

# Bristol City Council

## Overview and Scrutiny Management Board

14<sup>th</sup> February 2023



### **Members present:-**

Councillors Tony Dyer (Chair), Mark Bradshaw (Vice-Chair), Geoff Gollop, Barry Parsons, David Wilcox, Tim Kent, Brenda Massey.

### **Other attendees:-**

Stephen Peacock, Chief Executive - Bristol City Council; Cllr Don Alexander; Stephen Baker; Aman Dalvi; Denise Murray; Sophie Bland; Helen Davis; Chris Smith; Chris Arnold; Guy Collings; Jessie Wilde.

#### **1. Welcome, Introduction and Safety Information.**

The Chair welcomed the Members and attendees, including representatives from Bristol Holdings and Goram Homes

#### **2. Apologies for Absence**

None.

#### **3. Declarations of Interest**

No declarations were received.

#### **4. Minutes of the previous meeting**

The minutes were agreed as an accurate record.

**Resolved; that the minutes of the meeting dated 5<sup>th</sup> December 2022 be approved.**

#### **5. Chair's Business**

No business was declared. The Chair stated that the meeting would receive the Business Plans related to Goram Homes and Bristol Holding Ltd, but that the Bristol Waste plan would be considered at a future meeting on 27<sup>th</sup> February 2023.

#### **6. Public Forum**

Public Forum questions and statements can be viewed [here](#).

David Taylor submitted a Public Forum question regarding Goram Homes. A written response was provided.

Suzanne Audrey submitted two Public Forum questions regarding the Q2 2022-23 Performance Report. Written responses were provided.

Jen Smith submitted a Public Forum statement regarding SEND and Bristol City Council's use of language. This was noted by OSMB.

David Redgewell submitted a Public Forum statement regarding bus provision across Bristol in relation to the WECA Scrutiny minutes. This was noted by OSMB.

Cllr Gollop submitted a Public Forum statement regarding concern over the Bristol Waste business plans, due for discussion at an OSMB meeting on 27 February 23. This was noted by OSMB.

**Resolved; That OSMB note the Public Forum.**

## **7. Companies Business Plans 2022-23: Goram Homes and Bristol Holding**

The Shareholder Liaison Manager introduced the attendees from Goram Homes and Bristol Holding, and provided an introduction outlining that the business plans were being presented to Scrutiny as part of the process before submission to Cabinet for approval.

### Goram Homes

The Managing Director, Chair of the Board of Directors, and Chief Financial Officer of Goram Homes delivered a presentation on the Goram Homes Business Plan 2022-23. The presentation can be viewed [here](#) and included objectives, context around the housing market, and an overview of the 2023 pipeline.

Members were invited to ask questions.

A Member asked about the sites that had been removed from the 2023 pipeline, particularly Blake House and Cameron Centre. The Managing Director responded that following discussion with Bristol City Council it had been agreed that the Bristol City Council Housing Delivery team would be best placed to take those projects forward to market so had been removed.

A Member noted the sustainable building techniques highlighted and queried the approach to the embedded carbon in house construction, which was on average 50 tonnes. The Managing Director agreed that the amount of embedded carbon in housing construction was likely to be the next challenge for the industry. Approaches that were being considered included use of timber, stone and other building materials. It was noted that embedded carbon was likely to become a greater priority closer to the 2030 target.

A Member noted that there was no specific figure included that demonstrated the number of completions per year but it was apparent that there had been no completions, and raised a concern that this was not made transparent. A request was made for greater clarity over the accounts, and assurance from the Finance team that these had been reviewed. The Managing Director noted that further detail could be provided in the exempt session. There had been no intention to deny the number of completions and it was made clear that the One Lockleaze project as the first project in the pipeline had not yet completed, taking longer than forecast. A financial comparison between the annual business plan was available in the exempt item.

The national economic situation and housing market had changed substantially since the production of the previous business plan so the submitted Business Plan for 2023/24 maintained a 'pessimistic' forecast for a prudent approach.

A concern over the delivery of the timeline of the pipeline was raised. The Managing Director provided assurance that they were confident in the forecasts as laid out, agreeing that in some cases vagaries existed but that a greater amount of time had been assigned in those cases in order to maintain the 'pessimistic' approach.

A Member was pleased to note the creation of an Audit Committee and asked whether the Skills Academy was connected to the Advanced Construction Skills Hub in South Bristol. The Managing Director noted the Skills Academy in Lockleaze would be at a distance from Hengrove which would make close working difficult in the delivery stage, but work had been undertaken with City of Bristol College to discuss apprenticeships.

A Member asked how the particular impact of inflation on the construction industry had been mitigated. The Managing Director agreed that as a small company it would be difficult for Goram Homes to control cost inputs, however as a Joint Venture Partnership with larger organisations there was greater security in controlling the cost base, ensuring smaller movement from forecast. The Chair of the Board of Goram Homes added that a sensitivity analysis of stress factors (including issues such as cost of building materials) was conducted in the construction of the business plan with the stress factors regularly monitored.

A Member noted Bristol City Council's role as social landlord and asked how Goram Homes worked with the HRA. It was clarified that Goram Homes was set up as a developer, not asset holding company. Each project would involve a discussion around affordable housing with Bristol City Council, with an offer for the Council to acquire as Council Housing made on a case by case basis. There was a good working relationship with the HRA.

A Member noted the 1048 affordable homes as part of the pipeline and asked what proportion of those would be available for social rent. A breakdown was available project-by-project, and the Managing Director agreed to provide this.

A Member noted the concerns raised through Public Forum around the reduction in bus services to South Bristol. Given the Goram Homes commitment to community building it was queried how this had been considered. The Managing Director suggested that some infrastructure questions were best considered by the wider council, but that it was known that the Metrobus would run through the planned development, and this could have opportunities for North to South travel.

A Member asked about the risk factors given the volatility of the market, noting the assessment of key risks did not include a reduction in the housing market. The Managing Director stated that the Business Plan took a high-level view of risk and may not have captured the factors involved in each assessment. As the risk in the housing market had not yet crystallised in most cases the risk was minimal. The One Lockleaze project was the only project exposed to housing market risk. This risk would be tracked against projects but not crystallised until reaching the 'site' stage. The Member noted that new builds may be more exposed to the risk of a drop in value than

other buildings on the market due to the higher cost to produce and asked where this had been considered. The Managing Director stated that the commentary on risk had not been drilled down in the business plan, but multiple factors relating to the housing market and risk exposure were being constantly monitored and believed that the resulting assessments were prudent. Some risk would also be mitigated due to the amount of affordable housing produced and the desirability of Bristol as a location. The mitigation due to affordable housing level was questioned, as that value would also be expected to fall in line with the market. It was clarified that the value of affordable housing was calculated based on rent paid over 30 years and was subject to different fluctuations.

It was added that the risks included were across the business plan, not per project. A Member raised a concern that risk would be higher due to a smaller number of pipelines where delays or setbacks to one project would have a greater impact. The Managing Director explained that for each project Bristol City Council as shareholder would be able to see the risks and viabilities, as well as the funding envelope before agreeing to proceed.

#### Bristol Holding Ltd

The Interim Group Finance Director of Bristol Holding delivered a presentation on the Bristol Holding Business Plan to cover the year 2023/24 only.

The fundamental assumption in line with the independent shareholder review on the governance arrangements was that Bristol Holding would transition to a reduced role during the 23/24 year with an option to continue to operate as a shell company if required. This followed the disposal of Bristol Heat Networks, leaving Goram Homes and Bristol Waste in the group. Charges incurred by Bristol Holding would be recharged to subsidiaries. Insurance activities would be transferred to relevant departments or subsidiary companies where appropriate. The Business Plan focused on the winding down of the operations and handover to alternative processes once confirmed. It was reiterated that those decisions had not been made by the time of the meeting. There was an aim to complete the process by October 2023, with financial assumptions for the full year.

A Member acknowledged that the subsidiaries were best placed for managing their own risk, but noted the benefit in looking at group risk which Bristol Holding could bring through consistency in management, and was concerned that this would be lost with the transition to a shell company. The Group Finance Director stated that the key would be in mapping the known risks against the individual subsidiary risk registers. The cost savings of the move were acknowledged. An independent review was intended in Summer 2023 to confirm that the proposed move would still result in appropriate risk management.

The Group Finance Director stated that the staff resource available to Bristol Holding was very experienced, and believed it was possible to deliver the assurance oversight required in an efficient way, noting that individual Audit Committees had been bolstered.

A Member checked whether contact had been made with the Committee Model Working Group to ensure audit processes were designed into the new governance system. These discussions had not yet taken place but were factored in as part of the planned review. It was suggested consideration of this be recommended to the CMWG.

A Member acknowledged the cost savings against the necessity of audit and assurance. It was suggested that commercial expertise available be used to assist the Council. The Director for Finance agreed and supported an agile model that would allow for this, commissioning additional support where needed.

The Chief Executive reinforced that the situation was evolving and a decision had not yet been reached. The aim was to provide the best assurance to the shareholder. The Chair of OSMB noted the uncertainty of the current environment which may require future changes.

***NB:** the following discussion took place following the presentation of exempt information but is reported here for the purpose of clarity.*

#### Discussion of Cabinet referral

Members considered key points of the discussion to include in a referral to Cabinet. This included suggestions around

- The recommendation to the CMWG to involve Bristol Holding in programming in to the workstream the democratic oversights and constitutional arrangements of external companies.
- Raise to the Audit Committee whether upskilling capacity and knowledge base would be required in order to take on work as a result of changes to Bristol Holding, potentially through a sub-board or cross-party working group.
- Need to establish under the new governance system who is the shareholder and how are they provided with assurance.
- A summary of the discussion around risk, and the difference in approach between Goram Homes and Bristol City Council risk registers. The length of time for projects to deliver as a risk was noted.
- The broad economic impact was noted.
- Should elected members be more directly involved in the future some targeted training would be necessary.
- Maintaining the risk assurance overview and possible loss of corporate memory following the changes to Bristol Holding was highlighted as a key issue.
- Depending on the future model, regular stages for project reviews, particularly for Goram Homes, by Council or Scrutiny should be built in.

The Chair noted that further discussion may take place following the OSMB meeting on the 27<sup>th</sup> February.

#### **8. Exclusion of Press and Public**

The meeting moved in to closed session in order to discuss exempt information

#### **9. Companies Business Plans: Exempt Item**

The information discussed was deemed restricted by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## 10. Q2 2022-23 Performance Report

The Head of Insight, Performance and Intelligence presented the Q2 2022-23 Performance report. This was the second report to be produced in an amended format which contained the reports, metrics and updates from seven thematic performance clinics.

It was noted that a Member had submitted questions regarding the contents of the performance report prior to the meeting. It was confirmed that where applicable these would be addressed in due course by the Officers attached to the relevant performance clinics while the Head of Insight, Performance and Intelligence would provide responses to the questions related to the production of the report and data provided.

Key points within the Performance Report included:

- The position of SEND and EHCPs had previously featured in the BCC Corporate Strategy but based on feedback from Members and Officers this had been moved to Children and Young People.
- 3 of the 7 themes were on track, with 67 of the 86 actions on track or better.
- Only one action was identified as significantly behind (red); maximising transport funding streams. Further context to this was provided in the report. A further 16 actions were identified as behind schedule (amber).
- Members were reminded that metrics were not necessarily linked to specific actions. 58% of the metrics were on track, an improvement on Q1.

The Head of Insight, Performance and Intelligence noted that a workshop with Scrutiny Members was planned to consider to support the drafting of a performance framework. The arrangements for this would be circulated once available. This would be an appropriate venue to escalate the performance metrics around planning to the DMT level, as raised by a Member.

In response to a question from a Member it was clarified that where 'data not due' was indicated in the report' this was due to the data being made available annually at different points in the year; this data would be available for the Q3 and Q4 reports.

It was agreed that questions related to Service Areas would be directed to relevant officers for a written response.

In relation to a previously raised point a Member noted that the average amount of carbon emitted in the construction of a home is 50 tonnes and queried whether the figures for CO2 emissions from the Council included the amount from construction. The Chief Executive stated that this would not be in scope 1 and 2 which were emissions set for the City, however it was felt that the emissions from construction were part of a conversation of wider decarbonisation which had begun internally but was not being measured.

**ACTION: That written responses to performance questions related to service areas be provided.**

## 11. Mayor's Forward Plan (standing item)

The Mayor's Forward Plan as published on 6 February 2023 was noted.

A Member noted that the large number of items discussed at the Budget Cabinet Meeting had made it difficult to cover all issues in an effective way, and suggested that future Budget

meetings be divided in to two sessions, one for finance related items and one for all other items. The Chief Executive noted this suggestion.

**12. Minutes of the previous WECA Overview and Scrutiny meeting (standing item)**

The WECA Scrutiny minutes as published on 12 December 2022 were noted.

**13. Scrutiny Work Programme**

The Scrutiny Work Programme was noted. As discussed, a future OSMB meeting was expected to take place on 27<sup>th</sup> February 2023 to discuss the Bristol Waste business plans. It was also noted that a Communities Scrutiny Commission had been rescheduled from February and was due to take place in March 2023.

It was agreed that a discussion of arrangements for the development of the 2023/24 Scrutiny Work Programme would be scheduled for the next OSMB Leads meeting.

The meeting was closed

End time: 3.30pm