

Appendix B1 – Shareholder Group Commentary on Business Plans

The Shareholder Group (SHG) members reviewed the business plans at the SHG meetings on 16 January 2023 (Goram Homes Limited and Bristol Holding Limited), and 6 February 2023 (Bristol Waste Company Limited), and virtually during the wc 13th February 2023.

Summary of Shareholder Group Commentary at meeting of 16 January 2023

There have been no material changes in the existing Goram Homes and Bristol Holding Limited business plans since they were reviewed at SHG on 16 January 2023.

Goram Homes Ltd. Business Plan [reviewed on 16 January 2023] version 4 – 02.02.2023

The Shareholder Group agreed that the Goram Homes Business Plan could be recommended to go forwards for approval at Cabinet.

The group expressed their confidence in the company and supported Goram's approach to growing their small team cautiously to be able to move to support more projects into delivery phase, whilst also prudently scaling back on the anticipated pace of development, reflecting the impact of market forces.

The group endorsed the prudent approach being taken in the business plan, acknowledging that the core financial assumptions are contingent on delivery of only the four key projects out of the overall pipeline of 12. The group were content, however, that the approach of the company will be to continue to work to bring the rest of the sites forward so long as market conditions allow.

It is worth noting that the company will also be incurring overhead costs relating to development costs (planning and preparing) relating to the other 8 projects, but the revenue is not counted in the financial forecasts.

The Shareholder group were content that Goram Homes had engaged with all necessary BCC colleagues with respect to the formation of the Business Plan and agreed with the Independent Shareholder Advisor recommendation that a strategic review of the commercial model should be incorporated into the business planning process in next year, if possible, to ensure stability into the future.

Bristol Holding Ltd. Business Plan [reviewed on 16 January 2023] version 2 – 04.01.2023

The Shareholder Group agreed that the Bristol Holding Ltd. Business Plan could be recommended to go forwards for approval at Cabinet.

The group endorsed the company's one-year business plan and noted that, having commissioned a review of the governance arrangements in 2022, the council will consider winding the company down during 2023, subject to it gaining the necessary assurances that BHL functions can be appropriately transferred to either subsidiary companies or the council.

It was noted that the assurance functions being carried out at Bristol Holding Audit and Risk Committee, will need to be wholly transferred to subsidiary Audit and Risk Assurance Committee's in the current financial year, a process which has already started. If this is not done to a sufficient

standard and endorsed by the Shareholder representative, section 151 officer and other key stakeholders, then BHL will need to continue.

The group commended the small but agile BHL team, who are working hard and have created much better working relationships between the BHL team and the Strategic Clients. It was noted that the plan is lean, with no contingency if additional assurance or consultancy support is required during the year.

Bristol Waste Company Ltd. (BWC) business plan. (Summary of Shareholder Group Commentary from meeting of 6 February 2023 and virtual review process [versions 3 – 5])

The Shareholder Group acknowledged the unprecedented financial difficulties being faced by both the council and BWC and all other councils across the country, caused by the cost-of-living crisis and inflationary pressures on top of increasing demand for services and already challenging budgets.

Overall, the Shareholder Group thought the BWC 5-year business plan was well written and clear, and thanked the Board and Executive team for their efforts, working with the Strategic Client in bringing a balanced budget for 23/24. Group members were pleased with the inclusion of the impact performance section, and the many successes of the past year being presented.

It was noted by group members that although the 23/24 budget balances, there are very serious concerns regarding the viability of the business in future years. As a result, the Shareholder Group requested at the meeting on the 6th February 2023, that the company submit a 1-year business plan for approval, allowing time for further work to take place between BWC and BCC to align service and company budgets and collectively address the gaps which emerge from 24/25 onwards.

The group acknowledged that a number of substantive risks, and some uncertainty still remains within the 23/24 plan, which remain extremely challenging given the essential transformational changes the company needs to make. Group members stressed the imperative for BWC to work closely with the Strategic Client to find solutions and mitigations to counteract the cost of living, inflationary pressures, and other issues which are putting pressure on operating budgets. This may include reviewing the service levels delivered to the council. It was highlighted that this process needs to take place in parallel with BCC's own budget setting process, of considering how further savings and income growth will be achieved to ensure the sustainability of the both the services and company.

The Shareholder group also agreed with Independent Shareholder Advisor recommendation that a strategic review of the commercial model should be planned to ensure stability into the future.

Independent Shareholder Advisor commentary on the Business Plans V1 - 27.02.2023

Fiona Ross, Independent Shareholder Advisor

After this challenging business planning round where, significant adjustments had to be made to plans to allow for the current economic circumstances, it is clear that managing its relationships with its commercial businesses is a significant drain on scarce BCC resources, in terms of time and funding.

In addition, the need to reduce the Holding Company to the leanest possible scale due to cost pressures, continues to put pressure on the assurance model and until the subsidiary Audit and Risk

27.02.2023 – V3 TRACK

Committees are fully functioning the Holding Company must be retained to provide the most basic level of assurance to the council and to citizens.

It is my view that the time has come for BCC to conduct a review into the longer-term future of the commercial companies. It may be that there is a better way of delivering the Council's objectives or it may be that the company model is still a preferred option. If the latter is the case, an acceptance of the inherent challenges and costs of running companies must be more widely accepted.