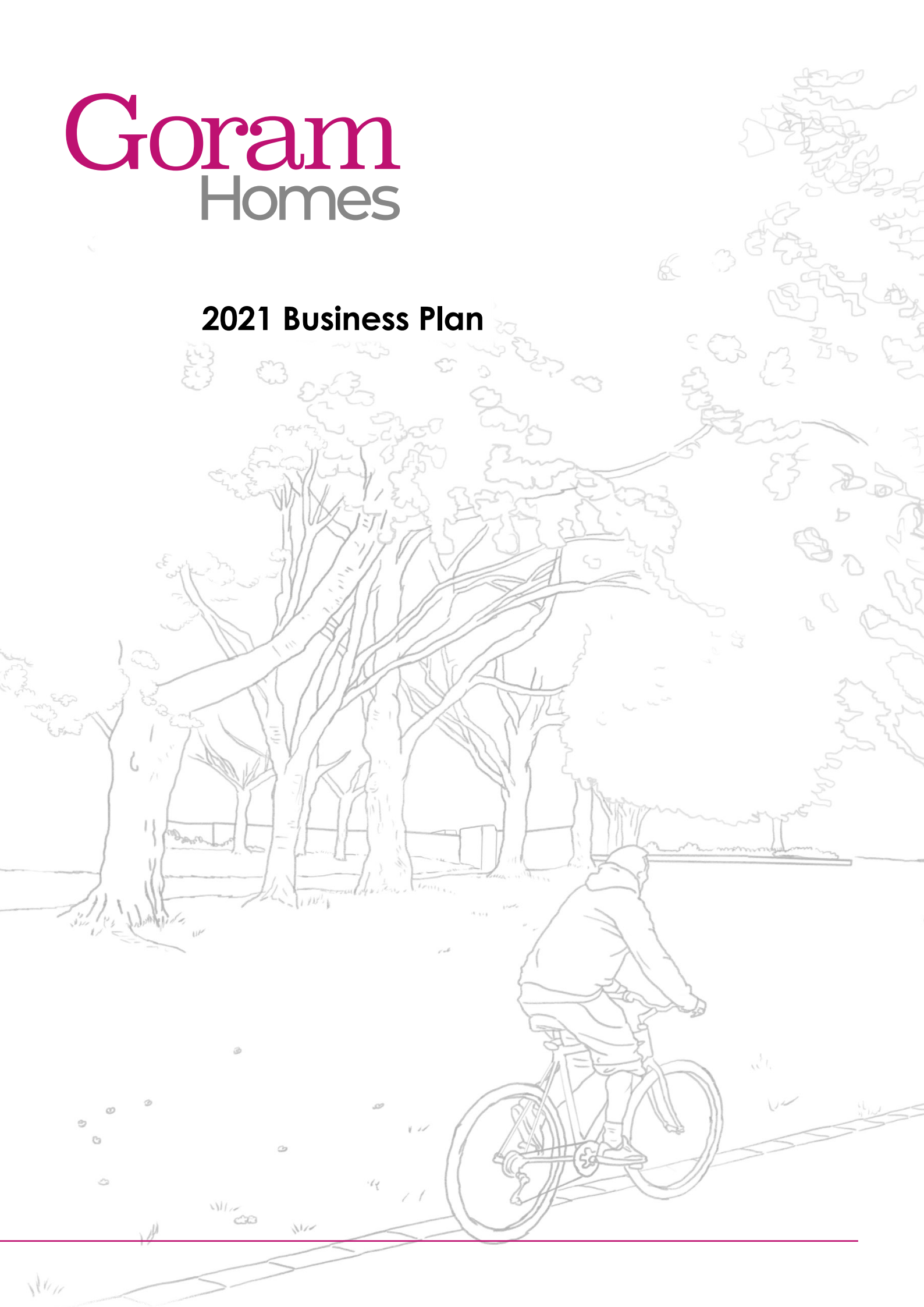


Goram Homes

2021 Business Plan



Contents

| | |
|--|-----------|
| Introduction | 3 |
| Chairman's Review & Forecast | 3 |
| Goram Homes' Mission & Values | 4 |
| Summary of Financial Projections | 5 |
| Location & Operational Area | 5 |
| Branding & Communications | 6 |
| B Corp | 7 |
| Social Value | 8 |
| Environmental | 9 |
| Innovation | 10 |
| Building for Bristol | 11 |
| Market Analysis | 12 |
| UK Housing Market | 12 |
| Bristol Housing Market | 13 |
| Development Activity | 15 |
| Site identification process | 15 |
| Procurement | 15 |
| Design and Quality standards | 16 |
| Development Programme | 17 |
| Financial Projections and Risk Management | 19 |
| Building the Financial Plan | 22 |
| Land purchase funding | 22 |
| Profit & Loss | 23 |
| Operating Costs | 24 |
| Cash Flow | 25 |
| Balance Sheet | 26 |
| Stress Testing | 27 |
| Cash Balance - impact of delaying entire pipeline | 27 |
| Appendix A Strategic Business Plan level KPI's | 28 |
| Appendix B Assessment of Key Risks | 29 |
| Appendix C Goram Innovation Action Plan | 30 |
| Appendix D Funding forecast between Goram Homes & the Council | 32 |

Introduction

Chairman's Review & Forecast

Goram Homes is uniquely positioned as a leading local housing developer with a strong land supply that can really deliver for Bristol and our shareholders.

Our business model and partnership approach, which brings together Council land with private sector investment, represents minimal financial risk and high return for the City of Bristol – both economically and socially.

We are committed to being a company that Bristol can be proud of – one that balances our profit and purpose and adds value to our City. This is why we are working towards gaining the **B Corp certification** as a way of measuring and sharing how we are meeting the highest standards of social and environmental performance.

Goram Homes plans to build over 1700 new homes, of which more than 600 will be affordable. Through our partnerships we will spend in excess of £250 million redeveloping sites with an aim of 75% of this going to local businesses. Our developments will create twelve new communities and, wherever possible, bring new public spaces and ecologically friendly features to local areas.

We have a robust balance sheet, and the majority of financial risk is contained within site-specific Limited Liability Partnerships. In addition, a share of the profit will be invested back into the city via Bristol City Council - value that other housing companies and developers haven't delivered before.

I am proud that, despite unprecedented global events, under the leadership of our Managing Director, Stephen Baker, the new team have made significant progress.

In September 2020, working closely with Bristol Holding & Bristol City Council, we signed contracts on our first project to deliver 268 new, high quality homes in Lockleaze at Romney House. We responded rapidly to COVID-19 with the safety, health and wellbeing of our employees, customers, suppliers, and partners as our top priority.

An existing agile IT set up allowed our team to transfer to remote working very quickly. The team have continued to work throughout the pandemic, and it was not necessary for Goram Homes to access either of the Government's tax deferral or job retention schemes.

Current trading and outlook

The market has made a strong start to the second half of the year supported by positive market trends. Our partners on the Romney House project, Vistry Group, reported that their sales rate, since July 1st, was up by 20% on the previous year at 0.73 (2019: 0.61). This is reflected by others operating in the Bristol region. Our market insight reports that pricing remains firm and we see minimal cost inflation.

Goram Homes is well positioned to capitalise on these opportunities, and we are on track to deliver a strong performance in the second half of the year.

By the end of 2020/21 we will have:

- Entered into our first joint venture contract
- Established a full development programme of over 1700 homes
- Established a repeatable legal joint venture template
- Established a fully operational business

Goram Homes' Mission & Values

Goram Homes works in partnership to build quality homes that create communities which are environmentally, socially and economically sustainable. Our values, reflect who we are and who we want to be:

- We are passionate about what we do
- We build partnerships with purpose
- We innovate to succeed

For our people: This means we employ people who share our values – they are committed to working in partnership and passionate about building communities that are celebrated for their design and sustainability credentials.

For our partners: We are adaptable, fleet of foot, we will work collaboratively and consider different approaches to achieve our goals.

For our communities: We work in partnership with our communities to build homes where they want to live, that respect the environment, contribute to the economy and are sustainable.

Goram Homes has three primary objectives, to:

| Objectives | Targets |
|---|---|
| <p>Objective 1: Increase the supply of new homes built each year across Bristol</p> | <ul style="list-style-type: none"> ■ By March 2025, to have delivered at least 500 new homes and to have an identified pipeline of projects which, in total, will deliver a further 2,000 homes. |
| <p>Objective 2: Build good quality homes and create communities where people wish to live</p> | <ul style="list-style-type: none"> ■ For all projects to meet at least 10 out of 12 on the <i>Building for Life</i> (BfL12) score. ■ To achieve and maintain a 90% customer satisfaction score. |
| <p>Objective 3: Operate commercially and provide financial returns to Goram Homes' sole shareholder – Bristol City Council</p> | <ul style="list-style-type: none"> ■ Deliver a programme level 15% profit on Gross Development Value. ■ Operating costs delivered in line with forecast income to achieve profit targets. |

Summary of Financial Projections

In this section we have set out the forecast financial returns of Goram Homes and the cash payments made to Bristol City Council for land sold into Goram Homes up to 2026.

In 2020 we created our first joint venture to start development at Romney House and we will soon enter our second agreement for a development at Baltic Wharf. By the end of 2026 we plan to have generated £14m of profit after tax and paid £27m of cash to Bristol City Council in relation to land purchase loans created on acquisition of land from Bristol City Council.

The table below shows an extract of our financial activity from 2020 to 2026 (although developments will remain in progress beyond the timeline of the Business Plan). The projections we make in this section will continue to change each year as details of our development schemes evolve. This reflects the development process being a long-term cycle where it can take up to four years from the start of a project to all homes being sold.

| Financial extracts £'000 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------|---------|---------|---------|--------|--------|--------|
| Cumulative Retained Profit/(Loss) after Tax | (820) | (1,956) | (3,283) | (2,743) | 1,491 | 8,741 | 13,935 |
| Cumulative Realisation of land value paid to BCC | - | 2,820 | 8,148 | 12,513 | 13,802 | 18,292 | 27,184 |

Location & Operational Area

Goram Homes functions from its office base in Bristol and our primary focus will be to operate within Bristol, particularly as our first developments will be on land provided by Bristol City Council.

However, as the business grows and becomes more established in the marketplace, development opportunities will arise which span a wider geographical area.

Branding & Communications

Goram Homes has a distinct model which blends a high quality, commercial offer with our commitment to delivering added social value - remaining true to our origins. Goram Homes' branding and communications reflect the values and ambitions in the business plan and are designed to build understanding and engagement with our shareholders, partners, and the communities we work with.

We will deliver:

- A brand strategy aligned to business objectives; future-proofed and flexible enough to allow us work with partners beyond Bristol
- A digital-first approach; innovative use of technology wherever possible to widen our reach, respond to consumer and stakeholder behaviour and ensure we are as accessible as possible
- Mission and values which articulate our distinct business model and social value simply and clearly
- Narrative and messaging which tells our story, reflecting both our origins and our business ambitions and industry expertise
- A visual identity and logo that is clean, fresh, commercial, and appealing. A brand that looks at home next to competitors and partners
- A language and tone of voice that is human, inclusive, and jargon-free
- Community engagement that is open and transparent – tailored, interactive, accessible
- Content that celebrates our partners and our city and champions innovation and local talent
- Partnerships and collaboration with like-minded businesses, influencers and industry leaders who are committed to investing in people, quality, and innovation



Artistic impression of the new neighbourhood at Romney House – HTA Design



Artistic impression of the new neighbourhood at Baltic Wharf

B Corp

Goram Homes is a commercially run business with social values at its heart. Delivering homes that Bristol is proud of, in developments that build real communities and are celebrated for their design and sustainability credentials is what drives us. This is why, over the coming year, Goram Homes will be working towards gaining **Certified B Corporation status**.

Certified B Corporations are businesses that meet the highest standards of social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corp Certification is the only certification that measures a company's entire social and environmental performance.

B Corp Certification offers Goram Homes an evidence-based approach that proves to our partners and stakeholders that our business is meeting the highest standards of performance.

An additional benefit is the link to **Bristol City Council's One City plan**. This plan brings together a wide range of public, private, and third sector partners within Bristol with the shared goal of making Bristol a fair, healthy and sustainable city. Both B Corp and the One City plan are based on the UN's Sustainable Development Goals and so, by gaining certification, we will align our business with the One City Plan's ambitions.

Social Value

As well as acting commercially, contributing positively to society and acting as a catalyst for long-term change in the places we work is a priority for Goram Homes.

We will generate social value through the delivery of new homes and developments which transform buildings, environments, and communities. In partnership with communities in which we operate, we will identify and deliver engagements that address their specific needs and enable better business and community wellbeing. By working collaboratively with our stakeholders, we aim to create the maximum economic, social, and environmental impact in all that we do.

We will record and measure our social value using the **National Themes Outcomes and Measures (TOMs) Framework**. Goram Homes' TOMs, developed with the Social Value Portal, are aligned to Bristol City Council's TOMs, but focused on our activity and the National Real Estate TOM's. Using this framework, we have challenged our partners to combine high- quality urban design with a community investment strategy that addresses local priorities, fosters social innovation, and supports economic growth. Each of the projects we work on will be measured on an annual basis and validated by the Social Value Portal.

We will focus on four key themes:

- 1. Innovation: Promoting Social Innovation**
Investing in diverse and inclusive community networks and leveraging our skills and expertise to address local issues and facilitate social innovation.
- 2. Jobs: Promote Local Skills and Employment**
Contributing to local economic growth by supporting local businesses, investing in infrastructure and improving employment prospects for local people e.g. by working with the South Bristol Skills academy.
- 3. Social: Healthier, Safer, and more Resilient Communities**
To have a positive impact on our residents and employees' mental and physical health and reduce inequalities.
- 4. Environment: Decarbonising and Safeguarding our World**
Build a resilient community that unlocks growth in the green economy, regenerates ecosystems and enables people to interact with the natural world.

The assessments for our first two projects are:

| Project | Quantified Social Value Generated |
|--------------|-----------------------------------|
| Romney House | £14.2m |
| Baltic Wharf | £10.6m |
| | £24.8m in Total |

Environmental


In 2018 Bristol declared an environment and climate emergency. Goram Homes believe that the climate emergency demands urgent action and leadership across the construction industry. We must act now, ensuring that new and retrofit buildings deliver as close to net zero whole life carbon in advance of any future regulation. We know that net zero operational carbon is possible, and we are committed to extending good practice to all our future work and leading the way. For this reason, sustainability underpins our approach to operations and business planning.

To ensure that our words are matched by actions, Goram Homes will adopt the **RIBA 2030 Climate Challenge Targets** for operational energy use, embodied carbon and water use reduction. The targets are progressive yet realistic and a vital first step to ensure the construction industry has delivered significant reductions by 2030. Our project teams will aim for a percentage reduction of the current environmental baselines for future projects (after Romney House and Baltic Wharf) by using the targets set out in the detailed tables below.

RIBA 2030 Climate Challenge target metrics for domestic buildings

| RIBA Sustainable Outcome Metrics | Current Benchmarks | 2020 Targets | 2025 Targets | 2030 Targets | Notes |
|--|---|--|--|--|--|
| Operational Energy kWh/m ² /y  | 146 kWh/m ² /y (Ofgem benchmark) | < 105 kWh/m ² /y | < 70 kWh/m ² /y | < 0 to 35 kWh/m ² /y | UKGBC Net Zero Framework 1. Fabric First 2. Efficient services, and low-carbon heat 3. Maximise onsite renewables 4. Minimum offsetting using UK schemes (CCC) |
| Embodied Carbon kgCO ₂ e/m ²  | 1000 kgCO ₂ e/m ² (M4i benchmark) | < 600 kgCO ₂ e/m ² | < 450 kgCO ₂ e/m ² | < 300 kgCO ₂ e/m ² | RICS Whole Life Carbon (A-C) 1. Whole Life Carbon Analysis 2. Using circular economy Strategies 3. Minimum offsetting using UK schemes (CCC) |
| Potable Water Use Litres/person/day  | 125 l/p/day (Building Regulations England and Wales) | < 110 l/p/day | < 95 l/p/day | < 75 l/p/day | CIBSE Guide G |

RIBA 2030 Climate Challenge target metrics for all buildings

| Best Practice Health Metrics  | | References |
|--|---|------------------------|
| Overheating | 25-28 °C maximum for 1% of occupied hours | CIBSE TM52, CIBSE TM59 |
| Daylighting | > 2% av. daylight factor, 0.4 uniformity | CIBSE LG10 |
| CO ₂ levels | < 900 ppm | CIBSE TM40 |
| Total VOCs | < 0.3 mg/m ³ | Approved Document F |
| Formaldehyde | < 0.1 mg/m ³ | BREEAM |

In line with Bristol City Council's One City Climate Strategy and Ecological Emergency Strategy, Goram Homes is committed to delivering increased biodiversity and carbon neutral housing. How we achieve this will vary from site to site but will result in additional costs ranging between 8% and 11% of existing project costs. This would lower the price payable to the Council for the land and mean we would need to obtain additional borrowing from either the Council or a third party lender.

We will also adopt the **Building with Nature Standards** - a framework of standards for good green infrastructure which encourages developers to create places that really deliver for people and wildlife.

Innovation

Established in Bristol, for the people of Bristol, Goram Homes is dedicated to exploring new ways of working that will benefit our city and deliver our developments most effectively. Whether that is working with Bristol Housing Festival on Modern Methods of Construction or using new technologies to engage the public in the consultation process, we are open to adopting new tools and emerging solutions. As a small, agile company that collaborates with a range of creative businesses, we are perfectly placed to embrace innovation and embed it into our practices.

Future Cities Catapult have identified nine housing innovation concepts they believe can help solve many of the challenges facing the housing industry. Goram Homes will focus on five of these areas where we can integrate best practice into our business and our innovation action plan, created with Bristol Housing Festival. For the full action plan see [Appendix C](#).

Connected Homes

- The number of connected devices in homes is predicted to grow rapidly from the current level of 10–20 to more than 35 by 2020, according to Intel
- With more connected devices in homes, a more integrated and efficient approach is required to help manage all devices and relevant apps from a variety of suppliers
- The advancements in wireless network and automation technology are enabling home-used devices to be better connected and controlled smartly

Low Carbon Houses

- Greenhouse Gas Emissions (GHF) are not falling at the rate required to meet the UK's 2050 carbon targets
- Domestic energy use contributes to about 30% of the UK's total energy budget and 20% of UK's GHG emissions, representing a key area for decarbonisation, according to the Institution of engineering and technology
- A large percentage of preventable winter deaths are attributed to living in a cold home, according to the thinktank, E3G

Assisted Living

- The UK population is getting older, with 18% aged 65 and over, of which 32% are living alone, according to Office of National Statistics (ONS)

- Nearly one in eight older people now live with some level of unmet need that would limit their ability to carry out vital everyday tasks, according to Age UK
- Almost one-fifth of the UK population are disabled, and over a quarter of those experience some form of limitation of choice or control over their daily lives, according to ONS

Modern Construction Methods

- Productivity growth in the construction sector has been low and lagged behind the UK economy since 1995, which has limited the sector's ability to deliver more and better homes
- By 2026, the construction industry could see a 20-25% decline in the workforce, according to Homes England
- 10% of the UK's carbon emissions are directly associated with construction, according to UK Green Building Council

Innovative Financing

- To meet the UK's 2020 housebuilding objectives or retrofit existing housing stocks to meet the 2050 carbon targets, the public funds available fall far short of what is required
- Smaller house builders were usually disadvantaged in accessing private finance
- For home buyers and buy-to-let investors, finding the best mortgage deals has never been easy

Building for Bristol

Bristol's best interests are our first priority, and that commitment is built into our governance structure with Bristol City Council as our ultimate shareholder and Council representation on our Board.

Open and honest communication is the key to effective engagement, and this will be at the heart of our approach to consultation.

We know that local residents often have an intimate knowledge of a location we are redeveloping and their insight can help us deliver

high-quality, mixed tenure, new homes for Bristol. We will be creating as many opportunities as possible to engage directly with Bristol residents and reflect their voices and needs in our work.

We want to reach underrepresented groups and the often-silent majority to ensure that as many people as possible have a chance to contribute. To do this, we will work with specialists and our partners to identify the biggest barriers to engagement, find the most effective solutions and, where appropriate, employ new

methods and technologies, to ensure our consultations are as representative of the community as possible.

Building homes that create strong communities is part of our commitment to investing in Bristol. Our 2021 Business Plan will include recommendations on how we could retain an interest in the management and maintenance of all schemes we deliver, to empower residents and reassure them that we will be alongside them when they buy a home from Goram Homes.



Artistic impression of the new neighbourhood at Romney House – HTA Design

Market Analysis

Goram Homes have worked with **BuiltPlace** who provides independent data-led research, analysis, and reporting on the UK housing market to complete a review of both the UK housing market and the local Bristol market.

UK Housing Market

2020 was an incredibly volatile year for the UK's housing market with massive uncertainty about the current, let alone future, state of the economy and housing market. There are clearly some big changes underway in terms of how we live and work, but it is not yet clear whether they are temporary adjustments to the pandemic or the start of longer-term trends. That volatility and uncertainty looks set to continue into 2021 with the added disruption of Brexit. However, there are hopeful signs that some of the short-term challenges will disappear with the UK's vaccination programme well underway.

Last year started with some signs that the housing market was bouncing back following a couple of years of lower house price growth and subdued transactions. The General Election result suggested an end of the Brexit uncertainty was in sight. Activity levels including mortgage approvals for house purchase increased and Nationwide reported higher rates of house price growth. But then the pandemic and lockdown hit.

For perhaps the first time in recent history, the housing market was not directly responsible for or implicated in the economic crash.

House prices, although unaffordable to many, were at the levels you would expect given earnings and mortgage rates. New mortgage borrowers were perhaps the least risky they have ever been given the hurdles they needed to pass. Meanwhile, government and mortgage lender support have helped many households get through the lockdowns. Thanks to all these factors, and despite the collapse in the economy and transactions, there was no immediate crash in house prices.

The housing market reopening in England caught many by surprise but it quickly became apparent that there would be a summer boom. Interest and activity data showed there were large numbers of people financially unaffected by the recession. Some of those were keen to get on with their delayed move. Others had reassessed what they wanted from their home during lockdown and decided to move. To top it off, the government launched a stamp duty holiday, and the summer boom was set. Many of the sales agreed over the summer only started to complete at the end of 2020 and high activity levels should continue through to the end of the stamp duty holiday, currently due to end on the 31st of March 2021.

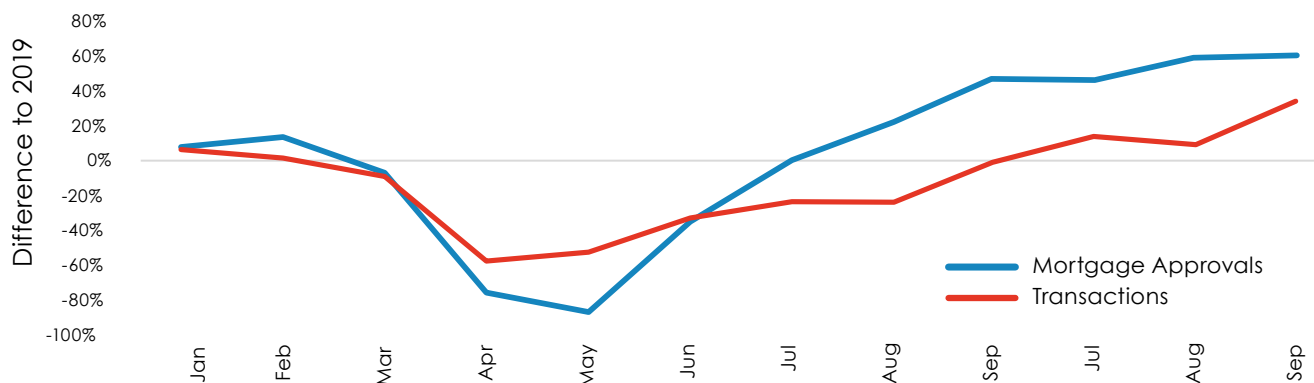


Figure 1 – Housing Market Activity Source: Zoopla, Bank of England, HMRC

The housing market avoided a crash during 2020 but the prospects for 2021 are far less certain. There are already signs that the boom is slowing with lower price growth reported in January 2021. However, the end of the stamp duty holiday in March will create a spike in transactions as buyers rush to beat the deadline. Many of those buyers would have bought in following months but chose to bring their purchase forward. That suggests turnover will be much lower in the following months if the holiday is not extended.

Unfortunately, low turnover increases the risk that a relatively low number of forced sales, whose impact might normally be contained, could have a bigger negative impact on the wider market. The approach of mortgage lenders will be essential in keeping forced sales to a minimum and they will be under considerable pressure to do so. Their return to lending at higher loan-to-value ratios could also help first-time buyers return to the market during this period. However, even with a successful vaccine programme, there will still be some parts of the housing market at risk from rising unemployment, falling incomes, and falling rents in 2021.

Separating the impact of Brexit on the economy from the pandemic is difficult but there are some early signs it is having a negative impact on some parts of the economy. It is increasingly clear that any benefits will be realised over the longer term but some costs are immediate and significant. Therefore, it is still far from certain what impact Brexit will have on the housing market. This is yet another large uncertainty that makes predicting the future particularly difficult if not near impossible at the current time.

There are a range of different outcomes for the UK's housing market this year and, unfortunately, all are currently possible. There remains the significant risk of a crash though we could instead see stagnation with low sales and static house prices. Alternatively, there might be a boom driven by home movers continuing to trade location for space or an economic recovery thanks to the vaccines. Whatever happens, volatility and uncertainty look set to continue.

Bristol Housing Market

Bristol's housing market has been popular during recent housing booms with house prices rising faster than the national average during periods of higher demand. Emerging data from ONS suggests that this trend is continuing with Bristol house

prices rising 8.4% in the year to November 2020 compared to 7.6% across England & Wales. House price growth is likely to continue through the first quarter of 2021 as the bulk of sales agreed since the 2020 summer boom finally reach completion.

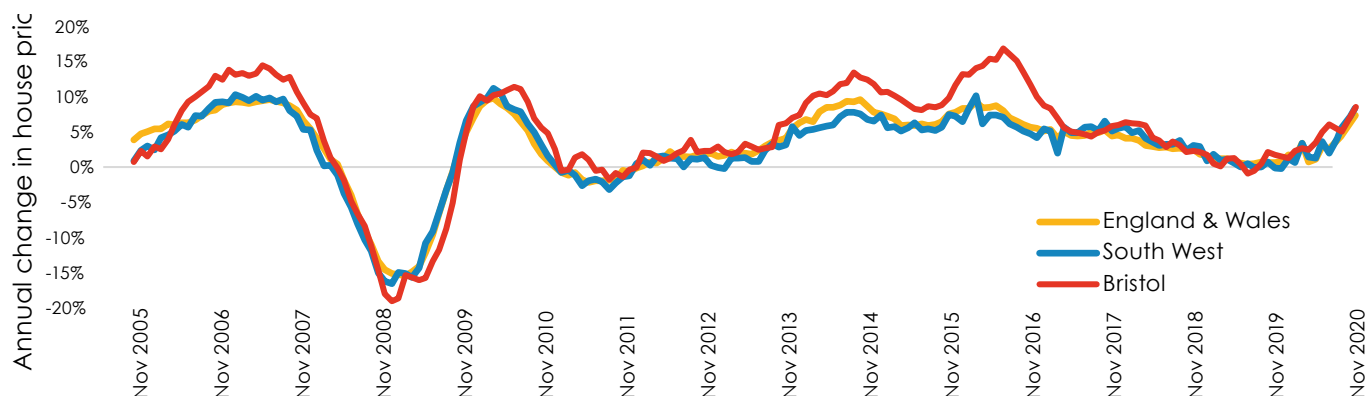


Figure 2 – Annual Change in House Prices Source: ONS UK HPI

Much of the local market evidence on the trends emerging post lockdown is based on anecdote or limited data. Therefore, it is still not clear which are temporary changes and which are permanent. Despite this uncertainty, there appears a broad national trend in stronger demand from wealthier buyers for larger homes. Particularly those in more desirable locations. Those locations may not exactly match with popular areas prior to the pandemic given commuting is less of a constraint but there will be some continuation in terms of school catchments, local amenities, and other attractive features. While this trend does not cover every buyer, there does appear to be, for those that can afford it, a shift away from city centre living to less dense locations.

The shift towards less dense living is a challenge for a city like Bristol. Analysis of Energy Performance Certificates, a useful leading indicator for total new housing supply, shows that around 70% of Bristol's new homes have been flats in recent years. This reflects the type of housing development in the city with most lower density development occurring in surrounding districts. It also

reflects the large contribution to net housing supply made by changes in use of exiting non-residential properties. The latest MHCLG data reiterates this issue, with Bristol adding 19% fewer net additional dwellings in 2019-20 than the year before. This was largely due to 80% fall in the number of new homes delivered under Permitted Development Rights. The Energy Performance Certificate data also provides a guide to the impact of the lockdown on the Bristol new build market with 50% fewer certificates lodged during the second quarter of 2020 when compared to the same quarter in 2019.

While the need to build more homes remains high, the country faces unique challenges in coming months and years. Bristol is no different. Cities are under threat from changes in housing demand with inner London providing the starkest warning. An ongoing rental demand shock due to fewer workers, tourists, temporary residents, and students is leading to a collapse in rents. While other cities such as Bristol should not be as exposed to all these factors as the capital, it is a clear warning of the threats they face in these volatile and uncertain times.

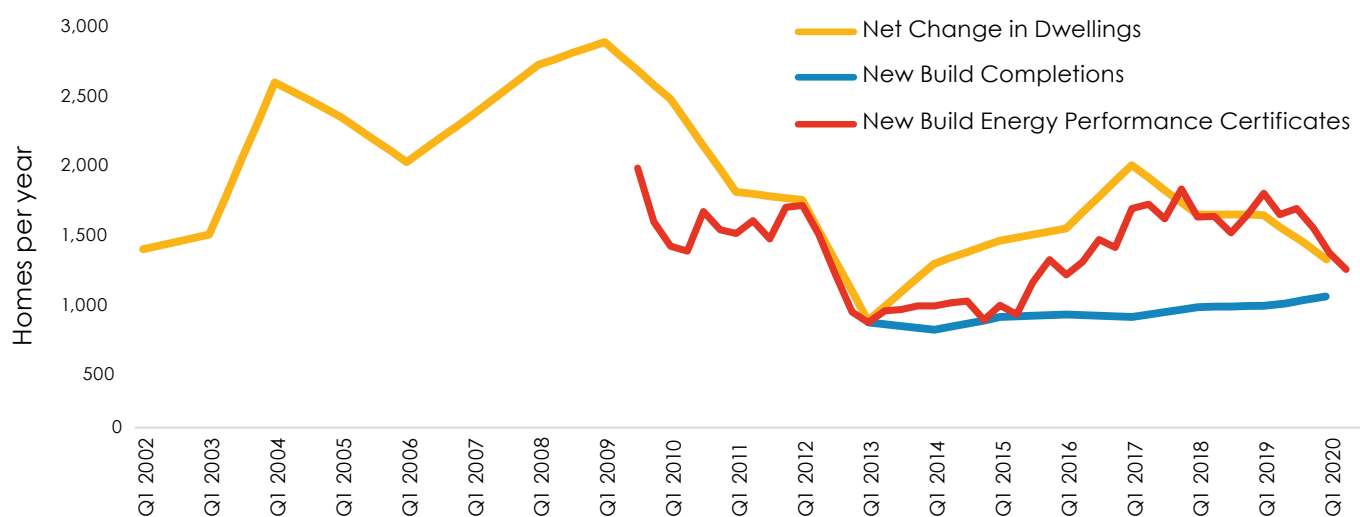


Figure 3 – New Housing Supply, Bristol Source: MHCLG

Development Activity

Site identification process

Our primary source of sites is Bristol City Council. Goram Homes is one of the Council's key delivery vehicles in the fight against the housing crisis - especially for larger market facing and mixed tenure projects. Therefore, it is critical that land flows from the Council to Goram Homes at a scale and pace that is required to meet the operational cost commitments set out in our Business Plan.

The specific arrangements for the transfer of land is set out on a site by site basis and dependent on the condition and planning status of the land/property. Initially, any new potential sites identified will be assessed by the Goram Homes team.

If the site is viable and deliverable it will be presented to the Board for early consideration (strategic fit, social and financial returns, risks, chances of success, etc) and to gain approval to actively pursue the site, within an agreed budget.

The land purchase price is then agreed with the Council at a fair market value reflecting the fact the site will be unencumbered. The affordable housing will be purchased at a market value by either a housing association or the Council, to be agreed on a project-by-project basis.

Procurement

Goram Homes has been established as a body with a commercial character, not meeting needs in the general interest. As we do not fall within the definition of a body governed by public law under the Public Contracts Regulation 2015 we do not have to adopt the procedures set out in the Public Procurement Regulations in respect of any transactions we undertake. This means we are able to enter into contracts for goods, services and supplies with the most appropriate contractors for each site or project, giving us a considerable commercial advantage over the Councils' procurement options.

The variety in size and complexity of the Goram Homes development programme means that not all projects will be delivered as a Joint Venture within a formal LLP contract. We will review how best to deliver smaller projects on a site by site basis and may group smaller sites together.

To maintain value for money within a less restricted procurement environment we have set out our procurement principles in our procurement policy.

We will:

- Ensure that Goram Homes obtains Value for Money whilst appointing contractors and consultants who can demonstrate the ability to deliver our demanding standards of quality and service
- Prevent corruption or the suspicion of it
- Ensure fairness and equality of treatment of all suppliers, avoidance of bias, favouritism and that fairness can be demonstrated through an audit trail; and
- Promote social value, including the local economy and environmental sustainability, to the extent that it is legally permitted
- Make best use of the Goram procurement status to enable the contracting work to deliver projects that include Extra Care housing or provision of a new energy centre alongside a Goram project.

Design and Quality standards

Goram Homes wants to deliver developments that provide a great place to live in for those who buy and rent the new homes on offer. As well as placemaking of the highest order we want to achieve schemes that are robust and look fantastic for many years to come. This will be achieved through a combination of good design and the use of low maintenance details and materials.

We aim to achieve compliance with council policy wherever practicable. It is hard wired in our company to achieve appropriate levels of affordable housing and respond positively to the climate and biodiversity emergencies.

The Board of Goram Homes has agreed that it will not set generic design and quality standards which apply to all of its projects. They recognise that each of its projects will be unique and sit within differing local communities and, therefore, a 'one size fits all' approach would not be appropriate. We will assess every project individually to ensure the design is aligned to our values and ethos.

We will however be mindful of important standards such as **Nationally Described Space Standards (NDSS)**. Goram Homes will always deliver tenure blind housing where both the affordable and market element provides new homes with a generous living space, suitable private amenity space and good quality design. Wheelchair units will, as a minimum, comply with **Part M of the Building Regulations** and all projects will achieve **Secure by Design**.

We are open to considering modern methods of construction (MMC) on our schemes. This will range from simple panelised systems through to volumetric pre-assembled structures. Any solution would be assessed on its suitability to the proposed site. As a result, every project will be individually appraised by the team prior to board approval, at mid-development point and at the end of the development using the quality criteria in our policies.



Development Programme

Goram Home's development programme is our main activity. We have a strong working relationship with Bristol City Council's Housing Delivery team and together we have established a process to release land for sale to Goram Homes as quickly as possible. There is currently a positive land supply available.

The pipeline of sites for delivery by Goram Homes has been indicatively split into Phase 2 and Phase 3. This represents the current status of these projects and the likely timeline to delivery. This indicative phasing should not be a barrier to delivery, and it is agreed that jointly Goram Homes and the Council can move projects between these phases.

| Scheme | Potential Units | No of AH Units | % as AH | Start on site | Handover years |
|--------------------------------------|-----------------|----------------|------------|---------------|----------------|
| Complete | 0 | | | | |
| Contracted | 268 | 147 | | | |
| Romney House, Lockleaze | 268 | 147 | 55% | 2021 | 2022 - 2024 |
| Committed | 166 | 66 | | | |
| Baltic Wharf | 166 | 66 | 40% | 2022 | 2024 - 2026 |
| Pipeline* | 1,332 | 475 | | | |
| Phase 2 | | | | | |
| Novers Hill, Ph 1 Knowle West | 50 | 15 | 30% | 2022 | 2023 |
| Dovercourt Road, Lockleaze | 120 | 60 | 50% | 2022 | 2023 - 2024 |
| Part of Knowle West Health Park | 50 | 15 | 30% | 2023 | 2024 |
| Castle Park, Harbourside | 50 | 20 | 40% | 2023 | 2024 - 2025 |
| New Fosseway, Hengrove | 170 | 51 | 30% | 2023 | 2024 - 2025 |
| St Ursula's, Henleaze | 40 | 16 | 40% | 2023 | 2025 |
| Novers Hill, Ph 2 Knowle West | 310 | 93 | 30% | 2023 | 2024 - 2030 |
| Phase 3 | | | | | |
| Spring Street, Victoria Gardens | 125 | 38 | 30% | 2023 | 2024 - 2026 |
| SS Gt Britain Car Park, Spike Island | 115 | 46 | 40% | 2023 | 2025 - 2026 |
| Portwall Lane, Redcliffe | 110 | 44 | 40% | 2024 | 2026 - 2027 |
| A Bond, Spike Island | 96 | 38 | 40% | 2025 | 2027 - 2028 |
| B Bond, Spike Island | 96 | 38 | 40% | 2026 | 2028 - 2029 |
| Total Programme | 1,766 | 688 | 39% | | |

*pipeline projects are all pre-planning and liable to change. Timing and financial impact will be adjusted as schemes become firmer.

We have taken our programme and produced a graph to show how homes will start on site and complete, below, in figures 1 and 2.

Figure 1: Number of homes – start on site

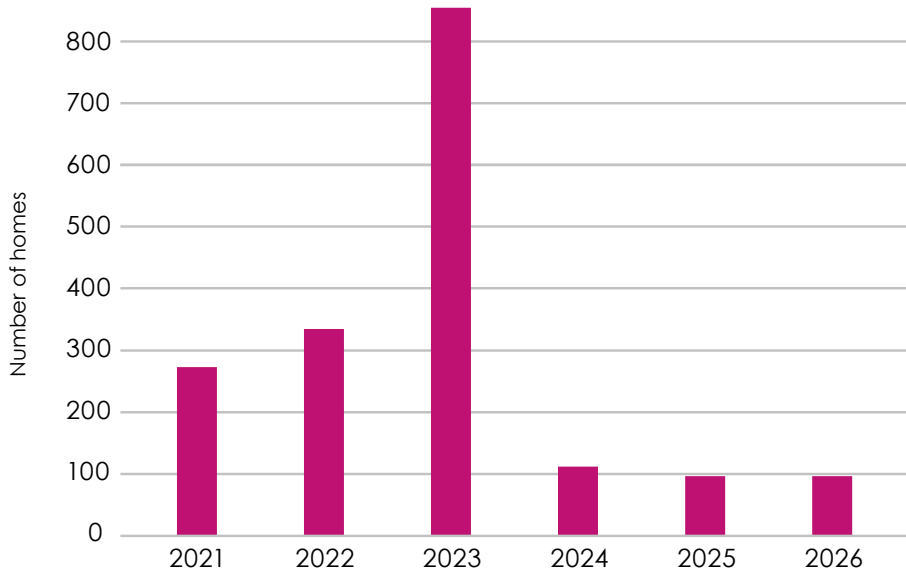
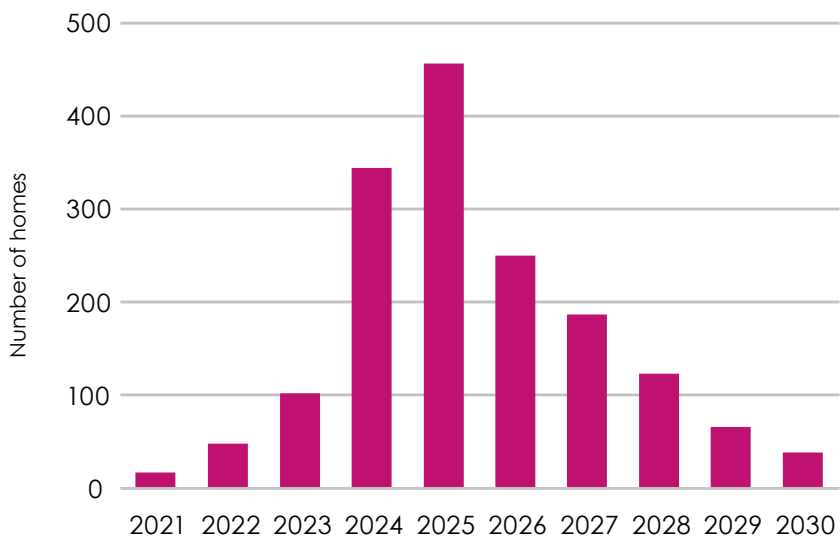


Figure 2: Estimated Completions by Year



Artistic impression of the new neighbourhood at Romney House – HTA Design

Financial Projections and Risk Management

This Business Plan establishes our capacity to deliver the projects set out in the development pipeline. Our projects will be, in the main, joint ventures with the value of the land forming a large proportion of the initial investment by Goram Homes.

The agreed pipeline of sites feeds into the company's financial planning process to make projections as to the levels of planned investments, expenditures and returns. Each element of the overall financial projection is summarised in the detail below.

Funding for this business plan is covered by an existing facility for the first two projects (Romney House and Baltic Wharf). Then a second £10m cash facility has been made available to fund Pipeline Phase 2. This facility will be used to cover all operating costs and project investment as required by the business plan.

Project approval

Given the evolving status of projects, they will be approved by the Council on a case-by-case basis at key trigger points. These trigger points will be when the partnership deal is structured, at land loan note issuance and any cash investment requests.

Once sites are agreed for development by Goram Homes and Bristol City Council, we will acquire them, from the Council, at a fair market rate, using the most suitable funding mechanism for the site.

Project funding

All borrowing will be site/project specific and subject to an individual loan agreement. Revenue for each scheme takes the form of sales receipts from private housing, affordable homes, and any commercial property. In general, the profit margin hurdle for developments is approximately 15% profit on Gross Development Value for the scheme.

Some schemes such as a flatted scheme will require considerable investment before sales revenue is received, often resulting in the partnership requiring funding in excess of the initial partner contributions. Where this occurs it is assumed to be provided through third party funding, though the LLP partners have an option to invest if there are advantages to do so.

Third party funders operate lending parameters which may in exceptional circumstances require the partners to top up their investment to facilitate the raising of third party financing. This event, should it arise, would form part of the project appraisal presented to the Council for approval and would be funded from within the existing £10m facility for the Pipeline Phase 2.

Performance management

Goram Homes develops sites which have been selected by Bristol City Council for development as new housing. We work closely with the Housing Delivery team to understand the constraints of each project before they are allocated to Goram Homes. The timeline for this transfer is set out in our Business Plan and is key to delivering profits to support the overhead cost of operating Goram Homes.

Goram Homes leads the selection of the partners to deliver the sites, ensuring that we meet the objectives set by the Council to deliver a commercial return, additional homes, and great places to live. We work hand in hand with the Council to develop the design and then the partnership submits a planning application on each of the sites. The Council then scrutinise the proposal and determine if planning permission will be granted.

Projects are often delivered via Limited Liability Partnerships (LLP) in which Goram Homes has a 50% shareholding. Two directors are appointed to the LLP by Goram Homes and two from our partner. The Board of the LLP then oversees the operational & financial activity of the development. The performance of all of the LLP's are reported to Goram Homes where its Board oversees performance against the business plan estimations and the detailed financial appraisals which are embodied into the Partnership Member Agreements.

Performance of each joint venture will be overseen at a programme level by the Board of Goram Homes, actions being taken to mitigate any joint ventures that are underperforming. Reporting of performance is then provided to the Council's strategic client and Bristol Holding, who in turn advise the shareholder.

Operating risk environment

Housing market price movements are one of the most common risk factors to impact on organisations such as Goram Homes. The resulting risks of a Housing Market price movement are contained within the Business Plan risk assessment.

The traditionally cyclical housing market see's prices increasing and declining over a period of years, these changes are often linked to economic shocks or improvements in the wider economy. Goram Homes's organisational structure has sought to contain risks events, such as house price movement or project level cost increase.

Each project is often established as a separate LLP. This LLP does not call on guarantees from the parent and is therefore separate and independent in its operation, cost and revenue risks are contained at the LLP level when they occur. Land, the largest investment made by the Council, into Goram Homes, is protected via the legal structures used. The legal structures allow this asset to be retained by the Council in the event of an LLP collapsing.

The financing of developments will regularly use third part funding. This is money invested by a financial institution, such as a bank will be secured on the land asset during the development period. The money is lent to the LLP, not the Council and no guarantees are given against these loans by the Council.

Health & Safety risks will not always be contained within these LLP's and could escalate to the Council. Therefore, Goram Homes operates a zero-tolerance stance on poor H&S practice and this is reflected in our performance management targets and partner selection.

Risk management

Effective risk management is critical to the success of Goram Homes, so we have put in place a robust risk management and audit system across the business. We operate a risk register which identifies key risks, giving each risk an inherent score without mitigating controls. Mitigations are then applied to this risk score giving the current risk score. To provide enhanced assurance these mitigations are covered in the assurance section of the risk register.

The management team review the risk register and the top risks are reviewed by the Goram Homes Board at our regular meetings. Risk materialisation is reported to the Board

when it occurs on an “as required” basis so we can appropriately manage risks should they occur outside of the Board cycle.

The assessment of Risk in the Goram Homes Business Plan was assessed by the Goram Homes Board in February 2021. The assessment of risk has materially reduced from previous versions of the Business Plan due to adjustments being made to the development profile and the confirmation of a pipeline of schemes.

For our assessment of key Business Plan risks see [Appendix B](#)



Artistic impression of the new neighbourhood at Romney House – HTA Design

Building the Financial Plan

The forward Financial Plan of Goram Homes has been based on the programme activity outlined in our development programme. Each project in this programme has either a latest 'Financial Model' (if an agreed partnership) or an estimated Development Cash Flow (if a pipeline site or pre-partnership formation).

Our Financial Plan demonstrates the anticipated outturn of our activities through to 2026. [Appendix D](#) shows the flows of funding between the Council and Goram Homes for the period of the plan.

All sites have been prepared as cash flows reflecting the anticipated Partnership arrangements of a 50% share of both capital (value in the lease being the majority of

the contribution made by Goram Homes) and profits. Where significant additional cash investment is required, this has been assumed to be through third party provision.

A set of additional headline assumptions have been made that:

- a) The land cost is inclusive of 'capital and interest', until negotiated specifically
- b) The lease sales value to the partnerships is inclusive of 'capital and interest', until negotiated specifically
- c) Goram Homes is able to recover VAT on its purchases that incur VAT
- d) All cash generated from profits will be retained within Goram Homes pending decisions by the Council as to its use

Land purchase funding

The Land transaction is facilitated by the provision of a loan note to Goram Homes from Bristol City Council. After the land sale the Council no longer holds the land asset but holds a debtor asset being the loan note with Goram Homes.

The table below shows a forecast of the outstanding value of land purchase loan notes through the period of the Business Plan. The peak land loan note balance

owing to Bristol City Council is forecast to be £24m, should all of the developments proceed as programmed in this plan.

The total estimated value of land purchased by Goram Homes from Bristol City Council, and hence Loan Notes taken over the period of the Business Plan is forecast to total £43m. Over the same period, we are forecasting to repay £27m of the Loan Notes taken.

| £'000 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-----------------------------------|------|----------|---------|----------|----------|----------|----------|
| Land Loan Notes added in year | - | (13,011) | - | (23,113) | - | (4,805) | (2,355) |
| Land Loan Note repayments in year | - | 2,820 | 5,328 | 4,365 | 1,289 | 4,490 | 8,892 |
| Net Land Loan Note balance | - | (10,191) | (4,863) | (23,611) | (22,322) | (22,637) | (16,100) |

Profit & Loss

The trading performance of Goram Homes is assessed by considering our annual running costs and our share of profit earned by the LLPs each year, interest receivable and payable on various loan note instruments and working capital financing from the Council.

We have forecast the profit earned by each development and recognised profit at point of sale of the properties.

The majority of our trading activity is conducted within the joint venture Limited

Liability Partnerships rather than by Goram Homes directly.

As shown below losses are incurred in the first three years with profits being generated from 2023 onwards.

Whilst the Business Plan reporting period is to 2026, several of the developments entered into during the period of the plan will be delivering homes and financial returns beyond this timeframe.

| Profit & Loss Account £'000 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------|----------|---------|----------|---------|---------|---------|
| LLP Participation | | | | | | | |
| Share of LLPs Profit / (loss) before Tax | - | (122) | (137) | 1,808 | 5,798 | 10,244 | 7,783 |
| Land Asset management | | | | | | | |
| Purchase of land | - | (13,011) | - | (23,113) | - | (4,805) | (2,355) |
| Sale of Build Leases | - | 13,011 | - | 23,113 | - | 4,805 | 2,355 |
| Sale of freehold | - | - | - | - | - | - | - |
| Contract Business | | | | | | | |
| Revenues - Energy Centre | - | - | 4,600 | - | - | - | - |
| Costs - Energy Centre | - | - | (4,600) | - | - | - | - |
| Operating Costs (£'000) | (794) | (906) | (998) | (1,005) | (1,023) | (1,041) | (1,059) |
| Profit before Interest & Tax (EBIT) | (794) | (1,028) | (1,135) | 803 | 4,775 | 9,203 | 6,724 |
| LLP Loan Account interest receipts (signed LLPs) | - | - | 441 | 207 | - | - | - |
| BCC Land Loan interest payments (signed LLPs) | - | - | (441) | (207) | - | - | - |
| WCF Interest charges | (26) | (108) | (192) | (264) | (192) | (252) | (312) |
| Profit before Tax | (820) | (1,136) | (1,327) | 539 | 4,583 | 8,951 | 6,412 |
| Corporation Tax | | - | - | - | (349) | (1,701) | (1,218) |
| Profit After Tax | (820) | (1,136) | (1,327) | 539 | 4,234 | 7,250 | 5,194 |
| Cumulative Profit & Loss Reserves | (820) | (1,956) | (3,283) | (2,743) | 1,491 | 8,741 | 13,935 |

Operating Costs

Operating costs have been contained to approximately £1m p.a. for the Business Plan period. These costs incorporate all the costs of delivering Partnership formation for each development site in our programme. The costs shown in 2020, 2021 were incurred to set up and deliver two development projects (Romney House and Baltic Wharf). The estimated operating

costs from 2022 forward cover the agreed pipeline of a further 12 development projects, along with ongoing management of our interest in the increasing number of partnerships during their delivery phase.

Operating costs and potential management charges to the LLP's will be reviewed each year as the pipeline details become known.

| Operating Costs | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| People costs | 453 | 471 | 561 | 572 | 584 | 596 | 608 |
| Recruitment fees | 64 | 10 | 15 | 5 | 5 | 5 | 5 |
| Meals, Travel & Accommodation | 3 | 10 | 10 | 10 | 11 | 11 | 11 |
| IT Support | 20 | 20 | 20 | 21 | 21 | 22 | 22 |
| Office Expenses | 15 | 17 | 27 | 28 | 28 | 29 | 29 |
| Professional Services | 155 | 168 | 172 | 175 | 179 | 182 | 185 |
| PR & Advertising | 2 | 40 | 20 | 20 | 21 | 21 | 22 |
| Bristol Holding Ltd Management Fees | 80 | 105 | 105 | 105 | 105 | 105 | 105 |
| Contingency/Misc. | 2 | 65 | 66 | 68 | 69 | 71 | 72 |
| Operating costs (£'000) | 794 | 906 | 998 | 1,005 | 1,023 | 1,041 | 1,059 |

Cash Flow

The Business Plan shows a closing cash balance in 2026 of £17.9m. Any distribution of profits will be decided by Bristol City Council.

| Cash Flow (£'000) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-----------|------------|------------|------------|--------------|---------------|---------------|
| Opening Cash Balance / (Overdraft) | | 50 | 118 | 142 | 140 | 3,538 | 13,075 |
| Inflow | 844 | 1,000 | 6,441 | 1,407 | 6,889 | 11,124 | 7,802 |
| Working Capital funding received | 799 | 1,000 | 1,400 | 1,200 | 1,000 | 1,000 | 1,000 |
| Decrease in non-cash current assets | 45 | - | - | - | - | - | - |
| Interest received on Loan Notes (signed LLPs) | - | - | 441 | 207 | - | - | - |
| LLP distribution | - | - | - | - | 5,889 | 10,124 | 6,802 |
| Contracting business | - | - | 4,600 | - | - | - | - |
| Outflows | (794) | (932) | (6,417) | (1,409) | (3,491) | (1,587) | (3,018) |
| Operating costs of Goram (EBIT) | (794) | (906) | (998) | (1,005) | (1,023) | (1,041) | (1,059) |
| Interest paid on working capital funding | - | (26) | (108) | (192) | (264) | (192) | (252) |
| Interest paid on Loan Notes (signed LLPs) | - | - | (441) | (207) | - | - | - |
| Corporation Tax paid | - | - | - | - | - | (349) | (1,701) |
| Repay working capital funding | - | - | - | - | (2,199) | - | - |
| Increase in non-cash current assets | - | - | (270) | (5) | (6) | (6) | (6) |
| Contracting business | - | - | (4,600) | - | - | - | - |
| Dividend Distribution | - | - | - | - | - | - | - |
| Operating flows | 50 | 68 | 24 | (2) | 3,397 | 9,537 | 4,784 |
| Lease Receipts | - | 2,820 | 5,328 | 4,365 | 1,289 | 4,490 | 8,892 |
| BCC land loan repayments | - | (2,820) | (5,328) | (4,365) | (1,289) | (4,490) | (8,892) |
| Closing Cash Balance / (Overdraft) | 50 | 118 | 142 | 140 | 3,538 | 13,075 | 17,859 |

Balance Sheet

The Balance sheet below shows Retained Reserves at the end of 2026 of £13.9m.

This Business Plan is subject to further refinement when a more detailed assessment of the development pipeline evolves, and projects move forward.

| Balance Sheet (£'000) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|------------------------------------|--------------|----------------|----------------|----------------|--------------|--------------|---------------|
| Fixed Assets | - | - | - | - | - | - | - |
| Current Assets | 189 | 10,187 | 5,016 | 25,575 | 27,599 | 37,577 | 36,810 |
| Debtors | 139 | - | - | - | - | - | - |
| Capitalised Pre LLP costs | - | - | 270 | 275 | 281 | 287 | 292 |
| LLP Leases | - | 10,191 | 4,863 | 23,611 | 22,322 | 22,637 | 16,100 |
| Share of LLP Retained Reserves | - | (122) | (259) | 1,549 | 1,459 | 1,578 | 2,560 |
| Bank & Cash | 50 | 118 | 142 | 140 | 3,538 | 13,075 | 17,859 |
| Liabilities | (1,009) | (12,143) | (8,299) | (28,319) | (26,108) | (28,835) | (22,875) |
| Corporation Tax | - | - | - | - | (349) | (1,701) | (1,218) |
| Creditors & Accruals | (184) | (45) | (45) | (45) | (45) | (45) | (45) |
| Working Capital Funding Obligation | (799) | (1,799) | (3,199) | (4,399) | (3,200) | (4,200) | (5,200) |
| Working Capital Funding interest | (26) | (108) | (192) | (264) | (192) | (252) | (312) |
| BCC Land Loan Notes | - | (10,191) | (4,863) | (23,611) | (22,322) | (22,637) | (16,100) |
| Net Assets | (820) | (1,956) | (3,283) | (2,743) | 1,491 | 8,741 | 13,935 |
| | | | | | | | |
| Retained Profits | (820) | (1,956) | (3,283) | (2,743) | 1,491 | 8,741 | 13,935 |

Stress Testing

The financial plan has been modelled with cost and house price inflation excluded. The nature of Goram Homes' business model is that variations in unit cost or sales value will only have an equivalent impact on forecast results where we are in a partnership contract, satisfactory planning has been granted and the land value has been fixed.

Out of our plan of 14 developments through partnerships, only Romney House is likely to be in the contract status referred to above by the end of March 2021.

Our major sensitivity therefore is to a delay in achieving 'start on site' dates assumed in the plan for the pipeline. Baltic Wharf development already incorporates a cautious view of timing into the plan.

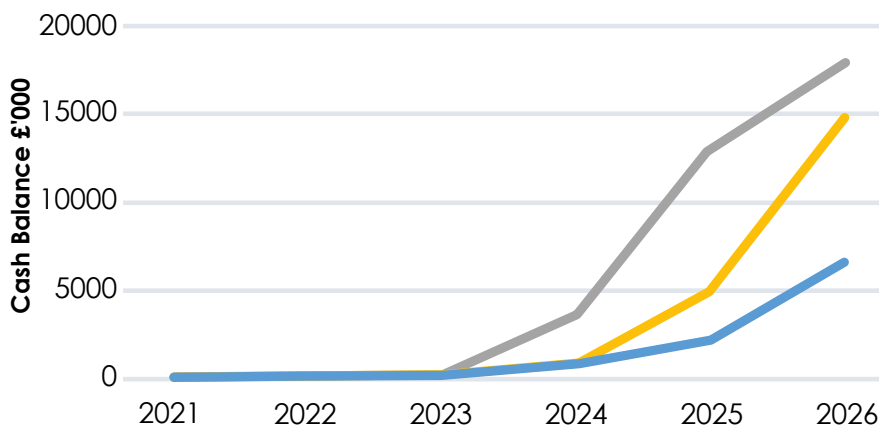
When we stress test the financial plan for one and two year delays we are assuming an event occurs, but all the pipeline continues as currently profiled and no changes are

made to project assumptions. As with all stress testing, interventions would be made before any of the scenarios were realised in full.

The business model of Goram Homes is very resilient to change and stresses. During the first few years the only significant exposure is delay or non-delivery of developments, meaning the overheads at £1m pa being carried at risk. It should be noted that costs are only placed at risk when detailed agreement has been reached with the Council on each development site being a suitable location. If there is a conscious decision to delay commencement of our development activity, then some of the professional costs within the £1m pa would also be deferred.

The increased pipeline creates opportunity to mitigate risks of delay. The Romney House project alone provides us a significant amount of resilience as we are forecasting by 2025 to receive £4m. This compares to forecast spend of £4.7m.

Cash Balance - impact of delaying entire pipeline



| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------|------|------|------|-------|--------|--------|
| On time | 118 | 142 | 140 | 3,538 | 13,075 | 17,859 |
| 1 year delay | 118 | 142 | 140 | 768 | 4,970 | 14,744 |
| 2 year delay | 118 | 142 | 140 | 768 | 2,198 | 6,639 |

Appendix A

Strategic Business Plan level KPI's

| KPI Code | KPI Group | Criteria | Units | Quarterly | | | | | Cumulative | | | | |
|----------------------|---------------|------------------------------------|-------|---------------|--------|--------|-----------|-------------|---------------|--------|--------|-----------|-------------|
| | | | | Previous Year | Target | Actual | ACT/ PY % | Act/ Trgt % | Previous Year | Target | Actual | ACT/ PY % | Act/ Trgt % |
| People | | | | | | | | | | | | | |
| 1 | People | Turn over | % | | <20 | | | | | <20 | | | |
| 2 | People | Days of Absence | units | | 5 | | | | | 25 | | | |
| Projects | | | | | | | | | | | | | |
| 3 | Projects | BCC site release on time | % | | 90 | | | | | 90 | | | |
| 4 | Projects | Projects in contract on time | % | | 90 | | | | | 90 | | | |
| 5 | Projects | H&S – Number of RIDDOR incidents | units | | 0 | | | | | 0 | | | |
| Finance | | | | | | | | | | | | | |
| 6 | Finance | Project Profits to Business plan | % | | 90% | | | | | 90% | | | |
| 7 | Finance | Goram Homes results to BP variance | % | | 10% | | | | | 10% | | | |
| Environmental | | | | | | | | | | | | | |
| 8 | Environmental | Carbon Reduced (Goram Homes) | units | | 1000g | | | | | 1000g | | | |
| Social Value | | | | | | | | | | | | | |
| 9 | Social Value | Local contracts awarded | % | | 75% | | | | | 75% | | | |

Appendix B

Assessment of Key Risks

| Risk No. | Risk | Current Assessment | | Target Scores | | Comment |
|----------|---|--------------------|-----------|---------------|-----------|--|
| 2 | Failure to deliver growth / profit targets in line with Business Plan assumptions | Prob. | 3 | Prob. | 3 | Market failures (e.g. house prices drop, construction costs increase, market sales rate drops) Production rates reduce, delays in planning permission, interest rates rise, insufficient land available. |
| | | Impact | 4 | Impact | 4 | |
| | | Total | 12 | Total | 12 | |
| 4 | Failure of board to give capable leadership, control, and strategic direction and/or inappropriate governance arrangements and structures | Prob. | 3 | Prob. | 2 | Lack of sufficient skills, knowledge and experience on Board or SLT. Poor leadership or confused governance arrangements. |
| | | Impact | 4 | Impact | 4 | |
| | | Total | 12 | Total | 8 | |
| 38 | Loss of demand for property sales | Prob. | 3 | Prob. | 2 | Reduced access to (affordable) mortgage finance. Wider societal and cultural change to the way people want to live. Lack of suitable of properties developed for market demand. |
| | | Impact | 4 | Impact | 4 | |
| | | Total | 12 | Total | 8 | |
| 40 | Inability to establish sufficient development opportunities | Prob. | 2 | Prob. | 2 | Uncertainty around housing policy. Sites need to be transferred to Goram Homes from the Council to match the business plan profile. Delays will impact on Goram Homes financial performance. Restrictions on opportunities to comply with development strategy e.g. mix of tenure. |
| | | Impact | 5 | Impact | 5 | |
| | | Total | 10 | Total | 10 | |
| 43 | Negative impact of spread of coronavirus (COVID-19) on delivery of Business Plan and viability | Prob. | 2 | Prob. | 2 | Uncontrollable spread of COVID-19 virus without vaccine, reducing staffing resource and impacting the housing market. |
| | | Impact | 5 | Impact | 5 | |
| | | Total | 10 | Total | 10 | |
| 25 | Failure of projects / Joint Ventures or programme of corporate projects to deliver expected benefits within planned costs and timescales | Prob. | 4 | Prob. | 2 | Projects poorly initiated or implemented. Benefits of anticipated outcomes will not be realised either in part or full. |
| | | Impact | 2 | Impact | 2 | |
| | | Total | 8 | Total | 4 | |
| 44 | Failure to maintain a strong and positive relationship with key stakeholders, including local government and MPs | Prob. | 2 | Prob. | 2 | Negative PR impacts are greater than if the risk was properly managed, lack of support for development schemes and new initiatives, lack of support on the outcome of complaints |
| | | Impact | 3 | Impact | 3 | |
| | | Total | 6 | Total | 6 | |

Appendix C

Goram Innovation Action Plan

All the themes are connected to the ambition that our homes will be an enabler for improving the health and wellbeing of the residents of Bristol. Underpinning all of the below is the recognition that its necessary to find new ways of doing community consultation and engagement that is open, transparent and inclusive.

Connected Homes

According to the **BRE**, poor quality housing costs the NHS £1.4bn per year due to building related hazards.

What we will do:

1. Build a data framework to support the Internet of Things. Working with **HACT** and/or other partners to develop and contribute to the UK Housing Data Standards to ensure that the right data measures and data collection is considered and captured – to support the health and independence of residents and ongoing maintenance and performance of homes.
2. To ensure that fibre connectivity (building in fibre ducting as standard) is built in and ready to enable the Internet of Things (not least supporting better independent living)
3. To align projects with research and evaluation projects partnering with Bristol University and UWE around improved health and wellbeing and energy efficiency (built around better understanding of user experience – data and connectivity).

Low Carbon Houses

In June 2019, the UK became the first major economy in the world to pass laws to end its contribution to global warming by 2050. **The target will require the UK** to bring all greenhouse gas emissions to net zero by 2050, compared with the previous target of at least 80% reduction from 1990 levels.

What we will do:

1. Developing a JV partner selection methodology around low carbon/ zero carbon housing (**Bristol City Council commitment to be carbon neutral city by 2030**) so that all future projects are future proofed and low carbon is not considered a 'nice to have' but a core delivery commitment.
2. To explore lifetime costs (not just capex) as a validation for investment in homes and to consider how **BCC's Social Value Policy** – whilst not directly relevant – can suggest a methodology to consider and value wider scheme benefits.

Assisted Living

Disabled people were less likely to own their own home than non-disabled people, with 42.4% of disabled people owning their own home compared with **53.2% of non-disabled people**. However, a substantial segment of homeowners and a customer group who's needs are not ready met by standard homes built in the UK.

What we will do:

1. Good design and well-proportioned homes work well for both assisted living and family life. By way of example, wider doors for wheelchairs also serve young families with buggies. Goram Homes will consult **Bristol Disability Equality Forum** on all its schemes to consider what proportion for accessible housing but also to explore how good design improves the accessibility of all housing and the community and

to engage with **Better Lives at Home**. This to complement the Connected Homes - digital to support independent living.

2. To explore developing inter-generational homes on our schemes to address assisted living in the context of that wider community and address the loneliness epidemic.
www.gov.uk/government/news/pm-launches-governments-first-loneliness-strategy

Modern Construction Methods

Based purely on existing workforce age and current levels of new entrant attraction, we could see a **20-25% decline** in the available labour force within a decade.

What we will do:

1. To support the regional/strategic opportunity to enable the WECA region, and the South West in general, to become the UK's leading region in the technology and deployment of zero carbon, quality and affordable homes delivered at pace. The hypothesis to this is that MMC is part of the solution to create a new supply chain for affordable housing. Housing as part of a Local Industrial Strategy.
2. To commit an identified site to develop its first cat 1 (volumetric/3D) or cat 2 (penalised/2D) MMC housing partnership (part or full site).
3. To explore a possible partnership with Bristol Housing Festival and YTKO as the third commercial partner for '**Constructing Modern Methods**' – a digital optioneering tool that is being developed as part of an Innovate UK project.

Innovative Financing

More than 8million people in England – around 1 in 7 – are living in an unaffordable, insecure, or unsuitable home. According to National Housing Federation research there are 3.6m people living in overcrowded homes, 2.5m people can't afford their rent or mortgage and 2.5m adults are living with parents, with an ex-partner, or with friends because they can't afford to move out.

What we will do:

1. In partnership with others to explore new tenure models that address the land cost issue as the key affordability challenge (to partner with organisations such as Future Cities Catapult who are developing those models but need to test them in the real world).
2. To explore new funding opportunities to create more affordability and generate more capital investment where the asset is retained by a third party at low rates for 40 years and then reverts for social housing or other needs (see pension funding and other social impact funds/ green funds/pension funds who are looking for long term investment often aligned to MMC due to its manufacturing process and several funds now in partnership with specific MMC suppliers).

Appendix D

Funding forecast between Goram Homes & the Council

| Overall Funding relationship with BCC | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--------------|-----------------|----------------|-----------------|-----------------|-----------------|----------------|
| Cash Flows | | | | | | | |
| Loan Note repayments to BCC | - | 2,820 | 5,328 | 4,365 | 1,289 | 4,490 | 8,892 |
| Working Capital Funding (WCF) from BCC | (799) | (1,000) | (1,400) | (1,200) | (1,000) | (1,000) | (1,000) |
| WCF repayment to BCC | - | - | - | - | 2,199 | | - |
| Interest paid to BCC on Land Loan Notes (signed LLPs) | - | - | 441 | 207 | - | - | - |
| Interest paid to BCC on WCF Loan | - | 26 | 108 | 192 | 264 | 192 | 252 |
| Net cash paid to / (borrowed from) BCC | (799) | 1,846 | 4,477 | 3,564 | 2,752 | 3,682 | 8,144 |
| Cumulative net cash payments to BCC | (799) | 1,047 | 5,524 | 9,088 | 11,840 | 15,521 | 23,666 |
| | | | | | | | |
| Net funding | | | | | | | |
| Net Land Loan Note balance (BCC) | - | (10,191) | (4,863) | (23,611) | (22,322) | (22,637) | (16,100) |
| WCF balance (BCC) | (799) | (1,799) | (3,199) | (4,399) | (3,200) | (4,200) | (5,200) |
| Retained cash | 50 | 118 | 142 | 140 | 3,538 | 13,075 | 17,859 |
| Total | (749) | (11,872) | (7,920) | (27,870) | (21,984) | (13,762) | (3,441) |

