

Goram Homes

Business Plan 2024



Contents

Introduction from the Chair, Aman Dalvi, OBE	3
Introduction from Mayor Marvin Rees, OBE	4
Mission, values and objectives	6
Objective One: Building at pace	7
Building at pace: targets	9
Building at pace: risk statement	10
Objective Two: Build sustainable homes that have a net positive effect on the environment and increase biodiversity	11
Sustainable homes: targets	12
Sustainable homes: risk statement	13
Objective Three: Build homes and spaces that create inclusive communities where people can thrive	14
Creating inclusive communities: targets	14
Creating inclusive communities: risk statement	15
Objective Four: Provide a commercial return to our shareholder and meet the highest standards of social and environmental accountability	16
Key Financial Information	16
Commercial return: targets	17
Balance Sheet	18
Risk appetite	19
Commercial return: risk statement	20

Introduction from the Chair

Aman Dalvi, OBE

The need for affordable housing is a national priority and demand has far outstripped supply for many years. The lack of funding is one reason, and we must explore innovative solutions and be creative in our approach. Which is why I am privileged to lead a dynamic team at Goram Homes which is hugely supported by Bristol City Council.

This business plan outlines Goram Homes' strategy for the financial year 2024/25. As Bristol City Council's housing company, we are dedicated to addressing the city's housing challenges, and this work is critical. With tens of thousands on the council housing waiting list, and around 1,500 in temporary accommodation, we urgently need to build more homes, and ensure they are designed to meet the city's needs.

We can do this by bringing together the best of the public and private sectors to unlock developments on difficult or underutilised sites - from derelict depots to old schools to city centre car parks. We will continue to align our building programmes to the council's most pressing needs, for example expediting homes for affordable housing at One Lockleaze and working with Children's Services to design bespoke homes for children and their carers.

We understand the importance of environmental stewardship too, which is why we design our new neighbourhoods to high sustainability standards, reducing our environmental footprint and setting a precedent for future developments. This kind of placemaking is essential as we play our part in the city's journey to net zero by 2030.



The housing market remains challenging. This - combined with the cost-of-living crisis - means the demand for affordable housing has never been greater. Our financial projections in this business plan outline a sustainable funding model that balances this need for affordable housing with the fiscal responsibility expected from a council-owned company.

The company's finances remain stable, as we have set out in this plan. Since being formed by the council we will have invested a total of £5.9m at the end of 2023/24. We have secured this investment by forming a number of Limited Liability Partnerships (LLPs), forecasting profits of over £9m.

In the financial year 2024/25, we will start construction on the next stage of the Hengrove Park masterplan, the largest development in Bristol in a generation. This development alone will create around 700 affordable homes for council housing or shared ownership. We will welcome hundreds of new residents to One Lockleaze, and we will start building new homes at Dovercourt Road in Lockleaze and New Fosseway Road in Hengrove, too.

There is much more still to do, so our focus remains - building for Bristol, with Bristol.

Aman Dalvi OBE,

Introduction from Mayor Marvin Rees, OBE

Goram Homes is helping to build a better Bristol. With around 3,000 new, high quality, sustainable homes planned in the coming decade, its work will be critical to continuing to tackle the housing crisis.

We currently have over 20,000 households on the housing waiting list and around 1,500 in temporary accommodation. Our city's population is likely to reach 550,000 by 2050, which means, just to stand still, we must build even more new homes faster than we have for decades.

Goram Homes is best placed to keep tackling our city's housing challenges. Together, we can regenerate more brownfield land into much needed housing, with council homes in the numbers that fellow Bristolians so desperately need.

Having our own housing company strengthens our ability to work with public and private investors to build new council homes, with different objectives from some other developers. It can respond to Bristol's most urgent needs, rather than focusing on profit alone. Therefore, the real value of Goram Homes lies in:

- **hundreds of safe and secure homes for council housing or social rent** for families on our waiting list, as half of the homes that Goram Homes will build over the next decade will be affordable housing;
- **bespoke homes for children in care**, enabling young people to be looked after close to their schools, friends and support networks;
- **high levels of shared ownership homes**, helping people onto the housing ladder at a time when homes in the UK cost nine times the average salary;



- **the jobs and skills** created on each project, including through the One Lockleaze Skills Academy which has already given free construction training to more than 250 young people.

Put simply, each new job created, and each new home built, will transform lives.

Goram Homes is creating a blueprint for high quality, sustainable council housing, in what will become thriving communities in the north and south of our city: places that people will love to live in.

The financial model is set up to return half the profit to the council. This is value over and above the savings made - and lives transformed - by building safe and secure homes for those most in need.

Goram Homes can respond quickly to our most pressing housing needs; regenerate brownfield council-owned land into much needed homes; and continue to add to the more than 12,500 new homes already built in Bristol since 2016.

Where and how we build matters too. Goram Homes is building low carbon homes, often linked to energy centres and district heating networks, and always thinking about nature, playing a key role in our journey to net zero by 2030. By tackling the housing, climate, and ecological crises at the same time, we can help ensure that nobody is left behind. This is the Just Transition in action.

In this financial year, Goram Homes will ramp up work on the Hengrove Park masterplan, the largest development in Bristol in a generation. On this site, Goram Homes will build over 700 homes for council housing and shared ownership. Bristol must continue our commitment to delivering new homes. Leaders must continue to set, and meet, ambitious targets.

I look forward to following the immense progress of Goram Homes in the coming years, as construction across our city means that more families can move into their new homes.

Mayor Marvin Rees, OBE



Credit: AWW

CGI of Hengrove Park Phase 1. Half of the homes we'll build at Hengrove Park will be affordable housing.

Mission, values and objectives

Our mission:

Goram Homes works in partnership to build sustainable, affordable homes that create communities, respect the environment, and contribute to the local economy.

Our values:

Our values, reflect who we are and who we want to be:

- We make a positive social impact
- We build partnerships with purpose
- We innovate to succeed

Our objectives:

We are a commercial company with social values at our heart. In practice that means we generate social, financial, and environmental benefit for Bristol. Our objectives remain the same and provide a blueprint for our plans.

- 1. Move at pace to increase the supply of new homes built each year across Bristol including high levels of affordable housing provision**
- 2. Build sustainable homes that have a net positive effect on the environment and increase biodiversity**
- 3. Build homes and spaces that create inclusive communities where people can thrive**
- 4. Provide a commercial return to our shareholder and meet the highest standards of social and environmental accountability.**



Credit: Rebecca Noakes
Three students from the first Skills Academy cohort.

Objective one:

Building at pace

Our pipeline totals around 3,000 to be built in the coming years, around half as affordable housing. There are details on housing numbers for each site on our website:

www.goramhomes.co.uk/developments

Goram Homes sells on average 50% of the homes we build on the open market. Therefore, the housing market plays a role in our delivery programmes and financial results. House prices rose at the end of December 2023, however many analysts believe the market will be subdued or fall slightly in 2024.

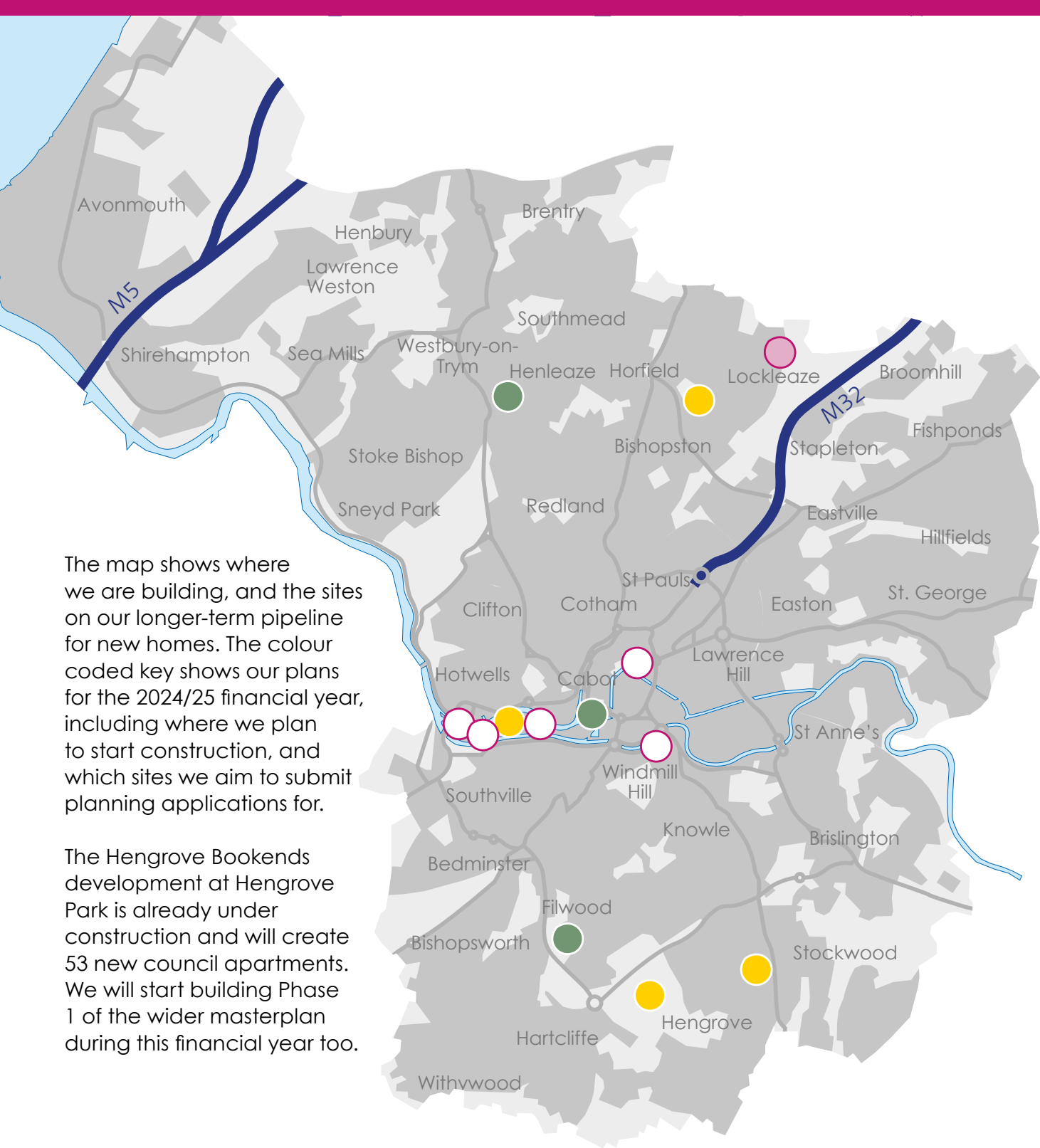
We're committed to prioritising affordable housing to tackle the city's housing challenges and complete these homes first at our development in Lockleaze. This decision is also a prudent one, as we will be less reliant on market pressures in the current subdued market.

The rental market is also rising. The average cost of a new let has gone up by 31% over the last three years. Some experts expect rents to increase by another 6% in 2024, which is estimated to be more than twice the rate of income rises.

Therefore, Goram Homes is exploring tenure diversification options that not only tackle the city's affordable housing need, but also offer market sale opportunities that can respond to affordability challenges in the city.



Credit: Christopher Jones Photography
Celebrating our first completed homes at One Lockleaze in December 2023.



The map shows where we are building, and the sites on our longer-term pipeline for new homes. The colour coded key shows our plans for the 2024/25 financial year, including where we plan to start construction, and which sites we aim to submit planning applications for.

The Hengrove Bookends development at Hengrove Park is already under construction and will create 53 new council apartments. We will start building Phase 1 of the wider masterplan during this financial year too.

Key

In construction and completions due in financial year 2024/25

● One Lockleaze

In construction, or will be, in financial year 2024/25

- Hengrove Park
- Dovercourt Road
- New Fosseyway Road
- Baltic Wharf*

Sites we are prioritising for a planning submission in financial year 2024/25

- Novers Hill
- St Ursula's
- The Grove Car Park

Pipeline

- SS Great Britain Car Park
- Castle Park
- A Bond and B Bond
- Spring Street
- Western Harbour

Find out more about each development on our website.

*Subject to planning permission

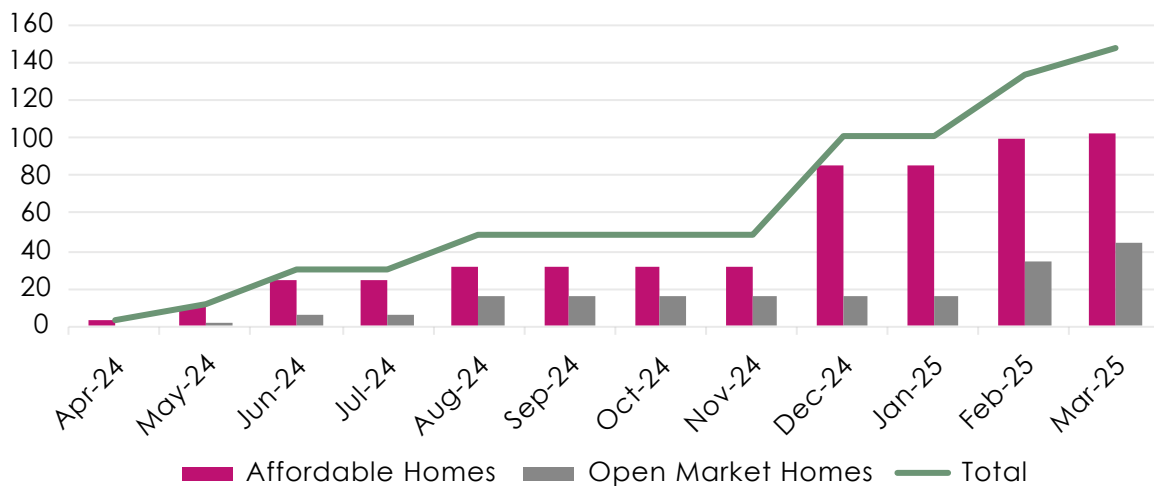
Building at pace: targets

The charts below show how many new homes we aim to complete in the financial year 2024/25, and over the next five years. This is our main measure for performance and our principal purpose as a company - building new homes for Bristol.

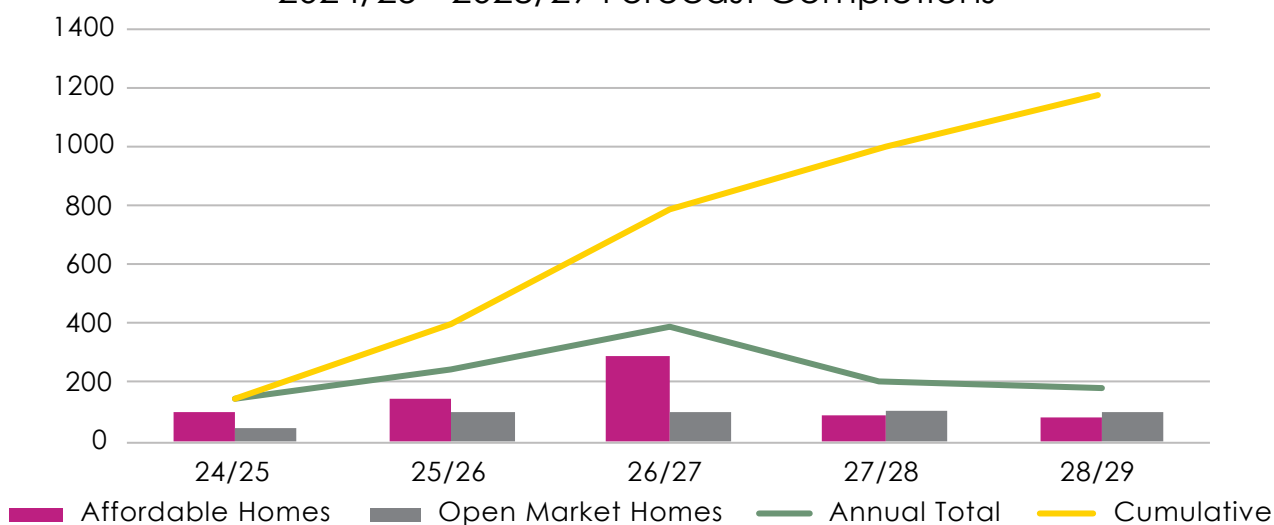
This financial year, while the housing market remains subdued, we are prioritising building affordable homes.

This will help us tackle the city's housing challenges and give more people a safe and secure place to live. Across the One Lockleaze and New Fosseway Road sites we will build more than 100 affordable homes this year and we'll make significant progress at Hengrove Park and Dovercourt Road too.

Business Plan 2024/25 Cumulative Completions



2024/25 – 2028/29 Forecast Completions



The above graphs show targets we have set with our development partners; however, the fluctuating nature of the housing market means they are always subject to change.

Building at pace: risk statement

Delivery of our Building at pace objective can be impacted by a range of risk areas. These risks are monitored and managed, with mitigations put in place within our risk framework.

The risk framework is dynamically managed with the Goram Homes Board and is established based on the risk appetite for Goram Homes, which is reviewed annually. You can read our Risk Appetite statement on Page 19.

We would highlight the following areas:

- We operate in a commercial market and work in partnership with homebuilders to prioritise commercial return. Risk is managed with national commercial intelligence and procurement gains from these partners.
- Our plans are highly dependent on timely progress through the planning system, which was a significant risk in the financial year 2023/24, with decisions made outside of statutory timelines. We've based our 2024/25 Business Plan forecasts on statutory planning timelines and will continue to support Bristol City Council to meet these targets.



Credit: Countryside Partnerships

First council homes at One Lockleaze, which will be ready to move into later this year.

Objective two:

Build sustainable homes that have a net positive effect on the environment and increase biodiversity

The climate emergency demands urgent action and leadership from across the construction industry. Goram Homes is meeting this challenge head on, exceeding industry standards, to create places that benefit people and the environment around us. As a result, we have the following aims:

We target carbon net zero homes, helping support a climate resilient city.

Net zero operational energy design is considered at the earliest stages of our development. We do this through maximising energy efficiency, utilising sustainable heating and cooling systems, and incorporating onsite renewable energy generation where possible.

We aim for EPC A.

This is the most efficient energy rating for a new home. The median average energy score for new homes in England and Wales is EPC B. We are committed to exceeding industry averages to build the most sustainable and efficient homes for our city.

We exceed standards on Biodiversity Net Gain (BNG).

BNG is a DEFRA metric and a strategy designed to mitigate the environmental damage of development. It is a way of creating and improving natural habitat and ensuring development has a measurably positive impact ('net gain') on biodiversity, compared to what was there before. From the end of January 2024, all new developments in England must deliver at least 10% biodiversity net gain.

Just as the climate crisis requires urgent action, so does the ecological emergency. Therefore, we aim to exceed policy requirements on BNG wherever we build, making spaces work for nature as well as people.

We use RIBA 2030 Climate challenge targets to design and build low carbon homes.

RIBA has developed this challenge as a stepped approach towards reaching net zero. It sets a series of targets for reducing operational energy, embodied carbon, and water usage.

We use Building with Nature standards.

Building with Nature green infrastructure standards define best practice for the construction industry. The award puts nature at the heart of development in a way that benefits people and wildlife.



Sustainable homes: targets

Homes to be submitted for planning permission in 2024/25, to achieve:

- carbon net zero
- an EPC rating of A
- a biodiversity net gain over and above local and national policy – which is 10%
- 'Building with Nature' standards
- 'RIBA 2030 Climate Challenge' targets.

Homes on sites where we submitted a reserved matters planning application in financial year 2023/24, and will start construction in 2024/25, to achieve:

- an EPC rating of A
- a biodiversity net gain
- 'Building with Nature' standards
- 'RIBA 2030 Climate Challenge' 2025 target.



Credit: Rebecca Noakes

The Castle Park Energy Centre, which provides homes and businesses with low carbon heating and hot water through the city's district heating network.

Sustainable homes: risk statement

The requirements to deliver these environmental standards are specified within our development partner selection process and entrenched in the legal agreements we create.

Building sustainable homes could be impacted by commercial factors, which influence the construction of homes. However, we work closely with our partners to ensure homes are built to the high environmental standards set, and we monitor progress regularly.



Credit: AWW

CGI image of Hengrove Park phase 1. Construction on this phase of the new south Bristol community of 1,435 new homes will start this year. Phase 1 contains 209 homes, improved parkland and a new energy centre to provide homes with low carbon heating and hot water.



Credit: AWW

CGI image of Hengrove Park energy centre, which is a feature of phase 1. The air source heat pumps contained in this building will provide low carbon heating and hot water to homes and businesses, through a new district heating network. Construction will start on this energy centre this financial year.

Objective three:

Build homes and spaces that create inclusive communities where people can thrive

We aim to build places that people love to live in, and mixed communities where council and other forms of affordable housing are undistinguishable from market sale homes. Our designs incorporate safe, public open spaces that encourage people outdoors and into nature.



Creating inclusive communities: targets

Customer satisfaction: At least 90% of respondents would recommend Goram Homes/the homebuilder partner to their friends.

We will work with our partners to survey new residents and measure satisfaction against the Home Builders Federation (HBF) star rating.

The HBF requires all five-star housebuilders to achieve at least 90% of respondents saying they would recommend their homebuilder to their friends, and we aim to do the same.

£30k social value will be generated per completed home.

We use the Social Value Portal to measure the social value generated per home. This includes projects like the One Lockleaze Skills Academy, commitments to employ local people, running community initiatives like the One Lockleaze Green Gym, and supporting local charities. We will always tailor this support to the community we're building in.

At our most progressed project, One Lockleaze, we will deliver more than £45,000 of social value per home.

All new projects to meet at least 10 out of 12 categories in the Building for a Healthy Life assessment.

Building for a Healthy Life is a design tool, written in partnership with Homes England, NHS England and NHS Improvement, for creating places that are good for people and nature.

It helps to improve the design of new and growing neighbourhoods and covers 12 themes, including: good walking and cycling routes, connectivity to facilities and services, healthy low-speed streets with places to sit, chat or play, and green spaces that support wildlife and improve biodiversity.

Creating inclusive communities: risk statement

Delivery of this objective can also be impacted by commercial factors. However, we work closely with our joint venture partners to ensure homes are built to high standards and we monitor progress regularly.

The requirements to deliver social value outcomes and high placemaking standards are specified within our partner selection process, and our partnership governance structures ensure these standards are delivered.



Credit: Sonia Parsons

The One Lockleaze Green Gym, which works with local volunteers to transform areas of Lockleaze into wildlife havens.

Objective four:

Provide a commercial return to our shareholder and meet the highest standards of social and environmental accountability

Our number one objective is to build homes at pace to meet the pressing housing needs across our city, and we will continue to work with Bristol City Council to balance profits with the need to build affordable homes.

We will support other council departments too. For example, working with children's services to build bespoke homes for children and their carers that prevent money being spent housing them outside of the city, and away from support networks.

Our procurement status being outside of public procurement rules means we can secure innovative deals to support our delivery at pace objective.

Developments are principally structured through joint venture partnerships with homebuilders, and both investment and financing are shared. The partnership will generate profit for Goram Homes once all homes are sold on a development, and the council decides how Goram Homes' profit is utilised.

Key Financial Information:

Our Business Plan incorporates results primarily delivered through partnership arrangements in the form of Limited Liability Partnerships (LLPs), with 50% shareholding by Goram Homes.

We have also included within the Business Plan a contract with the council for the delivery of the Bookends development at Hengrove Park.

The Business Plan assumes that the following project LLPs will be operating in the financial year 2024/25:

- One Lockleaze
- Dovercourt Road
- New Fosseyway Road
- Hengrove Park
- Baltic Wharf (subject to planning permission)

We have incorporated cash funding to progress planning and partner procurement for three other sites in our pipeline, which we have prioritised for planning submission in the financial year 2024/2025. These are Novers Hill, St Ursula's, and The Grove Car Park.

Since commencing trading in 2019, Goram Homes has incurred costs which have been supported by Bristol City Council. The balance of debt at the end 2023/24 will be £5.9m.

Our financial stability forecasting is that Goram Homes is projecting to commence paying dividends within the time horizon of the Business Plan. This is due to LLPs completing and distributing their profits to Goram Homes through dividends.

Commercial return: targets

- Profit before tax for 2024/25 of £1.2m
- Financing at the end of 2024/25 to be at or below £13.6m

Profit and Loss

Profit and Loss Account £'000 Year to 31 March	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Profits/(Losses) from Partnerships	(200)	2,976	4,209	10,314	5,742	4,058
Profits/(Losses) from Direct Contracts	244	580	90	-	-	-
Operating Costs	(1,841)	(2,090)	(1,787)	(1,836)	(1,890)	(1,920)
Profit/(Loss) before Interest and Tax (EBIT)	(1,797)	1,466	2,512	8,478	3,852	2,138
Finance Interest costs	(278)	(281)	(225)	(240)	(120)	-
Profit/(Loss) before Tax (PBT)	(2,075)	1,185	2,287	8,238	3,732	2,138
Corporation Tax	515	(296)	(572)	(2,060)	(933)	(534)
Profit/(Loss) After Tax	(1,560)	889	1,715	6,178	2,799	1,604
Dividends to Council	-	-	-	-	(863)	(2,175)
Transfer to/(from) Reserves	(1,560)	889	1,715	6,178	1,936	(571)
Cumulative Profit/(Loss) Reserves	(4,990)	(4,101)	(2,386)	3,792	5,728	5,156

Balance Sheet

Balance Sheet £'000 Year to 31 March	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Long Term Assets						
Investment in Partnerships	29,946	30,425	27,206	19,870	12,000	9,000
Share of LLP retained profits/ (Losses)	(200)	2,399	5,622	8,313	7,032	3,310
Current Assets						
Debtors and Work in Progress	1,126	2,334	2,334	2,334	2,334	2,334
Bank and Cash	382	80	434	6,425	5,724	6,686
Long Term Liabilities						
Financing	(5,879)	(13,643)	(14,143)	(14,143)	(8,473)	(6,803)
BCC Loan Notes	(29,946)	(25,282)	(23,206)	(16,870)	(12,000)	(9,000)
Current Liabilities						
Creditors and accruals	(821)	(816)	(1,034)	(2,537)	(1,291)	(773)
Net assets	(4,990)	(4,101)	(2,386)	3,792	5,728	5,156

Balance Sheet £'000 Year to 31 March	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Shareholders' Funds	(4,990)	(4,101)	(2,386)	3,792	5,728	5,156

Risk appetite

The Goram Homes Board has this year reviewed our risk appetite, which has been established within an enterprise risk management approach. The risk statement is as follows:

Our risk appetite lies at the heart of our approach to risk management and is integral to both business planning and decision making. The risk appetite is reviewed annually as part of the Business Plan review process and approved by the Board, in order to guide the actions management takes in executing our Business Plan. Our risk appetite is cascaded throughout the business by being embedded within our policies, procedures, and internal controls.

The risk framework is reviewed quarterly by the Audit and Risk Committee and serves as a catalyst for discussion about how our principal risks are changing and whether any further mitigating actions need to be taken. The risk indicators are a mixture of leading and lagging indicators, with forecasts provided where available.

Whilst our appetite for risk will vary during the development cycle for the homes we build, in general we maintain a balanced overall appetite for risk, appropriate for our strategic objective 4 to "Provide a commercial return to our shareholder and meet the highest standards of social and environmental accountability." The Board has reviewed our risk appetite in light of the continued macroeconomic uncertainty and confirmed that our current risk appetite is appropriate.

This statement will be updated yearly and sets the basis for risks to be managed within our risk management framework.

Commercial return: risk statement

The risks that run through the whole plan are also present in the assessment of the ability to deliver Objective Four. Those specifically impacting Commercial Return, are time, cost, and revenue. These risks can be managed most simply before the LLP is formed. When projects start, we manage matters within the control of the LLP to prioritise commercial return.

Goram Homes' ability to meet the objectives set by Bristol City Council is impacted greatly by time. For example, time taken to gain planning, find appropriate partners, and deliver homes. To limit these risks, it is critical that we continue to work closely with the council to align objectives and work towards joint goals.



Credit: Rebecca Noakes
Surveying progress at One Lockleaze in spring 2023.

Goram
Homes

www.goramhomes.co.uk