

OVERVIEW AND SCRUTINY COMMITTEE – 18 OCTOBER 2021

## THAMESWEY AND RUTLAND GROUP - UPDATE

### Executive Summary

The Council established the Thameswey Group of Companies (including the joint ventures with Rutland) to assist in the delivery of the Council's strategic priorities. In particular, the Companies support the provision of high quality affordable and key worker homes; transforming Sheerwater; promoting and investing in low carbon energy supply across the Borough and creating high-quality built environments fit for the future.

The number, scale and complexity of the Companies have grown organically over time. As the Council now embarks on a period of change and improvement including reviewing its strategic priorities, it is timely and necessary for a review to be undertaken of the purpose of each Thameswey Company. Thameswey have commissioned external consultancy advice on the corporate and tax structure of its Companies, which will inform the future company structure. This will include looking at streamlining and rationalising the companies to reduce any unnecessary complexity and duplication while remaining fit for purpose to deliver the Council's strategic priorities.

The outcome of this advice, alongside the development of the Council's 5-year Corporate Strategy, will inform the new business plans for Thameswey for 2023 onwards to continue to ensure that objectives align.

### Recommendations

The Committee is requested to:

**RESOLVE That** the report be noted.

The Committee has the authority to determine the recommendation(s) set out above.

**Background Papers:** None.

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**Date Published:** 11 October 2021

### 1.0 Introduction

- 1.1 The Council established the Thameswey Group of Companies (including the joint venture companies with Rutland) to assist in the delivery of the Council's strategic priorities. In establishing the Companies, the Council took a long term view on investment in infrastructure with a view to securing benefit for the residents of the Borough and supporting the Council's economic development and housing strategies.
- 1.2 Thameswey Limited was established in 1998/99 to make long-term energy and environmental project investments in support of what subsequently became the Council's Climate Change Strategy. The Company's remit was extended to include provision of affordable homes in support of the Council's Housing Strategy. In 2008/09, the Company's remit was further extended to take forward redevelopment proposals within the Borough. The Group objectives and business plans have subsequently been re-focused to contribute towards the delivery of the Woking 2050 strategy. Thameswey Limited is wholly owned (100%) by Woking Borough Council.
- 1.3 Thameswey has established a number of subsidiary companies, some in joint venture arrangements such as Rutland (Woking) Ltd and Rutland Woking Residential Ltd, which are managed via an independent board and executive structure from the rest of the Thameswey group. All Companies are formed and registered at Companies House and are trading. Thameswey Housing Ltd (THL) was previously known as Woking Borough Homes Limited (WBHL).
- 1.4 The Companies, with the exception of the joint venture Rutland companies, are each managed by Executive Officers, who report to a Board of Directors made up of Councillors, Council Officers and Independent Directors. Directors appointed by the Council to each Thameswey Group Company in the ratio of One Independent, One Councillor and two Officers, as a minimum. A list of the Companies, a brief summary of what they each do and their Directors can be found at the end of this report.
- 1.5 The Independent Directors appointed by the Council are each paid in accordance with the allowances approved by the Council for Members. Councillors and Employees of Woking Borough Council appointed as Directors or Non Executive Directors of the Companies by the Council are unpaid in respect of their duties as Directors.
- 1.6 During 2020/21 additional Independent Directors were recruited to companies in the Thameswey Group reflecting the high level of activity in the group and increasing scale of the business.
- 1.7 A summary of all the companies is included in Appendix 1.

### 2.0 Business Process

- 2.1 The Thameswey Companies deliver their activity in line with approved business plans which are normally approved for a rolling three year period. The Business Plans are normally reviewed and agreed annually by the respective Thameswey boards. These Business Plans are then presented to the Executive and Council for approval in advance of the company financial year and incorporated into the Council's budget setting processes. The Business Plans for 2020 were agreed by the Executive in November 2019 and Council in December 2019. The Thameswey Group Business Plan 2020 covered the period 2020-2023 and was carried forward to 2021 in light of the Covid-19 pandemic (as were all Council Service Plans).
- 2.2 In parallel to the Business Plans, to improve the transparency of Thameswey Group activities the Council has, in discussion with Thameswey Group representatives, agreed a protocol for conducting business. There are regular Board meetings, which occur as a minimum of 3 times per year.

2.3 The Council is the major (but not sole) funder of the Group Companies either by way of loans made to the companies on which interest is payable, grant funding, or through the purchase of share capital.

2.4 A summary of financial arrangements is included in the monthly Green Book.

### **3.0 Next Steps**

3.1 As outlined in Appendix 1, the Council has established a number of Companies to facilitate delivery of key strategic projects. The number and scale of the Companies have grown organically over time. As the Council now embarks on a period of Strategic Review, change and improvement, including its Fit for the Future Programme and new Corporate Strategy, it is timely and necessary for a review to be undertaken of the purpose of each Company both now and in the future. This is particularly relevant as the Thameswey Business plans are based around the Council's strategic priorities and policies. A change in these will necessitate a change in Thameswey priority and focus.

3.2 Thameswey have commissioned external consultancy advice on the corporate and tax structure of its companies, which will inform future company arrangements. This will include looking at streamlining and rationalising the companies to reduce unnecessary complexity and duplication.

3.3 The Council is commissioning an independent financial review of the assets and liabilities of the Council and its companies. This will include consideration of the extent that the Council's interest in companies aligns to supporting the priorities of the Council, and the opportunities and exposures arising from our long term assets and interests in Companies.

3.4 In light of this review, the Council has advised the Rutland Joint Venture partners not to commence any new projects and to bring existing projects to a natural break point (for example, completing the planning application process at Monument Way).

3.5 It is expected that the Thameswey business plans are likely to undergo a significant refresh in 2023 to reflect the Council's Fit for the Future programme and the development of the new 5-year Corporate Strategy priorities. These new plans will also pick up on the corporate advice on structure of the group. Due to this major refresh of the Business Plans in 2023, it is proposed to continue to operate the existing 2020-2023 plans until this time. A paper to the Executive in November 2021 will confirm how the remaining year of the current business plans continues to accord with the current priorities and objectives of the Council, as well as, including stand alone funding requests outside of the existing approved Business Plans in a single review paper.

3.6 It is envisaged that Thameswey remain an important vehicle to achieve the Council's ambitions, particularly in the areas of housing, regeneration and sustainable energy.

### **4.0 Corporate Strategy**

4.1 The Thameswey and Rutland Group of Companies were set up with the specific remit of supporting the Council's strategic objectives. In particular, the Companies support the provision of high quality affordable and key worker homes; transforming Sheerwater; promoting and investing in low carbon energy supply across the Borough and creating high-quality built environments fit for the future. The objectives of the companies accord with the Council's Corporate Plan adopted in 2021.

## 5.0 Implications

### Finance and Risk

5.1 In addition to the direct operational benefits provided by the group companies to the Council's strategies in respect of housing, regeneration and energy, there are financial benefits which are summarised below:

- Thameswey company assets contribute to £86K Business Rates and £26K WBC Office Rents.
- Thameswey Guest Houses Limited (TGHL) provided a rebate to the Council of £80K in 2019 (£0K in 2020 was used to offset a discount on the sale of 121 Chertsey Road to the Council to assist with homelessness accommodation).
- Thameswey Housing Limited (THL) pays ground rent for the Middle Walk flats to the Council of £40K
- The Council charges Thameswey £10,000 per annum for use of its Trademark.
- Support is also provided to the local economy through providing employment and sourcing goods and services from a wide range of local businesses, etc.

5.2 Loans advanced to the group companies earn net interest income for the Council which supports the general fund revenue budget. The forecast benefit for 2021/22 is £6.8M.

5.3 Thameswey Developments Limited reinvests half of its development profit into Environmental Projects for the benefit of Woking residents. Projects are aimed at supporting the Council's Woking 2050 Strategy and are developed in consultation with the Woking Climate Change Working Group. In addition as part of the project development for Milton Keynes, Thameswey Limited receives a project fee of up to 4% of capital works expenditure for support of energy and environmental initiatives in the Borough, such as Action Surrey, in furtherance of the Council's Climate Change Strategy at no net cost to the Council Tax taxpayer.

### Equalities and Human Resources

5.4 There are no equalities or human resource implications arising from this report.

### Legal

5.5 There are no legal implications arising from the report. Legal Services shall ensure that any proposed future changes to the Companies, including streamlining and rationalisation, shall be in accordance with company law and best practice.

## 6.0 Engagement and Consultation

6.1 The Business Plan for 2023 onwards will be developed following community engagement and the development of the Council's Corporate Strategy, to ensure the companies' activities continue to align to our strategic priorities.

REPORT ENDS



## APPENDIX 1: Company, Nature of Business and Directors of Thamesway Companies

The aim is to have, where possible, Directors appointed by the Council to each Thamesway Group company in the ratio of One Independent, One Councillor and two Officers. The table below indicates the level of ownership by the Council 100% owned Thamesway Limited.

Company	Nature of Business	Director
<b>Thamesway Ltd TL (100% Council Owned)</b>	<p>The Council established Thamesway Limited (TL) in 1998/99 to make long-term energy and environmental project investments in support of what subsequently became the Council's Climate Change Strategy. In 2004/05, the company's remit was extended to include provision of affordable homes in support of the Council's Housing Strategy. In 2008/09, the company's remit was further extended to take forward redevelopment proposals within the Borough. TL is wholly owned (100%) by Woking Borough Council (WBC).</p> <p>TL has established a number of subsidiary companies, some in joint venture with others.</p>	<p>Julie Fisher (Officer) Giorgio Framallicco (Officer) Joanne McIntosh (Officer) Louise Strongitharm (Officer) Geoff McManus (Officer) Ayesha Azad (Cllr, Leader of the Council) Colin Kemp (Councillor Director) Debbie Harlow (Councillor Director) Dr. Barry Maunders (Independent) William Prescott (Independent) Terry Price (Independent) Paul Grimshaw (Independent)</p>
<b>Thamesway Energy Ltd TEL (TDL 100% interest)</b>	<p>Thamesway Energy Limited (TEL) was created to deliver Woking Borough Councils (WBC) long term strategy of sustainable energy infrastructure investment within the borough and beyond, with a view to achieving significant reductions in carbon dioxide (CO2) emissions. This goal is achieved through its generation, distribution and supply of sustainable, low-carbon and renewable energy to public, commercial and domestic users in Woking Borough, and in Milton Keynes, through its subsidiary Thamesway Central Milton Keynes (TCMK).</p> <p>TEL has grown to include district heating and cooling, as well as private-wire electricity generated through combined heat and power (CHP) installations in Woking and Milton Keynes, as well as renewable solar power generated through our photovoltaic (PV) installations. Operating since 2000, TEL has significant experience in the development, delivery and management of low-carbon decentralised energy to around 100 public and private sector customers in Woking and Milton Keynes, and nearly 1200 domestic users, with those numbers set to increase over the coming years.</p> <p>TEL capabilities include the design, build management and maintenance or community energy networks, from initial studies, through to metering, billing and customer services.</p>	<p>Giorgio Framallicco (Officer) Geoff McManus (Officer) Ayesha Azad (Cllr, Leader of the Council) Colin Kemp (Councillor Director) Dr Barry Maunders (Independent) William Prescott (Independent) Paul Grimshaw (Independent)</p>

Company	Nature of Business	Director
<p><b>Thamesway Central Milton Keynes Ltd</b>  <b>TCMK</b>  <b>(TDL 100% interest)</b></p>	<p>In 2007, Thamesway Central Milton Keynes (TCMK) was created as a subsidiary of Thamesway Energy Limited (TEL) to build and operate a Combined Heat and Power (CHP) energy station, which supplies low carbon district heating electricity as part of the regeneration of central business district of Milton Keynes by English Partnerships.</p> <p>The energy station is located at the very centre of Milton Keynes. At the heart of Thamesway's energy station are two CHP units that are fuelled by natural gas and have an electrical output of 6.4 MW. The station supplies electricity and heat via extensive district heating and private wire network to 'The Hub', (a mixed use development comprising hotels, bars, restaurants, apartments, business and retail units), the 'Vizion' development of apartments, commercial outlets and a large Sainsbury's store, 'The Pinnacle' prestige office development and Network Rail's new national HQ.</p> <p>Further expansion of Thamesway's network is planned to serve new and existing developments throughout Central Milton Keynes. The area served currently has a radius of some 1.5 km. TCMK supplies more than 14 Gigawatt hours (GWh) of low carbon electricity and 12 GWh of heat, enough to provide electricity and heat to nearly 3,000 households. TCMK now has over 1,100 business and domestic customers who purchase their electricity and heat from our energy station.</p> <p>Network Rail HQ is connected to Thamesway Energy's CHP energy station in Central Milton Keynes district heating via 1500m of pipework. The building is powered through a private wire network. The 37,000m<sup>2</sup> four storey building achieved a BREEAM 'Excellent' design stage rating and accommodates over 3,000 people responsible for national co-ordination of Network Rail.</p>	<p>Giorgio Framaliccio (Officer)  Geoff McManus (Officer)  Ayesha Azad (Cllr, Leader of the Council)  Colin Kemp (Councillor Director)  Dr Barry Maunders (Independent)  William Prescott (Independent)  Paul Grimshaw (Independent)</p>

Company	Nature of Business	Director
<b>Thamesway Solar Ltd TSL (TDL 100% interest)</b>	<p>Thamesway Solar Limited was created in 2011 to facilitate the installation, commissioning and operation of solar photovoltaic (PV) panels throughout the Borough of Woking on properties owned by the Council, community buildings and third party owned sites. The primary objectives of TSL are to support the greater use of renewable energy in order to achieve a reduction in carbon dioxide emissions, promote awareness of the benefits of solar energy to the users of public buildings and to promote the use of PV and to develop projects that will help stimulate further investment in the solar energy market locally.</p> <p>Ultimately, TSL was established to help WBC meet the Councils' Climate Change Strategy.</p> <p>TSL has roof-mounted PV arrays on local schools, council buildings and shopping centres. These installations generated 1000mWh of electricity in 2016, and the generation of power by this method saved approximately 424 tonnes of CO2, helping Woking Borough Council (WBC) work towards its Carbon Reduction Commitment.</p> <p>TSL has nearly 5000 PV panels across 35 installation sites around the Borough, with a total capacity of 1238kWp (kilowatt peak), all are fitted with telemetry and remote monitoring for performance, metering and maintenance purposes.</p>	<p>Giorgio Framalico (Officer) Geoff McManus (Officer) Ayesha Azad (Cllr, Leader of the Council) Debbie Harlow (Councillor Director) Dr Barry Maunders (Independent) Paul Grimshaw (Independent)</p>
<b>Thamesway Developments Ltd TDL (TDL 100% interest)</b>	<p>Thamesway Developments Limited (TDL) was created in 2009 by Woking Borough Council (WBC) to provide a strategy of property related development and investment in the Borough of Woking, through the development of commercial and residential building, as well as significant regeneration projects.</p> <p>TDL's goal is to regenerate, revitalise and transform communities through thoughtful and progressive property development and to create a built environment that's in tune with the natural one while meeting the demand for new homes and places to do business.</p> <p>Projects already delivered by TDL include the Hoe Valley scheme, the replacement of St Johns Memorial Hall, Horsell Village Community facilities, Harrington Place, Rutland Woking (Carhouse Lane) Ltd and the conversion of offices at Westminster Court, Old Woking into affordable housing.</p> <p>Projects currently underway include the major regeneration of Sheerwater.</p>	<p>Joanne McIntosh (Officer) Louise Strongitharm (Officer) Ayesha Azad (Cllr, Leader of the Council) Colin Kemp (Councillor Director) Terry Price (Independent)</p>

Company	Nature of Business	Director
<b>Thamesway Housing Ltd THL (TDL 100% interest)</b>	<p>Thamesway Housing Limited (THL) was established to support the Council's Housing Strategy. It has a particular focus on providing affordable homes to those who, due to their circumstances, are not able to access open market provision but are also unlikely to be able to access social rented accommodation. This is called the intermediate market where rents are in the region of circa 80% of full market rents. This provision of accommodation is also intended to support the Borough Council's economic development strategy. THL currently manages some 600 properties. THL has a wholly owned subsidiary company called Thamesway Guest Houses Ltd (TGHL) which currently operates the Maybury Lodge hotel for homeless people. TGHL has the same Board of Directors as THL.</p>	<p>Joanne McIntosh (Officer) Louise Strongitharm (Officer) Ayesha Azad (Cllr, Leader of the Council) Terry Price (Independent) Dr Barry Maunders (Independent) Colin Kemp (Councillor Director) Debbie Harlow (Councillor Director)</p>
<b>Thamesway Sustainable Communities Ltd TSCL (TDL 100% interest)</b>	<p>Thamesway Sustainable Communities Limited (TSCL) is a service business that supports the delivery and operations of the Thamesway group of companies and is in effect, the back office operation for enterprises within the Thamesway Group of enterprises. TSCL provides financial and business administration for all Thamesway group enterprises and also supplies customer services including metering, billing and credit control for Thamesway Energy Limited (TEL), Thamesway Central Milton Keynes (TCMK) and Thamesway Solar Limited (TSL), as well as billing and marketing services for Thamesway Housing Limited (THL). In addition, TSCL provides domestic energy advice services to local authorities, to assist in the delivery Woking Borough Councils sustainability objectives, as well as research and promotion of environmental technologies. The Action Surrey programme is also part of the TSCL operation - Partly funded by local authorities and Thamesway Limited to seek to reduce carbon dioxide (Co2) emissions in the domestic and community sectors in Woking and across Surrey, its purpose is to act as an impartial advisor providing energy advice, access to grants and general sustainability information for domestic and business consumers.</p>	<p>Giorgio Framalicco (Officer) Geoff McManus (Officer) Ayesha Azad (Cllr, Leader of the Council) Debbie Harlow (Councillor Director) Dr. Barry Maunders (Independent) Paul Grimshaw (Independent)</p>

Company	Nature of Business	Director
<b>Thamesway Guest Houses Ltd TGHL</b> (100% owned by THL)	Thamesway Guest houses Ltd (TGHL) provide transitional and temporary accommodation, the business currently owns a supported bed and breakfast style accommodation.	Joanne McIntosh (Officer) Louise Strongitharm (Officer) Ayesha Azad (Cllr, Leader of the Council) Colin Kemp (Councillor Director) Debbie Harlow (Councillor Director) Dr. Barry Maunders (Independent) Terry Price (Independent)
<b>Thamesway Maintenance Services Ltd TMSL</b> (100% owned by TDL)	Thamesway Maintenance Services Limited (TMSL) provide maintenance and operations services of the core energy assets and ancillary equipment of the Thamesway group, as well as providing specialist contracting expertise to third parties, representing the technical arm of the Thamesway group. TMSL's main field of expertise is in natural gas fired engines, delivering combined heat, power and cooling (Trigeneration) as well as in district heating networks supplying domestic and residential properties. TMSL provide design, installation, and commissioning of new plant, customer energy profiling as well as offering advice on how to reduce overall energy use and costs.	Giorgio Framaliccio (Officer) Peter Bryant (Officer) Ayesha Azad (Cllr, Leader of the Council) Debbie Harlow (Councillor Director) Dr. Barry Maunders (Independent)

### Associated/Joint Venture Companies

Company	Nature of Business	Director
<b>Rutland (Woking) Limited</b> (TDL 50% interest)	The company was formed as a joint venture between ThamesWey Developments Ltd and Rutland Properties Ltd to deliver property development within the Borough. 50% owned by TDL, 50% owned by Rutland Properties Ltd.	Louise Strongitharm (Officer) Ayesha Azad (Cllr, Leader of the Council) Jonathan Riddings (Secretary) James McAllister (Director) Marc Riggs (Director)
<b>Rutland Woking (Residential) Limited</b> (THL 50% interest)	Conversion of offices to affordable homes and 4 new build for THL. The Company changed its name from 'Rutland Woking Westminster Court Ltd' at its Board Meeting in September 2015. 50% owned by THL, 50% owned by Rutland Properties Ltd. The company is in the process of winding down.	Louise Strongitharm (Officer) Ayesha Azad (Cllr, Leader of the Council) Jonathan Riddings (Secretary) James McAllister (Director) Marc Riggs (Director)
<b>Rutland Woking (Carthouse Lane) Limited</b> (50% TDL Limited)	The company was formed to progress a development at Carthouse Lane, Woking and is in the process of winding down. 50% owned by TDL, 50% owned by Rutland Properties Ltd.	Louise Strongitharm (Officer) Ayesha Azad (Cllr, Leader of the Council) James McAllister (Director) Marc Riggs (Director)



# ThamesWey

Wholly Owned within the ThamesWey Group

Joint Ventures

Partners

Ownership is 100% unless stated

