

BRISTOL HOLDING LTD BUSINESS PLAN 2024/25

1. Bristol Holding Strategic Objectives and Targets

We have put together a business plan following the sale of Bristol Heat Networks Ltd earlier last year. The plan is therefore based for the year ahead on operating with two subsidiaries in the Group, Bristol Waste Company ("BWC"), and Goram Homes ("GH"). There is no assumption at this stage of any change in the company portfolio.

In addition, some Bristol Holding Ltd ("BHL") functions such as co-ordinating the Audit and Risk Committee ("ARC") have transferred to the subsidiary companies; this has been completed at the same time as minimising the financial implications to the Council and its remaining companies, by ensuring that effective corporate governance is retained. BHL hosts the key quarterly review known as the Companies Assurance Meeting and plays a key role in co-ordinating with the Independent Shareholder Advisor.

BHL continues to collaborate closely with the Companies and with the Strategic Client to confirm Strategic Objectives, contractual envelopes, and other core parameters, including matters for inclusion in council's budget consultation, such as loans, dividend policy, audit, and tax matters. BHL and the Companies collaborate with the Strategic Client, BCC Finance and Shareholder liaison to ensure that any borrowing requirements are fixed, service and company budgets are aligned, the use of reserves and dividend payments, if applicable are agreed.

This business plan has been prepared on the following assumptions:

- That BHL continues in its present form for another fiscal year to March 2025.
- That following the outcome of the independent shareholder advisor review, and the subsequent management action plan, the Council will determine to support Holdco functions in its transition role as providing assurance to the shareholder.
- It is recognised that this transition may happen as early as October 2024, however this business plan assumes that BHL will operate until the end of the 2024/25 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' 2024/25 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 a delivery model yet to be determined.
- 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, BHL's key targets for the year ahead are set out in the table on the next page.

BRISTOL HOLDING - Key Priorities		
	Priority	Description
1	2023/24 Statutory Accounts Process	To complete the statutory accounts process for BHL, with an unqualified opinion from the auditors. Similarly to oversee the submission of the company accounts for GH and BWC to be produced with an unqualified opinion.
2	Mapping of all BHL functions to identify any gaps in providing company assurance	This enable all options for the future of BHL to be reviewed and considered by BCC. This will enable BHL to be agile and to react to the requirements of the shareholder.
3	Key tenets of good corporate governance maintained post Holdco	<p>Review of audit & risk arrangements - Ongoing review of audit and risk arrangements. Attendance at company audit and risk committees on a quarterly basis. Review of internal audit reports and the hosting of the Companies Assurance meeting attended by the Shareholder advisor.</p> <p>Board Effectiveness Reviews - Each board to carry out annual assessments of board effectiveness, with annual board self-certification as part of the annual comprehensive assurance statement. An independent review of board effectiveness is to take place every 3 years, with an annual board self-certification in other years.</p> <p>Company Board appointments - BHL to provide input into the recruitment of company board appointments, including the appointments of Managing Director and Finance Director at BWC.</p>
4	Seamless transfer of Holdco functions to BCC and subsidiaries	Transitional preparations in hand for Holdco. Shareholder has now determined not to wind down BHL but retain assurance role at least until October 2024. Implications for BHL now under review, but not likely to wind down the operation prior to the end of this financial year.
5	Supporting BWC and Goram Homes to progress their respective business and delivery plans	Ongoing support to BWC and Goram Homes. We will be providing support and assurance for proposals and commitments included in BWC's 3 year BP, together with a review of the key assumptions. Goram progressing with key site development and JV partner selections
6	Liquidation of Be2020 - liaise with the Liquidators, with an expectation to complete the process by Dec 2024.	To ensure that Financial performance of the liquidation continues in line with signed approvals.
7	Support the shareholder should there be a need to set up new subsidiary companies or new commercial ventures	This could apply to a new company, or a new joint venture or other commercial arrangement where the experience and expertise of the BHL team can be called upon.

2. Bristol Holding 2023/24 Forecast

BHL has reduced in scale in the last 18 months and now reflects an agile but focused and value for money operation. It consists of a small but experienced team, including a Chair and part time Executive lead, as well as a part time administrator. This means that BHL provides a strong level of governance and assurance. It operates in conjunction with other key lines of assurance, such as Internal audit and the company Audit and Risk Committees (“ARAC’s”).

The budget forecast for this current year includes recharges to the subsidiaries of £250k, 35% of which relates to direct costs for external audit fees and costs of EY tax advice. It is important to note that BHL have absorbed £38,500 of additional audit and other charges in this financial year and utilised some of its reserves. This was a ‘one off’ to help the companies as part of the cost-of-living challenge and to keep recharges to a minimum this year. This is not likely to be repeated in future years and any additional costs will be recharged in full.

3. Bristol Holding 2024/25 Financial Plan

The plan includes retaining the Chair and the part time Executive lead for the year. In addition, administrative support is provided by Lauren Clarke, who is now employed directly by BWC and whose time will be recharged to BHL as and when incurred but is anticipated to be one day per week.

In terms of other costs, these are being kept to a minimum. The forecast assumes PwC external audit fees, EY 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.

The recharge costs to subsidiaries are indicative at this stage. BHL is operating on a lean basis, but there is flexibility to provide specialist ad hoc work as and when required, as the executive team can flex their hours. This provides the maximum flexibility for the business and its stakeholders. It is important to note that 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.

BHL have continued to provide an active role consulting very closely with the shareholder liaison team. BHL have played a leading part in the recruitment of the interim turnaround Managing Director at BWC, as well as in the recruitment of the non-executive Director and head of the BWC ARAC. This support has been absorbed within the annual company recharges.

The future role of BHL will be reviewed as we progress through 2024/25. BCC will look to re-engage Navigo to assess progress in embedding governance structures and in conducting their original recommendations, including establishing the 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.’

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-wide insurance will be required under the future governance model.

Sensitivities

- *Pay award – Each 1% above assumed equates to - Additional costs £1,780.*
- *Contract inflation – Each 1% above assumed equates to – Additional costs £700.*
- *Delays in audit completion and costs incurred over budget c.£15,000.*

Financial Assumptions

- % Pay Awards, Pension & NI – 3%, no Employer's NI uplift
- % Inflation assumptions - 4% contracts and services provided by BCC
- All costs to be charged to subsidiaries.
- The company has minimal reserves.
- The company recharges for 24/25 are indicative and subject to final sums invoiced. E.g., cost overruns for items like external audit fees could be recharged to subsidiaries.

