine to support Holdco functions in its transition role as providing assurance to the shareholder.
- That the above transition will be reflected during the 2022/23 financial year.

The strategic objectives of the company reflect the successful conclusion of the above desired outcomes, ensuring seamless transition whilst delivering effective corporate governance arrangements.

During this transition period, the strategic objectives of BHL will remain as follows:

***Key Strategic Objectives.***

- To provide effective commercial, financial and risk assurance to the Shareholder in the operation of its wholly owned companies
- To ensure strategic alignment between Bristol City Council corporate aims, objectives, and values, and those of its wholly owned companies, including their commercial objectives
- To oversee the delivery of the companies’ 2022/23 business plans and objectives
- To ensure effective corporate governance arrangements across the companies
- To promote maximisation of social value of the companies
- To support the Council, achieve a seamless transition of Holding Company services, staff, and corporate governance requirements to the delivery model
- To ensure effective and efficient arrangements for residual company statutory and retained Holding Company activities
- To minimise costs and charges to subsidiaries pending completion of the transition process and deliver value for money

In line with our strategic priorities outlined above, key targets for the year ahead are set out in the table on page 3.

## **2. Updated Bristol Holding 2022/23 Financial Plan**

The business has scaled back to a skeleton organisation, with the part time Executive team reduced to two staff. The number of BHL employees has now reduced to zero, as the back office is being provided by the administrative team, as the organisation is being scaled back. The administrative team have transferred to BWC and will provide part time support to BHL. This means BHL will be as lean as possible, enabling the business to be agile as we move into this transitional phase.

After the direct allocation of Directors' costs to BHNL for this financial year 2022/23, the planned reforecast budget for Holdco is reduced from £374.5k to £370k for the year.

## **3. Bristol Holding 2023/24 Financial Plan**

The plan includes retaining the two part time members of the Executive team for the year. The administrative support will be minimal and will be recharged via BWC as and when incurred.

In terms of other costs, these are being kept to an absolute minimum. The forecast assumes external audit fees, tax advice, insurance premiums and some administration costs such as CoSec support. It is assumed that Internal Audit costs are charged directly to subsidiary companies in 2023/24.

The recharge costs to subsidiaries are indicative at this stage. As BHL is operating on a skeleton basis, there is no scope for incurring other ad hoc costs or budget for being involved in other support work. In addition, should more specialist advice be required, for example as subsidiaries such as Goram Homes take on other complex Joint Ventures, then additional costs may need to be recovered via additional subsidiary recharges.

The future role of BHL will be reviewed as we progress through 2023/24. BCC will look to re-engage Navigo to assess progress in embedding governance structures and in carrying out their original recommendations, including establishing the Audit Risk and Assurance Committees ("ARAC's") and assessing their maturity.

Until then, BHL will continue to play its assurance role, until stakeholders are satisfied that the new governance and assurance environment is embedded and 'fit for purpose'.

## BRISTOL HOLDING LTD - BUDGET 2023/24 (with comparatives for previous years)

Original Budget 2021/22 £	Bristol Holding - Approved Budget 2022/23	Original Budget 2022/23 £	Revised Budget 2022/23 £	Budget 2023/24 £	%	Comments
	<b>Income</b>					
5,000	Charges to BCC					
558,000	Charges to Subsidiaries	409,845	370,178	241,239		
<b>563,000</b>	<b>Total</b>	<b>409,845</b>	<b>370,178</b>	<b>241,239</b>		
	<b>Expenditure</b>					
396,000	Staff costs	292,229	289,258	170,939	-41%	Executive team plus admin team support
95,000	<b>Supplies &amp; Services</b>	78,000	65,000	44,500		Ext Audit plus Tax advice
	<b>Recharges from BCC/ Subsidiaries</b>					
54,000	Finance, Audit & Insurance	35,456	32,420	24,800		Insurance, Internal audit fees
10,000	Legal	2,080	500	500		
5,000	HR	-	-	-		
3,000	ICT	2,080	1,000	500		
	Others					
<b>563,000</b>	<b>Total Costs</b>	<b>409,845</b>	<b>388,178</b>	<b>241,239</b>	<b>-38%</b>	
	<b>Surplus/ (Deficit)</b>		<b>(18,000)</b>	<b>-</b>		
<b>Current Charging Assumptions</b>			<b>£</b>	<b>£</b>		
	Bristol City Council		-	-		
	Bristol Waste	220,000	149,455	135,094	10%	
	Goram Homes	90,000	90,000	106,145	18%	
	Bristol Heat Networks	64,500	130,722	-		
	<b>Total</b>	<b>374,500</b>	<b>370,178</b>	<b>241,239</b>		
	<b>Inherent shortfall</b>	<b>35,345</b>	<b>18,000</b>	<b>-</b>		

Set out below are key sensitivities and financial assumptions underpinning the reforecast. It should be noted that some core costs, including Company Secretary, external audit, and group insurance will be required under the future governance model.

### Sensitivities

- *Pay award – Each 1% above assumed equates to - Additional costs £1,700*
- *Contract inflation – Each 1% above assumed equates to – Additional costs £700*
- *Delays in completion of City Leap/ transition process (per month) c.£15,000*

### Financial Assumptions

- % Pay Awards, Pension & NI – 2.6%, no Employer's NI uplift
- % Inflation assumptions - 4% contracts and services provided by BCC
- All costs to be charged to subsidiaries
- Indemnities, warranties and guarantees from BCC – Sale of BHNL to City Leap JV
- The company has minimal reserves
- The company recharges for 23/24 are indicative and subject to final sums invoiced. E.g., cost overruns for items like external audit fees will be recharged to subsidiaries