



## TO THE CHAIRMAN AND MEMBERS OF THE **OVERVIEW AND SCRUTINY COMMITTEE**

You are hereby summoned to attend a meeting of the Overview and Scrutiny Committee to be held on Monday, 24 January 2022 at 7.00 pm in the Council Chamber - Civic Offices.

The agenda for the meeting is set out below.

JULIE FISHER  
Chief Executive

NOTE: Filming Council Meetings

Please note the meeting will be filmed and will be broadcast live and subsequently as an archive on the Council's website ([www.woking.gov.uk](http://www.woking.gov.uk)). The images and sound recording will also be used for training purposes within the Council. Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed.

## **AGENDA**

### **PART I - PRESS AND PUBLIC PRESENT**

#### **Part I - Press and Public Present**

- 1 Apologies for Absence  
To receive any apologies for absence.
- 2 Minutes (Pages 3 - 12)  
To approve the minutes of the meeting of the Committee held on 22 November 2021 as published.
- 3 Matters Arising from the Previous Minutes OSC22-001 (Pages 13 - 18)  
To review and outstanding items from the previous minutes.
- 4 Urgent Business  
To consider any business that the Chairman rules may be dealt with under Section 100B(4) of the Local Government Act 1972.
- 5 Declarations of Interest  
To receive declarations of disclosable pecuniary and other interests from Members in respect of any item to be considered at the meeting.

## **Matters for Determination**

- 6 Work Programme OSC22-002 (Pages 19 - 42)

Reporting person: Councillor J Sanderson

- 7 Financial Review OSC22-006 (Pages 43 - 100)

Reporting person: Leigh Clarke

- 8 Joint Waste Management Performance Review OSC22-003

Reporting person: Geoff Mcmanus

Attendees should note that this will be a presentation at the Committee.

- 9 Dr Gifty Edila's Report and Local Government Association Corporate Peer Challenge - Update on Recommendations OSC22-007 (Pages 101 - 112)

Reporting person: Jo Mcintosh

## **Performance Management**

- 10 Performance and Financial Monitoring Information (Pages 113 - 166)

To consider the current publication of the Performance & Financial Monitoring Information (Green Book).

Reporting person: Councillor J Sanderson

## **Task Group Updates**

- 11 Terms of Reference of the HIF Housing Outputs Task Group OSC22-008 (Pages 167 - 168)

Reporting Person: Giorgio Framalico

AGENDA ENDS

Date Published - 12 January 2022

For further information regarding this agenda and arrangements for the meeting, please contact Aadam Ahmed, Scrutiny & Democratic Services Officer, Ext 3056, Email [Aadam.Ahmed@woking.gov.uk](mailto:Aadam.Ahmed@woking.gov.uk)



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MINUTES  
OF A MEETING OF THE  
**OVERVIEW AND SCRUTINY COMMITTEE**

held on 22 November 2021

Present: Cllr J R Sanderson (Chairman)  
Cllr S Hussain (Vice-Chair)

Cllr J Brown	Cllr R N Leach
Cllr S Dorsett	Cllr E Nicholson
Cllr A Kirby	Cllr M I Raja
Cllr R N Leach	

Also Present: Councillors A Azad, S Ashall, I Johnson, A Barker and C Kemp.

Absent: Councillor R Mohammed.

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor R Mohammed.

**2. MINUTES**

RESOLVED

That the minutes of the meeting of the Committee held on Monday, 18 October 2021 be approved and signed as a true and correct record.

**3. MATTERS ARISING FROM THE PREVIOUS MINUTES OSC21-036**

The Chairman highlighted key items within the report on matters raised at previous meetings. The meeting of the Committee in September 2021 had considered the Council's Communications Plan and the Chairman invited the Scrutiny and Democratic Services Officer, Aadam Ahmed, to give an update. The Committee was advised that research was currently being undertaken with the intention of a Plan being in place towards the start of the next calendar year.

The Chairman drew attention to item 4.1, data in the Performance and Financial Monitoring Information and noted that this would be addressed at the Committee's meeting in January 2022.

The Chairman referred to the matters raised at the October meeting and Councillor Nicholson confirmed that the points raised in respect of the question of the safety and security of elected members had been addressed, with comprehensive information subsequently received.

**4. URGENT BUSINESS**

There was no urgent business to discuss.

**5. DECLARATIONS OF INTEREST**

In accordance with the Members' Code of Conduct, Councillor Barker declared a non-pecuniary interest in item 12 – Financial Review Monthly Update owing to a family member being employed by EY. The interest was such that speaking and voting were permissible.

**6. WORK PROGRAMME OSC21-037**

The Committee received a report on the Work Programme for the coming year. The Chairman noted that the Play Areas Provision item was still to be allocated to a Committee meeting, awaiting confirmation of the 2022/23 Calendar of Meetings by Council.

The Chairman briefly went through items coming to the Committee in the January and February meetings, and drew attention to the Executive Forward Plan, highlighting those items recently added.

RESOLVED

That the Work Programme be noted.

**7. CELEBRATE WOKING REVIEW AND FORWARD PLAN OSC21-038**

Riette Thomas, Project Manager for Celebrate Woking, gave a presentation on the Celebrate Woking Programme which had begun in 2012 with the Olympics and Diamond Jubilee events. The Covid-19 pandemic had presented an opportunity for the Council to reflect on what had been delivered successfully and how things could be restarted.

An engagement exercise had been held to help develop the 2022 programme of events. The programme would be aimed at strengthening community spirit, promoting a positive image of Woking, increasing participation from within the community, maximising opportunities for economic development and creating a legacy. Riette highlighted the relevance of the previous slogan which was 'Be Proud, Be Part Of It'. The Council would work with a wide range of local organisations to deliver the programme, including schools, uniformed services, churches, women's groups, residents and other community groups.

Riette closed the presentation by noting that there was a tight deadline to deliver the programme and that what was being proposed was viable and less resource intensive than delivering a single event such as Party in the Park or the Food Festival.

Councillor Brown asked whether there were any plans to market the 2022 Football World Cup which would take place at the end of 2022. Riette advised that the big screen had only been hired for the Summer period but that other proposals could be considered, including possible work with pubs across the Borough.

Council Kirby asked whether it would be possible to consider creating a time capsule for the town as part of the celebration. Riette commented that there was a time capsule in the

Lightbox from 2012 which would be opened in 2060 though added that something similar could be considered for the year around the theme of the Queen's Platinum Jubilee.

Councillor Hussain asked whether there was anything planned around the villages in Woking. Riette stated that the Business Liaison team would work closely with businesses in the villages, hoping to replicate what would be happening in the Town Centre. Officers would also encourage the participation in the programme of any businesses with a royal connection.

Councillor Dorsett asked whether local choirs, dance schools, operatic and dramatic societies had been approached to be involved in the programme, and suggested the possibility of livestreaming events in the town centre. It was further suggested that the Summer Zone would benefit from an enhanced food and drinks offer.

The Committee advised that the programme allowed for an element of flexibility to enable additional proposals to be considered. Local organisations involved in the performing arts had been invited to participate in the programme, and follow up approaches would be made. Caution was expressed that significantly expanding the scope of the programme would place pressure on the Council, and that local organisations could be encouraged to stage their own events. The suggestions around livestreaming events and the Summer Zone would be explored by Officers.

In response to a specific question around the local Italian Community, the Committee was advised that efforts had been made to contact all local community groups to encourage their participation.

Councillor Nicholson suggested the possibility of staging a competition for a 'Platinum Queen' and a 'Platinum King', and asked if younger age groups and frontline services would be involved in the programme.

The suggestion of a competition would be explored in consultation with Woking Shopping. In respect of younger children, Officers could write to local nurseries to explain how they could get involved and build their own legacy. On the point of frontline services, Riette stated that the lighting of the beacon and Service of Thanksgiving were specifically for them. The programme could be used as an opportunity to invite frontline service workers to attend the opening celebrations.

The Chairman asked how local residents would be able to access information on the programme and how they could become involved. Riette stated that it was intended to establish a webpage by the end of the year with information on the programme, including a Celebrate Woking calendar to which churches and community groups would be able to contribute.

Councillor Kemp referred to the Food Festival and noted that, whilst it was a great event, not many local businesses engaged despite efforts by Officers. Officers would continue to encourage the participation of local businesses in events such as those within the Celebrate Woking programme.

The work of the Officers was acknowledged and the Committee thanked Riette for the detailed presentation.

RESOLVED

That the Celebrate Woking Review and Forward Plan be noted.

**8. FREEDOM LEISURE PERFORMANCE REVIEW OSC21-040**

The Portfolio Holder for Leisure Services, Councillor Kemp, introduced a report which reviewed the performance of Freedom Leisure. The services provided had been significantly affected by the Covid Pandemic, with facilities having been open for only 20% of the normal operating times. As a result, it had been necessary for Woking Borough Council to subsidise the service and forego the normal management fee. The contract had been operated on an open book basis, in accordance with the guidance issued by Sport England.

The Eastwood Leisure Centre had been opened by Freedom Leisure and more than 700 members were now registered, with numbers continuing to increase. It is anticipated that the Council will stop supporting the contract financially in the new year and it is estimated that the Eastwood Leisure Centre will break even in 2-3 years.

In response to a question prior to the meeting on proposed improvements to the phone service Councillor Kemp said that Freedom are working to develop a mobile phone application to improve the process.

Freedom Leisure continued to receive support payments, paid one month in arrears based on actual operating costs, and the Committee was informed that the contract had always been run with a marginal profit margin. Due to low attendance, the contract was not currently viable; given the trends in the sector it was expected that the contract would return to a break-even point early in 2022.

A question was raised on the failures reported in respect of front of house services and Councillor Kemp advised that the reference related to the pool system. Areas of the system had not been refurbished and would continue to be monitored, and repaired if necessary.

The Committee noted that healthy food options had been trialled by Freedom Leisure and, whilst healthier options would be introduced, they were not proving to be as popular. The Café areas provided a positive financial return which would be important to maintain and the impact of changes in the food offer would be monitored. Membership options were discussed and Councillor Kemp reported that memberships were set out in the fees and charges. Individuals could either sign up to a 'Whole Woking' membership or an individual centre membership.

Councillor Nicholson asked after the health and safety arrangements around the use of inflatables and Councillor Kemp advised that priority was given to the safe use of inflatables, with the arrangements constantly monitored.

RESOLVED

That the Freedom Leisure Performance Review be noted.

**9. EXECUTIVE / OVERVIEW AND SCRUTINY COMMITTEE PROTOCOL OSC21-043**

The Chairman introduced the proposals for a protocol between the Committee and the Executive, outlining how the protocol would help support the Committee's engagement with the Executive. The report outlined the background research and actions which supported the development of the protocol.

Councillor Azad, Leader of the Council, offered her support for the protocol and reiterated the Executive's support of the Overview and Scrutiny Committee's functions, stating that she was looking forward to working with the Committee.

Councillor Dorsett stated that it would be beneficial to have clarification on the Call-in process, specifically regarding matters for determination and matters for recommendation. Councillor Dorsett also raised a concern that parts of the protocol could be open to misuse, particularly regarding referrals to the Executive. Officers would provide clarification on the Call-in process outside of the meeting and the Committee was advised that, in respect of referrals to the Executive, the protocol reinforced the provisions within the Constitution.

Councillor Barker raised two typographical errors which would be addressed in the final version of the protocol.

RESOLVED

That the Executive/Overview and Scrutiny Protocol be agreed.

#### **10. THE SCRUTINY TOOLKIT OSC21-044**

The Chairman introduced the report on the Council's Scrutiny Toolkit and drew the Committee's attention to the changes recently made, including reference to Officer Support details and the Budget Management Protocol.

RESOLVED

That the updated Scrutiny Toolkit be adopted.

#### **11. TREASURY MANAGEMENT MID-YEAR REVIEW 2020/21 OSC21-039**

Leigh Clarke, Finance Director, introduced a report on the Treasury Management mid-year review. The refinancing of short-term debt was raised and the Committee was advised that the Council was now through the period of uncertainty and that, as the rates fell, the Council would take out elements of long-term borrowing. The Council had an ongoing need for borrowing and that Officers were currently assessing whether to continue with long-term borrowing or to undertake some short-term borrowing, recognising the need for balance in treasury management activity.

Councillor Kirby asked for clarification on the long term investments in joint ventures/ group companies/ external organisations (£1,103,781). The Committee was advised that the figure included loans to group companies such as Thameswey or Joint Ventures such as Victoria Square, and that the monthly Performance and Financial Monitoring Information set out details of the individual loans. Any borrowing other than that arranged for group companies and joint ventures was used towards the Council's operational assets or investments in housing stock.

Councillor Kirby asked whether the Council had an equity in the long-term investments in the group companies and was advised that there was share equity in the group companies.

The Chairman referred to the Treasury Management Prudential Indicators and the borrowing limits and was advised that the limits were approved annually by Council, predominantly determined by the Investment Programme. In the event any limits were

exceeded, a report would have to be taken to Council. The approved limits enabled Officers to arrange borrowing in advance of the proposed timescales on projects at a time when the rates were favourable. The difference between the operational boundary and the authorised limit was effectively a buffer.

The Chairman asked how the projections on rates influenced the decisions and processes to take out long-term and short-term loans. Leigh stated that in 2020/2021 the Government had added a 1% margin on borrowing rates. There had been a sector-wide expectation that the increase would be removed and the Council had taken a significant amount of short-term borrowing until such time. For the current year, the Council's borrowing strategy had been focussed on mitigating interest rate risk securing rates when they were favourable.

Councillor Raja asked whether there was a ceiling limit for the short-term borrowing and whether the level of short-term borrowing could be raised higher and the long-term borrowing level lowered to benefit the Council. Leigh stated that the Council had taken advantage of this in the previous year but highlighted the risk of short-term borrowing in terms of missing out on favourable long-term rates.

Councillor Kirby asked for details of the management of long-term borrowing, including whether it solely consisted of 50 year annuity loans and how the Council avoided areas of uncertainty. Leigh advised that Council's approach was to use 50 year annuity loans to provide stability, the period matching the nature of the investments.

RESOLVED

That the Treasury Management Mid-year Review be noted.

## **12. FINANCIAL REVIEW MONTHLY UPDATE OSC21-041**

The Chairman introduced the report on the financial review monthly update. The report provided the context of the review and the Committee noted that the work had commenced, with regular meetings being held with EY. Whilst the work was moving forward quickly, it was too early yet to draw conclusions.

The Chairman advised that he had met with the Lead Partner from EY to discuss the rationale for the Motion, bringing attention to the key elements within the Motion.

The timetable for the review was discussed, with concern expressed that enough time had been allocated before initial findings were to be reported. The Committee was advised that the review was on track in accordance with the timetable and that the Team from EY had established regular meetings to explore areas of interest.

RESOLVED

That the Financial Review Monthly Update be noted.

## **13. HOUSING INFRASTRUCTURE FUND SCRUTINY REVIEW OSC21-042**

The report before the Committee set out the findings of a review undertaken by Internal Audit of the arrangements established by the Council in respect of the Housing Infrastructure Fund (HIF) project. The review had been requested by the Committee in September 2021 and the request to employ Internal Audit's resources had been supported by the Standards and Audit Committee.

The findings of the review were introduced by Giorgio Framalico, Director of Planning, who advised that the Management Response to the audit report had been the acceptance of the recommendations and the dates for their implementation. It was noted that the review had identified several risks which had not been included in the risk register for the project.

The Chairman noted that housing targets of the project, an area that was not covered by the existing HIF Oversight Panel, could be kept under review through the Committee, recognising that there were potential risks around the housing element, such as site acquisition and funding plans.

Councillor Johnson, Chairman of the HIF Oversight Panel, advised that the Panel's remit was primarily focussed on the infrastructure element of the project, and noted that the Auditor's report had touched on areas that the Panel had not considered, such as cost to date. Councillor Johnson noted the controversial nature of the project but stressed that there were overarching objectives which were to acquire a new railway arch, improve connectivity in and out of the town centre and provide additional homes. There was a need for high level oversight to ensure the objectives were achieved within the timescale and financial parameters, and that adequate governance arrangements were in place.

Councillor Kirby considered that the Council needed to be clear on how best to run the complicated process of working with external bodies, stating that there were constructive lessons which could be learnt, including around applications for external funding.

Councillor Azad, Leader of the Council, advised that one of difficulties in seeking external funding arose from the fact that the Council did not have control over the application timescale, with the Government normally limiting support to projects which are ready to go. Unless the parameters set by the Government were changed, it was difficult to put in place protocols that could work within any given timescales. It was suggested that elements of the HIF project could be raised through the engagement programme taking place with residents. Councillor Azad re-emphasised the point made earlier regarding the complexity of working on a project such as HIF with many external partners.

Councillor Nicholson asked whether the recommendations outlined in the report would be incorporated retrospectively into the Housing Infrastructure Fund project and into any future projects undertaken by the Council. Giorgio explained that the findings of the Audit review would be referred to the Oversight Panel, noting that many of the recommendations would be actioned through the Oversight Panel.

Councillor Kirby welcomed the long-term thinking in the bidding process and reiterated his support for the oversight of the housing element of the project. Councillor Kirby further suggested that the Council's approach to bidding for funding could be reviewed.

In view of the support for suggestion that the housing element of the HIF scheme should be kept under review, the Chairman proposed the establishment of a task group with the specific objective of keeping oversight of the housing element of the scheme. The suggestion of Councillor Kirby to review the bidding process could be explored further before being taken forward.

The relationship between the infrastructure development and the housing element of the HIF scheme were noted, with the Committee being advised that, without the bridge and capacity improvements, the existing infrastructure would be unable to cope with the additional housing. It was further noted that, regardless of the Covid-19 pandemic, it was unlikely that the need has changed, noting that traffic and usage of the town centre has returned to near pre-pandemic levels.

RESOLVED

That (i) the Housing Infrastructure Fund Scrutiny Review be noted; and

(ii) a HIF (Housing) Task Group be established to have oversight of the housing element of the Housing Infrastructure Fund project.

#### **14. PERFORMANCE AND FINANCIAL MONITORING INFORMATION**

The Committee considered the most recent edition of the Performance and Financial Monitoring Information. The Chairman noted that it was too early to see an improvement on the non-decent homes rate.

The Chairman raised a question on page 15 regarding the decrease of the recycling between July and August. Geoff McManus, Director of Neighbourhood Services, advised that, in terms of recycling levels, the Council had been experiencing an increase in overall waste tonnage and reduced levels of recycling. The income the Council received for mixed recycling had fortunately increased, helping to offset other costs. The recycling rate would continue to be affected by the Green Waste collections.

The Chairman noted that the satisfaction rate on Street Cleaning and Landscaping had fallen between April and July and that the level of short term borrowing has decreased.

RESOLVED

That the Performance and Financial Monitoring Information (September 2021) be noted.

#### **15. FINANCE TASK GROUP UPDATE OSC21-045**

The Chairman introduced the update report on the work of the Finance Task Group and highlighted that the proposed extension of the loan to Greenfield School had been considered by the Executive at its meeting on 18 November 2021.

RESOLVED

The Finance Task Group Update be noted.

#### **16. HOUSING TASK GROUP UPDATE OSC21-046**

Councillor Barker introduced the update report of the Housing Task Group, which provided an insight into the work of the Task Group. The attention of the Committee was drawn to the work being undertaken to bring empty homes back into use. Councillor Barker further

drew attention to the progress being made on the Housing Services being brought back in-house, noting that it was currently in the tendering process.

Councillor Barker stated that the Members of the Task Group would be considering the housing in the Victoria Square Development at their next meeting. Native, the company responsible for letting out the accommodation, would be attending to provide a progress update.

Councillor Dorsett welcomed the positive report on the delivery of affordable housing and asked whether future reports could include details of what affordable housing was being provided and where. Councillor Barker undertook to explore the possibility, though noted that some of the figures were yet to be confirmed.

Councillor Kirby suggested that it would be useful to publish the reconciliation of how many new affordable homes are coming in and what tenures are available to help residents understand the progress of the work.

RESOLVED

That the Housing Task Group Update be noted.

**17. ECONOMIC DEVELOPMENT TASK GROUP UPDATE OSC21-047.**

The Chairman introduced the update report on the work of the Economic Development Task Group, highlighting the key points. Councillor Dorsett suggested further information could be included in future reports, a suggestion welcomed by the Chairman.

RESOLVED

That the Economic Development Task Group Update be noted.

The meeting commenced at 7.00 pm  
and ended at 9.34 pm

Chairman: \_\_\_\_\_

Date: \_\_\_\_\_



THE OVERVIEW AND SCRUTINY COMMITTEE – 24 JANUARY 2022

## MATTERS ARISING FROM THE PREVIOUS MINUTES

### Executive Summary

This report provides an update on matters arising from the previous meetings of the Overview and Scrutiny Committee. The details summarise the progress made on achieving the desired outcomes from decisions taken by the Committee and requests from individual Elected Members. Once an action has been closed and the outcome reported to the Committee it will be removed from future reports.

Actions arising from the Committee are managed through the Council's Action Management system which was developed to capture and monitor the actions arising from (i) meetings of the Council and (ii) Internal Audit Reviews.

This is the a regular report that is brought the Committee and covers the actions identified at the previous meetings. The next version of this report, listing any actions previously identified together with the progress achieved shall be brought to the next meeting of the Overview and Scrutiny Committee on 21 February 2022.

### Recommendations

The Committee is requested to:

**RESOLVE That** the report be noted.

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

<b>Background Papers:</b>	None.
<b>Reporting Person:</b>	Aadam Ahmed, Scrutiny and Democratic Services Officer Email: Aadam.ahmed@woking.gov.uk, Extn: 3056
<b>Contact Person:</b>	Aadam Ahmed, Scrutiny and Democratic Services Officer Email: Aadam.ahmed@woking.gov.uk, Extn: 3056
<b>Portfolio Holder:</b>	Councillor Ayesha Azad Email: cllrayesha.azad@woking.gov.uk
<b>Shadow Portfolio Holder:</b>	Councillor Ann-Marie Barker Email: cllrann-marie.barker@woking.gov.uk
<b>Date Published:</b>	14 January 2022

REPORT ENDS

## Update on Actions Arising from the Overview and Scrutiny Committee

13 September 2021

<b>1.0</b>		<b>Agenda Item 7 - Work Programme</b>
<b>1.1</b>	<b>Action</b>	To advise whether the review of play areas could be moved forward from early 2023 to late 2022 following a request by the Chairman of the Committee.
	<b>Progress</b>	The review of play areas will come to the Committee meeting on 21 November 2022.
	<b>Responsible Person</b>	Geoff McManus
	<b>Status</b>	Closed

<b>2.0</b>		<b>Agenda Item 9 – Overview and Scrutiny Guidance by the MHCLG</b>
<b>2.1</b>	<b>Action</b>	A communications plan be established on the work of the Overview and Scrutiny Committee which would promote the work of the Committee within the resources available.
	<b>Progress</b>	Research has been completed and a strategy will be consulted on with the Communications Team.
	<b>Responsible Person</b>	Aadam Ahmed
	<b>Status</b>	Open

<b>3.0</b>		<b>Agenda Item 11 – Performance and Financial Monitoring Information.</b>
<b>3.1</b>	<b>Action</b>	To consider whether future Green Books can provide data for refuse collections made on time for each type of refuse, as requested by Councillor Kirby.
	<b>Progress</b>	We currently provide performance data consistently with other partners which normally reflects a small proportion of missed collections relative to the scale of the operation across the borough each week. As part of the waste management service report scheduled for January 2022 officers will be in attendance to talk through the processes in place to monitor waste collections and consider any further reporting information which could be made available for members.
	<b>Responsible Person</b>	Geoff McManus
	<b>Status</b>	Open



Update on Actions Arising from the Overview and Scrutiny Committee

22 November 2021

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<b>1.0</b>		<b>Agenda Item 7 – Celebrate Woking Review and Forward Plan</b>
<b>1.0</b>	<b>Action</b>	Find out if any of the feedback and suggestions given by the Committee was taken forward in the Celebrate Woking Proposals
	<b>Progress</b>	Riette Thomas confirmed that some feedback and suggestions had been incorporated into the proposals. She is now in the process of speaking to community groups and partners and hopes to have a more detailed programme and list of community events by the end of January.
	<b>Responsible Person</b>	Aadam Ahmed
	<b>Status</b>	Closed

<b>2.0</b>		<b>Agenda Item 9 – Overview and Scrutiny Protocol</b>
<b>2.1</b>	<b>Action</b>	Clarification on the following points: <ol style="list-style-type: none"> <li>1. Can an item for recommendation be called in?</li> <li>2. Can a decision be called in more than once (if not acted upon by the Executive).</li> </ol>
	<b>Progress</b>	The current advice from Officers is that at present the protocol to be followed for Call-ins has to be accordance with the Constitution. The Constitution is silent on both these points. The questions may therefore require further

		debate by the Council and any suggested amendments could be incorporated into the next review of the Constitution.
	<b>Responsible Person</b>	Aadam Ahmed / Frank Jeffrey
	<b>Status</b>	Closed
2.2	<b>Action</b>	Correction of grammatical errors in the protocol document.
	<b>Progress</b>	The errors raised at the meeting on 22 November 2021 have been corrected.
	<b>Responsible Person</b>	Aadam Ahmed
	<b>Status</b>	Closed

<b>3.0</b>		<b>Agenda Item 13 – Housing Infrastructure Fund Scrutiny Review</b>
3.1	<b>Action</b>	An Overview and Scrutiny Task Group be established to look at the housing element of the Housin Infrastructure Fund.
	<b>Progress</b>	The Terms of Reference have been circulated to Members and an informal meeting of the Task Group was held on 20 January 2022. A verbal update will be provided.
	<b>Responsible Person</b>	Aadam Ahmed/ Giorgio Framallicco/ Frank Jeffrey
	<b>Status</b>	Open





## Overview and Scrutiny Work Programme

This Overview and Scrutiny Work Programme is published with the purpose of assisting the Council in its overview and scrutiny role. The Work Programme covers the following areas:

- Items for consideration at future meetings of the Overview and Scrutiny Committee.
- Any Scrutiny Review Topics proposed by Members of the Council for inclusion on the Work Programme.
- Any topics identified for pre-decision scrutiny.
- The draft forward programme of work for the Executive.
- Details of the current Task Groups under the Committee's remit.

The Work Programme is designed to assist the Council with its overview and scrutiny role by providing Members with an indication of the current workload, subjects to be considered for review and items which the Executive expects to consider at its future meetings, so that matters can be raised beforehand and/or consultations undertaken with a Member of the Executive prior to the relevant meeting.

*Any changes to the Work Programme since it was last published have been highlighted in green.*

<b>The Committee</b>	
<b>Chairman:</b> Councillor J Sanderson	
<b>Vice-Chairman:</b> Councillor S Hussain	
Councillor J Brown	Councillor R Leach
Councillor S Dorsett	Councillor R Mohammed
Councillor A Kirby	Councillor E Nicholson
Councillor M I Raja	
<b>2021/22 Committee Dates</b>	
7 June 2021	22 November 2021
12 July 2021	24 January 2022
13 September 2021	21 February 2022
18 October 2021	21 March 2022

### Recommendations

The Committee is requested to:

**RESOLVE That** the report be noted.

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

**Background Papers:** None.

**Reporting Person:** Councillor James Sanderson  
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**Date Published:** 14 January 2022

REPORT ENDS



**Suggested Additions to the Work Programme**

Following the last meeting of the Committee, the Chairman and Vice-Chairman provided Officers with a list of items for consideration over the coming year. Where possible, these have been added to the Work Programme. Set out below are any ideas which have been requested but are yet to be included against a specific meeting of the Committee.

Decision to be Taken	Proposed by	Officer Comment
<p><b>Review of Performance and Financial Monitoring Information</b></p>	<p>Chairman and Vice Chairman</p>	<p>The Performance and Financial Monitoring Information will be subject to a review following agreement of a new Corporate Plan at the meeting of the Executive on 3rd February 2022. The Green Book should report on the Corporate Priorities of the Council and the Key Performance Indicators that support these priorities.</p> <p>The purpose of it going through O&amp;S is to get input into what information should be reported to the Executive, aligned to the strategic priorities of the Council.</p>
<p><b>Quarterly Noise Complaints Update</b></p>	<p>Chairman and Vice Chairman</p>	<p>Following the Overview and Scrutiny Committee meeting on 7 June 2021 the Committee resolved that a quarterly report is prepared to the Overview and Scrutiny Committee providing further details of noise complaints received.</p> <p>Work is currently underway to confirm the date that the Committee can receive this report.</p>



## The Work Programme 2021/22

Set out over the coming pages are the items programmed for consideration over the 2021/22 Municipal Year.

### Overview and Scrutiny Committee Meeting – 21 February 2022

#### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book)

Consultation	Background Documents	Contact Person/Team
None	None	Frank Jeffrey Aadam Ahmed

#### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2.2 Freedom of Information Requests Annual Report.** To review the statistics and requests that proceed to the Information Commissioners Office.

Consultation	Background Documents	Contact Person/Team
None	None	Frank Jeffrey Natalie Khan

**2.3 Overview of Complaints Received and Contract Review Annual Report.** A review of the complaints received over the past year and identify any trends.

Consultation	Background Documents	Contact Person/Team
None	None	Joanne McIntosh Adam Browne

**2.4 Enterprise M3.** Stephen Martin, Operations Director of Enterprise M3, will attend the meeting to provide an update of the Organisation's work.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2.5 Lessons Learnt through the Covid-19 Response.**

The Overview and Scrutiny Work Programme

Consultation	Background Documents	Contact Person/Team
None	None	Geoff McManus
<b>2.6 Woking Borough Council's Support of Local Businesses During Covid-19.</b>		
Consultation	Background Documents	Contact Person/Team
None	Economic Development Action Plan	Chris Norrington

**3 – Task Group Updates**

**3.1 Task Group Update.** To receive an update from any meetings of the three Task Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chairman of each Task Group

## Overview and Scrutiny Committee Meeting – 21 March 2022

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book)

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2.2 Safer Working Partnership – Community Safety Plan.** The Police and Justice Act 2006 gave local authorities responsibility for considering crime and disorder matters. In 2010 the Committee agreed that the Safer Working Partnership Plan would be brought forward annually for scrutiny.

Consultation	Background Documents	Contact Person/Team
None	None	Camilla Edmiston

**2.3 Annual Report of the Overview & Scrutiny Committee.**

Consultation	Background Documents	Contact Person/Team
None	None	Chairman

**2.4 Annual Update on Climate Change.**

Consultation	Background Documents	Contact Person/Team
None	None	Lara Beattie

**2.5 Family Centres – Service Delivery Plan.**

Consultation	Background Documents	Contact Person/Team
None	None	Adam Thomas

**2.6 Review of use of Lakeview Community Centre.** The Committee to receive an update on planned projects and activities at the Lakeview Community Centre.

Consultation	Background Documents	Contact Person/Team
None	None	Adam Thomas

**3 – Task Group Updates**

**3.1 Task Group Update.** To receive an update from any meetings of the three Task Groups under the remit of the Committee.

<b>Consultation</b>	<b>Background Documents</b>	<b>Contact Person/Team</b>
None	None	Chairman of each Task Group

<b>Overview and Scrutiny Committee Meeting – 23 May 2022</b>
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<b>1 – Matters for Consideration</b>
--------------------------------------

**1.1 Election of Chairman.** For the Committee to elect a Chairman for the Municipal Year.

Consultation	Background Documents	Contact Person/Team
None	None	None

**1.2 Election of Chairman.** For the Committee to elect a Vice-Chairman for the Municipal Year.

Consultation	Background Documents	Contact Person/Team
None	None	None

**1.3 Appointments to Working Groups and Task Groups.** For the Committee to appoint Members to Working Groups and Task Groups.

Consultation	Background Documents	Contact Person/Team
None	None	None

## Overview and Scrutiny Committee Meeting – 6 June 2022

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book)

Consultation	Background Documents	Contact Person/Team
None		Aadam Ahmed

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2.2 Introduction to Overview and Scrutiny Committee.** To receive a short briefing on the roles and responsibilities of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2.3 Survey of Leisure Facility Users.** To consider the arrangements for the survey of Leisure Facility Users to be undertaken over the Summer.

Consultation	Background Documents	Contact Person/Team
None	None	Steve May

### 3 – Task Group Updates

**3.1 Task Group Update.** To receive an update from any meetings of the three Task Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chairman of each Task Group

## Overview and Scrutiny Committee Meeting – 11 July 2022

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book)

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

### 3 – Task Group Updates

**3.1 Task Group Update.** To receive an update from any meetings of the three Task Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chairman of each Task Group

## Overview and Scrutiny Committee Meeting – 12 September 2022

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book)

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2.2 Guide to Scrutiny of Risk and Commercialisation.** The guide to scrutiny of risk and commercialisation, published by the Centre for Governance and Scrutiny, will be received by the committee.

Consultation	Background Documents	Contact Person/Team
None	None	Giorgio Framaliccio Leigh Clarke

### 3 – Task Group Updates

**3.1 Task Group Update.** To receive an update from any meetings of the three Task Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chairman of each Task Group

## Overview and Scrutiny Committee Meeting – 17 October 2022

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book)

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

### 3 – Task Group Updates

**3.1 Task Group Update.** To receive an update from any meetings of the three Task Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chairman of each Task Group

## Overview and Scrutiny Committee Meeting – 21 November 2022

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book)

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2.2 Celebrate Woking 2022/2023 Review and Forward Plan** For the Committee to receive the the latest review of Celebrate Woking and the Forward Plan

Consultation	Background Documents	Contact Person/Team
None	None	Riette Thomas

**2.3 Play Areas Provision** For the Committee to receive the the latest review of the Play Areas Provision.

Consultation	Background Documents	Contact Person/Team
None	None	Geoff McManus

**2.2 Freedom Leisure Performance Review** For the Committee to receive the the latest review of Freedom Leisure.

Consultation	Background Documents	Contact Person/Team
None	None	Steve May

**2.2 Treasury Management Mid-Year Review** For the Committee to receive the Mid-Year Treasury Management Review

Consultation	Background Documents	Contact Person/Team
None	None	Leigh Clarke

### 3 – Task Group Updates

**3.1 Task Group Update.** To receive an update from any meetings of the three Task Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chairman of each Task Group

**Overview and Scrutiny Committee Meeting – 23 January 2023**

**1 – Performance Management**

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book)

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2 – Matters for Consideration**

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Aadam Ahmed

**2.3 Joint Waste Management Performance Review** For the Committee to receive the the latest Performance Review of Joint Waste Management.

Consultation	Background Documents	Contact Person/Team
None	None	Geoff McManus

**3 – Task Group Updates**

**3.1 Task Group Update.** To receive an update from any meetings of the three Task Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chairman of each Task Group

**The Draft Executive Work Programme**

The following list sets out the draft forward programme of work for the Executive over the coming year. The programme is subject to additions and alterations and will be updated for future meetings of the Overview and Scrutiny Committee. The purpose of the list is to enable the Members of the Overview and Scrutiny Committee to identify those items they would like to scrutinise under the Committee's function of pre-decision scrutiny. The list includes those items for recommendation to Council as well as those for determination by the Executive.

**Executive – 20 January 2022**

**Matters for Consideration**

- |     |                                                                                                              |
|-----|--------------------------------------------------------------------------------------------------------------|
| 1)  | Notice of Motion – Cllr M Whitehand – Women’s safety in public places                                        |
| 2)  | Notice of Motion – Cllr E Nicholson – Male violence against women                                            |
| 3)  | Notice of Motion – Cllr A-M Barker – Goldsworth Park lake footpath lighting                                  |
| 4)  | Review of the Statement of Community Involvement (SCI)                                                       |
| 5)  | Review of the Outlook, Amenity and Daylight Supplementary Planning Document                                  |
| 6)  | Review of the Thames Basin Heaths Special Protection Areas Avoidance Strategy                                |
| 7)  | Phase 2 - Infrastructure Capacity Study and Delivery Plan (IDP) – East of the Borough and Borough-wide Study |
| 8)  | Housing Assistance Policy                                                                                    |
| 9)  | Community Engagement and Consultation                                                                        |
| 10) | Update on the Housing Service                                                                                |
| 11) | Tackling Climate Change Locally                                                                              |
| 12) | Recommendation from Overview and Scrutiny Committee - Executive/Overview and Scrutiny Committee Protocol     |
| 13) | Performance and Financial Monitoring Information                                                             |
| 14) | Property Management (PART II)                                                                                |

**Executive – 3 February 2022**

**Matters for Consideration**

- 1) Medium Term Financial Strategy (MTFS), General Fund, Service Plans, Budgets and Prudential Indicators 2022-23
- 2) Housing Revenue Account Budgets 2022-23
- 3) Investment Programme 2021-22 to 2025-26
- 4) Capital, Investment and Treasury Management Strategies
- 5) Surrey 2050 Place Ambition
- 6) Surrey Minerals and Waste Local Plan – Issues and Options
- 7) Monitoring Reports - Projects
- 8) Performance and Financial Monitoring Information

**Executive – 24 March 2022**

**Matters for Consideration**

- 1) Corporate Plan
- 2) Directorate Plans
- 3) Safeguarding Policy
- 4) Animal Welfare Policy
- 5) Regulation of Investigatory Powers Act 2000 – Annual Monitoring Report
- 6) Medium Term Financial Strategy (MTFS)
- 7) Write off of Irrecoverable Debt
- 8) Performance and Financial Monitoring Information

**Executive – 16 June 2022**

**Matters for Consideration**

- 1) Treasury Management Annual Report 2021-22
- 2) Risk Management and Business Continuity Annual Report
- 3) Performance and Financial Monitoring Information
- 4) Monitoring Reports - Projects

**Executive – 14 July 2022**

**Matters for Consideration**

- 1) Equalities Annual Report - 2022
- 2) Performance and Financial Monitoring Information

**Executive – 8 September 2022**

**Matters for Consideration**

- 1) Performance and Financial Monitoring Information

**Executive – 6 October 2022**

**Matters for Consideration**

- 1) Confidentiality Protocol Annual Report
- 2) Performance and Financial Monitoring Information
- 3) Monitoring Reports - Projects

**Executive – 17 November 2022**

**Matters for Consideration**

- 1) Thamesway Business Plans
- 2) Draft Medium Term Financial Strategy (MTFS) and General Fund Budget 2023-24
- 3) Draft Housing Revenue Account Budget Update 2023-24
- 4) Draft Investment Programme 2022-23 to 2026-27
- 5) Performance and Financial Monitoring Information

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**Executive – 8 December 2022 (Special Meeting)**

**Matters for Consideration**

- 1) Grants for Voluntary and Community Organisations 2023/24
-



**Current Task Groups Responsible to the Committee**

The table below provides a list of current Task Groups established by the Committee, including an indication of the resource requirements and the anticipated completion date. Updates on the progress of individual Task Groups are included elsewhere on the Committee's agenda.

<b>Economic Development Task Group</b>	
<b>Remit:</b>	<p>The Economic Development Task Group shall comprise seven Members of the Council representing all Groups on the Council based on proportionality. The Elected Members to be appointed annually by the Overview and Scrutiny Committee in May. The Portfolio Holder for Promoting the Local Economy shall be an ex-officio member.</p> <p>Members of the Task Group will be expected to gain the views of Councillors/ Officers/ other representatives with a view to reporting those views to the Task Group.</p> <p>Members of the Task Group may also be charged with specific areas to research and report back on to the Task Group.</p> <p>Members of the Task Group may be expected to present proposals to the Overview and Scrutiny Committee and, where necessary, prepare written reports.</p> <p>Substitutes may be appointed when necessary.</p>
<b>Membership:</b>	Councillors Ali, Barker, Davis, Johnson, Mohammed, Roberts and Whitehand.
<b>Resources:</b>	Officer and Councillor time.
<b>Date Established:</b>	11.03.09
<b>Completion Date:</b>	Ongoing

<b>Finance Task Group</b>	
<b>Remit:</b>	<p>The Task Group has been established as a Standing Task Group to review financial issues as identified either by itself or the Overview and Scrutiny Committee. The Task Group will receive financial information, including reports to the Executive, to enable it to undertake effective scrutiny of the financial performance of the Council.</p> <p>The Task Group will receive reports on areas such as Treasury Management, Budget Process and Financial Forecast, Statement of Accounts, Investment Programme, Review of Fees and Charges, General Fund Budget, Update on Commercial Rents, Update on Irrecoverable Debt, and matters arising from the Green Book. Its Work Programme will be received at each Task Group meeting.</p>
<b>Membership:</b>	Councillors Azad, Aziz, Davis, Johnson, Kirby, Sanderson and Whitehand
<b>Resources:</b>	Officer and Councillor time.
<b>Date Established:</b>	25.05.06
<b>Completion Date:</b>	Ongoing

<b>Housing Task Group</b>	
<b>Remit:</b>	<p>The Housing Task Group shall comprise seven Members of the Council representing all Groups on the Council based on proportionality. The Elected Members to be appointed annually by the Overview and Scrutiny Committee in May.</p> <p>Members of the Task Group will be expected to gain the views of Councillors/ Officers/ Portfolio Holder / External Advisors and other representatives with a view to reporting those views to the Task Group.</p> <p>Members of the Task Group may also be charged with specific areas to research and report back on to the Task Group. Any investigation requiring funding would normally be expected to be part of the existing housing budget. Offsite visits will be ad hoc. Requests for additional funds for the purpose would be submitted to the Portfolio Holder.</p> <p>Members of the Task Group may be expected to present proposals to the Overview and Scrutiny Committee and, where necessary, prepare written reports.</p>
<b>Membership:</b>	Councillors Aziz, Barker, Bridgeman, Dorsett, Harlow, Hughes, Kirby and Whitehand.
<b>Resources:</b>	Officer and Councillor time.
<b>Date Established:</b>	25.05.06
<b>Completion Date:</b>	Ongoing

OVERVIEW AND SCRUTINY COMMITTEE – 24 JANUARY 2022

## COMPREHENSIVE STATEMENT

### Executive Summary

The Council commissioned a full, independent and comprehensive review of all the assets and liabilities of the Council and all companies of which it has an interest as a component part of the Medium-Term Financial Strategy and integrated service and financial planning.

This report provides the independent Comprehensive Statement and a response to Observations and Risks highlighted in the statement.

The Independent Consultants, EY, commissioned to undertake the work will be present at the meeting in order to introduce and respond to any points in their statement.

### Recommendations

The Committee is requested to:

#### **RESOLVE That:**

1. The Comprehensive Statement is received
2. The response to the Observations and Risks highlighted in the statement be noted
3. The Committee provides the Executive with their observations to inform the Councils strategic plans and Medium-Term Financial Strategy

The Committee has the authority to determine the recommendation(s) set out above.
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**Background Papers:** None.

**Reporting Person:** Councillor James Sanderson  
Email: [cllrjames.sanderson@woking.gov.uk](mailto:cllrjames.sanderson@woking.gov.uk)

**Contact Person:** Leigh Clarke, Director of Finance  
Email: [leigh.clarke@woking.gov.uk](mailto:leigh.clarke@woking.gov.uk),

**Portfolio Holder:** Councillor Ayesha Azad  
Email: [cllrayesha.azad@woking.gov.uk](mailto:cllrayesha.azad@woking.gov.uk)

**Shadow Portfolio Holder:** Councillor Ann-Marie Barker  
Email: [cllrann-marie.barker@woking.gov.uk](mailto:cllrann-marie.barker@woking.gov.uk)

**Date Published:** 14<sup>th</sup> January 2022

## 1. OVERVIEW

- 1.1 Woking Borough Council is an ambitious and forward-thinking Local Authority that has made significant investment into regeneration of the borough through residential, retail, office and leisure activity. In addition, the Council has invested to acquire commercial estate that brings significant income back to the council in order to enhance the services delivered to support the communities of Woking.
- 1.2 This level of ambition requires, and has taken, a bold 50-year vision and investment plan for the borough. The Council has committed, to this investment plan in areas where it can secure long-term improvements. The ambition recognises that it comes with a degree of risk and requires a high level of support in the short-term in order to build up sustainable operations that support the delivery of regeneration outcomes.
- 1.3 In support of the position the Council has taken, it has developed an integrated service and financial planning approach through the Medium-Term Financial Strategy (MTFS); the development of a Corporate Plan (and hierarchy of planning) and a Community Engagement programme that is targeting developing and maintaining effective connections between the Council and its communities.

## 2. RESOLVE OF COUNCIL / NOTICE OF MOTION

- 2.1 At the meeting of Council on 29<sup>th</sup> July 2021, it approved the MTFS report and within this agreed for an independent comprehensive assessment of the Council's assets and liabilities as part of aligning the Fit for the Future Programme with the Council's accounts position.
- 2.2 At the same meeting a Notice of Motion was presented by Councillor Barker. Councillor Azad moved an amendment to this, which was considered and agreed.
- 2.3 The following Notice of Motion then formed the basis of the independently commissioned review to satisfy both the Notice of Motion and resolve in the MTFS report.

*"This council calls for a full, independent and comprehensive review of all the assets and liabilities of Woking Borough Council; and all companies in which it has an interest whether by means of shareholding (however large or small) or any other means of influencing the activities of said company. The report is to contain a comprehensive Statement identifying, amongst other things:*

- o An independent reviewer's assessment of the current net realizable value of each of the assets*
- o Full details of all borrowings including their terms and conditions*
- o Full details of outstanding contractual obligations involving future income to be received and future expenditure to be incurred*
- o Details of any fixed or floating charges on any assets*
- o Full details of any grants, loans or other contracts which contain performance conditions which, if not met, would incur financial penalties for the Council or any of its*

*companies. Council officers should work with the Chair of the Overview & Scrutiny Committee to appoint an appropriate independent reviewer*

*The reviewer must:*

- o Be allowed full and unfettered access to all the documents and information required*
- o Provide monthly progress reports to the Overview and Scrutiny Committee.*
- o Complete the review and the full report by the end of December 2021.”*

### **3. MEDIUM TERM FINANCIAL STRATEGY (MTFS)**

3.1 Through 2021 the Council has been reporting on its Medium-Term Financial Strategy (MTFS) which can be referenced in the MTFS reports to the following meetings of the Executive:

25 <sup>th</sup> March 2021	<a href="http://mg-intranet/ieListDocuments.aspx?CId=165&amp;MId=951">http://mg-intranet/ieListDocuments.aspx?CId=165&amp;MId=951</a>
15 <sup>th</sup> July 2021	<a href="http://mg-intranet/ieListDocuments.aspx?CId=165&amp;MId=1196">http://mg-intranet/ieListDocuments.aspx?CId=165&amp;MId=1196</a>
7 <sup>th</sup> October 2021	<a href="http://mg-intranet/ieListDocuments.aspx?CId=165&amp;MId=1198">http://mg-intranet/ieListDocuments.aspx?CId=165&amp;MId=1198</a>
18 <sup>th</sup> November 2021	<a href="http://mg-intranet/mgCalendarMonthView.aspx?XXR=0&amp;M=11&amp;DD=2021&amp;ACT=Go">http://mg-intranet/mgCalendarMonthView.aspx?XXR=0&amp;M=11&amp;DD=2021&amp;ACT=Go</a>

3.2 The MTFS has recognised key financial challenges and opportunities, in the short (1 year) to medium (5 years) terms, facing the Council. Addressing these informs the strategic financial planning for the Council. The following bullet points are extracts of the key issues that have been expressly referenced in the MTFS reporting and financial strategy through the year. They reflect the specific macro and micro economic and financial performance factors that are being managed through the integrated service and financial planning approach and the developing Fit for the Future programme:

- The Chartered Institute of Public Finance Accountants produce an index of Financial Resilience to support Local Authority good financial management. Of particular note and relevance for Woking Borough Council are:
  - comparably high levels of borrowing and interest payments to support our investment and regeneration programmes
  - a strong financial position in respect of the level and sustainability of reserves and the ratio of fees and charges to service expenditure

It is this reliance on alternative income sources, seen by the index as a strength, which has increased the financial pressure during the pandemic as income has been downwardly affected.
- The financial position of the Council is significantly reliant on income from car parking and commercial rents contributing some £8m and £22m towards the Council’s total income. This income has been used to fund a wide range of services for the communities of Woking that would not be possible to fund if this income was not generated.

There has been a significant loss of this income in 2020/21 and the first two quarters of 2021/22. Whilst it can be assumed that this income will recover over time, it may take some time before pre-Covid income levels are achieved. A full recovery is assumed to extend beyond the four years of this MTFS. On this basis, a prudent approach is required that secures savings in the short and medium term to reduce and remove the need to deplete reserves.

- The 2021/22 budget and forecasts to 2024/25 set out in the March 2021 MTFS assumed the use of almost £25m of revenue reserves to support the provision of services. This requirement to use reserves is significantly due to the forecast reduction in income and returns from investments in the Woking economy. While the general economy is expected to slowly recover from the pandemic, the performance of specific sectors will need to be monitored in order to inform our forecasts for returns from our current assets and opportunities for our future Investment Programme.

The use of reserves as forecast would leave the Council with minimal balances left at the end of the forecast period, and with a budget deficit still to be met. This report identifies a minimum level of reserves that needs to be in place at the end of this period in order to ensure that the Council's finances are in a robust position, that there is an appropriate provision for the management of risks and ability to invest further into service modernisation and opportunities that support economic and social regeneration for the benefit of the communities of Woking.

- To drive out and maximise the benefits from investments and ensure that the Council remains a lean, efficient and digitally modern Council, it has established a Fit for the Future Programme, which brings together both existing plans and activity and introduces a coordinated programme of change.

The key components of the programme are being developed in order to bring forward areas of search for efficiencies and savings which will enable the Council to manage its resources over the medium term and align these to the priority outcomes identified in the corporate plan.

Bringing this together into a programme of activity will require some additional investment on an "invest to save" basis to ensure we have the required business and performance intelligence and access to best practice.

Additional resource is required in the initial key areas of transformation and digital; community engagement; commercial and finance business partnering. For 2021/22 this will be managed within the current approach to managing staffing budgets and establishment. Beyond the current financial years any requirement for additional resource will be incorporated into the MTFS process which will align priorities with the resources available. It is recommended that a £500k budget is established to enable external resources to be made available to support these programmes. Where possible the Council will fund this through use of 'Flexible use of Capital Receipts' which allows income from the sale of property to be applied to transformation activities.

- A review is being commissioned for the governance of Victoria Square to ensure the Council can transition its client management focus from the development and build phase to operation and delivery phase. In addition, the strategic interface between the Council

and Thamesway is being developed to reflect the changes the Council is making to corporate and integrated service and financial planning.

- 3.3 The Comprehensive Statement, commissioned through the Notice of Motion, needs to be considered in the context of the regeneration vision that the Council has for the Borough and the role the Council has taken in the delivery of this vision through being the key investor.

#### 4. COMMISSIONED REVIEWS

- 4.1 The reporting on the MTFs to Executive has highlighted that the Council has established a significant performance reset over 2021/22 through the emerging Fit for the Future programme.

This is in order to establish a framework to oversee the delivery of efficiencies while continuing to place communities at the core of decision-making through extensive community engagement plans. In addition, the programme seeks to deliver a modern way of working that is in tune with the priorities of residents and the opportunities the Borough offers.

- 4.2 An overview of the approach to the performance reset can be found in the MTFs report to the Executive on 7<sup>th</sup> October 2021 <http://mg-intranet/ieListDocuments.aspx?CId=165&MId=1198>. The key elements of the approach incorporate:

- New Corporate Plan
- Review of Governance
- Project Management Assurance
- Risk Management Strategy
- Community Engagement
- Strengthening the role of O+S
- Workforce engagement
- Digital and Transformation
- Strengthening Partnership Working
- **Financial Review and Insight**

As a component part of the Fit for the Future Programme and approach to providing a performance reset, the Council wanted both a comprehensive understanding and assessment of current performance and strategic insights to inform the financial strategies of the Council.

- 4.4 The Council is entrepreneurial and commercially orientated and has made significant commitment and investment into assets and activity within the borough in order to support:
- regeneration.
  - the supply of quality and affordable homes.
  - economic development; and
  - Council financial independency and resilience.

4.5 Following a competitive tender process, the independent consultants Ernst Young (EY) were commissioned to undertake 2 (two) pieces of financial review:

- A Comprehensive Statement that addresses the requirements of the Notice of Motion (see section 2 of this report above)
- A series of Financial Review and Insights –The purpose of these is to bring independently researched insights into:
  - Socio economic factors that influence medium – long term financial strategies
  - Current financial performance benchmarking
  - Indicators of financial resilience

4.6 This report covers the Comprehensive Statement which will form part of the MTFS, General Fund, Service Plans, Budgets and Prudential Indicators 2022-23 report to the 3<sup>rd</sup> February 2022 meeting of the Executive.

4.7 The series of Financial Review and Insights are in the process of being drafted and will be used to inform the Medium-Term Financial Strategy beyond 2022/23. The Insights are a joint and collaborative endeavour as they incorporate the vision and strategy work produced by the Council alongside independent market insight and benchmarking from EY, to inform what the areas of risk and opportunity for the Council are. The Insights should both challenge and validate the Councils approach, recognising the challenges and opportunities in the short, medium and long term. The Insights are targeted to be complete in order to inform the MTFS report to 24<sup>th</sup> March 2022 meeting of the Executive.

## 5. COMPREHENSIVE STATEMENT

5.1 Attached at Appendices 1 and 2 to this report is:

Appendix 1 Comprehensive Statement – Member Briefing

Appendix 2 Comprehensive Statement Report

5.2 These appendices have been independently produced by the consultants EY and they will be in attendance at the meeting of the Overview and Scrutiny to introduce their Statement and Report and respond to any questions about their statements and observations.

### 5.3 Comprehensive Statement – Response

5.3.1 Overview:

We would initially like to express our thanks to EY and specifically the lead consultants on this work for their due diligence and for both the wider Local Government experience and national economic insights that they were able to bring.

As the Comprehensive Statement review is on the current state of finances and financial performance of the Council, as largely reported through published accounts, it was pleasing to see that the Comprehensive Statement – Member Briefing did not highlight any individual **key statements** of fact or **observations** that were surprising to the Council.

The Comprehensive Statement represents the financial matters of the Council arising from the decisions the Council has taken to pursue the regeneration vision for the Borough, undertake the key investment role to drive this regeneration with purpose and generate additional income sources for the Council that both enable it to support the regeneration activity and enhance the level of service provision to the communities of Woking.

However, whilst the Comprehensive Statement may not have highlighted any new individual statements of fact, it does provide significant added value and benefit for the Council and emphasises a number of issues that the Council should give increased focus and attention to. In this context the Comprehensive Statement:

- Provides assurance around the Council's asset valuations approach and short-term cash and investment positions
- Recognises the Council's regeneration focus and the alignment of financial strategies to this
- By bringing the Asset Position; Borrowing Position; Financial Interests and Contractual Obligations together in one focused statement it gives additional insights that should be recognised and used to develop strategic financial priorities
- Provides insight that is relevant for the Council's Fit for the Future Programme and specifically the need for the Council to move with greater pace and certainty around:
  - Adopting a stronger strategic approach to the management of assets
  - Development of its commercial and strategic finance capacity and expertise in order to drive out the returns from our investments.
  - Completing the review of Governance of Companies, the strategic alignment between the Council and Thamesway group and the intelligent client capability retained within the Council. This review should address the specific risks highlighted for Thamesway Energy Limited (TEL) and Thamesway Milton Keynes Limited (TCMK)
  - Strengthening the oversight of Town Centre management including the strategic management of the assets
  - Continuing to develop and strengthen the Medium and Long-Term Financial Strategy and the strategic management of reserves within this

### 5.3.2 Asset Position

Reflections:

The Council does have a net asset position (assets valued greater than liabilities) underpinned by reasonable asset accounting policies and sufficient useable reserves in the short term to manage financial shocks

The Council's assets are exposed to conditions in the retail and office market and as one would expect given the prevailing impacts of the pandemic, the balance sheet value of assets has expectedly been valued down. This revaluation is at a point in time, is a snapshot rather than a narrative, and is due to reductions in commercial rent income in the valuation year.

The Council has made provision for reduced commercial rent income, as has been reported through the MTFS and referenced in section 3 of this report and the reserves

strategy has been established to respond to our forecasts of the implications of the downturn in the economy over the MTFS period.

### 5.3.3 Borrowing Position

Reflections:

The Council has a high level of borrowing (3<sup>rd</sup> highest local authority) as a result of the role it has taken to invest in the regeneration of Woking. The Treasury Management costs of this borrowing have a significant impact on the General Fund which means that there is a high dependency on the wider office and retail economy and the performance of assets and companies the Council has invested in to meet loan servicing costs. This represents a large proportion of the Council's General Fund budget that is a fixed cost.

The Council's borrowing has been for regeneration and inside the Woking Borough. It has not taken borrowing for investments outside of the Borough or simply for commercial return. Borrowing has been undertaken through PWLB and at attractive fixed term rates which secure against future interest rate movements.

There are no covenants on the Council's assets and borrowing.

### 5.3.4 Financial Interests

Reflections:

The Council's investments into companies are for long-term benefit over short-term gain. The companies exist to support the regeneration priorities of the borough and this recognises that they operate with an expectation that they make lower commercial margins. Success is measured more by the benefits they deliver for the communities of Woking rather than pure company financial performance. This can be seen in the company ratio analysis on page 24 and the following pages of the Comprehensive Statement report. It also needs to be recognised that Thamesway TDL develops assets for the other Thamesway companies and works to lower agreed margins to reflect this group relationship.

What follows this strategy for regeneration is a focus on companies' medium to long term business plans with the short-term positions being managed through the Councils wider MTFS and Investment Programme.

This strategy, however, does require stronger Council oversight and governance of company performance. The company financial viability assessment ratios undertaken by EY highlights that in the short term, for all material investments, there is sufficient turnover to meet short term loan repayments. It equally highlights the impact of making investment for the long term over short term gain as can be seen by the losses recorded in the latest statement of accounts.

The risks in the medium term associated with Thamesway Central Milton Keynes (TCMK) require a specific joint response between the Council and Thamesway that is over and above the overall oversight of the Council's borrowing and financial interest positions.

The Council has appropriate diversification of short-term investments ensuring it is not overexposed to risk and had sufficient funds to meet its cashflow requirements

#### 5.3.5 Contractual Obligations

Reflections:

The Council has appropriate systems in place to ensure that grants are administered appropriately, and reimbursements are correct.

5.4 The table below provides an initial response to the **key statements** and **observations** in the Comprehensive Statement - Member Briefing and areas of **challenge** and **risk** highlighted within the Comprehensive Statement Report.

Section 5.3.1 of this report highlights the areas where the Council will give an increased focus and attention to arising from the Comprehensive Statement work. These are highlighted in bold in the table below.

Where the **key statements** and **observations** provide assurance and affirmation of the Councils current position and approach, these are received without specifically acknowledging or responding to them within this response to the Comprehensive Statement..

Key Issue or Risk	Current Approach and Plans	Actions following the Statement
<p>There is a Risk that commercial properties continue to be devalued as a result of reductions in commercial rent income, this would dilute the councils balance sheet. Where this does occur, the council need to consider whether continued revaluations indicate a need to reassess asset use to meet regeneration objectives.</p>	<p>There is an asset management strategy that is in development and a review of the Property Services Operating Model underway.</p> <p>The Fit for the Future programme has identified a need to develop the commercial management capacity and capability in the Council and how we are organised.</p> <p>The Councils significant investment holding of retail and office estate does support its role in regeneration as it is able, through an asset management strategy, to strategically review how these assets contribute to the priorities of the borough.</p>	<p>The delivery of the <b>asset management strategy</b> will be escalated as a key project, reporting to CLT as the Corporate Programme Board, alongside a quarterly report on the performance of retail and office assets.</p> <p>Given its significant asset holdings in the town centre, the asset management strategy will need to be guided by a clear vision and strategy for the town centre that is informed by up-to-date market insight and intelligence. This will enable the council to maximise the use of its assets to get a balance between financial return and place making outcomes.</p> <p>The Risk is accepted and will be considered through the Council's Risk Management Policy to determine risk treatment and further mitigations</p>
<p>A sizeable investment asset portfolio that is highly exposed to conditions in the Retail and Office market</p>	<p>The Medium-Term Financial Strategy recognises the dependency on income from the commercial estate and has a financial strategy to manage this over the next 4 years.</p> <p>The reserves strategy has been reviewed and is under continual review through the MTFs. The strategy is underpinning our response to managing the impact of the economy as well as responding to risks in delivering the Councils business and providing some capacity to invest in transformational change</p>	<p><b>The Council will develop a vision and strategy for the Town Centre.</b></p> <p>Given its significant asset holdings in the town centre, the asset management strategy will need to be guided by a clear vision and strategy for the town centre that is informed by up-to-date market insight and intelligence. This will enable the council to maximise the use of its assets to get a balance between financial return and place making outcomes (repeated – see action above)</p>

	<p>Management of the asset portfolio and the markets these operate in is part of the asset management strategy referred to above</p> <p>A review of the governance of Victoria Square is underway and will report, with recommendations, to the Executive.</p>	<p>Completion of the commissioned review on the governance of Victoria Square in order to identify the most effective approach to the management of the assets to secure the financial and place making interests of the Council.</p> <p>Following this governance review the council will adopt the required changes to develop its <b>commercial and strategic finance capacity and expertise</b> across its whole asset portfolio and investments in order to deliver on the required outcomes for the borough</p>
<p>There is a risk that the high proportionate level of debt payments the council incurs compared to Net Service Expenditure, will reduce the Council's financial resilience in the medium to long term. These commitments reduce budgetary flexibility in the event of volatility.</p>	<p>The Medium-Term Financial Strategy recognises the high level of fixed costs in the general fund that is required to services the costs of borrowing and has a reserves strategy that is informed by an assessment of service and financial risk.</p> <p>There is an asset management strategy that is in development which includes an asset disposal policy. In the short term there is no requirement to sell assets in order to reduce the costs of borrowing.</p>	<p><b>Continue to strengthen the Council's Medium and Long-Term Financial Strategy</b></p> <p>Be a strong voice in the public sector for the role of Local Government in delivering on regeneration ambitions and recognition of this role in making sources of funding available to Councils.</p> <p>The delivery of the asset management strategy will be escalated as a key project, reporting to CLT as the Corporate Programme Board, alongside a quarterly report on the performance of retail and office assets (Repeated – see action above)</p> <p>The Risk is accepted and will be considered through the Council's Risk Management Policy to determine risk treatment and further mitigations</p>

<p>There is a risk that the current level of WBC's existing borrowing will reduce appetite and capacity to borrow to fund infrastructure in the future</p>	<p>The Council's strategy is for borrowing to support regeneration and has been targeted to the areas of greatest regeneration need which is housing and the town centre as the economic hub for the borough. This investment by its nature is future focussed and has accounted for the likely significant demand for Council intervention.</p> <p>The borrowing and investments made by the Council are intended to operate as a catalyst and lever for private sector investment into the borough which will further enhance the regeneration activity and outcomes.</p> <p>The Council takes a strong partnership role to lever benefits for Surrey and the Borough. We are working in partnership with the Surrey District and Boroughs and County Council to develop a Surrey 2050 Place Ambition.</p>	<p><b>Continue to strengthen the Council's Medium and Long-Term Financial Strategy</b> (Repeated – see action above)</p> <p>Be a strong voice in the public sector for the role of Local Government in delivering on regeneration ambitions and recognition of this role in making sources of funding available to Councils (Repeated – see action above)</p> <p>Given its significant asset holdings in the town centre, the asset management strategy will need to be guided by a clear vision and strategy for the town centre that is informed by up-to-date market insight and intelligence. This will enable the council to maximise the use of its assets to get a balance between financial return and place making outcomes (Repeated – see action above)</p>
<p>There is a risk that the regulatory landscape or market conditions change. This would provide an immediate risk to the Council, or impact WBC's ability to finance or refinance.</p>	<p>The Council has a risk management policy that has been reviewed in 2021 as part of the Fit for the Future change programme. This policy is in place in order to actively assess and strategically manage risk.</p>	<p>The Risk is accepted and will be considered through the Council's Risk Management Policy to determine risk treatment and further mitigations</p>
<p>There is a medium-long term risk that Thamesway Central Milton Keynes could become insolvent</p>	<p>The company analysis in the report uses the Cabinet Office playbook which is a framework for evaluating commercial operations framework. It is important to recognise that the Thamesway Group was established as a wholly owned subsidiary of the Council to fulfil the</p>	<p><b>The Council will undertake a review of the Strategic alignment between the Council and the Thamesway group</b></p>

	<p>objectives of the Council addressing need which would not be met by the private sector.</p> <p>The report recognises that the Companies in which the Council have invested in have differing strategic purposes and are in different phases of maturity, meaning the relationship with the Council is not just a contractual one. It also notes that the companies are currently immature and are expected to make losses in the short-term, with the business plans being long-term in nature.</p>	<p>A specific review of the Thamesway Central Milton Keynes (TCMK) and Thamesway Energy Limited Business Plans will be commissioned</p>
<p>It is recommended the Council shares the analysis with Companies and requests a management response.</p>		<p>Agree with the recommendation. This will be incorporated into the review of the strategic alignment between the Council and Thamesway group, highlighted above, as an early output</p>

## **6 Corporate Strategy**

- 6.1 The Comprehensive Statement supports the Council's Corporate plan priority to ensure an innovative, proactive and effective Council by securing the effective use of resources.

## **7 Implications**

### Finance and Risk

- 7.1 The Comprehensive Statement sets out the Council's current financial position and the Statements on assets and liabilities are consistent with the Council's Statement of Accounts and monthly reporting.
- 7.2 A number of risk areas and observations are noted in the Comprehensive Statement report which are addressed further in the responses in section 5 of this report.
- 7.3 The actions and improvements identified will have financial implications which will be considered further as part of the Medium-Term Financial Strategy report in March 2022.

### Equalities and Human Resources

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

### Legal

There are no legal implications arising from this report.

## **8 Engagement and Consultation**

- 8.1 A series of community engagement activity was delivered between October and December 2021 alongside an engagement questionnaire to get community feedback into the priorities for the Council and Communities.
- 8.2 The feedback from this engagement is part of the integrated service and financial planning in order to reflect this engagement in the medium-term financial strategy and new Corporate Plan. It has been reported to the 20<sup>th</sup> January meeting of the Executive and a full response to the feedback is being reported to 24<sup>th</sup> March meeting of the Executive.

REPORT ENDS



## Comprehensive Statement – Member Briefing

In line with the Notice of Motion structure requested by Councillors, this briefing summarises the independent assessment conducted on key financial matters at Woking Borough Council:

Theme	Key Statement	Observations
<b>WBC Asset Position</b>	<ol style="list-style-type: none"> <li>At the latest year end (31<sup>st</sup> March 2021), WBC had net assets of £142m comprised of £1.99bn of assets and £1.85bn of liabilities.</li> <li>At 31<sup>st</sup> March 2021, £953m of assets related to illiquid long term financial interests in companies.</li> <li>At 31<sup>st</sup> March 2021, WBC fixed assets were valued at £889m.</li> <li>WBC's asset base increased by £2.6m between year-end 2020 and 2021.</li> <li>WBC's Investment Property portfolio is primarily composed of Office, Retail and Land (representing 81% of the Portfolio).</li> <li>WBC Investment Properties were revalued downward by £43m (12%) in FY20/21.</li> <li>WBC have £112.8m worth of Current Assets on the Balance Sheet as at the 1<sup>st</sup> April 2021; comprised of £98.2m (87%) of current debtors and cash and cash equivalents of £14.6m (13%).</li> <li>WBC have £142.9m in reserves on their balance sheet as at the 1<sup>st</sup> April 2021; comprised of £112.9m (79%) of useable reserves and £30.0m (21%) of unusable reserves.</li> <li>WBC have no fixed or floating charges over any of its assets.</li> </ol>	<ol style="list-style-type: none"> <li>WBC's application of Asset Accounting Policies and approach to valuation are reasonable.</li> <li>WBC have a sizeable investment asset portfolio that is highly exposed to conditions in the Retail and Office market.</li> <li>In the short-term WBC useable reserves are sufficient to manage financial shocks.</li> </ol>
<b>WBC Borrowing Position</b>	<ol style="list-style-type: none"> <li>As at October 2021 WBC borrowing totals £1.84bn; £65m in Short-term Borrowing, and £1.77bn Long-term Borrowing.</li> <li>98% of WBC Debt Portfolio is held by the Public Works Loan Board, and therefore subject to HMT Borrowing Conditions.</li> <li>98% or £1.80bn of the Debt Portfolio is at Fixed Rates; ranging from 0.06% to 4.85%. The remaining 2% relates to LOBO's which are variable in nature, although the Council could refinance with Fixed Rate borrowing at a charge if required.</li> <li>The Average Interest Rate of Loans secured in 2021 by WBC was 1.62%.</li> <li>Debt and interest payments total £580m between 2022 and 2030; annual repayments range from £60.7m to £74.3m.</li> <li>Debt has been secured on a long-term basis; repayment peaks are notable in 2057 (£101m) and 2066 (£94.1m)</li> <li>WBC's external debt as a proportion of the authorised prudential limit was 90% as at August 2021. This delta facilitates further borrowing of £214.9m.</li> </ol>	<ol style="list-style-type: none"> <li>WBC holds the third largest outstanding debt balance of Local Authorities across the UK.</li> <li>WBC long-term, fixed rate borrowing strategy, undertaken at low interest rates, reduces exposure to volatility in the finance market.</li> <li>Debt Repayment is dependent on Residential, Office, Retail and Energy Markets that are currently facing turbulence.</li> </ol>

Theme	Key Statement	Observations
	<p>8. The Annual Interest Payable Expenses as a Proportion of Next Service Expenditure for WBC is 135%.</p> <p>9. WBC have no covenants on their borrowing position, in the event of default, PWLB loans are secured on Council revenues rather than specific assets or collateral.</p>	
<b>WBC Financial Interests</b>	<p>1. WBC investments total £1.15bn as of October 2021; £1.09bn of long-term investments to JV's or Group Companies, £37.8m in Share Capitalisations and £17.5m to External Organisations.</p> <p>2. Between March 2020 and October 2021, WBC made £363m worth of loans to its Joint Venture and Group companies.</p> <p>3. Thamesway Housing Ltd have a net asset position of £30.2m.</p> <p>4. Woking Necropolis and Mausoleum have a net asset position of £4.0m.</p> <p>5. Thamesway Development Ltd have a net asset position of £2.9m.</p> <p>6. Thamesway Energy Ltd have a negative net asset position of £0.3m indicating liabilities of the company are greater than its assets.</p> <p>7. Victoria Square Ltd have a negative net asset position of £11.5m indicating liabilities of the company are greater than its assets.</p> <p>8. ThamesWey Central Milton Keynes Ltd have a negative net asset value of £20.9m, indicating liabilities of the company are greater than its assets.</p> <p>9. WBC received £28m of interest income from Long-term Investments in 2020/21.</p>	<p>1. WBC have shifted from an equity to a capital loan model to fund companies.</p> <p>2. For those companies where the Council has a material loan investment (1% of total investment value), there is sufficient turnover to meet short-term debt repayments.</p> <p>3. The solvency of ThamesWey Milton Keynes Ltd is at material risk.</p>
<b>WBC Contractual Obligations</b>	<p>1. WBC hold a total of £7.9m in outstanding Capital Grants as at October 2021.</p> <p>2. WBC have received a total of £29.2m from Homes England related to work at Triangle Site, with £1.6m received in the current year.</p> <p>3. WBC have received a total of £9.4m from Homes England related to work as part of the Sheerwater leisure centre.</p> <p>4. WBC have received a total of £3.1m in grants from BEIS relating to a heat decarbonisation scheme.</p> <p>5. Revenue grants received by WBC in 2020/21 were £47m to date.</p> <p>6. WBC have medium-term contractual obligations of £89.5m.</p> <p>7. WBC have long-term contractual obligations of £39.6m</p>	<p>1. WBC have specific contractual obligations relating to grants received from Homes England.</p> <p>2. WBC have systems in place to ensure that grants are administered appropriately and reimbursements are correct.</p>

**Comprehensive Statement  
Final Report**

**Woking Borough Council**

January 2022

## Woking Borough Council - Comprehensive Statement

Dear Leigh Clarke,

In accordance with the Comprehensive Statement scoping document of October 2021 and confirmation of requirements for Woking Borough Council ("the Authority"), we have prepared this report.

### Purpose of our report and restrictions on its use

This report has been developed based upon data and information provided by the Authority. The report was prepared on your instructions for the purposes of providing a Comprehensive Statement on the Council's Assets, Borrowing, Financial Interests and Contractual Obligations.

The report is to be used by the Council in responding to the recent Notice of Motion, this Report should not be quoted, referred to or shown to any other parties unless so required by court order or a regulatory authority, without our prior consent in writing.

The Report may not have considered issues relevant to any third parties. Any such use that third parties may choose to make of the Report is entirely at their own risk and we assume no responsibility whatsoever in relation to this. The Report should not be provided to any third parties without our prior approval and without them recognising in writing that we assume no responsibility or liability whatsoever to them in respect of the contents of our deliverables.

The information has been considered correct at the time of the Report. We have not sought to verify the accuracy of the Management information or the explanations provided by these individuals. Activities may have taken place since the date of the conversations with Management which are not reflected in the Report.

Our work has been limited in scope and time and we stress that a more detailed review may reveal issues that this review has not. If you would like to clarify any aspect of this Report or discuss other related matters, please do not hesitate to contact us.

Yours Faithfully,



Darra Singh

Senior Partner, Government and Infrastructure

## Scope Restrictions

The analysis presented in this report reflects information as presented within the latest versions of documents that have been shared with EY. It is noted that in many of these documents, the position presented is specific to a moment in time and is therefore subject to future change. It is also noted that we have not challenged or reviewed the appropriateness of figures presented within the documents but have instead look to identify potential financial risks that exist within the Councils financial position.

The reflections provided in this report present a view at a given moment in time and it is noted that statements and financial resilience risks could change across an ever uncertain and fast changing environment.

EY were not restricted in their enquires with the Council. The report is based on information that received until 17<sup>th</sup> December 2021.

## Disclaimer

This document should not be relied upon by any other person than Woking Borough Council. The information contained within these slides represents known information as at the date of preparation based on the sources identified, however it is acknowledged that this information is subject to change.

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# 1. Comprehensive Statement

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# Comprehensive Statement - Summary

## Introduction

Within this section a comprehensive and independent assessment of key financial matters for the Council is presented in line with the Notice of Motion structure requested by Councillors . The report covers;

1. The Council's Asset Position
2. The Council's Borrowing Position
3. The Council's Investment Position (including an assessment of the financial resilience of the individual companies)
4. The Council's Contractual Obligations

This analysis has employed the following core datapoints received from the Council and associated Companies;

- Statement of Accounts as at March 2021
- August 2021 Financial Reporting and Monitoring Review
- Council's Medium Term Financial Strategy
- Detailed Breakdowns of Assets, Borrowing, Investments and Grants provided by the Council at October 2021.

### Statement of Motion (29 July 2021)

*"The council calls for a full, independent, and comprehensive review of all the assets and liabilities of Woking Borough Council; and all companies in which it has an interest whether by means of shareholding (however large or small) or any other means of influencing the activities of said company. The report is to contain a Comprehensive Statement identifying, amongst other things:*

*An independent reviewer's assessment of the current net realisable value of each of the assets*

1. *Full details of all borrowings including their terms and conditions*
2. *Full details of outstanding contractual obligations involving future income to be received and future expenditure to be incurred*
3. *Details of any fixed or floating charges on any assets*
4. *Full details of any grants, loans or other contracts which contain performance conditions which, if not met, would incur financial penalties for the Council or any of its companies. "*

# Comprehensive Statement - The Council's Asset Position

## Introduction

Within this section we have assessed WBC's asset position, employing a number of resources, namely:

- The Council's fixed asset register at 31<sup>st</sup> March 2021
- The revaluation report provided to the Council by WHE Chartered Surveyors
- HRA stock valuation at 31<sup>st</sup> March 2021

The resources noted above were provided by Woking Borough Council, we have not sought to verify accuracy or validate representations made by management in interpretation of the data.

The following focus areas have been reviewed;

1. An overview of the fixed asset position
2. The movement in the assets held over the financial year
3. The revaluation of assets (with a particular focus on the revaluation of investment properties)
4. An analysis of the assets held by sector including the key risks to the Council of holding assets within an individual sector
5. An assessment of the land and buildings held by the Council
6. A statement of the charges held against assets

A summary of our key statements in the section is provided below, this outlines the significant observations and risks we noted during our assessment.

### Key Statements:

- At the latest year end (31<sup>st</sup> March 2021), WBC had net assets of £142m made up of £1.99bn of assets and £1.85bn of liabilities.
- At 31<sup>st</sup> March 2021, £953m of assets related to illiquid long term financial interests in companies.
- At 31<sup>st</sup> March 2021, WBC fixed assets were valued at £889m.

### Key Statements (Continued):

- WBC's asset base increased by £2.6m between year-end 2020 and 2021.
- WBC's Investment Property portfolio is primarily composed of Office, Retail and Land (representing 81% of the Portfolio).
- WBC Investment Properties were revalued downward by £43m (12%) in FY20/21.
- WBC have £112.8m worth of Current Assets on the Balance Sheet as at the 1<sup>st</sup> April 2021; comprised of £98.2m (87%) of current debtors and cash and cash equivalents of £14.6m (13%).
- WBC have £142.9m in reserves on their balance sheet as at the 1<sup>st</sup> April 2021; comprised of £112.9m (79%) of useable reserves and £30.0m (21%) of unusable reserves.
- WBC have no fixed or floating charges over any of its assets.

### Observations:

- Woking Borough Council's application of Asset Accounting Policies are reasonable.
- WBC have a sizeable investment asset portfolio that is highly exposed to conditions in the Retail and Office market.
- In the short-term WBC useable reserves are sufficient to manage financial shocks.

### Risks:

- There is a risk that Commercial Properties continue to be devalued, as a result of reductions in commercial rent income, this would dilute the Council's Balance Sheet. Where this does occur, the Council need to consider whether continued revaluations indicate a need to reassess asset use to meet regeneration objectives.

# Comprehensive Statement - The Council's Asset Position

## Asset Position - Overview

- At 31<sup>st</sup> March 2021 the Council had net assets of £143.0m made up of £1.99bn in assets and £1.85bn in liabilities.
- £953m of the assets related to long-term financial interests in companies and a further £37.8m in shareholdings, held to help meet Council priorities. Further analysis has been performed on this balance in section three of the statement.
- The remaining £1.04bn of assets largely relate to a combination of fixed assets, short term debtors and cash.



**Asset Position:** Woking Borough Council have fixed assets worth £889m on their balance sheet as at the 1<sup>st</sup> April 2021.

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## Fixed Asset Position - Overview

- The total net book value of Council fixed assets was £889m across 3,886 separate asset lines, of which 3,341 relate to housing stock.
- The largest category of assets by value are the Council's investment properties, which have a net book value of £330m as at the end of the 2020/21 financial year, representing 37% of the Council's asset base.
- Other significant elements of the Council's asset base are Housing Dwellings that have a net book value of £202m (23%), Land and Buildings that have a net book value of £167m (19%) and Housing Land that has a net book value of £100m (11%).

**Figure 1 - Fixed Asset Breakdown - By Asset Type - £'000**



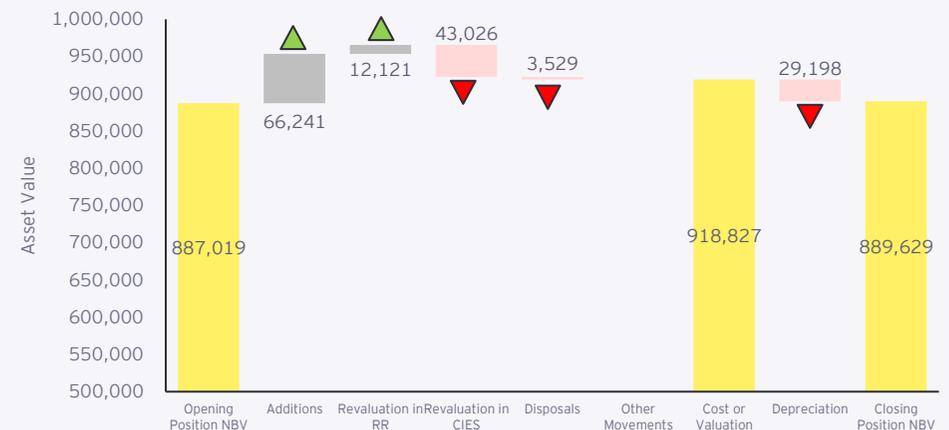
## Fixed Asset Position - Movement in value



**Movement in assets:** The Council's asset base grew by £2.6m between 2020 and 2021

- This net movement incorporates several variables; £66m worth of additions occurring in-year, predominately Assets Under Construction and Investment Properties. Revaluation gains were recorded against Housing Dwelling and Land and Buildings totalling £12.1m.

**Figure 2 - Fixed Asset Breakdown - Movement in Position 2020-21- £'000**



- These amounts were offset by £29m of depreciation, £3.5m worth of disposals and a £43m revaluation of the Council's investment properties.
- The breakdown of movements varied by asset type, with additions concentrated within the classifications Assets under Construction and Investment Properties. This was offset by a downward revaluation in the value of Investment Properties.
- We have summarised the position against each asset type below, as well as summarising the accounting method utilised for valuation by Woking Borough Council.

## Comprehensive Statement - The Council's Asset Position

### Investment Properties

- **Value:** The net book value of investment properties at the year end was £330m across 65 separate asset lines. £186m of this total relates to Strategic Investment Properties, held by the Council as part of the regeneration agenda.
- **Movement:** The value has decreased by £32m (8.8%) in the year, largely due to £25m of additions offset by a reduction in the value of £43.6m. There was also a significant reclassification of investment properties into assets under construction. These related to the Triangle Site which has been demolished as part of the Council's programme to deliver highways improvements.
- **Accounting Policy:** Investment Properties and Assets Held For Sale are revalued annually by RICS qualified valuers. The assets are valued at Fair Value. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Housing Dwellings

- **Value:** Woking Borough Council have Housing Dwelling assets with a net book value of £202m.
- **Movement:** The asset classification has increased by £11m (5.8%) in the year. This position was largely comprised of £10.9m worth of additions and revaluations of £6.2m, offset by disposals of £2.3m and annual costs of depreciation of £3.7m
- **Accounting Policy:** Valuations for Council Dwelling related assets have been carried out by the Council's Estate Management Section. Properties regarded by the authority as operational have been valued on a Current Value Basis. The latest valuations have been completed at 31 March 2021.

### Housing Land

- **Value:** Woking Borough Council have Housing land assets with a net book value of £100m.
- **Movement:** The investment property asset classification has increased by £5.5m (5.9%) between 1st April 2020 and 1st April 2021. This position was a result of revaluation increases of £5.5m on Housing Land.
- **Accounting Policy:** Land is included in the balance sheet at existing use value

where there is an active market for the asset. Where there is no active market, or the valuation is for a specialised asset, Depreciated Replacement Cost is used.

### Land and Building

- **Value:** The Council has 136 separate asset lines within the Land and Building classification, which had a net book value of £167m at 1st April 2021.
- **Movement:** The land and building asset classification has decreased by £771k (0.5%) 1st April 2020 and 1st April 2021. This position was largely comprised of £8.1m worth of additions, offset by depreciation of £5.3m and a movement of assets to assets under construction of £2.9m.
- **Accounting Policy:** Buildings are included in the balance sheet at existing use value where there is an active market for the asset. Revaluations of material fixed assets are carried out annually with all other fixed assets on a rolling five year programme by RICS qualified valuers.

### Assets Under Construction

- **Value:** Woking Borough Council has 26 separate asset lines within the Assets Under Construction classification, which had a net book value of £67m at the year end.
- **Movement:** The Assets Under Construction classification has increased by £35m (110.3%) between 1st April 2020 and 1st April 2021. There were £19m worth of additions to this classification, of which £15.7m relates to movements from Investment Properties and Land and Buildings.
- **Accounting Policy:** Non-operational assets are included in the balance sheet at cost.

### Plant, Vehicles and Equipment

- **Value:** Woking Borough Council had 292 separate asset lines within the Plant, Vehicles and Equipment classification, which had a net book value of £6.9m at 1st April 2021.
- **Movement:** Against the Plant, Vehicles and Equipment classification, there were additions of £2.1m (22.9%) in year, which related to 17 asset lines
- **Accounting Policy:** PPE is included in the balance sheet at existing use value where there is an active market for the asset.

# Comprehensive Statement - The Council's Asset Position

## Fixed Asset Position - Movement in value (continued)

### Community Assets

- **Value:** Woking Borough Council had 24 separate asset lines within the Community Assets classification, which had a net book value of £15.1m at 1st April 2021.
- **Movement:** The Community Assets classification had no movement year on year.
- **Accounting Policy:** Community assets are included in the balance sheet at historical cost.

### Heritage Assets

- **Value:** Woking Borough Council had 27 separate asset lines within the Community Assets classification, which had a net book value of £918k at 1st April 2021.
- **Movement:** The Heritage assets classification had no movement year on year.
- **Accounting Policy:** Heritage assets are included in the balance sheet at their insurance valuation where available. Where no such valuation is available, then historic cost is used in the first instance, otherwise an estimate of the asset's value is made.

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**Movement to Assets Under Construction:** £15.7m of assets were reclassified from Land and Buildings and Investment Properties to Assets Under Construction of which most of these related to the Housing Infrastructure Fund. This is reflective of Woking's investment approach within the borough, with assets redeveloped to help the Council meet its regeneration ambitions.

## Asset Revaluations



**Revaluation losses:** The Council had a downward revaluation of £43m on its Investment Properties, this position was driven both by the Council's plans to demolish assets within this classification and as a result of rental incomes losses related to these assets.

- The movement of the fixed asset base included a total downward revaluation of £30m against WBC assets.
- This was largely made up of a £43m downwards revaluation of the investment property assets, which was partially offset by an increase in the value of Council housing and dwelling of £12m.
- **Accounting Policy:** Material Assets held for use are revalued annually with all other fixed assets revalued every five years on a rolling basis, with assets held for investment purposes revalued annually in line with the Council's accounting policy and the CIPFA guidance. The revaluation takes place by an independent organisation (WHE Chartered Surveyors). Property regarded as operational has been valued on a Current Value Basis and investment properties and assets held for sale are valued at Fair Value.
- Given the downward movement for asset valuations only relates to Investment Property, the focus of our analysis is on the Investment Property portfolio, identifying the key drivers in this downward revaluation by property and related sector.

### Investment Property Revaluation



**Revaluation losses:** Revaluations occurred against 48 of the Council's investment properties, ranging between £2m positive revaluations to a £15.8m drop.

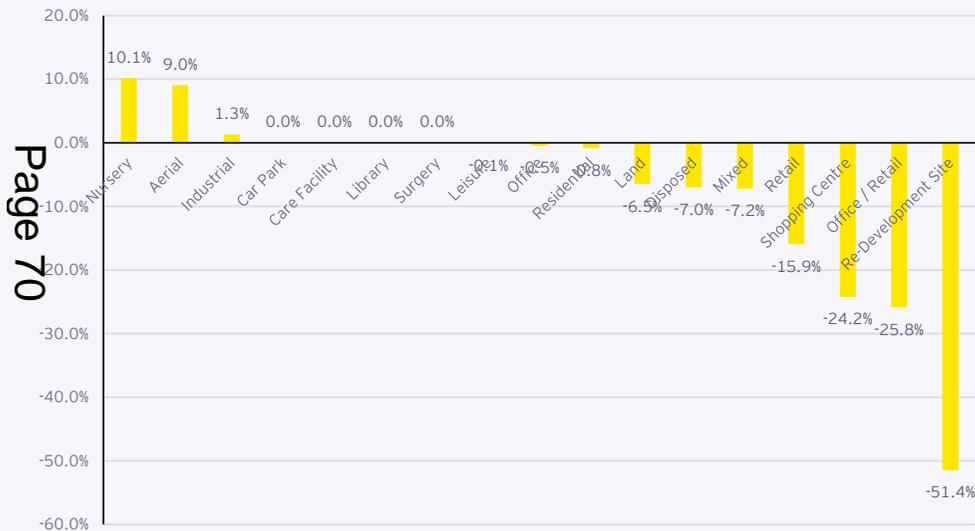
- Across the assets revalued, the net position was a £43.6m revaluation downwards, which reflected a drop of 12% in the assets value.

# Comprehensive Statement - The Council's Asset Position

## Investment Property Revaluation (Continued)

- As demonstrated in figure 3, the largest downward revaluations occurred for Redevelopment Site (51.4%), Office/Retail (25.8%), Shopping Centres (24.2%) and Retail (15.9%) properties.

**Figure 3 - Investment Properties - Revaluation Percentage**



- The large revaluation reflected within redevelopment site, reflects the intent to demolish Triangle Site Properties, rather than broader market trends.

- Across the identified sub-classifications there are emergent sector trends that are likely to further influence the value of the Council's asset base over the medium-term. These are explored in greater detail in the next section.
- On an individual asset level, the largest percentage decreases in asset value were for 1 Connaught Road (£328k and 58.2%), Triangle Site Properties (£8.4m and 51.4%), 63 to 75 Commercial Way (£1.4m and 34.1%), 74 Victoria Road (£59k and 27.5%), Albion House (£7.5m and 25.8%) and Wolsey Place (£15.8m and 18.0%).
- Detail from revaluation report conducted by Wilks, Head & Eve has been utilised to identify whether specific risks exist for any of the material asset movements and to identify whether these movements represent a material concern to the Council's financial resilience.

### Wolsey Place

- Wolsey Place relates to one of the two shopping centres within Woking.
- The investment property was revalued downward by £15m (18%) in year, with the asset reducing from £87m to £72m.
- This revaluation makes up the majority (36%) of the total revaluation in the year against investment properties.
- The valuers rationale on the downward revaluation states the retail climate had significantly softened as a result of the pandemic. This reflects the broader trend of 2020, with retail sales decreasing by 1.9% when compared with 2019, the largest fall in year on record.<sup>1</sup> for example particularly large decreases for clothing stores were experienced (25.1% drop); often found within shopping centres.
- Analysis of the investment properties asset register suggests Woking Borough Council have spent a total of £91.1m on this asset, however its current valuation is only £72.3m, reflecting a 22.3% loss in value. The current value of the asset is therefore significantly below the acquisition value of the asset.

1. <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/december2020>

# Comprehensive Statement - The Council's Asset Position

## Investment Property Revaluation (continued)



**Wolsey Place:** The downward revaluation in Wolsey Place, reflects both a significant portion of the assets value and a significant portion of the Council's investment property asset base. This affects in year resilience, due to the reduced income and if repeated has longer-term impacts on the value of the Councils asset base.

### Triangle Site

- The Triangle Site relates to former residential and office space that has been purchased to redevelop as part of Housing Infrastructure Fund, which is grant funded.

The site was revalued downwards by £8.4m (51.4%), with the asset reducing from £16.2m to £7.7m.

The valuers rationale for revaluation was the majority of the site being demolished in the year.

- Our analysis of the investment properties asset register suggests Woking Borough Council have spent a total of £16.2m on this asset, with the current value of £7.9m significantly below this value. It is noted however this asset has been moved to Assets Under Construction to reflect current use of the asset.

### Albion House

- Albion House is a large office with retail on the ground floor.
- The site was revalued downwards by £7.5m (25.8%), with the asset reducing from £28.9m to £21.4m.
- The revaluation of the property relates to the rent concessions of 50% over the first two quarters of 2021 due to the impacts of Covid-19.
- Income related to this asset reduced from £1.3m in 2019/20 to £865k in 2020/21, reflecting the impact of these concessions Council income.
- Analysis of the investment properties asset register suggests Woking Borough Council have spent a total of £29.9m on this asset, with the current value of

£21.4m significantly below this value.

### Peacocks Centre

- The Council have a financial interest in the Peacocks Centre, which is a major shopping centre in Woking.
- The value of this interest was revalued downwards by £4.4m in the year, however there was also £4.1m of enhancements.
- This downwards revaluation is again due to reduced rents in the year following the effects of Covid-19. From the commercial rent position, it is noted that income for 'Peacocks - General' reduced from £1m during 2019/20 to £832k during 2020/21, this reflects an 18% reduction in income, reflecting the challenging market the site operates within during the financial year.
- Our analysis of the investment properties asset register suggests Woking Borough Council have spent a total of £14.8m on this asset, with the current value of £12.9m, reflecting the current revaluation of this asset.

### Dukes Court

- Dukes Court is a multi-let office building which was revalued downwards by £3.9m (7.2%) in the year, with the asset reducing from £54.9m to £51.4m.
- Within the revaluation report there is no further detail provided on the grounds for revaluation. It is therefore difficult to produce an assessment on whether the reduction in value is due to market conditions and the implications this may have for the future value of the property.
- From the commercial rents position, it is noted that income related this asset fell from £4.6m in 2019/20 to £4.2m during 2020/21, a fall in income of 8%. This suggests that the downward revaluation likely relates to reduced income received against this asset.
- Our analysis of the investment properties asset register suggests Woking Borough Council have spent a total of £73.9m on this asset, with the current value of £51.4m significantly below this value.

# Comprehensive Statement - The Council's Asset Position

## Sector Analysis

- To help analyse key challenges across the Council's asset portfolio, a review was undertaken on the sub-classifications of assets where possible within Woking's portfolio to identify key trends.

## Investment Properties

**Figure 4 - Investment Properties - Sub Classification Breakdown**

Asset Sub-Classification	Value as at 31/03/2021	Percentage of Portfolio
Office	113,380,200	34.4%
Retail	96,896,968	29.4%
Land	57,489,126	17.4%
Office/Retail	21,418,100	6.5%
Shopping Centre	13,437,008	4.1%
Industrial	12,959,500	3.9%
Mixed Use	7,452,340	2.3%
Development Purchases\Residential leases to external organisations	3,382,998	1.0%
Surgery	1,215,716	0.4%
Nursery	834,700	0.3%
Leisure	457,400	0.1%
Library	385,400	0.1%
Car Park	191,900	0.1%
Aerial	189,200	0.1%
Care Facility	25,000	0.0%

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**Asset Portfolio:** The Council's commercial property portfolio is predominately made up of Office space, Retail space and Land, with these three sub-classifications making up 81.2% of the Council's portfolio value.

- To assess potential market trends against the key sub-classifications within the Council's commercial property portfolio, we have reviewed key real estate market trends to identify potential risks. This analysis is presented below.

### a. Offices

- CBRE forecast that rental income for office space will have declined by 5.3% in the UK in 2021.<sup>1</sup> Moreover, this reduction in rents is forecast to contribute towards a 2.2% drop in value of office buildings<sup>1</sup>.
- This trend reflects changing patterns in the way people work, as the ability to work remotely has significantly shifted since the pandemic. Google Mobility Reports demonstrate that activity at workplaces, has stabilised at 30% below pre-pandemic levels in Woking in 2021<sup>2</sup>, supporting this changing pattern.
- Going forward, CBRE estimates the underlying demand for UK office spaces to fall by 9% over the next 3 years - a significant risk to Woking given the size of it's office portfolio.

### b. Retail

- Rents from retail activities were 8.5% lower in Q3 2021 than the same time period in 2019.
- This trends illustrates the rapid growth and scale of online retailers which have made the retail sector more competitive than the pre-pandemic years. The convenience of online shopping and delivery places significant pressure on in-store retailers to attract customers and generate sufficient revenues to stay in business. Total online retailing increased by 46.1%<sup>3</sup> in 2020 compared to 2019 reflecting this trend.
- Given that retail properties account for almost 30% of the Council's investment property portfolio, lower retail rents pose a risk to this sub-classification of assets.

1. <https://www.cbre.co.uk/research-and-reports/UK-Market-Outlook-Midyear-Review-2021>  
 2. <https://www.google.com/covid19/mobility/>  
 3. <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/december2020>

# Comprehensive Statement - The Council's Asset Position

## Sector Analysis (Continued)

### b. Retail (continued)

- Nevertheless, some recovery has already been observed - the number of new retail leasing deals from Q1-Q3 in 2021 is 28.4% higher than over the same period in 2020<sup>1</sup>.

### c. Shopping Centres

- According to Local Data Company, there was a UK net store decline of 11,319<sup>1</sup> stores during 2020, reflecting the difficult environment for retail space. The result of these declines will be reduced income for shopping centres.

- Furthermore, there has been a significant reduction in trading activity for shopping centres, with estimates that £350m of UK shopping centres were traded in 2020 compared to a ten-year average of £3bn<sup>2</sup>. This important to note for the Council as transactional data informs appraisers valuations.

It is likely that further challenges will come for the sector once government related Covid support discontinues and there could be further revaluations downwards if further reductions in rental income occur.

- Given that retail properties account for almost 30% of the Council's investment property portfolio, lower retail rents pose a risk to this sub-classification of assets.

### d. Residential

- For investment properties it is noted residential devaluations will not be as detrimental to WBC's total value of its investment properties, as it currently accounts for a small portion of the portfolio. However, the sector analysis below should be considered with regard to WBC's holdings in ThamesWey Housing Ltd and Victoria Square Woking Ltd.
- In Q1 of 2021 alone, total investment in residential real estate was worth £771m in the UK<sup>3</sup>.
- This represents the rapid increase in demand for residential properties during the pandemic as stay-at-home and work-from-home initiatives increased people's time spent at home. Subsequently, the excess demand for housing has resulted in a forecast of UK house prices to rise by 5.9% by the end of 2021.

- Furthermore, investments in build-to-rent properties is expected to reach £4.2bn in the country by the end of 2021.

## Land and Buildings



**Asset Portfolio:** The Council's Land and Building portfolio is predominately made up of Car Parks, Leisure Centres, Office Space and assets recognised under the PFI arrangement with these four sub-classifications making up 80.5% of the Council's portfolio value.

- To identify potential risks across the Council's operational asset base, a review of each sub-classification of assets within the Land and Building category has been conducted. Car Park and Leisure Centre income streams were affected during the pandemic, resulting in reduced demand, this risks the future valuation of these assets over the medium term.
- A similar challenge may exist across the Council's office space, with the pandemic resulting in significant shifts to homeworking, as working patterns normalise, there is the potential that the Council will have reduced need for office space.
- The sub-classification 'PFI' reflects the leases for homes the Council leases to Thames Valley Housing Association. The value reflects the net present value of future cash flows from these homes.
- Across the Council's operational asset base there may therefore be opportunities for consolidation or disposal, helping fund elements of the Council's regeneration programme in the future.
- The Council does not currently have a published asset management strategy and it is therefore difficult to ascertain how the Council intends to employ the asset base over the medium-term.



**Reduced service use:** There is the potential that across the Council's operational assets, changes to societal behaviour resulting from the pandemic will reduce demand and therefore requirements across key elements of the Council asset base. This will potentially offer the Council opportunities to consolidate its asset base helping generate capital receipts.

1. [https://www.savills.co.uk/research\\_articles/229130/313386-0](https://www.savills.co.uk/research_articles/229130/313386-0)

2. <https://ww3.rics.org/uk/en/modus/built-environment/commercial-real-estate/has-covid-19-changed-how-retail-space-is-valued-forever-.html>

3. <https://www.cbre.co.uk/research-and-reports/UK-Market-Outlook-Midyear-Review-2021>

## Comprehensive Statement - The Council's Asset Position

**Figure 5 - Land and Buildings - Sub-Classification Breakdown**

Asset Sub-Classification	Value as at 31/03/2021	Percentage of Portfolio
Car Park	45,133,149	26.9%
Leisure Centres & Pool	39,776,200	23.7%
PFI	28,051,496	16.7%
Office	21,890,764	13.1%
Centres	10,864,408	6.5%
Pavilion	4,711,660	2.8%
Temporary Accomodation	4,063,839	2.4%
Depot	3,142,685	1.9%
Garage	3,010,465	1.8%
Miscellaneous Building*	2,537,844	1.5%
Miscellaneous Site*	1,565,388	0.9%
Land Site	828,805	0.5%
Bridge	716,320	0.4%
Burial Ground	658,693	0.4%
Public Conveniences	489,884	0.3%
Recycling Centre	80,000	0.0%
Bowls Club	58,879	0.0%
Recreation Site	24,400	0.0%
Museum	30	0.0%

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\*Titles as reflected within asset register

### Charges on Assets

At October 2021, 98% of the loans held by the Council were held with the PWLB. In the event of default, these loans are automatically secured on the revenues of the Council rather than by reference to specific assets or collateral. Therefore HM Treasury will not refuse an application if satisfied that it conforms to the policy framework governing its lending arrangements.

It was stated by Leigh Clarke the Finance Director and Section 151 Officer that:

*'I confirm that there are no fixed or floating charges over any of the Council's assets.'*

The assets held by the Council are therefore wholly owned and are not used as security against any loans taken out by the Council. Therefore on their sale, the Council would be eligible for all funds.

# Comprehensive Statement - The Council's Borrowing Position

## Introduction

Within this section an assessment has been conducted on WBC borrowing position. In order to analyse the position, the following have been reviewed :

- The latest Statement of Accounts - 1<sup>st</sup> April 2021
- The latest Financial Performance and Monitoring Review at August 2021
- A detailed breakdown of the borrowing position at October 2021

The resources noted above were provided by Woking Borough Council, we have not sought to verify accuracy or validate representations made by management in interpretation of the data.

The following areas are reviewed:

- An overview of the borrowing position held by Woking Borough Council
- The payback period of the loans held by the Council
- A statement on the covenants held against the borrowing
- An analysis of the interest rates associated with the borrowing and any potential future risks

A summary of our key statements in the section below, this outlines the significant observations and risks we noted during our assessment.

### Key Statements:

- As at October 2021 WBC borrowing totals £1.84bn; £65m in Short-term Borrowing, and £1.77bn Long-term Borrowing.
- 98% of WBC Debt Portfolio is held by the Public Works Loan Board, and therefore subject to HMT Borrowing Conditions.
- 98% or £1.80bn of the Debt Portfolio is at Fixed Rates; ranging from 0.06% to 4.85%. The remaining 2% relates to LOBO's which are variable in nature, although the Council could refinance with Fixed Rate borrowing at a charge if required.
- The Average Interest Rate of Loans secured in 2021 by WBC was 1.62%.
- Debt and interest payments total £580m between 2022 and 2030; annual repayments range from £60.7m to £74.3m.

### Key Statements (continued)

- Debt has been secured on a long-term basis; repayment peaks are notable in 2057 (£101m) and 2066 (£94.1m)
- WBC's external debt as a proportion of the authorised prudential limit was 90% as at August 2021. This delta facilitates further borrowing of £214.9m.
- The Annual Interest Payable Expenses as a Proportion of net Service Expenditure for WBC is 135%.
- WBC have no covenants on their borrowing position, in the event of default, PWLB loans are secured on Council revenues rather than specific assets or collateral.

### Observations:

- WBC holds the third largest outstanding debt balance of Local Authorities across the UK.
- WBC long-term, fixed rate borrowing strategy, undertaken at low interest rates, reduces exposure to volatility in the finance market.
- Debt Repayment is dependent on Residential, Office, Retail and Energy Markets that are currently facing turbulence.

### Risks:

- There is a risk that the high proportionate level of debt payments the council incurs compared to Net Service Expenditure, will reduce the Council's financial resilience in the medium to long term. These commitments reduce budgetary flexibility in the event of volatility.
- There is a risk that the current level of WBC's existing borrowing will reduce appetite and capacity to borrow to fund infrastructure in the future.
- There is a risk the regulatory landscape or market conditions change. This would provide an immediate cost to the Council, or impact WBC's ability to finance or refinance.

# Comprehensive Statement - The Council's Borrowing Position

## Borrowing Position - Overview



**Borrowing Position:** Woking Borough Council have borrowing worth £1.84bn on their balance sheet as at the 1<sup>st</sup> November 2021.

- At October 2021, Woking Borough Council had £1.84bn of borrowing split across both short term and long term loans.
- **Movement:** This has increased by 32% between March 2020 and October 2021 from £1.39bn, with a peak in August 2021 of £1.92bn.
- The Council's debt profile is primarily long term, and sourced from the Public Works Loan Board (PWLB); a discounted Public Sector source available to major local authorities to finance of capital projects.

- For most of the borrowing that the Council has, the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest.
- The Council is obliged to set an affordable borrowing limit each year which cannot be exceeded. The limits are calculated with reference to the planned Investment Programme.



**Prudential Indicators:** At the latest financial performance and monitoring update in August 2021, the Council's level of external debt as a proportion of the authorised prudential limit was 90%.

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Figure 6 - Borrowing Movement £'000

Borrowing	March 2020 £'000	March 2021 £'000	August 2021 £'000	October 2021 £'000
Short Term Borrowing	87,000	207,200	162,000	65,000
Long Term Borrowing	1,299,600	1,483,000	1,755,000	1,773,031
<b>Total</b>	<b>1,387,000</b>	<b>1,483,200</b>	<b>1,917,000</b>	<b>1,838,031</b>

- Woking Borough Council take loans to fund long-term investments that intend to secure long-term improvements in the Woking community. These projects link to the Council's long-term vision for the area and focus on developing a sustainable future for the borough.
- At October 2021, 98% of the loans held by the Council were held with the PWLB and are all a combination of fixed maturities and annuities.

## Accounting Policy

- Borrowing is recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the loan. They are initially measured at fair value and are carried at their amortised cost.
- Annual charges are made to the CIES for interest payable and are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

## Borrowing Position - Payback Period

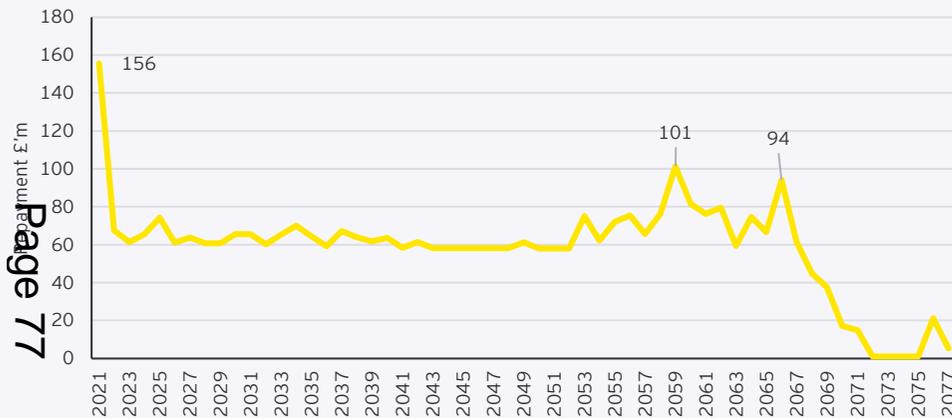
- **Approach:** To assess the future implications of this borrowing position, an assessment of payback period of the loans held was completed. In considering the annual repayments required, annuity and maturity loans were differentiated to consider the principal repayment dates. There are peaks in certain years caused by the principal amounts on maturity loans being due for repayment.
- Demonstrated overleaf in figure 7, the current payback period of Woking's loans run until at least 2077. This is due to the majority of loans with the PWLB being 50 year loans.
- The Council has utilised short-term borrowing to help reduce interest rate payments while rates were more favourable in advance of PWLB rates being reduced by 1% in November 2020. The reduction in short term borrowing from March 2021 to October 2021 of £142.2m reflects the Council replacing short-term borrowing with long-term borrowing at the PWLB at reduced rates,

# Comprehensive Statement - The Council's Borrowing Position

## Borrowing Position - Payback Period (continued)

- This loan profile states the Council will face large spikes in 2059 when maturity loans expire for 50 year PWLB Borrowing as a result of the HRA, and 2066 where c.£100m is due as 50 year PWLB Loans drawn in 2017 mature.

**Figure 7 - Payback Period £'m**



- Given the nature of the Council's loan profile, financial resilience risks are predominately concentrated in the long-term time horizon. This risk is driven by the ability of the Council's investment position to help service these loans, with the performance of the group companies integral to Council's ability to payback debt.



**Payback Period:** The loans held by the Council are long term with significant repayments due between 2057 and 2066.

## Borrowing Position - Covenants

- 98% of the loans are held with the PWLB, the covenants follow the guidance provided by HM treasury.
- In the event of default, these loans are automatically secured on the revenues of the Council rather than by reference to specific assets or collateral. Therefore HM Treasury will not refuse an application based on the assets held

by the Council, as long as it is satisfied that the borrowing conforms to the policy framework governing its lending arrangements.

## Borrowing Position - Interest Rates

- From the detailed breakdown of borrowing provided by the Council it is noted 98% of the loans held are with the PWLB and all of the loans currently held by the Council have fixed interest rates.
- Fixed interest rates on borrowing protects the Council against future rate movements on the current borrowing.
- In November 2020, PWLB rates returned to previous values, reducing by 1%, restoring them as the cheaper alternative to commercial borrowing. This, coupled with the reduced regulations around covenants makes PWLB borrowing a lower risk option for the Council.
- The average interest rate has gradually fallen since around 2013, reflecting market interest rates.
  - Average interest rate of loans taken out in 2004: **4.77%**
  - Average interest rate of loans taken out in 2021: **1.96%**

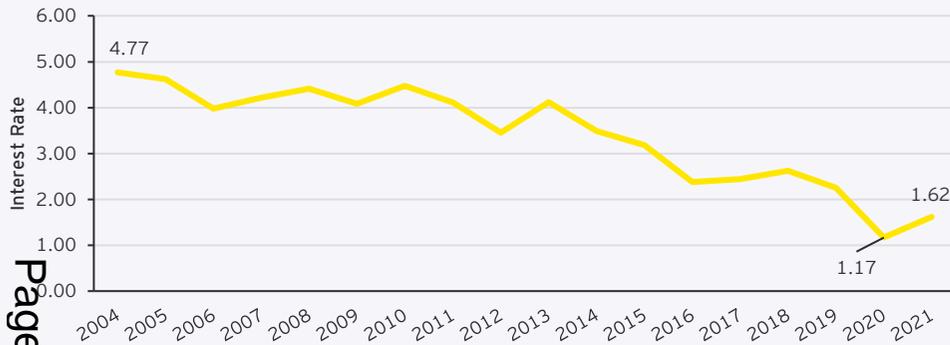


**Interest Rates:** All current loans held by the Council have fixed interest rates and will therefore not be susceptible to future interest rate movements.

# Comprehensive Statement - The Council's Borrowing Position

## Borrowing Position - Interest Rates (continued)

**Figure 8 - Average Interest Rates on Woking Borough Council Debt**



- While the Council has benefitted from reduced interest rates on PWLB loans over the past 10 years, the market outlook is for increased interest rates in order to tackle rising inflation caused by the recovery from the pandemic.
- Changes to interest rates in the medium to long-term will be passed onto the Council's group companies where there is future borrowing and could therefore reduce the financial viability of these companies. This could reduce recoverability rates of the Council's loan position with these companies.
- Based on the borrowing position during 2020/21, the interest payable expense was £40.9m. This expense as a proportion of the net cost of services is 135%. These figures do not take into account the future borrowing requirements and any new loans taken out in the medium to long term. Furthermore, it includes a higher net cost of services related to expenditure rises and income losses from the pandemic.
- This figure reflects gross interest payments, however it is noted that the Council's net interest position is significantly better.
- The expense as a proportion of net cost of services is larger than the average figure for UK Councils. Taking figures from the MHCLG Local Authority

- Revenue Expenditure and Financing Data we note the UK average to be 3.4%,
- Data taken from the Department for Levelling Up, Housing and Communities highlights Woking Borough Council had the third largest outstanding borrowing across the UK<sup>1</sup> in 2021.
  - This level of debt is a risk for the Council; , it is in mind that the Council's investment strategy is to fund the regeneration of the town, which requires significant investment and therefore equally significant borrowing.



**Interest Payable:** The current gross interest payable expense as a proportion of net service expenditure is 135%. This is significantly greater than the UK average of 3.4%.

# Comprehensive Statement – The Council’s Financial Interests

## Introduction

Within this section the financial interests held by WBC have been reviewed, as stated in the Financial Accounts, and financial interests held within companies. This has employed the following datapoints, namely:

- The latest Statement of Accounts - 1<sup>st</sup> April 2021
- The Statement of Accounts for related companies - date ranges from 31<sup>st</sup> December 2019 to 31<sup>st</sup> December 2020
- The latest Financial Performance and Monitoring Review at August 2021

The resources noted above were provided by Woking Borough Council, we have not sought to verify accuracy or validate representations made by management in interpretation of the data.

Over the next few pages, the following subsections are described;

1. Current investment position
2. Current treasury position
3. Long-term Investments
4. Council’s group companies.

A summary of our key statements in the section to the right, this outlines the significant observations and risks we noted during our assessment.

## Key Statements:

- WBC investments total £1.15bn as of October 2021; £1.09bn of long-term investments to JV’s or Group Companies, £38m in Share Capitalisations and £18m to External Organisations.
- Between March 2020 and October 2021, WBC made £363m worth of loans to its Joint Venture and Group companies.
- ThamesWey Housing Ltd have a net asset position of £30.2m.
- Woking Necropolis and Mausoleum have a net asset position of £3.9m.
- ThamesWey Development Ltd have a net asset position of £2.9m.
- ThamesWey Energy Ltd have a net liability position of £321k indicating liabilities of the company are greater than its assets.
- Victoria Square Ltd have a negative net asset position of £11.5m indicating liabilities of the company are greater than its assets.
- ThamesWey Central Milton Keynes Ltd have a negative net asset value of £20.9m, indicating liabilities of the company are greater than its assets.
- WBC received £28m of interest income from Long-term Investments in 2020/21.

## Observations:

- WBC have shifted from an equity to a capital loan model to fund companies.
- For those companies where the Council has a material loan investment (1% of total investment value), there is sufficient turnover to meet short-term debt repayments.
- The solvency of ThamesWey Milton Keynes Ltd is at material risk.

## Risks:

- There is a medium to long-term risk ThamesWey Central Milton Keynes could become insolvent. If realised this would require further investment, a restructuring of financing or a significant write-off of capital investment (£34.4m) for WBC. This would potentially impact WBC’s own capacity to service debt related to TCMK Ltd.
- There is no comment on the net liability position for Victoria Square Limited, as they are yet to begin trading.

# Comprehensive Statement - The Council's Financial Interests

## Current Investment Position - Overview



**Investment Position:** As at October 2021, the Council had £1.1bn worth of loans to long-term debtors.

- WBC's investment strategy reflects the strategic priorities of the Council. One of the principal elements of the Council's investment strategy are the loans that the Council makes for service purposes. These consist of the Council lending money to its subsidiary companies, joint ventures, suppliers, local businesses, charities, other local service providers and targeted mortgages to local residents. WBC also provides low value Travel loans to employees.

The investments held by the Council are all long term in nature and mainly relate to investments or shareholdings in companies.

**Movement:** As demonstrated in Figure 9, the value of long-term investments that the Council has increased from £792m in March 2020 to £1,148m by October 2021.

**Figure 9 - Investment Composition £'000**

Investments	March 2020 £'000	March 2021 £'000	August 2021 £'000	October 2021 £'000
Long Term Investments to JV's/ Group Companies	729,966	980,046	1,069,124	1,093,049
Long Term Investments to external organisations	24,596	25,387	17,184	17,516
Share Capitalisations	37,808	37,808	37,808	37,808
<b>Total</b>	<b>792,370</b>	<b>1,043,241</b>	<b>1,124,116</b>	<b>1,148,373</b>

- As demonstrated within this position 95% of the Council's long-term investment position relates to long-term investments into its Joint Ventures and Group Companies. With 2% relating to long-term investments in external organisations and 3% related to share capitalisations.

## Current Investment Position - Interest Rate Position



**Investment Income:** The Council received £28m of income from these investments in the 2020/21 financial year.

- **Movement:** The total income from investments in the year to March 2021 was around £28m, this is a 9% increase in the year from £25m in March 2020.
- The investment income is largely driven by the interest paid on the loans from group companies. The interest charged by the Council follows the PWLB trend and has therefore decreased over time.
- As demonstrated in Figure 10, the average interest rate across investments, has moved in line with the debt position, with the average interest rate achieved across investments remaining above the rate paid on debt. This demonstrates how interest received from investments protects the debt position against changes in interest rates.

**Figure 10 - Average Interest Rate - Debt Position vs Investment Position**



# Comprehensive Statement - The Council's Financial Interests

## Current Investment Position - Interest Rate Position (Continued)

- The average rate of return across the investment portfolio is presented below, with the rate of return from investment income demonstrated below less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested.

**Figure 11 - Investment rate of return (net of all costs)**

Investment	2019/20 Actual	2020/21 Forecast	2021/22 Budget
Treasury Management Investments	0.41%	0.15%	0.9%
Service Investments: Loans		0.00-2.00%	
Service Investments: Shares	Nil - Do not expect any return on shares		
Strategic Property Investments since 2016/17	2.00%	1.60%	1.60%

## Current Treasury Management Position



**Money Market Position:** The Council had £26.15m of liquid funds as at the 26<sup>th</sup> November 2021, with £22m invested in Money Market Funds. The Council were within acceptable credit limits across all these funds.

- The Council's treasury management approach is stated within the Treasury Management Strategy, which outlines how the Council makes investments of surplus cash and borrowing to manage delays in cash flows.
- Woking Borough Council's Treasury Management Strategy is to prioritise security and liquidity over yield for treasury management investments.
- Cash is invested securely with the Council's own bank, in diversified money market funds, or with other local authorities. The primary focus is on minimising risk rather than maximising returns.
- Decisions on treasury management investment and borrowing are made daily and are delegated to the Finance Director and finance team who follow the Treasury Management Strategy approved by the Executive. Treasury Management practices are in place which provide day to day guidance for treasury officers.

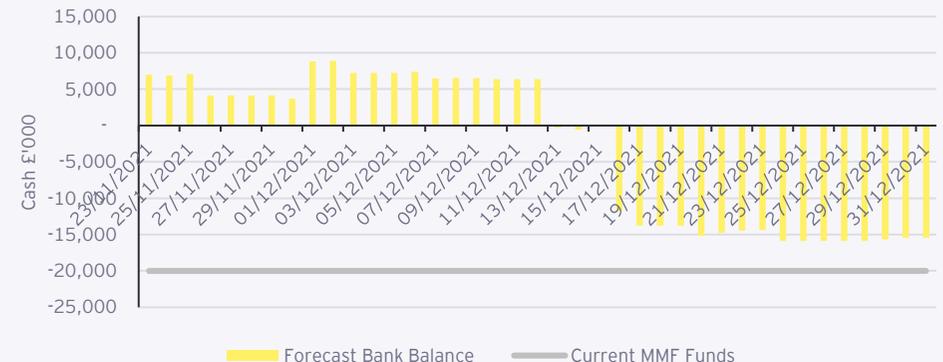
- As at the 26th November 2021, the Council had £22m invested within Money Market Funds and £4.15m in the Council's banking facility with Lloyds.
- As demonstrated In Figure 12, the Council are significantly below any credit limits with any of the Money Market Fund facilities, thus ensuring that they are not overexposed to risk and ensuring appropriate diversification of short-term investments.

**Figure 12 - Money Market Fund Balances - 26<sup>th</sup> November 2021 - £'m**

Counter Party	Credit Limit	Investments Outstanding	Limit Available
Deutsche Asset & Wealth Management	50	2	48
Standard Life Liquidity Fund	30	0	30
LGIM Liquidity Funds	50	0	50
Federated Investors UK	70	20	50
<b>Total</b>	<b>200</b>	<b>22</b>	<b>178</b>

- It is important that the Council maintains short-term balances to meet its cash flow requirements, as displayed in Figure 13, the Council currently has sufficient balances in short-term money market funds to meet its cash flow requirements between the 23rd November and the 31st December. Based on the cash flow requirements provided to us by the Council, the Council's banking position will move from £7m as at the 23<sup>rd</sup> November 2021 to -£15.5m at the 31<sup>st</sup> December 2021, a movement of £22.5m. To meet this position the Council will draw on money from its money market funds.

**Figure 13 - Forecast Cash Flow 23.11.2021 to 31.12.2021 - £'000**



# Comprehensive Statement - The Council's Financial Interests

## Current Treasury Management Position (Continued)

- The Council will also conduct both short and long-term borrowing to meet its cash flow requirements as necessary.



**Cash Position:** The Council have sufficient short-term balances to meet their forecast cash flow obligations. With the sum of balances in Money Market funds and the bank, being greater than cash flow requirements over the next month.

## Long-Term Investments

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**Financial Interests:** The Council have £1.1bn of investments as at October 2021. £1bn of this position reflects, long-term investments in group companies or joint ventures, £17m are loans to external organisations and £37m are share capitalisations.

- The Council's investment position largely reflects the loans that the Council provides to its subsidiaries as a method of helping the Council achieve its strategic objectives, while benefitting from the expertise or capacity of the organisation it finances.
- When providing loan finance the primary risk is the borrower will be unable to repay. The Council's loans to subsidiaries are secured against the subsidiaries assets, which while complex and subject to market conditions, mean the Council would take ownership of assets in the event of default.
- The EY assessment of Companies adopts a viability methodology recommended by the Cabinet Office.
- Focus has been placed on the larger Council investments, as default would have significant impact on the Council's financial resilience.
- The Council's investment position is demonstrated in Figure 14, which shows the total investment position as at the latest Statement of Accounts date (March 2021) and the current assessment date (October 2021). The total value of investments held at October 2021 is £1.1bn.

**Figure 14 - Council's Investment Position - March to October 2021 - £'000**

Counter Party	March 2021 £'000	October 2021 £'000
<b>Long Term Investments in Group Companies/ Joint Ventures</b>		
ThamesWey Energy Limited (TEL)	13,117	15,815
ThamesWey Housing Limited (THL)	244,116	260,779
ThamesWey Housing Limited (Sheerwater)	69,408	83,342
ThamesWey Developments Limited (THL)	47,250	47,250
ThamesWey Developments Limited (Sheerwater)	5,000	5,000
ThamesWey Developments Limited (Sheerwater Leisure Centre)	9,800	10,800
ThamesWey Developments Limited (for TEL)	28,225	28,005
ThamesWey Central Milton Keynes Ltd	33,391	34,425
ThamesWey Solar Ltd	993	906
Rutland (Woking) Ltd	1,665	1,665
Victoria Square Ltd	527,082	605,061
<b>Long Term Loans to External Organisations</b>		
Peacocks Centre	6,350	6,350
Woking Hospice	9,256	-
A&B Menswear	101	101
Woking Football Club	75	75
Freedom Leisure	1,705	1,673
Greenfield School	6,400	6,400
Wolsey Place	-	1,417
Kingfield Community Sports Centre Ltd	1,500	1,500
<b>Share Capitalisations</b>		
ThamesWey Limited	31,193	31,193
Woking Necropolis and Mausoleum Limited	6,000	6,000
Woking Town Centre Management	1	1
Victoria Square Woking Ltd	14	14
Municipal Bonds Agency	50	50
SurreySave Credit Union	50	50
Kingfield Community Sports Centre Ltd	500	500
<b>Total</b>	<b>1,043,242</b>	<b>1,148,373</b>

## Comprehensive Statement - The Council's Financial Interests

### Long-Term Investments (Continued)

- The largest investment held at October 2021 was £605m with Victoria Square Woking Ltd, this represents over 50% of the total investment held. Woking Borough Council hold a joint venture with Moyallen Holdings Ltd in Victoria Square Woking Ltd. With Moyallen being the ultimate parent company. The Council also hold £14k of shares in Victoria Square Woking Ltd. The investment relates to the construction of the town centre development.
- A further £486m is held within ThamesWey Group Companies. These are wholly owned by the Council. The Council also hold £31.2m of shares in ThamesWey Limited.
- Shares have been used to provide subsidy into ThamesWey Housing Ltd. As the shares do not have interest payable on them, the company is able to provide rents at sub market rates.  
The shares in Woking Necropolis and Mausoleum Ltd relate to the acquisition of the Cemetery. Whilst the cemetery business generates some income it would not be sufficient to meet financing costs associated with the purchase.
- The Council do not hold shares as an investment to achieve dividend income or for future sales and instead view the shares as capital expenditure rather than investments for financial income. The investments in shares are not considered liquid in nature, and the Council assesses the risk of loss before entering into and whilst holding shares depending on the long-term objective of the funding provided.
- The shares held by the Council have not been revalued in the Statement of Accounts since their acquisition.

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### Council's Group Companies

- A financial assessment of material investments, those greater than £7m, has been performed given this each of these investments amount to more than 1% of the total investment balance.
- This assessment has utilised the Cabinet Office Financial Viability Model, which provides a point in time assessment of Companies, relevant for Public Sector bodies considering entering into contract with third parties.
- Additionally the three largest shareholdings have been reviewed. Our analysis utilises a number of key ratios which present the financial health of a company at a point in time, and indicate potential risk.
- The analysis has focussed on the following metrics;
  1. **Short-Term Turnover Ratio (Turnover/Current Loans)** - Across the Companies position, an assessment of turnover has been completed against the amount of current loans outstanding. This analysis is intended to demonstrate whether each company has sufficient turnover to service short-term loans. Where this number is less than one it would reflect a financial risk to the company.
  2. **Medium Turnover Ratio (Projected Five Year Turnover/Medium Term Loans):** Across the Companies position, an assessment of the medium-term turnover has been completed based on current turnover levels. This amount has been compared to loans outstanding in the medium term. This analysis is intended to demonstrate whether each company has sufficient turnover to service medium-term loans. Where this number is less than one it would reflect a financial risk to the company.
  3. **Operating Margin (EBIT/Turnover):** The operating margin measures the proportion of revenues that remain after deducting operating expenses of the company. A higher ratio would normally suggest that the entity's business is more sustainable and able to withstand any change in the business and financial circumstances. Whereas, a lower ratio could raise doubts over the sustainability of the business to withstand financial shocks.
  4. **Net Profit/Loss:** Is the difference between gross revenue and expenses of a business. If the difference is positive its net profit, if the difference is negative it's a net loss.

## Comprehensive Statement – The Council’s Financial Interests

### Council’s Group Companies (Continued)

5. **Free Cash Flow to Debt (Net Operating Cash/Debt Minus Cash):** This ratio demonstrates the portion of the companies debt that could be repaid in one year if all cash flow was used to service debt. A high ratio would normally indicate that other things being equal, that an entity is better able to pay back its debt and take on more debt if necessary. Whereas a lower ratio may raise doubts about a companies ability to service its existing debt.
6. **Net Debt to EBITDA Ratio (Debt Minus Cash/Gross Profit):** This ratio demonstrates how many years it would take the company to repay net debt if EBITDA remained constant and was used in full to repay financial debt. A low ratio would normally indicate, other things being equal, that an entity is better able to pay back its debt and/or may be able to take on more debt if necessary. A high ratio may raise doubts over the companies ability to service its existing debt.
7. **Net Interest Paid Cover (EBIT/Interest Payable):** This position demonstrates how many times an organisation can cover its annual interest payments out of available earnings. This measure provides an indication of the companies solvency. A higher number would indicate that the company is in a better position to service its debt related payments. Whereas, a lower figure may indicate that the company might find it more difficult to service its debt related payments.
8. **Acid Ratio (Current Assets Minus Inventory/Current Liabilities):** The acid ratio measures a companies ability to use its cash or other assets to meet short-term liabilities that are failing due. A higher ratio, would normally indicate that a company can more easily meet its liabilities as they fall due. A lower ratio may raise concerns over the ability of a company to meet its liabilities.
9. **Net Asset Value (Total Assets Minus Total Liabilities):** The net asset value of the company measures all of the company’s assets minus all of its liabilities. The value provides an overall view of the company’s solvency, with a positive value suggesting the company is more solvent. A negative value may suggest that in the event of deterioration the company may be less solvent. A further assessment of each of the companies net asset positions has also been explored, taking into consideration a breakdown of the values by current/non-current.
- The results of our analysis on the Council’s group companies is summarised overleaf. The benchmarking is a point in time exercise, utilising the latest available statement of accounts related to December 2020.
  - The Cabinet Office playbook advises when assessing the results of the ratio analysis that any Red Flag would be sufficient to exclude a participant from a contracting exercise or warrant further work with the counterparty to evidence their financial performance. Where a Company has multiple red flags, it is recommended the Council shares the analysis with Companies and requests a management response.
  - Important context to consider when evaluating the results of the benchmarking include:
    - In many cases the Council is forecasting company losses in the short-term, reflecting the long-term nature of the Business Plans or the Development being undertaken.
    - The Companies have differing strategic purposes and are in different phases of maturity, meaning the relationship with the Council is not just a contractual one.

# Comprehensive Statement - The Council's Financial Interests

**Figure 15 - Company Financial Viability Assessment - Results (£'000)**

Company	Short-Term Turnover Ratio (1 Year)	Medium-Term Turnover Ratio (5 Years)*	Operating Margin (%)	Net Profit/Loss £'000	Free Cash Flow to Net Debt (%)	Net Debt to EBITDA Ratio	Net Interest Paid Cover	Acid Ratio	Net Asset (-Liabilities) Value £'000
ThamesWey Energy Limited (TEL)	1.97	4.89	10%	-357	Note 1	27.0	0.49	0.1	-321
ThamesWey Housing Limited (THL)	248.17	1.03	52%	-6,174		55.8	0.40	0.3	30,194
ThamesWey Developments Limited (TDL)	2.50	19.52	3%	2,350		44.0	4.56	1.9	2,940
ThamesWey Central Milton Keynes Ltd	2.25	2.42	2%	-1,830		28.9	0.02	0.6	-20,931
ThamesWey Consolidated Position	1.42	Note 3	12%	-6,155		40.5	0.54	0.9	12,340
Victoria Square Ltd	Note 2			-19	Note 2		-0.9	1.2	-11,491
Woking Necropolis and Mausoleum	4.68	Note 3	31%	-278	10%	1.96	6,473	1.3	3,958

Key					
Turnover Ratio	Less than 1	Between 1 and 2	Greater than 2		
Operating Margin	Less than 10%	N/A	Greater than 10%		
Net Profit/Loss	Less than 0	N/A	Greater than 0		
Free Cash Flow to Net Debt	Less than 5%	Between 5% and 15%	Greater than 15%		
Net Debt to EBITDA Ratio	Greater than 3.5	Between 2.5 and 3.5	Greater than 2.5		
Net Interest Paid Cover	Less than 3	Between 3 and 4.5	Greater than 4.5		
Acid Ratio	Less than 0.8	Between 0.8 and 1	Greater than 1		
Net Asset Value	Greater than 0	N/A	Greater than 0		

**Note 1:** The net operating cashflow for these companies is negative so the ratio cannot be performed.

**Note 2:** The company generated no revenue in the year so the ratio analysis cannot be performed.

**Note 3:** The companies financial statements did not provide a medium term breakdown of loans outstanding so the ratio analysis cannot be performed.

\* Estimated figure using current year revenue

## Comprehensive Statement - The Council's Financial Interests

### ThamesWey Energy Limited (TEL)

ThamesWey Energy aims to provide a long term strategy of sustainable energy infrastructure investment both within the borough of Woking and elsewhere. The company achieves this through its generation, distribution and supply of sustainable, low carbon and renewable energy to public, commercial and private domestic customers in the borough.

At 31<sup>st</sup> December 2020, TEL owed £15.2m to Woking Borough Council of which 12% is due within one year, 23% is due within five years and the remaining 65% is due after five years. The borrowing is charged at an annual interest rate of between 2.23% and 5.5%.

**a. Short-Term Turnover Ratio (1 Year):** The short-term turnover ratio highlights TEL can service their annual borrowing 1.97 times in the current year.

2020 Revenue	Loans Due in 2021	Turnover Ratio
3,518,511	1,782,576	1.97

**b. Medium-Term Turnover Ratio (5 Years):** Using a multiplier of five on the current year revenue, TEL are able to service their five year debt 4.89 times..

5 Year Revenue	Loans Due to 2026	5 Year Turnover Ratio
17,592,555	3,596,518	4.89

**c. Operating Margin:** Operating margin is 10%

Operating Profit	Revenue	Operating Margin
340,239	3,518,511	10%

**d. Net Profit/Loss:** The company is making a net loss of £357k which is largely caused by the large interest payments made on loans.

**e. Free Cash Flow to Net Debt :** It has not been possible to calculate operating margin given the company has negative net operating cash flow.

**f. Net Debt to EBITDA:** The ratio highlights net debt is 27 times EBITDA in the year.

Net Debt	EBITDA	Ratio
43,987,800	1,627,600	27.0

**g. Net Interest Paid Cover:** The ratio of EBIT to interest payable charges is 0.49.

Operating Profit	Net Interest Paid	Net Interest Paid Cover
340,239	698,312	0.49

**h. Acid Ratio:** The ratio of current assets to current liabilities is 0.1.

Current Assets (minus inventory)	Current Liabilities	Ratio
4,140,476	36,780,304	0.1

**i. Net Asset Value:** Net liabilities are negative and highlights the business is unlikely to be sustainable in the event of any deterioration of performance.

Total Assets	Total Liabilities	Net Liabilities
47,710,356	48,030,929	-320,573

### Observations

ThamesWey Energy Limited has a strong operating margin; however there are risks around it's ability to service debt and the company has a negative net liability position. The length of loan profile provided to the Company should be explored as the Company holds a Net Debt to EBITDA ratio of 27; in the event earnings were redirected to repay debt this would take 27 years at current earnings rates. Additionally the Current Liabilities for the Company (due in one year) rose significantly for the Company between 19/20 and 20/21; presenting a liquidity risk.

# Comprehensive Statement - The Council's Financial Interests

## Company Breakdown

### ThamesWey Housing Limited (THL)

ThamesWey Housing was established to support the Council Housing and Economic Development Strategies through the provision of additional residential accommodation of all types. It has an objective to provide affordable homes to those who, due to their circumstances, are unable to access open market provision but are also unlikely to be able to access social rented accommodation.

At 31<sup>st</sup> December 2020, THL owed £304m to Woking Borough Council of which 0.01% is due within one year, 13% is due within five years and the remaining 87% is due after five years.

The borrowing is charged at an annual interest rate of between 1.8% and 7%.

**a. Short-Term Turnover Ratio (1 Year):** The short-term turnover ratio highlights THL can service their annual borrowing 248 times in the current year.

2020 Revenue	Loans Due in 2021	Turnover Ratio
8,165,103	32,901	248.17

**b. Medium-Term Turnover Ratio (5 Years):** Using a multiplier of five on the current year revenue, TEL are able to service their five year debt 1.03 times.

5 Year Revenue*	Loans Due to 2026	5 Year Turnover Ratio
40,825,515	39,710,269	1.03

\*As a development company, the company has volatile in-year revenues meaning the five year revenue forecast should be treated as highly indicative.

Operating Profit	Revenue	Operating Margin
4,212,334	8,165,103	52%

**c. Operating Margin:** Operating margin is 52% for THL.

**d. Net Profit/Loss :** The company is making a net loss of £6,174k which is largely caused by the large interest payments made on loans.

**e. Free Cash Flow to Net Debt:** It has not been possible to calculate operating margin given the company has negative net operating cash flow.

**f. Net Debt to EBITDA :** The ratio highlights net debt is 55.8 times EBITDA in the year.

Net Debt	EBITDA	Ratio
338,787,332	6,074,098	55.8

**g. Net Interest Paid Cover:** The ratio of EBIT to interest payable charges is 0.40.

Operating Profit	Net Interest Paid	Net Interest Paid Cover
4,212,334	10,498,040	0.40

**h. Acid Ratio:** The ratio of current assets to current liabilities is 0.3 due to the value of loans due within one year.

Current Assets (minus inventory)	Current Liabilities	Ratio
10,405,455	35,073,699	0.3

**i. Net Asset Value:** assets are positive and highlights the business is likely to be sustainable in the event of any deterioration of performance.

Total Assets	Total Liabilities	Net Assets
380,144,703	349,950,582	30,194,121

## Observations

ThamesWey Housing Limited holds a positive Net Asset position despite making a net loss in 2020 which reflects the expectations of losses within the Business Plan. The Company Short-term turnover ratio benefits from a low forecast Loan Repayment in 2021, however over the Medium Term revenues are under pressure from Debt repayment. The Acid Ratio could present a risk and cashflow forecast should be evaluated, although it is noted there is £87m of WIP as at the Balance Sheet date that could offer mitigation providing developments are completed in 2021.

# Comprehensive Statement - The Council's Financial Interests

## Company Breakdown

### ThamesWey Developments Limited (TDL)

ThamesWey Developments function as a property developer. They develop both commercial and residential schemes which further the Council's ambitions. Our first major scheme was the Hoe Valley Scheme.

At 31<sup>st</sup> December 2020, TDL owed £94m to Woking Borough Council of which 37% is due within one year, 24% is due within five years and the remaining 39% is due after five years.

The borrowing is charged at an annual interest rate of between 2% and 4%.

**f. Short-Term Turnover Ratio (1 Year) :** The short-term turnover ratio highlights TDL can service their annual borrowing 2.5 times in the current year.

2020 Revenue	Loans Due in 2021	Turnover Ratio
87,735,886	35,093,503	2.5

**b. Medium-Term Turnover Ratio (5 Years):** Using a multiplier of five on the current year revenue, TDL are able to service their five year debt 19.52 times.

5 Year Revenue	Loans Due to 2026	5 Year Turnover Ratio
438,679,430	22,473,199	19.52

**c. Operating Margin:** Operating margin is 3% for TDL.

Operating Profit	Revenue	Operating Margin
2,705,369	87,735,886	3%

**d. Net Profit/Loss :** The company is making a net profit of £2,350k caused by stable revenue in the year.

**e. Free Cash Flow to Net Debt:** It has not been possible to calculate operating margin given the company has negative net operating cash flow.

**f. Net Debt to EBITDA:** The ratio highlights net debt is 44.0 times EBITDA in the year.

Net Debt	EBITDA	Ratio
100,436,107	2,280,167	44.0

**g. Net Interest Paid Cover:** The ratio of EBIT to interest payable charges is 4.56.

Operating Profit	Net Interest Paid	Net Interest Paid Cover
2,705,369	357,964	4.56

**h. Acid Ratio:** The ratio of current assets to current liabilities is 1.9.

Current Assets (minus inventory)	Current Liabilities	Ratio
80,915,629	43,287,764	1.9

**i. Net Asset Value:** Net assets are positive and highlights the business is likely to be sustainable in the event of any deterioration of performance.

Total Assets	Total Liabilities	Net Assets
107,450,589	104,510,363	2,940,230

## Observations

ThamesWey Developments demonstrates a positive net assets position and turnover ratios providing confidence in solvency. The operating margins of the Company are thin; however given sales typically take place within the group, namely to ThamesWey Housing Limited this operating margin is intended and presents a lower risk to the Council.

# Comprehensive Statement - The Council's Financial Interests

## Company Breakdown

### ThamesWey Central Milton Keynes Ltd (TCMK)

ThamesWey Central Milton Keynes (TCMK) was set up as a subsidiary of ThamesWey Energy Ltd and owns and operates an Energy Station in Central Milton Keynes. TCMK was established to build and operate a Combined Heat and Power station to deliver district heating and a private wire network in the central business district in Milton Keynes.

At 31<sup>st</sup> December 2020, TCMK owed £33m to Woking Borough Council of which 4% is due within one year, 17% is due within five years and the remaining 79% is due after five years.

The borrowing is charged at an annual interest rate of between 4% and 7%.

**a. Short-Term Turnover Ratio (1 Year) :** The short-term turnover ratio highlights TCMK can service their annual borrowing 2.25 times in the current year.

2020 Revenue	Loans Due in 2021	Turnover Ratio
2,738,753	1,216,097	2.25

**b. Medium-Term Turnover Ratio (5 Years):** Using a multiplier of five on the current year revenue, TCMK's are able to service their five year debt 2.42 times.

5 Year Revenue	Loans Due to 2026	5 Year Turnover Ratio
13,693,765	5,653,180	2.42

**c. Operating Margin:** Operating margin is 3% for TCMK.

Operating Profit	Revenue	Operating Margin
43,901	2,738,753	2%

**d. Net Profit/Loss :** The company is making a net loss of £1,830k which is largely caused by the large interest payments made on loans.

**e. Free Cash Flow to Net Debt:** It has not been possible to calculate operating

margin given the company has negative net operating cash flow.

**f. Net Debt to EBITDA :** The ratio highlights net debt is 28.9 times EBITDA in the year.

Net Debt	EBITDA	Ratio
33,527,338	1,160,196	28.9

**g. Net Interest Paid Cover:** The ratio of EBIT to interest payable charges is 0.02 highlighting very high interest costs, as well as low operating profit in the year.

Operating Profit	Net Interest Paid	Net Interest Paid Cover
43,901	1,874,003	0.02

**h. Acid Ratio:** The ratio of current assets to current liabilities is 0.6 highlighting the business has a relatively low value of short term assets in comparison to the debts.

Current Assets (minus inventory)	Current Liabilities	Ratio
1,134,134	1,976,583	0.6

**i. Net Asset Value :** Net assets are negative due to the large loans held.

Total Assets	Total Liabilities	Net Liabilities
18,213,910	39,145,222	- 20,931,312

## Observations

The Ratios evidence the Going Concern risk raised by the Auditors on TCMK; it is in a negative net asset position, has thin operating margins and made a significant loss in it's accounts of £1.8m in 2020. The Company currently exhibits below threshold performance on Liquidity through the Acid Ratio, and Net Debt to EBITDA.

# Comprehensive Statement – The Council’s Financial Interests

## Company Breakdown

### ThamesWey Consolidated Position

ThamesWey Ltd was incorporated to make long-term energy and environmental project investments in support of what subsequently became the Council’s Climate Change Strategy. In 2004 the company’s remit was extended to include provision of affordable homes in support of the Council’s Housing Strategy. In 2008 the company’s remit was further extended to take forward redevelopment proposals for parts of the Borough.

At 31<sup>st</sup> December 2020, the Group owed £456m to Woking Borough Council of which 9% is due within one year and the remaining 91% is due after five years.

The borrowing is charged at an annual interest rate of between 3% and 7%.

**Short-Term Turnover Ratio (1 Year):** The short-term turnover ratio highlights 1.42 in the current year.

2020 Revenue	Loans Due in 2021	Turnover Ratio
61,597,116	43,236,459	1.42

**b. Medium-Term Turnover Ratio (5 Years):** No split provided

**c. Operating Margin:** Operating margin is 12% for ThamesWey.

Operating Profit	Loans Due to 2026	Operating Margin
7,283,990	61,597,116	12%

**d. Net Profit/Loss:** The company is making a net loss of £6,155k which is largely caused by the large interest payments made on loans.

**e. Free Cash Flow to Net Debt:** It has not been possible to calculate operating margin given the company has negative net operating cash flow.

**f. Net Debt to EBITDA:** The ratio highlights net debt is 40.5 times EBITDA in the year.

Net Debt	EBITDA	Ratio
494,190,795	12,196,934	40.5

**g. Net Interest Paid Cover:** The ratio of EBIT to interest payable charges is 0.54.

Operating Profit	Net Interest Paid	Net Interest Paid Cover
7,283,990	13,549,179	0.54

**h. Acid Ratio:** The ratio of current assets to current liabilities is 0.9 highlighting the business has slightly more liquid assets in comparison to debts.

Current Assets (minus inventory)	Current Liabilities	Ratio
79,033,379	89,640,331	0.9

**i. Net Asset Value:** Net assets are positive.

Total Assets	Total Liabilities	Net Assets
534,448,862	522,108,519	12,340,343

## Observations

The Group position demonstrates a positive net asset value, and strong operating margin providing confidence on solvency at the Group level despite the loss made in 2020 of £6.1m. The Group holds significant debt, and the profile of the loans provided by the Council should be considered in light of a Net Debt Ratio of 41. Finally, the Acid Ratio at Group level is flagged Amber; this aggregate view of current liquidity is best reviewed at the individual company levels where risks do exist.

This analyses has been conducted by removing intra-company transactions, hence the difference between the individual Companies and Consolidated position.

# Comprehensive Statement - The Council's Financial Interests

## Company Breakdown

### Woking Necropolis and Mausoleum (WNM Ltd)

The principal activity of the group is the provision of burial and funeral services and the maintenance of Brookwood Cemetery

At 31<sup>st</sup> December 2020, the Group owed £335k to Woking Borough Council of which 100% is due after more than one year.

**a. Short-Term Turnover Ratio (1 Year) :** The short-term turnover ratio highlights Woking Necropolis and Mausoleum are able to service their annual borrowing c5 times over in the current year.

2020 Revenue	Loans Due in 2021	Turnover Ratio
910,703	194,502	4.68

**b. Medium-Term Turnover Ratio (5 Years):** No split provided

**c. Operating Margin:** Operating margin is 31% for Woking Necropolis and Mausoleum.

Operating Profit	Revenue	Operating Margin
278,357	910,703	31%

**d. Free Cash Flow to Net Debt:** Net operating cash flow is 10% of net debt highlighting 10% of net debt could be covered by current year cash flows.

Net Operating Cash	Net Debt	Ratio
109,090	1,072,273	10%

**e. Net Profit/Loss:** The company is making a net loss of £278k which is largely caused by the large administrative expenses.

**f. Net Debt to EBITDA:** The ratio highlights net debt is 2 times EBITDA in the year.

Net Debt	EBITDA	Ratio
1,072,273	546,352	1.96

**g. Net Interest Paid Cover:** The ratio of EBIT to interest payable charges is 6,473.

Operating Profit	Net Interest Paid	Net Interest Paid Cover
278,357	43	6,473

**h. Acid Ratio:** The ratio of current assets to current liabilities is 1.3.

Current Assets (minus inventory)	Current Liabilities	Ratio
260,769	194,502	1.3

**i. Net Asset Value :** Net assets are positive.

Total Assets	Total Liabilities	Net Assets
5,222,810	1,264,758	3,958,052

## Observations

As an operational trading company WNM has a positive Net Assets position, and operating margin of 31%. Evaluating these ratios the Company is in a robust financial position, with Amber flags in relation to Net Debt levels which warrant monitoring rather than immediate action or response.

## Comprehensive Statement – The Council’s Financial Interests

### Company Breakdown

#### Victoria Square Woking (VSWL)

The principal activity of the company is that of an ongoing redevelopment project on land to the west side of the existing Peacocks Centre and Wolsey Place Shopping Centre in Woking.

At 31<sup>st</sup> December 2020, VSWL owed £497m to Woking Borough Council of which 0.3% is due within one year and the remaining 99.7% is due after more than one year.

**a. Short-Term Turnover Ratio (1 Year):** It has not been possible to calculate short term turnover ratio given the company has generated no revenue in the year.

**b. Medium-Term Turnover Ratio (5 Years) :** It has not been possible to calculate medium term turnover ratio given the company has generated no revenue in the year.

**c. Operating Margin:** It has not been possible to calculate operating margin given the company has generated no revenue in the year.

**d. Free Cash Flow to Net Debt:** It has not been possible to calculate operating margin given the company has not provided a cash flow.

**e. Net Debt to EBITDA:** It has not been possible to calculate operating margin given the company has nil gross profit in the year.

**f. Net Profit/Loss :** The company is making a net loss of £19k which is largely caused by the large interest payments made on loans.

**g. Net Interest Paid Cover:** The ratio of EBIT to interest payable charges is -0.9 highlighting very low interest costs which is expected given the development stage of the company.

Operating Loss	Net Interest Paid	Net Interest Paid Cover
-9,877	9,332	-0.9

**h. Acid Ratio:** The ratio of current assets to current liabilities is 1.2.

Current Assets (minus inventory)	Current Liabilities	Ratio
17,845,288	15,059,760	1.2

**i. Net Asset Value:** Net assets are negative.

Total Assets	Total Liabilities	Net Liabilities
498,917,689	510,408,982	-11,491,293

### Observations

As Victoria Square is yet to become operational, the financial ratio assessment is more limited. The Company is in a negative net asset position, and holds a significant Debt value (£497m) owed to the Council.

# Comprehensive Statement - The Council's Financial Interests

## Companies Net Asset Position

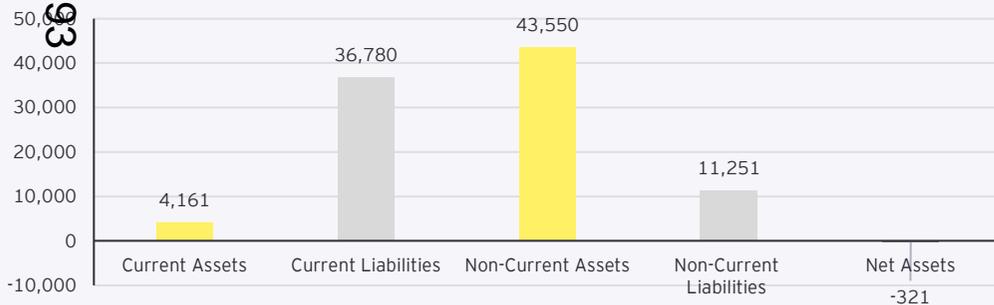
The net assets of each of the companies has been assessed further in this section. Each graph highlights the companies current and non-current assets and liabilities, as well as the overall net asset position.

### 1. ThamesWey Energy Limited (TEL)

- The net assets in TEL highlights the company holds a significantly large value (£43.5m) of non-current assets largely relating to plant and machinery and assets under construction.
- The value of current liabilities is also significant at £36.8m, this is made up of loan amounts due to Woking Borough Council within the next year.

The overall net liability position of the company is -£321k.

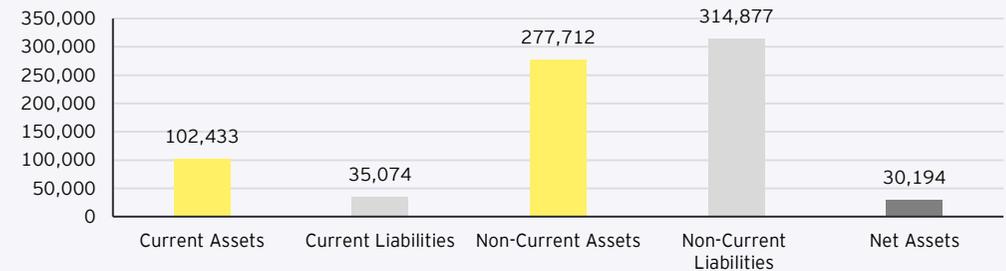
**Figure 16 - ThamesWey Energy Limited - Net Asset Position (£'000)**



### 2. ThamesWey Housing Limited (THL)

- The net asset position in THL highlights the company holds a significant amount of non-current liabilities £314.9m, this is made up of loan amounts due to Woking Borough Council after one year.
- This is offset by a large value (£277.7m) of non-current assets largely relating to investment properties held.
- The overall net asset position of the company is £30.2m

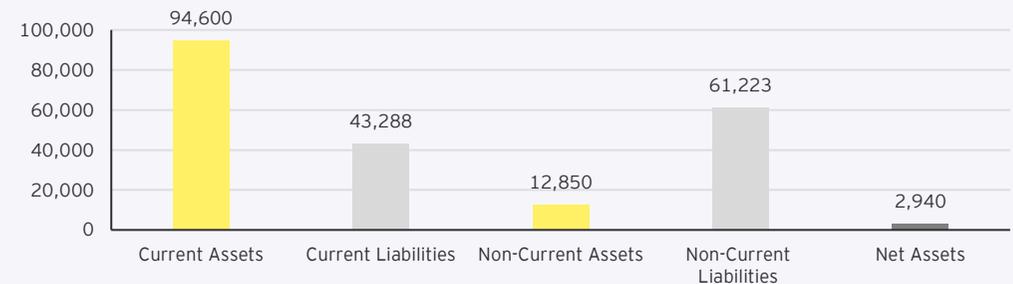
**Figure 17 - ThamesWey Housing Limited - Net Asset Position (£'000)**



### 3. ThamesWey Developments Limited (TDL)

- The net assets in TDL highlights the company holds a significantly large value (£94.6m) of current assets largely relating to 'amounts recoverable on contract' sitting within the debtors balance.
- The value of both current and non-current liabilities is also significant at £43.3 and £61.2m respectively, this is made up of loan amounts due to Woking Borough Council.
- The overall net asset position of the company is £2.9m.

**Figure 18 - ThamesWey Developments Limited - Net Asset Position (£'000)**



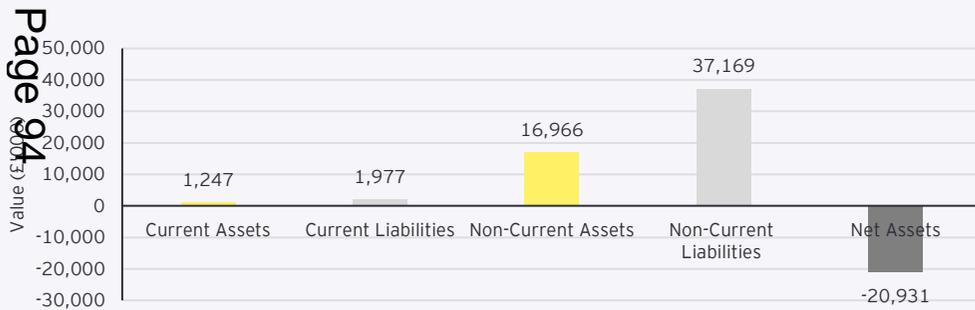
# Comprehensive Statement - The Council's Financial Interests

## Companies Net Asset Position (continued)

### 4. ThamesWey Central Milton Keynes (TCMK)

- The net assets in TCMK highlights the company holds a significantly large value (£31.8m) of non-current liabilities largely relating to loan amounts due to Woking Borough Council.
- The value of non-current assets is also significant at £17.0m, this is made up of plant and machinery, as well as a substantial holding of buildings.
- The company is in a net liability position of £20.9m.

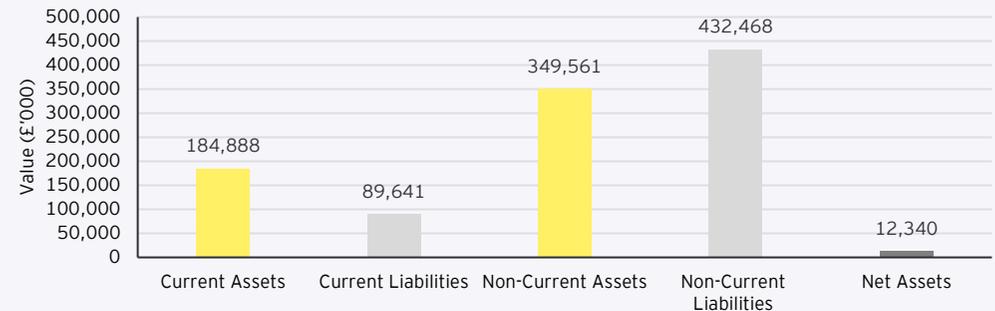
**Figure 19 - ThamesWey Central Milton Keynes - Net Asset Position (£'000)**



### 5. ThamesWey Group

- The net liabilities in the Group highlights the company holds a significantly large value £432m of non-current liabilities largely relating to loan amounts due to Woking Borough Council.
- The Group also holds a large value of non-current assets, making up £349.6m, this is mostly comprised of investment property which makes up £252.6m of the total non-current assets.
- The overall net asset position of the company is £12.3m

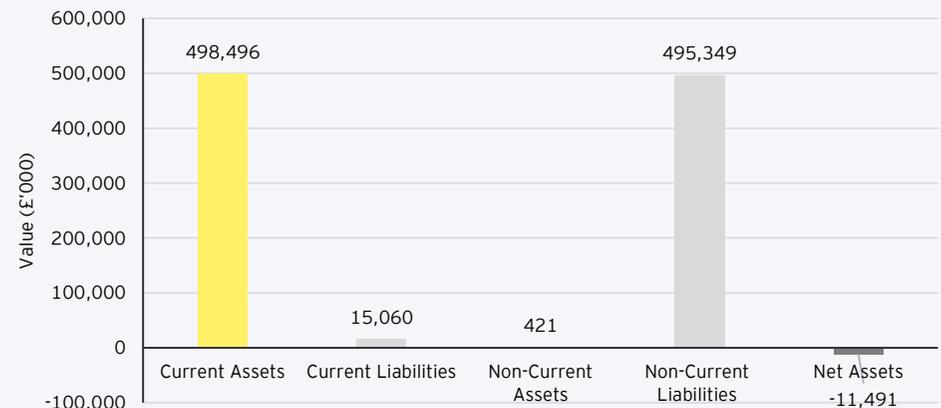
**Figure 20 - ThamesWey Group Limited - Net Asset Position (£'000)**



### 6. Victoria Square Woking Limited (VSWL)

- The net assets in VSWL highlights the company holds a significantly large value (£498.5m) of non-current assets largely relating to inventories and work in progress (WIP) held for the redevelopment project.
- The value of non-current liabilities is similarly significant at £495.3m, this is made up of loan amounts due to Woking Borough Council.
- Victoria Square is in an overall net liability position of £11.5m.

**Figure 21 - Victoria Square Woking Limited - Net Asset Position (£'000)**



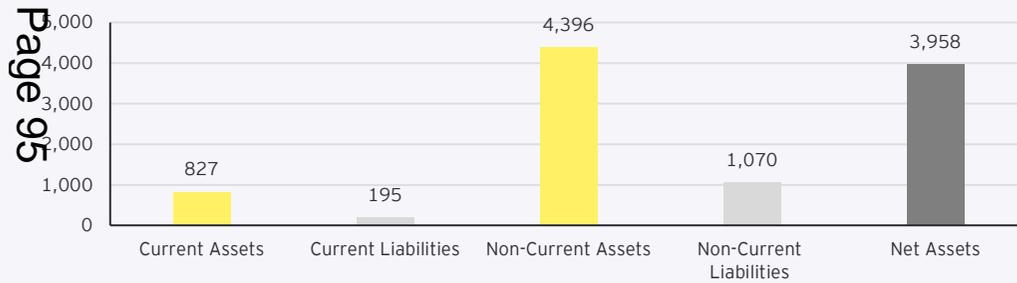
# Comprehensive Statement - The Council's Financial Interests

## Companies Net Asset Position (continued)

### 7. Woking Necropolis and Mausoleum

- The net assets in Woking Necropolis and Mausoleum highlights the company holds a significantly large value (£4.4m) of non-current assets largely relating to freehold property.
- The value of non-current liabilities is also significant at £1.1m, this is made up of both loans to group undertakings, as well as provisions for liabilities.
- The overall net asset position of the company is £4.0m

**Figure 22 - Woking Necropolis and Mausoleum - Net Asset Position (£'000)**



# Comprehensive Statement – The Council’s Contractual Obligations

## Introduction

Within this section the contractual obligations held by Woking Borough Council are assessed, and grant position as per the statement of accounts. This review has included:

- The latest Statement of Accounts - 1<sup>st</sup> April 2021
- A breakdown of grants received in the year to date; split by capital and revenue grants
- A breakdown of the Council’s contract register in the year

The resources noted above were provided by Woking Borough Council, we have not sought to verify accuracy or validate representations made by management in interpretation of the data.

The following subsections are shown;

1. A general overview of the grant position
2. The accounting policy for grants (as per CIPFA)
3. A detailed overview of the capital grants received
4. A detailed overview of the revenue grants received
5. An overview of the contractual obligations held by the Council

A summary of our key statements in the section to the right, this outlines the significant observations and risks we noted during our assessment.

## Key Statements:

- WBC hold a total of £7.9m in outstanding Capital Grants at October 2021.
- WBC have received a total of £29.2m from Homes England related to work at Triangle Site, with £1.55m received in the current year.
- WBC have received a total of £9.4m from Homes England related to work as part of the Sheerwater leisure centre.
- WBC have received a total of £3.1m in grants from BEIS relating to a heat decarbonisation scheme.
- Revenue grants received by WBC in 2020/21 were £47m to date.
- WBC have medium-term contractual obligations of £89.5m.
- WBC have long-term contractual obligations of £39.6m

## Observations:

- WBC have specific contractual obligations relating to grants received from Homes England.
- WBC have appropriate systems in place to ensure that revenue grants are administered appropriately, and the grant reimbursements are correct.

# Comprehensive Statement – The Council’s Contractual Obligations

## Contractual Obligations – General Overview

- The Council receives grants for several purposes, including to support Government policy, encourage certain outcomes and behaviours, and to provide financial stability.
- The Council receive two types of Grants; capital grants which are used to purchase or develop assets with the aim of having a wider community benefit, and revenue grants, which are used for expenditure which does not result in a lasting asset.

## Accounting Policy for Grants

- Grants for revenue expenditure are accounted for as a credit to the the CIES in same period as the expenditure to which they relate.
- Where a grant is received to purchase a fixed asset and any conditions have not been met, the grant is credited to the ‘capital grants received in advance’ liability account in the Balance Sheet.
- When the conditions have been met, or if there are no conditions, the grant is recognised in the CIES. The grant is held in the ‘capital grants unapplied’ reserve in the Balance Sheet until the expenditure is incurred, when it is transferred into the capital adjustment account.

## Capital Grants

- At 31<sup>st</sup> March 2021, Woking Borough Council had £6.32m in remaining capital grants. During the year the Council received a further £1.62m taking the total capital grant balance at 1<sup>st</sup> December 2021 to £7.94m.
- Of the £7.49m outstanding balance, £0.9m relates to capital grants unapplied. These are therefore recorded in reserves within the balance sheet.
- £5.4m relates to capital grants received in advance, these are recorded as a liability in the balance sheet given the conditions are yet to be met by the Council.
- £1.7m relates to grants received during 2021/22, which reflects the fact that capital financing is undertaken at year end and therefore capital

commitments against grants received have not been worked through

- An assessment of the largest grants received by the Council has been performed in the next section. A materiality threshold of £1m has been used to determine which grants to test.

**Figure 23 – Capital Grant Position – £’000**

Grants	Balance £’000
<b>Capital Grants Unapplied</b>	<b>985</b>
LPSA2	318
SCC Raingarden	10
Community Housing Fund	15
FSSD Park Improvements	16
Disabled Facilities Grant	579
Free Swimming	17
Mortgage Rescue	30
<b>Capital Grants Received in Advance</b>	<b>5,338</b>
SCC Lakeview Cycling Legacy Grant	1
Armed Forces Covenant Grant	8
Heritage Brookwood Cemetery	20
Homes England (Triangle)	2,154
Decarbonisation Scheme	3,149
Personalisation and Prevention	7
<b>Received in 2021/22</b>	<b>1,619</b>
Homes England (Triangle)	1,552
Homes England (OWILS)	493
Homes England (121 Chertsey Road)	104
Football Foundation 3G Woking College	(380)
London Marathon CT 3G Woking College	(150)
Horsell Amenity Fund	(1)
<b>Total</b>	<b>7,942</b>

# Comprehensive Statement - The Council's Contractual Obligations

## Contractual Obligations - Capital Grants (continued)

### Homes England Grant

- The Council have received a total of £43m in capital grants relating to Homes England with £2m received in the current year.
- Homes England entrusts the grant recipients with a public service obligation to provide and facilitate the provision of affordable homes in England for persons failed by market housing.
- Woking Borough Council have applied for grants from Homes England in relation to the projects such as Sheerwater Regeneration and HIF. This is the Council's regeneration project to transform the centre of Sheerwater into a sustainable community and attractive new neighbourhood.
- The project funding is subject to monitoring and evaluation across a number of milestones stated in the funding agreements.
- The Council must meet the conditions set out within the agreement in order to receive (and retain) the grant funding. The conditions include various stipulations including the progress of infrastructure against milestones, housing units started and completed and wider benefits achieved.

### Decarbonisation Scheme

- This grant relates to funding to assist the Council in decarbonising heat from the Department of Business, Energy and Industrial Strategy (BEIS).
- The grant is to be used to connect two large office buildings to a new low carbon district heating and cooling network within Woking.
- Within the documentation provided it is noted that the grant is conditional upon specific requirements, including, providing a full risk register, firm pricing, energy savings calculations and evidence to support electricity costs.
- The grant also requires, amongst other things, monitoring reports to be provided monthly highlighting the status of the projects, project spend and any risks impacting project delivery.

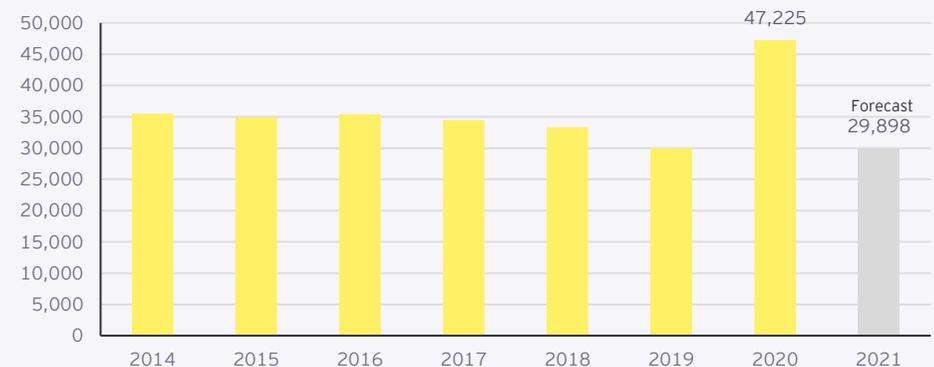
## Revenue Grants



**Revenue Grants:** Woking Borough Council received £22.4m in revenue grants in the year. This is a decrease of 53% on the prior year.

- The graph highlights the Council has received a total of £22.4m in revenue grants in the current year to date. The data used relates to November 2021, representing nine months of the financial year, an extrapolated figure for the full year would be £29m.
- The spike in the graph in 2020 shows the current year grant income is a significant decrease of 53% from the prior year where the Council received £47m in grant income, even using the extrapolated figure it is noted the value of grants received in 2020 were much larger. This is due to the impacts of Covid-19 and the grants received by the Council in support of this.

**Figure 24 - Grant Income by Year -£'000**



- There were five grants received in the year that were over £1m, we have extracted these in the table in figure 25. Two of these related to Covid specific grants, the total of which sums to £7.3m, making up 32% of the total grant income received.

# Comprehensive Statement – The Council’s Contractual Obligations

## Revenue Grants (continued)

**Figure 25 – Revenue Grants Above Investigation Threshold**

Grant	Amount (£'000)
Rent Allowance Benefit Subsidy	6,629
Rent Rebates Benefit Subsidy	4,437
Sources of Finance PFI Credit	1,457
Sources of Finance Expanded Retail Relief	5,906
Sources of Finance Covid NDR Relief Additional Grant	1,459
Other	2,538
<b>Total</b>	<b>22,426</b>

- MTVH manage and maintain the properties for the remaining 100 years after the end of the UC payments, providing housing for the Council’s nominations. It is only after the 125 year lease terminates that the houses revert back to the Council.

### Sources of Finance Expanded Retail Relief and Covid NDR Relief Additional Grant

- These grants are paid to the Council by Central Government in respect of reliefs (‘discounts’) granted on business rates to businesses.
- The figures in the final accounts each year are based on the final ‘claim’ form for the year (the NNDR3 form)
- The Council has systems in place to ensure the business rates are collected appropriately and the grant reimbursements are correct.

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- We have assessed each of these grants to determine if there are any risks of the Council not meeting the obligations, leading to a negative impact on revenue.

### Rent Allowance Benefit Subsidy & Rent Rebates Benefit Subsidy

- The rent allowance and rent rebates received relate to housing benefits which are paid out by the Council on behalf of Central Government. The grants seen in the table above relate to reimbursements of these housing benefit payments and are claimed by the completion of subsidy forms.
- The Council has systems in place to ensure the benefit payments are administered appropriately and the grant reimbursements are correct.

### Source of Finance PFI Credit

- The PFI credit is a payment to the Council each year across a twenty-five year period in respect of a completed housing PFI scheme. The properties under the scheme are managed by a housing association.
- The land is being provided by the Council for free under a 125 year lease, over which period Woking will retain nomination rights (even after the 25 year term of the contract); the rent levels will remain at social housing levels in accordance with the S106 Agreement. Units built provide social housing to people on the Woking’s Housing Register throughout the 125 years.

# Comprehensive Statement - The Council's Contractual Obligations

## Contract position

- According to the Council's contract register the Council had 158 live contracts as at 31st October 2021. The value of these contracts was £237.6m.
- Of the 158 contracts Woking had with suppliers, 9 had a total contract value of over £1m. Of these contracts, the 3 with the highest value were with:
  1. **Woking Housing Partnership Ltd** - A £96.0m contract spanning 60 months. The contract sits within Housing and relates to the provision of housing management, repairs and planned maintenance. (3 months remaining)
  2. **Skanska Rashleigh Weatherfoil Ltd** - A £40.0m contract spanning 120 months. The contract sits within Building Services and relates to "integrated facilities management services for all council commercial properties". (1 year and 10 months remaining)
  3. **Evolution** - A £36.5m contract spanning 300 months. The contract sits within Housing and relates to "the provision of 224 new homes for letting at social rent levels" under the PFI Housing Contract. (18 years remaining)
- As demonstrated in Figure 26, the majority of the Council's contracts are due to expire in 2022, demonstrating that the Council do not have significant contractual obligations beyond the short-term time period.
- For 2023, there are £64.1m worth of contracts due to expire, indicating that the Council do have contractual obligations in the medium-term relating to these contracts. The most significant of these contracts are;
  1. **Skanska Rashleigh Weatherfoil Ltd** - Integrated facilities management services for all Council commercial properties - £40m
  2. **Serco** - Grounds Maintenance and Street Cleansing Service - £20m
- For 2025, there are £23.7m worth of contracts due to expire, indicating that the Council do have contractual obligations in the medium-term relating to these contracts. The most significant of these contracts are;
  1. **Kier Construction** - Development of 58 new sheltered housing units in Old Woking - £15m
  2. **Freedom Leisure** - Manage the Leisure Centres and facilities in Woking Borough. - £8m

- For 2039, there is £36m worth of contracts due to expire, indicating that the Council have contractual obligations in the long-term. This contract relates to;
  1. **Evolution** - To provide 224 new homes for letting at social rent levels under the PFI Housing Contract - £36.5m (As above).

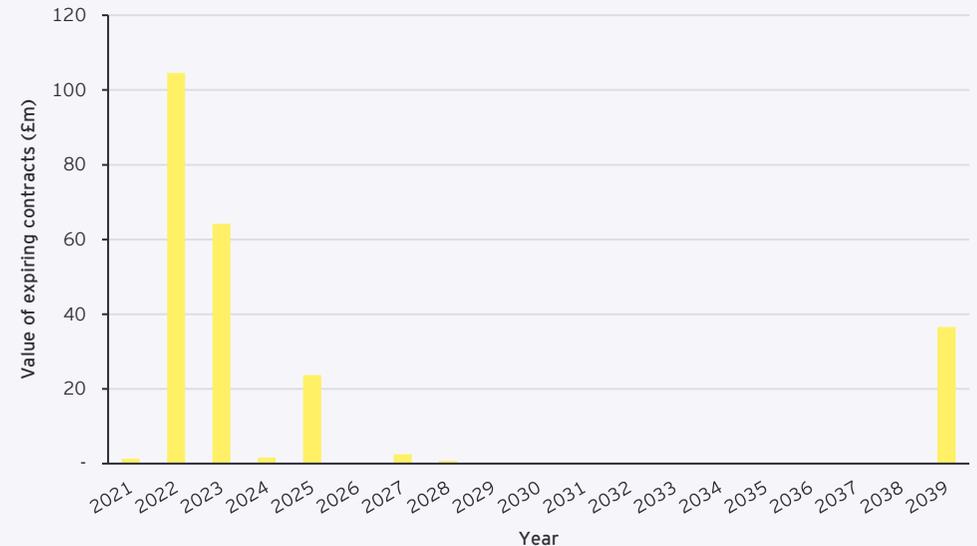


**Medium-Term Obligations:** Woking Borough Council have £89.5m worth of contractual obligations in the medium-term.



**Long-Term Obligations:** Woking Borough Council have £39.6m worth of contractual obligations in the long-term.

**Figure 26 - Contract Maturity by Year - £'m**



OVERVIEW AND SCRUTINY COMMITTEE – 24 JANUARY 2022

## DR GIFTY EDILA'S REPORT AND LOCAL GOVERNMENT ASSOCIATION CORPORATE PEER CHALLENGE – UPDATE ON RECOMMENDATIONS

### Executive Summary

The Council has undertaken an extensive programme of change to ensure continuing improvement in all areas of public life but particularly in those areas addressed within Dr Gifty Edila's Report and the Local Government Association's Corporate Peer Challenge. This report outlines the steps taken by the Council to date.

### Recommendations

#### RESOLVE That:

The report be noted

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

**Background Papers:** [WBC21-028 Update on Council Decisions Following The Independent Investigation into the Woking Football Club and Associated Developments](#)

[EXE20-047 Local Government Association Peer Challenge](#)

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**Date Published:** 14 January 2022

## 1.0 Introduction

- 1.1 At its meeting on 7 January 2021, Full Council considered Dr Gifty Edila's recommendations following her independent investigation into the Woking Football Club and associated developments. Full Council resolved that Dr Gifty Edila's recommendations should be accepted, and that Officers should report back to Council, on 29 July 2021, on progress made against the recommendations. Full Council received the progress report and resolved that a further report should be received by Council in February 2022.
- 1.2 Further to the above, the Executive received a report on 16 July 2020 outlining the recommendation of the Local Government Associations Corporate Peer Challenge. Given the synergy between the reviews, this report outlines the steps taken by the Council to date to comply with the recommendations flowing from both matters together with measures put in place to ensure continuing compliance with the recommendations.
- 1.3 The Council has committed to a continuing programme of change and self-improvement. It has taken steps to ensure compliance with the recommendations and in some circumstances taken steps which go beyond what was recommended. These recommendations have been regularly monitored by the Council's Corporate Leadership Team meeting and in respect of Dr Gifty's recommendations progress has been reported to Full Council. This report provides an update on the continuing programme of change which encompasses compliance with the recommendations. A further report shall be received by Full Council in February, taking into account any observations from the Overview and Scrutiny Committee.

## 2.0 Dr Edila's Recommendations

- 2.1 The Council and its Committees have received various reports outlining the steps undertaken to comply with the recommendations contained within Dr Edila's report. The Council put measures in place to ensure compliance with these recommendations and has engaged in a programme of change and improvement. Most of the recommended actions have already been completed and processes embedded into the Council's governance procedures to ensure continuing compliance. This report does not revisit those matters already reported but will focus on those areas where there has been a notable development since the last report. Dr Gifty Edila's recommendations are listed in the July 2021 Council report together with the corresponding steps taken by the Council. This report has been provided to Members as background information.

### 2.2 Recommendation 2

Recommendation 2 (ii) was that:-

*“(ii) If the WFC project proceeds to implementation, in the event of planning permission being obtained, an updated report should go to the Executive and Full Council and it should include confirmation of the legal powers on which the agreements were made.”*

Recommendation 2(ii) is contingent on planning permission being obtained for the Woking Football Club development. The Secretary of State has now dismissed the Planning Appeal and as such refused to grant planning permission in respect of this matter. A copy of the decision has been circulated to all Councillors for their information. As such, this recommendation, and the Development Agreements, shall fall away.

### 2.3 Recommendation 4

Recommendation 4 (ii) was that:-

*“(ii) Legal Services should seek Lexcel accreditation from the Law Society of England and Wales.”*

2.4 At its meeting on 29 July, Full Council agreed to the creation and funding of a new post within Legal Services together with a budget to cover a consultant and accreditation fees to enable the Legal Services team to achieve Lexcel accreditation.

2.5 The Council has now successfully recruited a new officer to the role of Lexcel Administrator. The successful candidate started at Woking on 22 December. Prior to the appointment the Council has sought assistance from Spelthorne Borough Council (which has been awarded accreditation) to ensure that it is in the best position to start the working towards accreditation. The Council has received quotes from Lexcel consultants and is taking steps to appoint its preferred consultant. The Legal Services team has embraced the prospect and remains confident that it shall achieve accreditation.

2.6 It was agreed in the body of the report to Full Council, that the Legal Services Team shall report back to Full Council to confirm that it has been awarded accreditation. It is anticipated that accreditation shall be achieved by the Autumn.

### 2.7 Recommendation 6

Recommendation 6 was that:-

*“Part II confidential information in reports dealing with development projects should be limited to information that should not be in the public domain at that point in time and should not apply to the entire report.”*

The Council aims to consider all matters concerning development projects or otherwise in the public domain but sometimes this is not possible, particularly given the nature of commercial developments. The use of Part II shall be kept to a minimum and continues to be carefully considered by the Monitoring Officer in line with the statutory framework.

At its meeting on 7 October 2021, the Executive considered the first annual report in respect of Part II items.

### 2.8 Recommendation 13

Recommendation 13 (ii) was that:-

*“(ii) WBC should allocate a part-time Scrutiny Officer post to Overview and Scrutiny Committee to assist with their work.”*

A part-time Scrutiny Officer is now in place to assist the Overview and Scrutiny Committee with its work. The Council's Director of Planning, Giorgio Framalico, has also taken on the role as the Corporate Leadership Team sponsor to the Committee. This demonstrates the Council's continuing commitment to support the valuable work of the Overview and Scrutiny Committee. As such, compliance has been achieved in respect of the recommendation.

## 3.0 **Local Government Association Peer Challenge**

3.1 The Council invited the Local Government Association (LGA) to undertake a Corporate Peer Challenge in November 2019. The report of the LGA was considered by the Executive on 16 July 2020.

- 3.2 Overall, the report was positive about the Council, its ambition, its political leadership and its management capacity. The value of such reviews is that over time there are always things that can be improved. In that regard the LGA has made a series of recommendations. The Executive determined the Council's response to these recommendation in July 2020. These recommendations provide a "roadmap" to the Council for improvements it can make in order to progress further on its journey to complete its good governance framework and enhance its transformation. Substantial work has been undertaken to address the recommendations highlighted in the Peer Challenge report, and the further actions planned will ensure continuing improvements. The Council's response and action plan can be found at Appendix 1 to this report.
- 3.3 The Council's response to the recommendations shall continue to be monitored by the Corporate Leadership Team and the actions highlighted shall be implemented.

#### **4.0 Conclusion**

- 4.1 The Council has undertaken an extensive programme of change to ensure continuing improvement in all areas of public life but particularly in those areas addressed within this report. The Overview and Scrutiny Committee's observations and feedback on these matters is welcomed to assist and inform the programme of change.

#### **5.0 Corporate Strategy**

- 5.1 The actions undertaken by the Council support the Council's Corporate Plan objectives and directly influence the development of the Corporate Strategy.

#### **6.0 Implications**

##### Finance and Risk

None specifically arising from this report.

##### Equalities and Human Resources

None specifically arising from this report.

##### Legal

None specifically arising from this report.

#### **7.0 Engagement and Consultation**

- 7.1 None specifically arising from this report.

REPORT ENDS

## Appendix 1 – LGA Corporate Peer Review Response and Action Plan

Executive Resolution	Summary of actions arising from resolution	Status
(i) Officers prepare a summary strategy document based on existing approved strategies and present it to Council for approval as part of the Business Plan process for 2021/22	At its meeting of 25 March 2021, the Executive approved the Council's Corporate Plan for 2021/22. The Corporate Plan provides an overview of the Council's strategic focus for the coming year. It encapsulates the commitments made previously by the Council, bringing them together into a single plan of action.	Completed
(ii) following the approval by Council of the summary document of existing approved strategies, proposed at (i) above, to undertake a programme of communications with residents and stakeholders outlining the wider policy approach of the Council	Resolutions (i) (ii) and (iii) all relate directly to the Council's commitment to constant communication with its residents. Whilst each resolution has been addressed, they are best read in conjunction with each other.  The Council's vision is to be in constant communication with residents and to have an embedded culture of consultation in how it operates and makes decisions that are in the best interests of the communities of the Woking Borough. The Executive received a report on 20 January on Community Engagement and Communication.	Completed and ongoing. Engagement and Consultation will continue to be a key priority in the emerging Corporate Plan. The Corporate Plan will have key performance indicators and monitoring arrangements in place.
(iii) Officers undertake a series of public engagement events to explain the framework for town centre development proposals	In summary, the Council has taken significant steps to implement an ambitious programme of engagement. Investment has been made into an on-line civic engagement digital platform, the Woking Community Forum, and a representative Residents' Panel has been established. The first meeting of the Residents' Panel was on the 7 <sup>th</sup> July. There are in excess of 750 residents	
(iv) the Citizens Panel be re-established and a programme of issues upon which to consult		

## Appendix 1 – LGA Corporate Peer Review Response and Action Plan

<p>it be established with an initial focus on the health and well-being in partnership with the Integrated Care Partnership</p>	<p>who have registered to be on the Panel.</p> <p>A series of community roadshows took place between November and December 2021 alongside an engagement questionnaire, to obtain community feedback, to inform and influence the corporate priorities for the Council.</p> <p>The Council has determined that residents' views should influence the Council's five-year Corporate Strategy for 2022-2027. To fulfil this commitment, an online questionnaire was hosted on the Council's engagement hub, Woking Community Forum. In addition, 3,000 paper copies were sent to randomly selected households across the borough and eight engagement roadshows were hosted at key community-based locations.</p> <p>The Council has committed to prepare a newly defined Town Centre Masterplan to help guide future sustainable development within the Town Centre. The Executive Committee at their meeting of the 15 July 2021 agreed the overview of the master plan and budget. The Masterplan will seek to establish an overarching vision for Woking Town Centre that will enable sustainable development including new homes, a thriving business and retail destination as well as strengthening Woking as a cultural, recreational and community destination. During late summer a series of virtual workshops were held with Woking Residents' Panel, who gave their views on the current development of Woking Town Centre and their aspirations for the</p>	
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## Appendix 1 – LGA Corporate Peer Review Response and Action Plan

	<p>future. In addition, face-to-face meetings have been conducted with key employers within the borough to understand their future needs and wants for a prosperous future. It is anticipated that the draft Masterplan will be presented to Council late spring 2022, before a formal in-depth and wide-ranging public consultation will begin later in the year.</p>	
<p>(v) a survey of Members be undertaken to establish what further information they would find helpful to include in the Green Book and what further awareness raising and/or training is required in respect of the Council's financial arrangements</p>	<p>A review of the Green Book will commence in March 2022 following the development and agreement of the new Corporate Strategy which will be considered by the Executive at its meeting on 3rd February 2022.</p> <p>The Green Book will be reviewed in order for it to align with the Corporate Plan as it should provide the key performance information for which to measure progress on delivering the key priorities of the Council.</p> <p>The review is being initiated through the Overview and Scrutiny Committee.</p>	<p>Ongoing – scheduled to commence following the publication of the new Corporate Plan.</p>
<p>(vi) the proposal to Council in respect of a Standards Protocol to allow Members access to commercially sensitive information in respect of Thamesway Group companies, and any other Woking Borough Council subsidiaries, be supported</p>	<p>The Council adopted the amended ThamesWey Group Protocols (Page 281 of the consultation) which outline communications by ThamesWey with Councillors.</p>	<p>Completed</p>

## Appendix 1 – LGA Corporate Peer Review Response and Action Plan

<p>(vii) the consideration by the Director of Finance of the appropriateness of borrowing periods be highlighted when the Council is requested to approve its annual budgets and its annual accounts;</p>	<p>Treasury management has been incorporated into the Medium Term Financial Planning reporting through 2021 and the budget report to the Executive on 3rd February 2022 and Council on 10th February 2022.</p> <p>A Financial Review and Insight independent review was commissioned and was completed by 31st December 2021. This review incorporates a comprehensive statement covering borrowing and a review of all assets and liabilities of Woking Borough Council and all companies in which it has an interest. A report is on the O&amp;S Agenda for 24 January 2022.</p>	<p>Ongoing</p>
<p>(viii) the Council's efficiency strategy be revitalised in two main parts, one to explore procurement savings and the other to explore operational efficiencies through automation and use of digital services;</p>	<p>The Council has developed and implemented integrated service and financial planning in 2021/22 as considered and approved by the Executive at its meeting on 15th July 2021.</p> <p>A progress report on the integrated service and financial planning was provided to the meeting of the Executive on 7th October 2021 and 18th November which provided details of the Fit for the Future Programme which represents the Council's change plans and activity.</p> <p>A Head of Transformation and Digital post has been established and the post holder took up the role on 18th October 2021. A Digital Strategy was presented to the Executive at its meeting on 18th November and following this a first year action plan is being developed.</p>	<p>Ongoing</p>

## Appendix 1 – LGA Corporate Peer Review Response and Action Plan

<p>(ix) an Internal Audit Review be undertaken in respect of the Overview and Scrutiny function and the resources required to ensure its effectiveness;</p>	<p>Internal Audit was commissioned as part of the Woking Borough Council (Council) Internal Audit Plan for 2021/22 ('Plan'), to conduct an advisory review of effectiveness of the Council's Overview and Scrutiny Committee effectiveness. A draft report from the auditors was presented to Corporate Leadership Team in September and again on the 4 October including management comments. The audit was finalised in early October and shared with those who contributed to audit.</p> <p>In addition the Overview &amp; Scrutiny Committee at their meeting in September received a detailed paper on the provisions of the statutory guidance on overview and scrutiny published by the Ministry of Housing, Communities and Local Government (MHCLG) in 2019 making recommendations for improvement. The implementation of the agreed actions arising and any additional actions arising from the audit will be monitored by the Overview &amp; Scrutiny Committee.</p>	<p>Ongoing</p>
<p>(x) Officers review the extent to which customer feedback opportunities and Local Government Association case studies could be used in the management of the Council's services with a view to improving outcomes and securing efficiency improvements linked to the efficiency strategy;</p>	<p>The Council commissioned the Local Government Association to undertake a Peer Review of the Planning Service. This has been undertaken and the Council is awaiting the final report.</p> <p>A Community Engagement campaign is being developed and a new engagement officer post has been established to develop a managed programme of community engagement plans and activity. More details in respect of The Council's Community engagement commitments can be found in the Community</p>	<p>Ongoing</p>

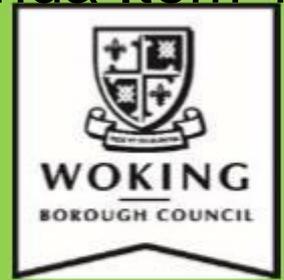
## Appendix 1 – LGA Corporate Peer Review Response and Action Plan

	<p>Engagement and Communication report to the Executive on 20 January.</p> <p>A meeting was held with an ex S151 officer, through the Local Government Association, to gain independent views on the Councils Medium Term Financial Strategy approach and open up learning from other authorities.</p>	
<p>(xi) the use of Zoom, Teams and Digital services will all be expanded and continued, post Coronavirus, and form part of the efficiency strategy, use of automation; and</p>	<p>The Council is adopting the Microsoft 365 platform towards the end of 2021 which support the Councils remote working policy and development of an increasingly more agile workplace. A change programme is being established alongside the technical implementation in order to support service adoption of the platform and promote collaborative working opportunities it presents.</p> <p>The Council continues to host meetings virtually where legislation allows for it to do so.</p>	<p>Completed</p>
<p>(xii) in the autumn the Council should consider its longer-term management arrangements as part of its 2021/22 business planning process.</p>	<p>The Fit for the Future programme has been established by the Chief Executive as the programme of change for the Council that will establish the culture, regime and focus for the how the Council will operate as a trusted voice, advocate and agent of change for the Borough.</p> <p>This programme is established on the themes of:</p> <ul style="list-style-type: none"> <li>&gt; A culture of engagement - to understand and respond to the priorities of the Borough's Communities</li> <li>&gt; A regime of conducting Council business with openness and transparency enabling strong democratic accountability</li> </ul>	<p>Ongoing</p>

## Appendix 1 – LGA Corporate Peer Review Response and Action Plan

	<p>&gt; A focus on a one council way of working to deliver strong organisational performance and resilience</p> <p>Delivering this Fit for the Future programme will include a review of the operating model of the Council to ensure it is best organised to drive forward and support the delivery of the programme. Proposals will be developed over the next 6-9 months to bring forward proposals that will establish a model of working for the Council that best addresses the challenges and maximises the returns from the best characteristics of the Council. The key principles that are informing the approach include:</p> <p>&gt; Digital First service delivery designed around the residents' journey of dealings with the Council;</p> <p>&gt; working in partnership with public and commercial sector organisations to reduce the cost of operations; provide sustainable and resilient services; adopting best practice and innovation and positioning the Council as a key influencer and advocate in the region; and</p> <p>&gt; adopting our version of operating as a commercial organisation in support of the Council's role as an active steward of the Borough's communities and generating wealth and benefit within the local economy.</p>	
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**PERFORMANCE  
AND FINANCIAL  
MONITORING  
INFORMATION**

**October 2021**



**PERFORMANCE AND FINANCIAL  
MONITORING INFORMATION**

**October 2021**

**PERFORMANCE AND FINANCIAL MANAGEMENT INFORMATION**

**October 2021**

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**BEST VALUE PERFORMANCE PLAN  
INDICATORS**

**October 2021**

## EXCEPTION REPORT October 2021

The purpose of this report is to highlight those indicators where performance significantly differs from the target set for the year. This report needs to be read in conjunction with the detailed information and graphs which are set out in the following pages.

In some cases indicators are included here because we are performing better than target and in others because we are not meeting our target. A list of these indicators is set out below with a short commentary.

<b>KEY</b>	😊	Doing really well	😐	Off target - continue to monitor	☹️	Management action needed
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Performance Indicator	😊 😐 ☹️	Page	Comments
Number of affordable homes delivered	😊	8	120 new affordable homes have been delivered by the end of October 21, which means that the Council has already exceeded its annual target of 102 homes.
SO-085/SO-086 - Total number of households in B&B, temporary accommodation and non-secure accommodation at the end of the month	😐	8	An increase in non-secure accommodation is displayed in October; as seventeen Private Sector Leasing properties had originally been used to prevent homelessness but are now considered to be temporary accommodation. Positively, there is a downward trend in numbers accommodated in B&Bs and non-secure accommodation in Sheerwater.
EN-101 - The % of household waste arisings which have been sent by the authority for reuse, recycling, composting or anaerobic digestion (Cumulative)	😐	11	In September 2021 Food Waste experienced a noticeable increase in tonnage since last month. Green Waste experienced a significant decrease, whilst household and comingled material saw minor decreases this month.
The % of household waste arisings which have been sent by the authority for reuse, recycling, composting or anaerobic digestion (monthly)	☹️	11	Due to the national HGV driver shortage, Garden Waste collections are operating at a reduced frequency. Garden Waste tonnages contribute to the recycling rate, therefore a lower overall recycling rate is expected. There is a 5-week time lag on this indicator.
EN-016: Appeals Allowed Against the Decision to Refuse Planning Applications	😐	14	The percentage of appeals allowed against refused planning applications is above target and is being monitored to ascertain whether there are any trends in decision making. The number of appeals received are relatively low; so any single decision carries a reasonable percentage.

## Performance Management - Monthly Performance Monitoring of Performance Indicators October 2021

### Introduction

The Council's corporate approach to improving efficiency is supported by integrated performance management and monitoring systems. Performance Indicators, across a range of service areas, are monitored and reported monthly in this document, the Green Book. The Green Book also supports the monitoring of contractual relationships the Council has with its outsourced service providers. The Council uses a variety of performance indicators to monitor how well our services are performing in meeting the needs of our residents.

We monitor our performance on a monthly basis to ensure that we remain focused on our priorities and to ensure that we can promptly deal with underperformance wherever necessary. All the monitoring data is circulated to elected Members, Corporate Management Group, staff and the public.

Additional information is shown on the charts where appropriate to aid analysis and indicate where management intervention may be needed:-

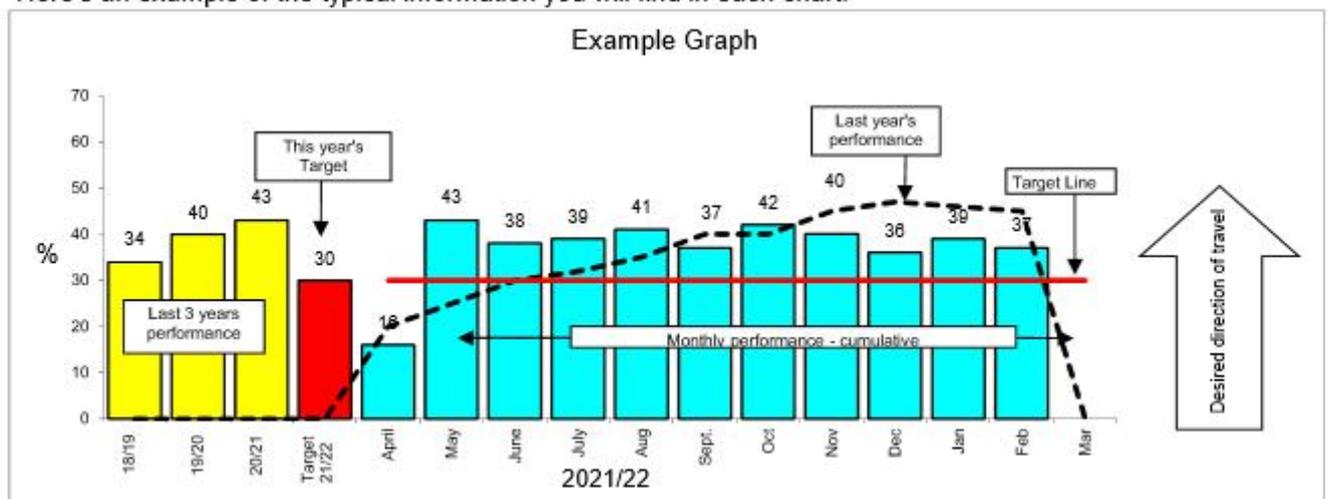
Last year's performance is shown as a dotted line which is useful for comparative purposes and enabling target profiling to be considered.

In many cases some natural variation in performance is to be expected and this is represented (in some charts) by a thinner line above and below the red target line, based on calculating the standard deviation of previous year's actual performances.

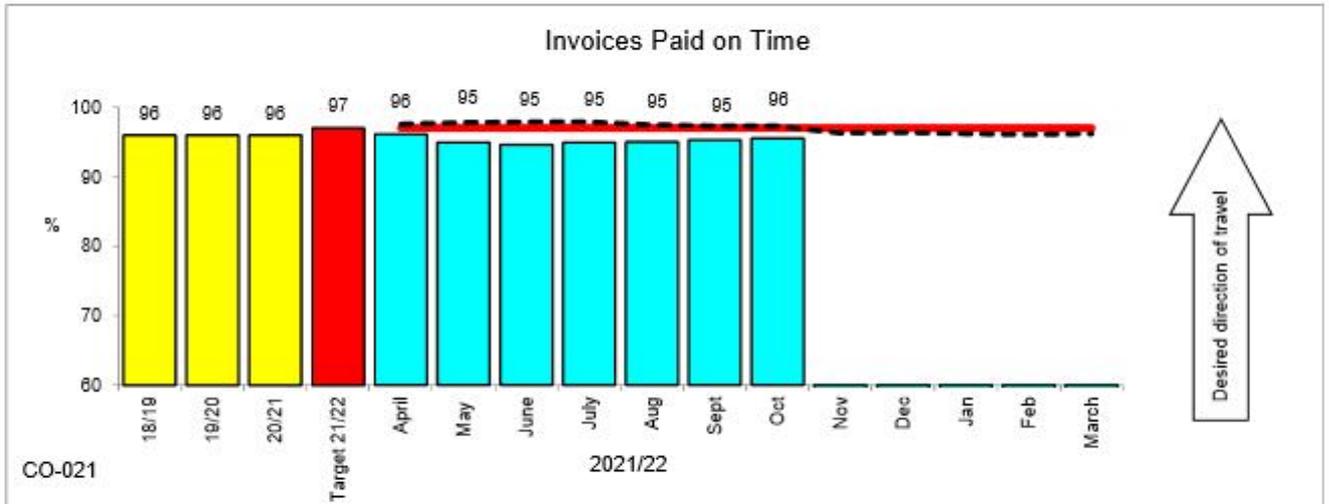
Performance is reported cumulatively for most indicators. Where this is not the case it is indicated on each graph.

The objective of the additional information is to enhance the monitoring of performance. The aim is to be as close to the target line as possible and at least within the upper and lower lines. Significant variation outside these lines might indicate a need for management intervention or could suggest a fortuitous improvement which might not be sustainable.

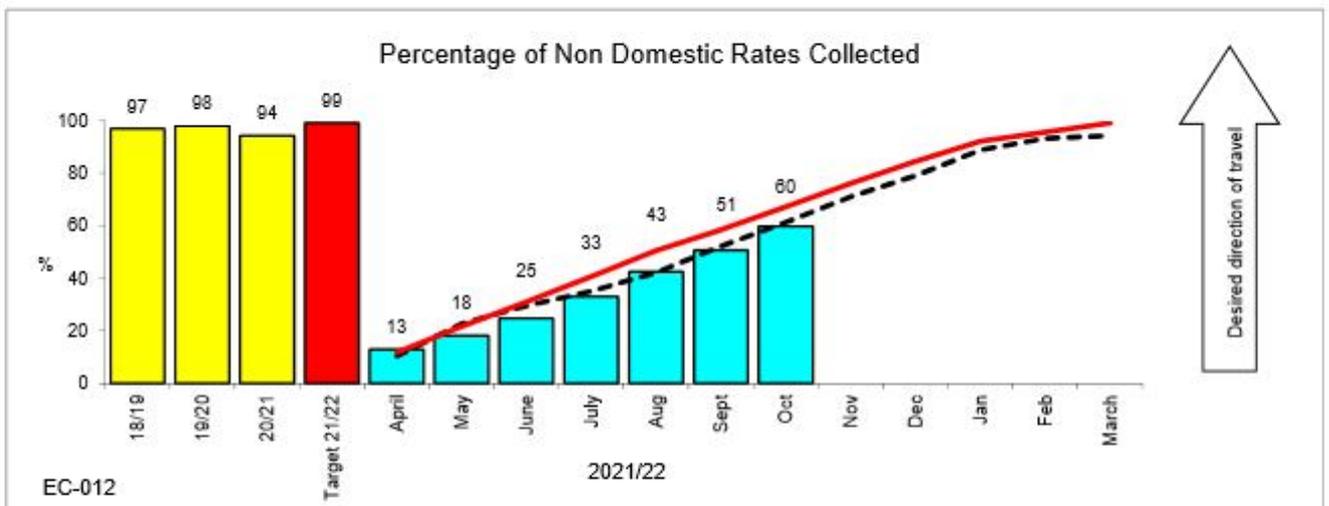
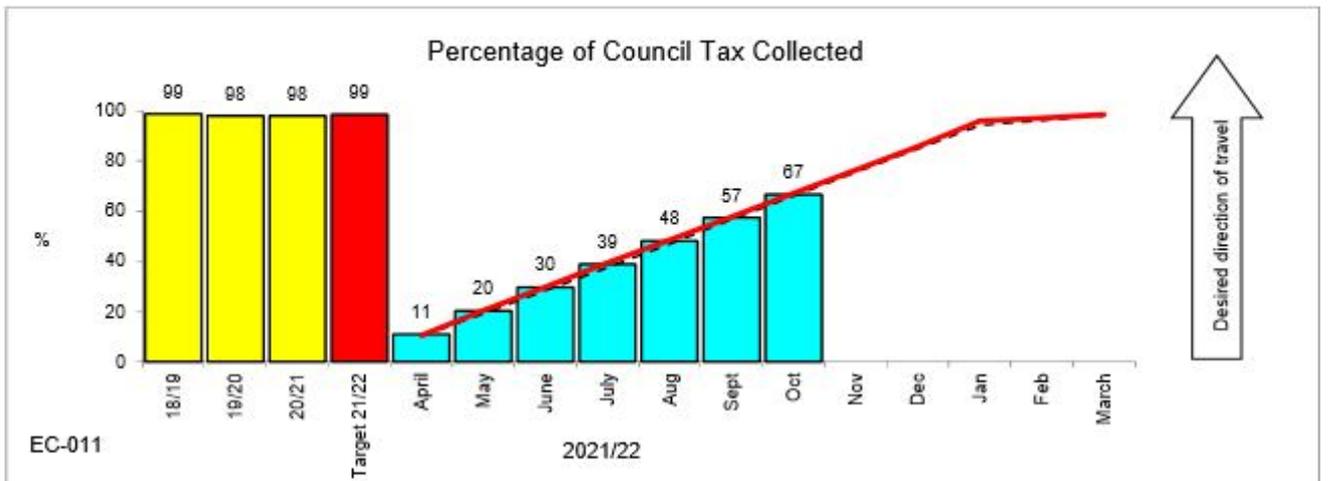
Here's an example of the typical information you will find in each chart:



**CORPORATE HEALTH INDICATORS (Responsible Manager - Various)**



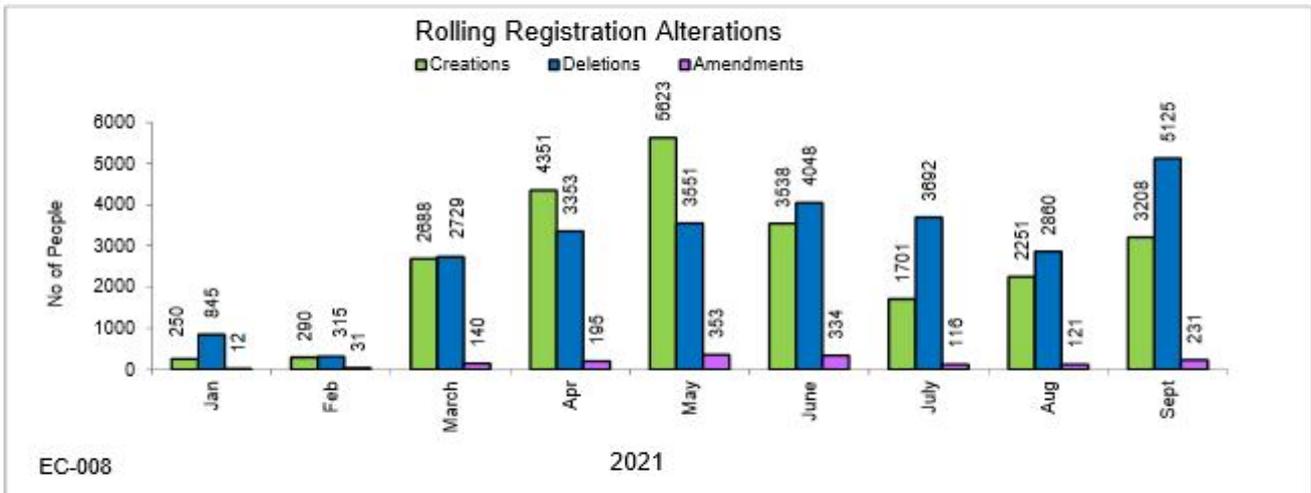
Since January 2009, measures have been in place to reduce the time taken to pay Local Suppliers. The Average Number of Days taken to pay Local Suppliers in October was 8.01 (Target = 12 days); Average Number of Days taken to pay All Suppliers in October was 36.85 (Target = 20 days). Late Payment legislation introduced in March 2013 provides for all undisputed invoices payable by a Public Authority to be paid within 30 calendar days, unless agreed with the supplier, and introduces financial penalties for late payment.



Impacts of Covid restrictions and removal/reduction of Government reliefs from 1st July.

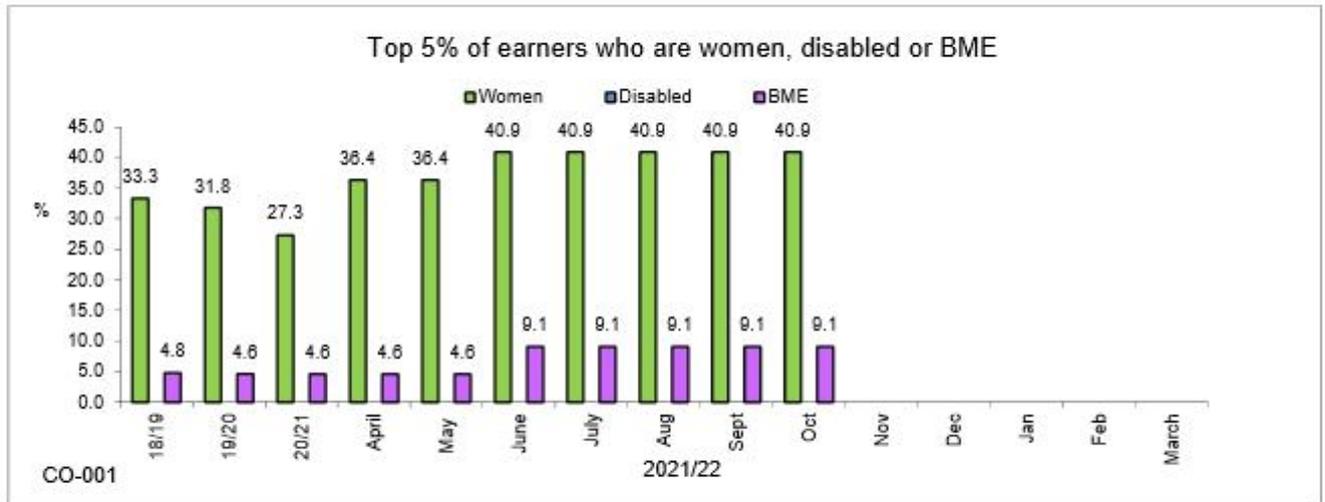
Annual Election Indicators	Desired Direction of Travel	2018	2019	2020	2021
EC-002: Percentage of Adult Population on the Electoral Register	↑	96	94.5	97.3	97.8
EC-003: Percentage of rising 18 year olds on the Electoral Register	↑	26	23.6	26.9	23.3
EC-004: Percentage of those on the Electoral Register who voted	↑	37.7	36.3	n/a	40
EC-005: Percentage of people who voted by post	n/a	41.3	33.8	n/a	33.5
EC-007: Percentage of clerical errors recorded at the last election	↓	0.0001	0.0001	n/a	0.013
Number of Postal Votes Issued (due after the election)	↑	n/a	n/a	n/a	14,443
Number of Postal Votes Received (due after the election)	↑	n/a	n/a	n/a	10,823
Percentage of Postal Votes Returned (due after the election)	↑	n/a	n/a	n/a	75%

Local elections scheduled for May 2020 were postponed until 2021 due to Covid-19 lockdown.

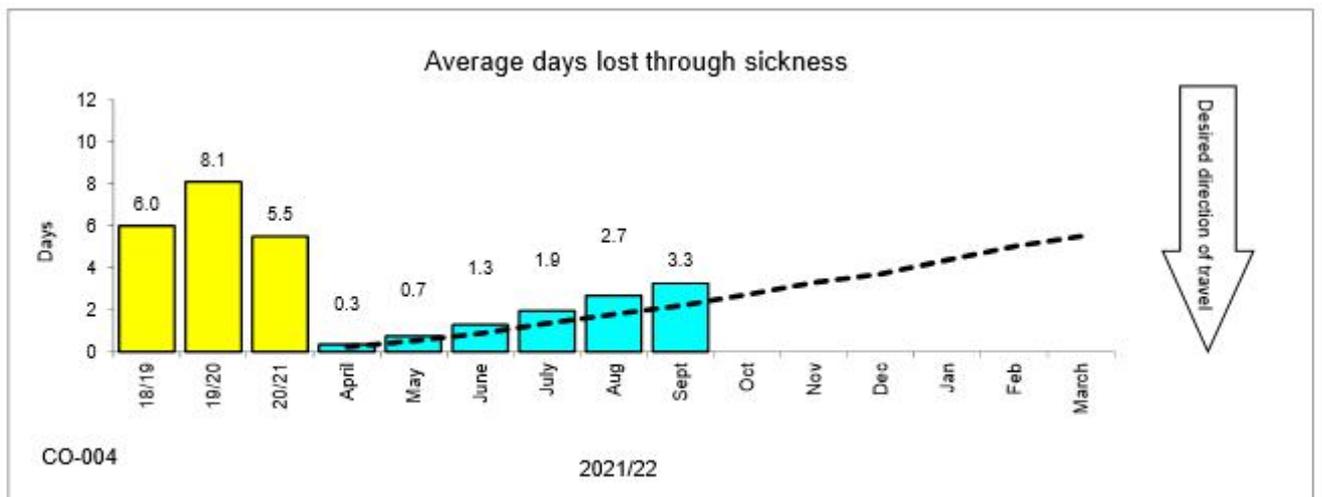


There will be no monthly updates to the Electoral Register published in October, November and December whilst the annual canvass is carried out.

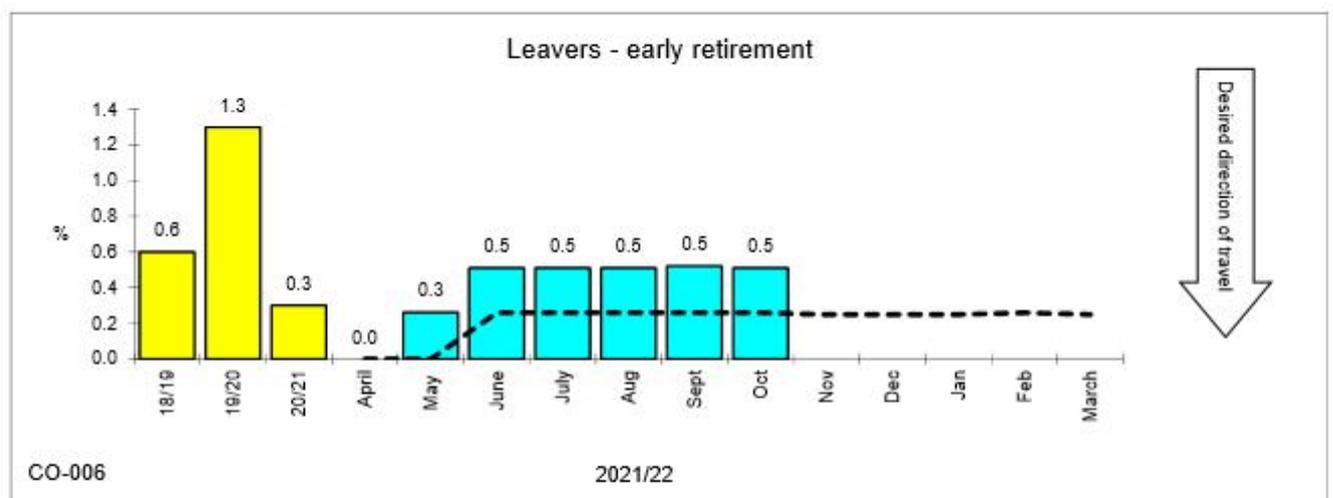
## HUMAN RESOURCES (Responsible Manager - Amanda Jeffrey)

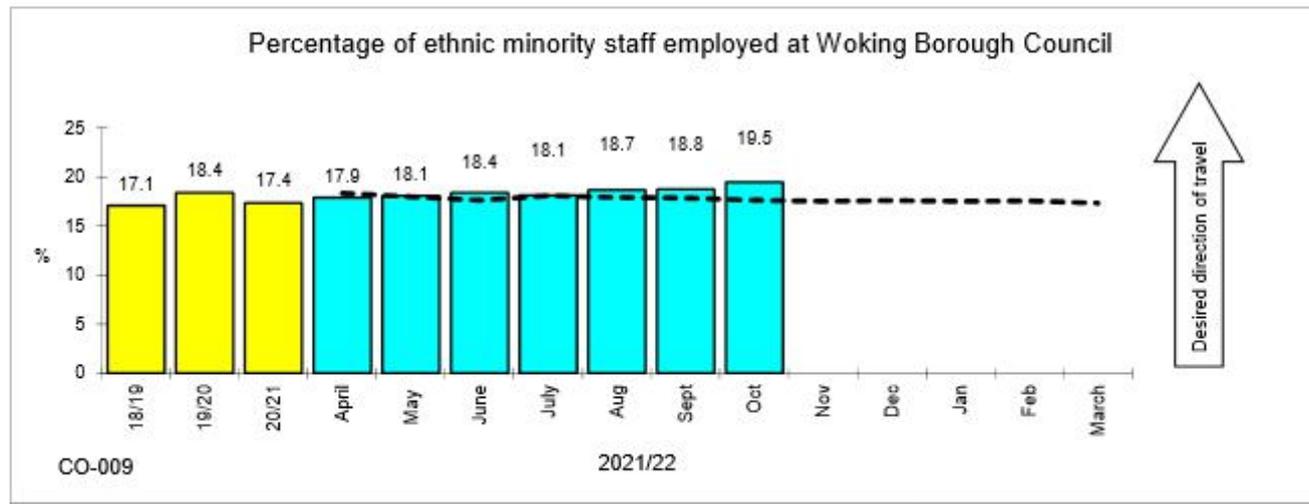
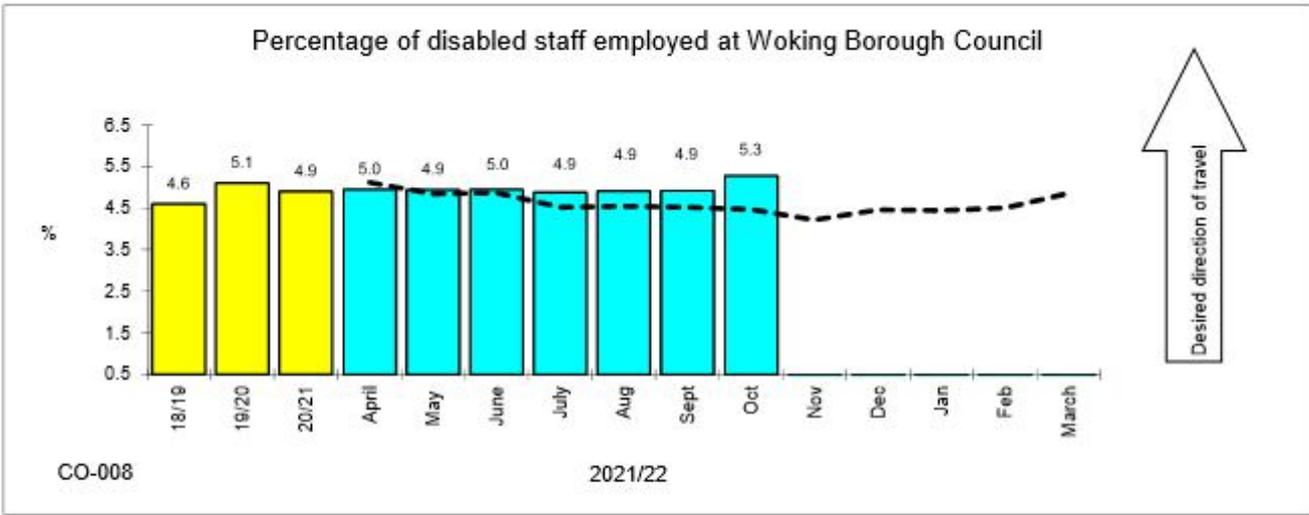


The number of employees included in the top 5% can differ, depending on the total number of employees, and if there are salary changes for top earners. This causes these figures to fluctuate, even if no one in the top 5% of earners leaves the organisation.



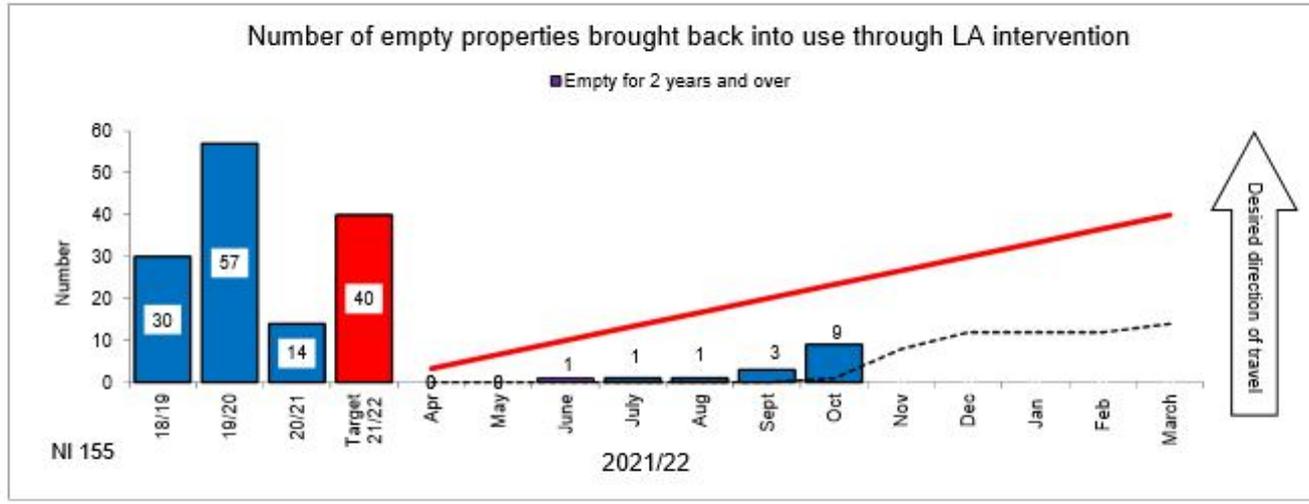
Excluding long term sickness to September = 1.21 days. There is a 1 month time lag on this indicator.





The % of economically active people from BME communities in Woking is 5.1% (source 2011 census).

**HOUSING (Responsible Manager - Louise Strongitharm)**

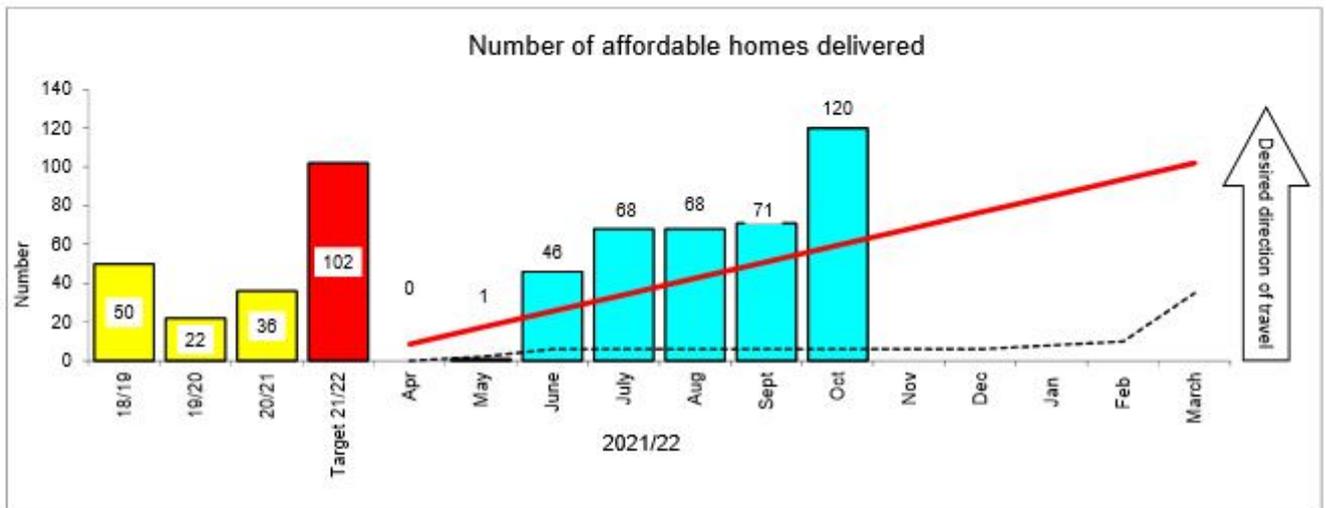


Annual Housing Management Indicators	Desired Direction of Travel	18/19	19/20	20/21	21/22
SO-071: Energy efficiency of Council owned homes- SAP rating (top quartile = 69)	↑	68.5	68.5	69.1	
NI-158: Percentage of non-decent Council homes	↓	0.1	0.1	2.9	

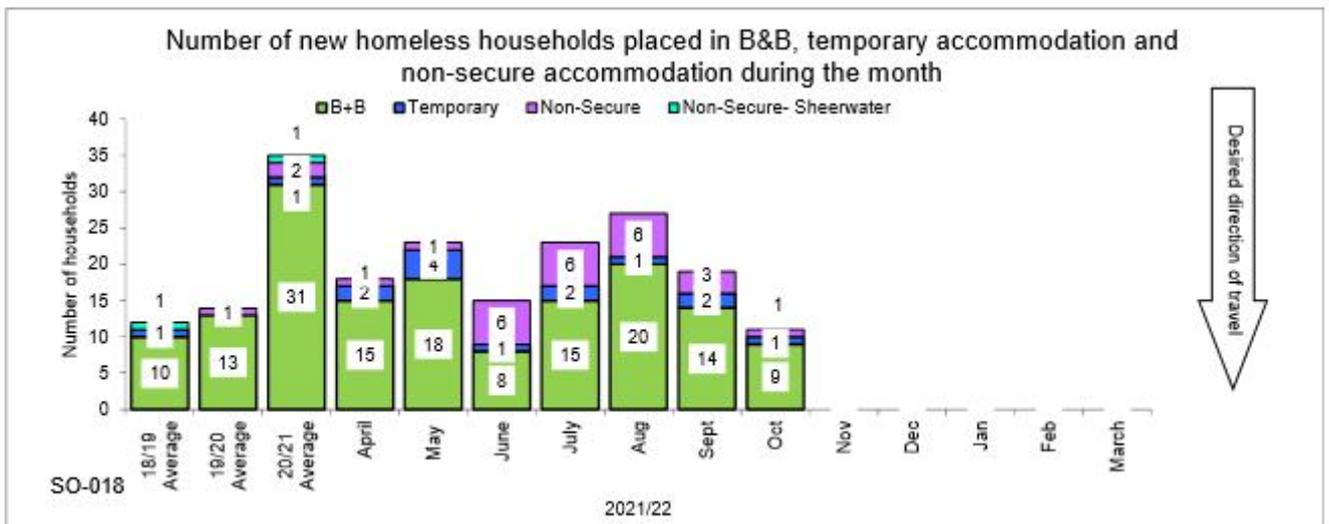
At present we have 77 properties showing as potentially non-decent out of a surveyed stock of 2644 properties. Extrapolated across the whole stock, this is 2.9% non-decency.

This is a jump on previous years, but is to be expected. Not only has the pandemic stopped us from running all of our works programmes, but we've also had a mass update of the stock condition data (this has brought property component due dates forward), so we can be very confident that we're accurately reporting a low non decency rate. 97% of the stock now has an up to date Stock Condition Survey and the final 3% are due for completion by the end of March 2022.

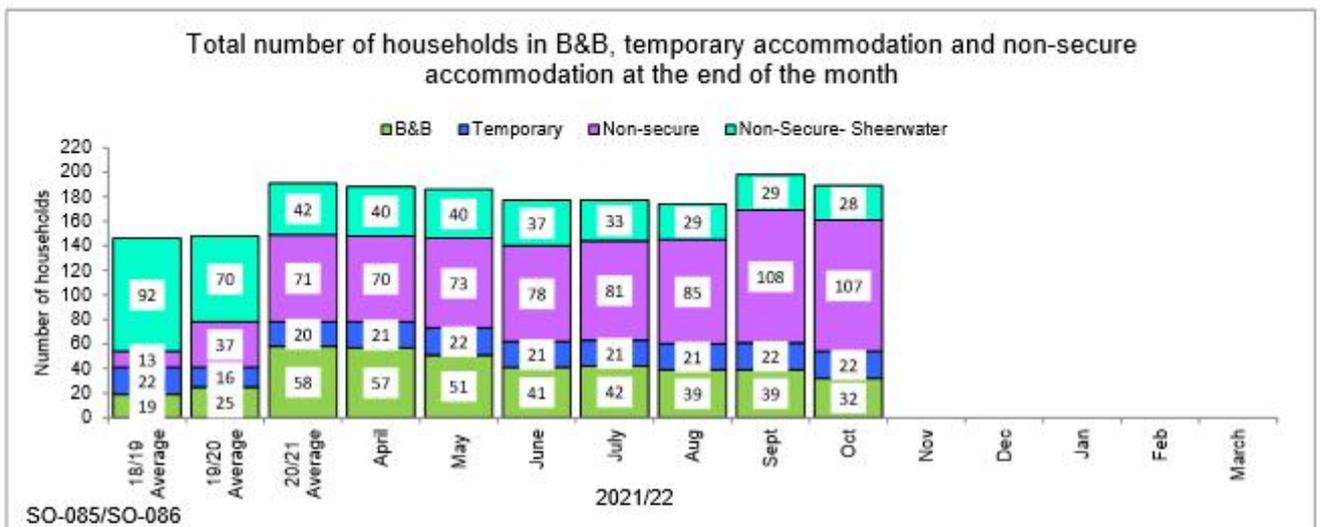
In terms of SAP, after completing 1,400 updated EPC's, the average SAP score of 69.1 which is similar to previous years. Due to the current lack of available funding to undertake energy efficiency works and decent homes works it is difficult to make improvements across both of these measures. We needed to invest now in EPC's as without them you cannot apply for government funding to undertake energy efficiency works. Thanks to the investment in EPC's, we've been able to apply for and secure external energy efficiency funding through the LAD2 scheme. There is a time lag on receipt of these figures.



Figures for October: Social Rented: 48, Intermediate homes for rent: 0, Intermediate homes- shared ownership: 0, Affordable Rent: 1, Starter Homes: 0. Cumulative figures year to date: Social Rented: 48, Intermediate homes for rent: 0, Intermediate homes- shared ownership: 0, Affordable Rent: 72. Total for year to date: 120

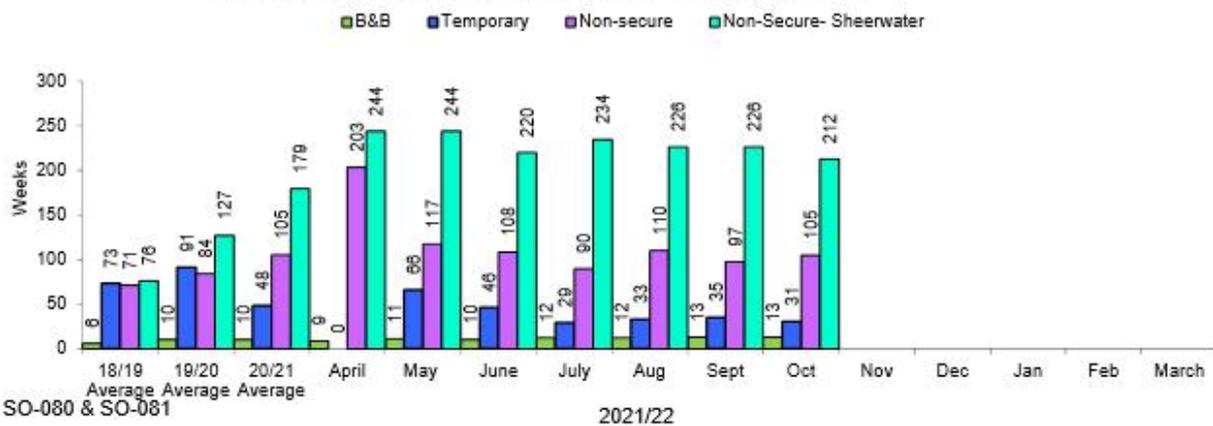


The Sheerwater properties are being used pending the redevelopment of Sheerwater.



An increase in non-secure accommodation is displayed in October; as seventeen Private Sector Leasing properties had originally been used to prevent homelessness but are now considered to be temporary accommodation.

The average length of stay of homeless households in B&B, temporary accommodation and non-secure accommodation (weeks)



The Sheerwater properties are being used pending the redevelopment of Sheerwater.

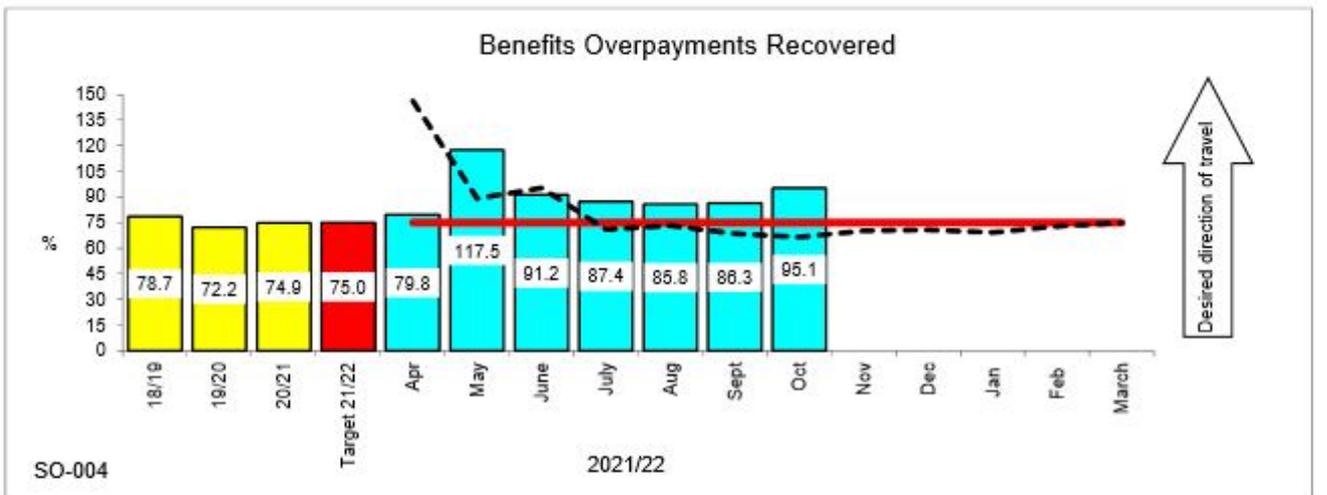
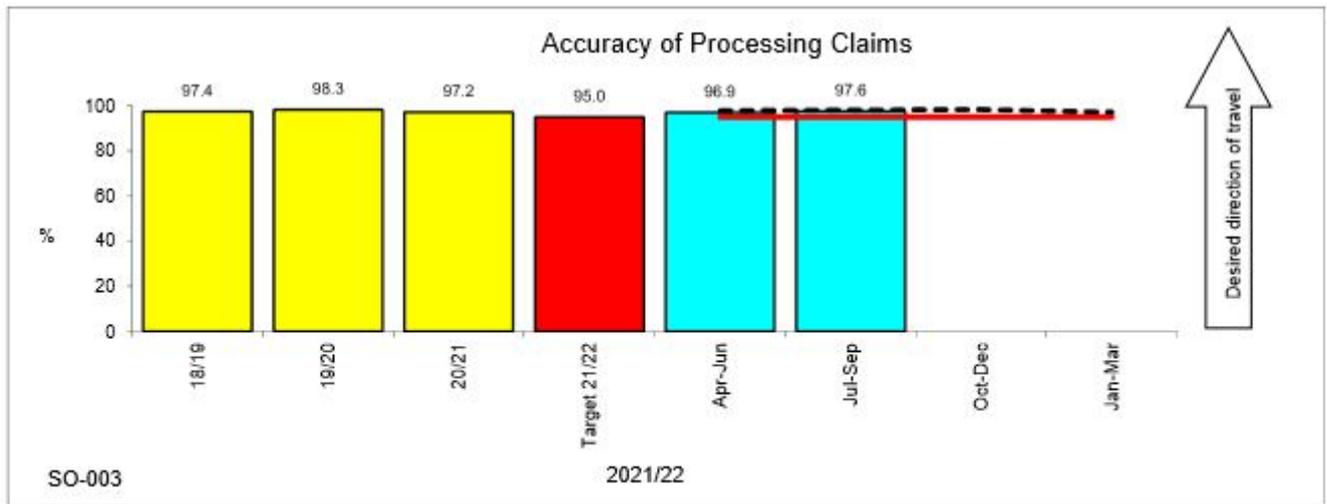
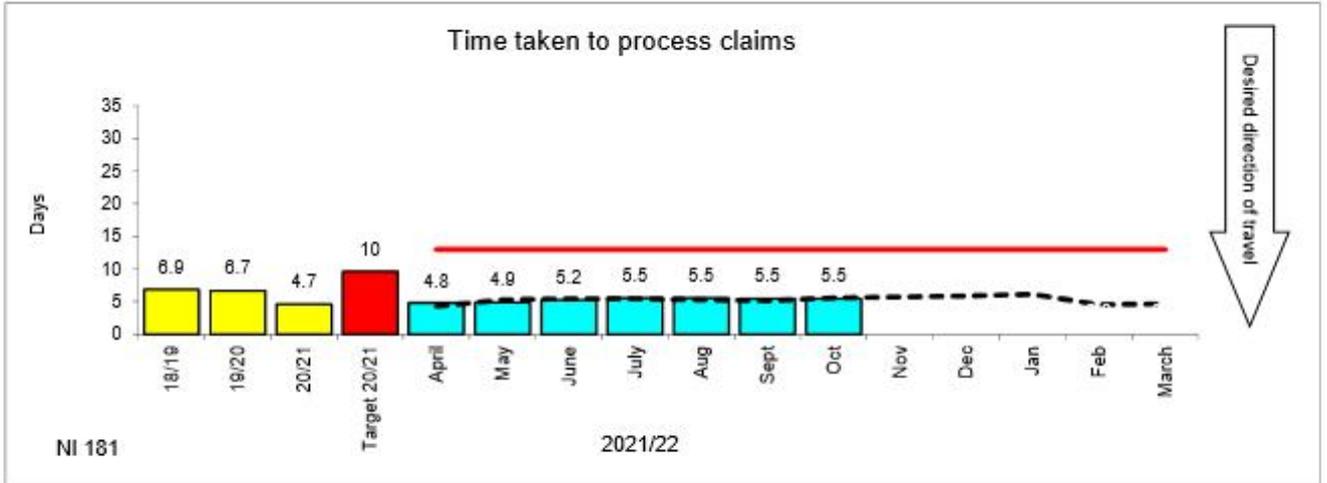
Annual Homelessness Indicators	Target	Desired Direction of Travel	18/19	19/20	20/21	21/22
SO-015: Number of rough sleepers	1 - 10	↓	11	11	1	
SO-082: The number of households prevented from becoming homeless	N/A	N/A	78	N/A	N/A	N/A

The number is very low as all other rough sleepers were brought into accommodation under the Government's "Everyone In" scheme.

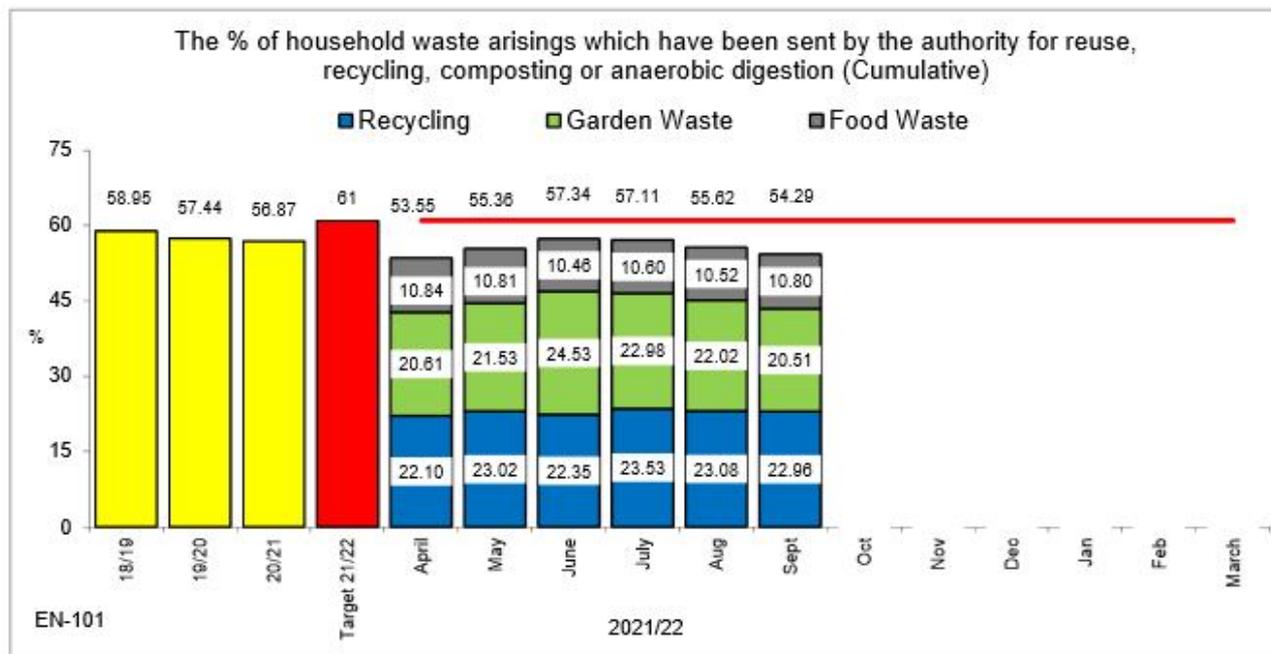
Quarterly New Vision Homes Indicators	Annual Target	20/21	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
IM1: Rental income (%)	98.90	95.06	86.68	91.31		
IM3: Average days void	21	30.13	35.22	31.65		
RR1: Emergency repairs (%)	98.75	99.84	98.68	99.14		
RR2: Urgent repairs (%)	97.75	97.61	99.01	98.77		
RR3: Routine repairs (%)	96.72	92.33	93.04	92.40		

Due to continued issues with void performance NVH has engaged with a second contractor to take on a number of the void properties – September saw a big improvement in the void performance following this decision with an average turnaround time of 23.21 days compared to 42.54 days in August. NVH will continue to monitor the situation and make use of the second contractor where necessary to keep performance at an acceptable level.

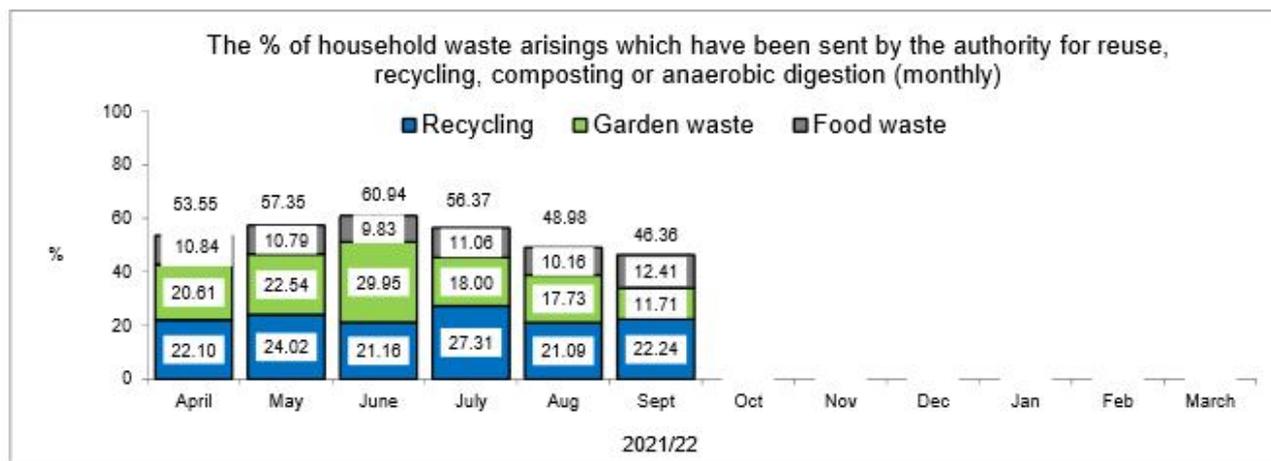
**HOUSING BENEFIT AND COUNCIL TAX (Responsible Manager - David Ripley)**



## WASTE AND CLEANLINESS (Responsible Manager - Geoff McManus)



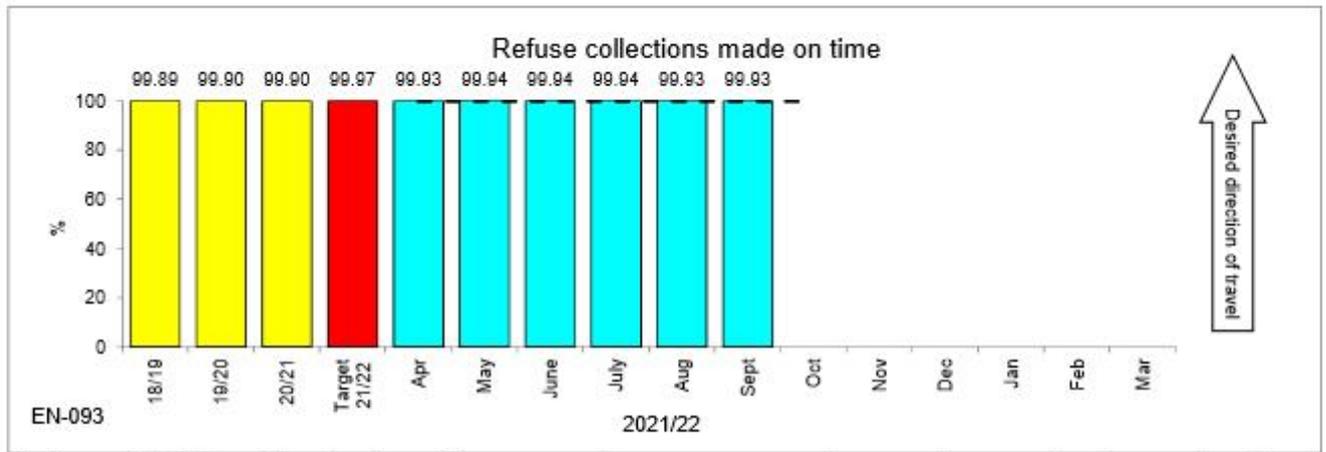
In September 2021 Food Waste experienced a noticeable increase in tonnage since last month. Garden Waste experienced a significant decrease, whilst household and comingled material saw minor decreases this month. The September monthly recycling rate is 46.36% and the cumulative recycling rate (year to date) stands at 54.26%. There is a 5 week time lag on this indicator.



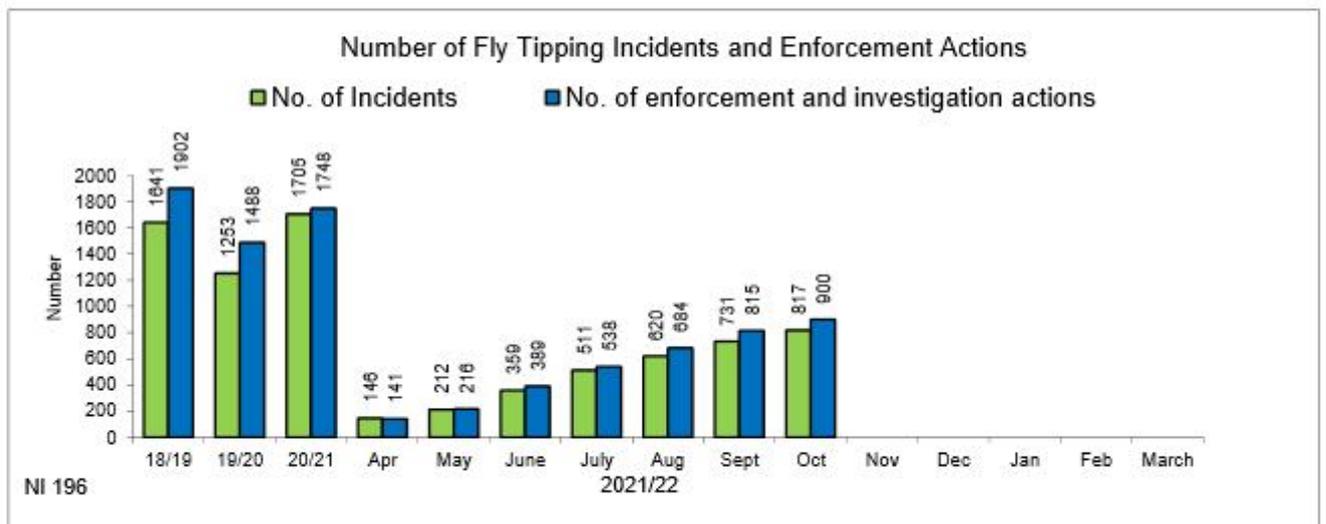
Due to the national HGV driver shortage, Garden Waste collections are operating at a reduced frequency. Garden Waste tonnages contribute to the recycling rate, therefore a lower overall recycling rate is expected. There is a 5-week time lag on this indicator.

Quarterly Waste Indicators	Annual Target	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
NI-191: Residual household waste per household (kg)	350	99	200		

Figures provided quarterly. Population figure used = 42,953. There is a 5 week time lag on this indicator.



Indicator EN-093 enables the Council to measure its contractors performance by recording the number of genuine missed waste and recycling containers reported by residents. There is a 5 week time lag on this indicator.

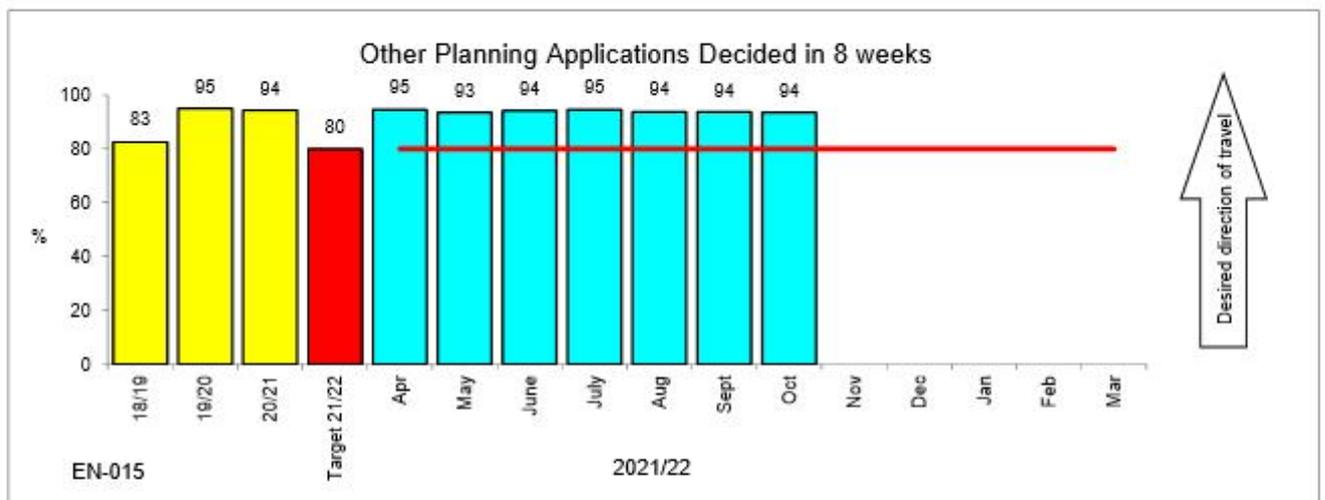
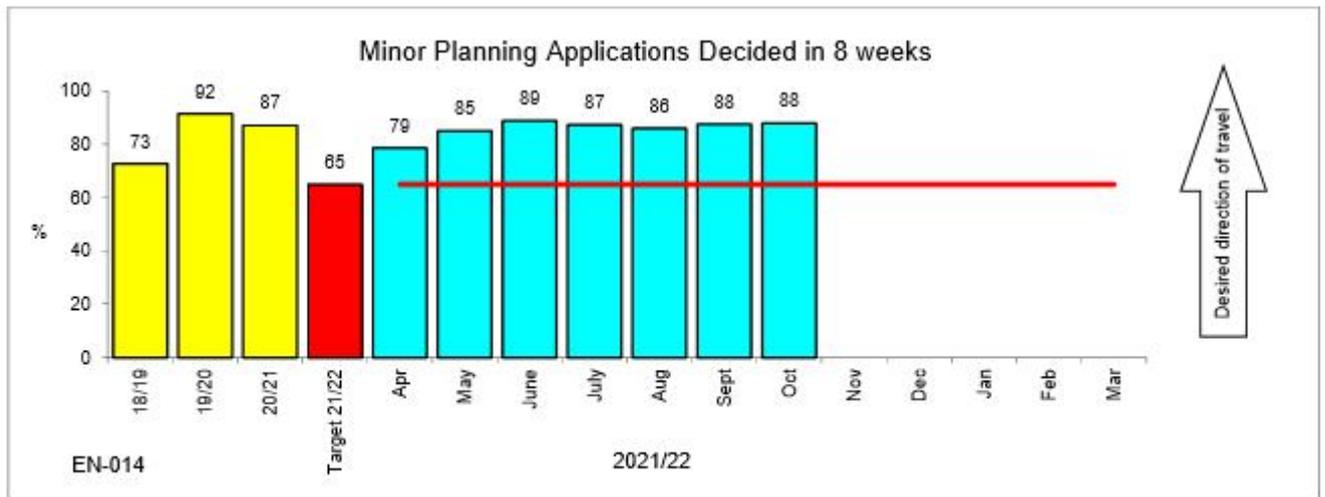
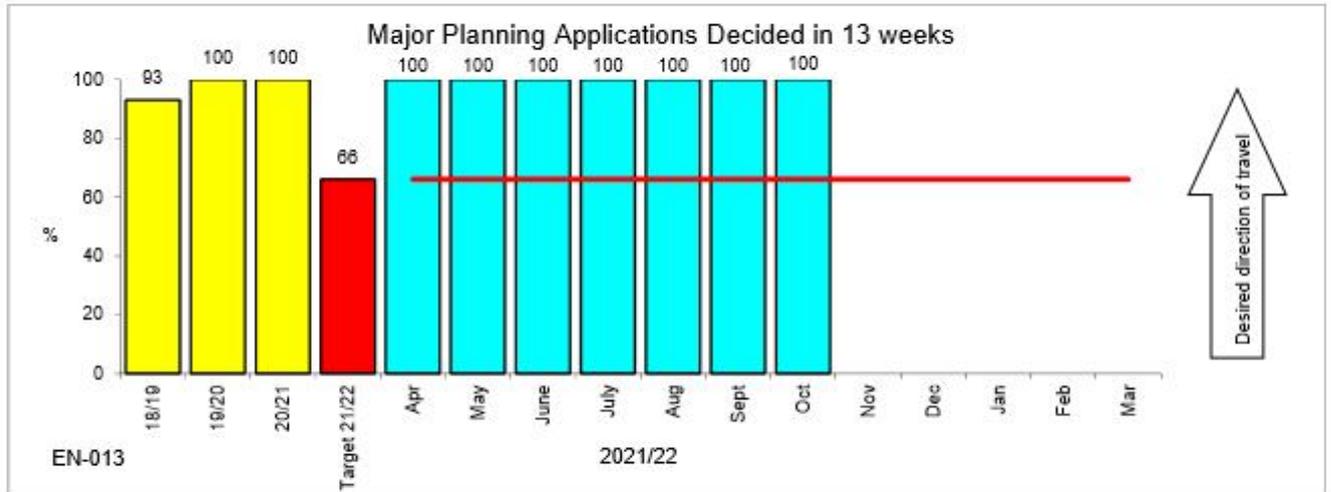


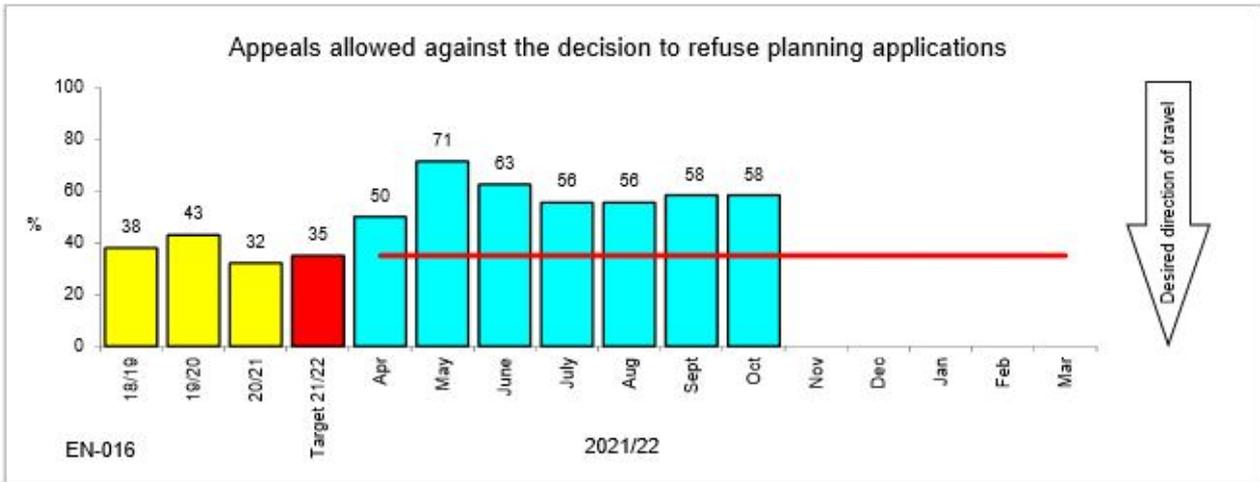
Please note that there can be more than one investigation action per fly tipping incident. This is why there are more investigation and enforcement actions than there are fly tipping incidents..



Satisfaction surveys are carried out through a telephone poll of 300 residents every quarter. There is a one month time lag on this figure.

**PLANNING (Responsible Manager - Thomas James)**





The percentage of appeals allowed against refused planning applications is above target and is being monitored to ascertain whether there are any trends in decision making. The number of appeals received are relatively low; so any single decision carries a reasonable percentage.

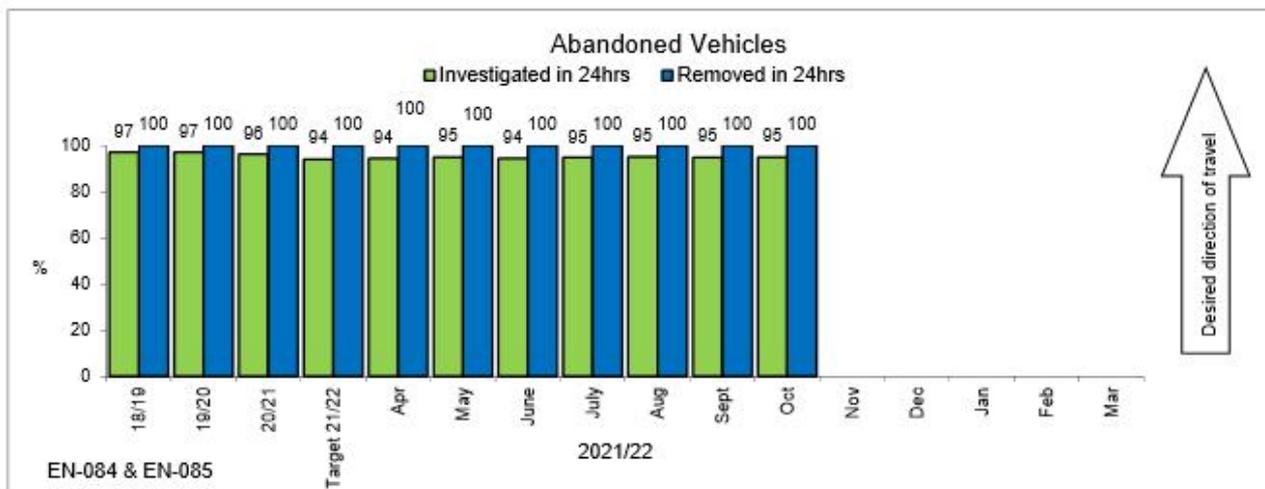


The increase in September 2021, is due to 39 new dwellings completed at Broadoaks, West Byfleet development site.

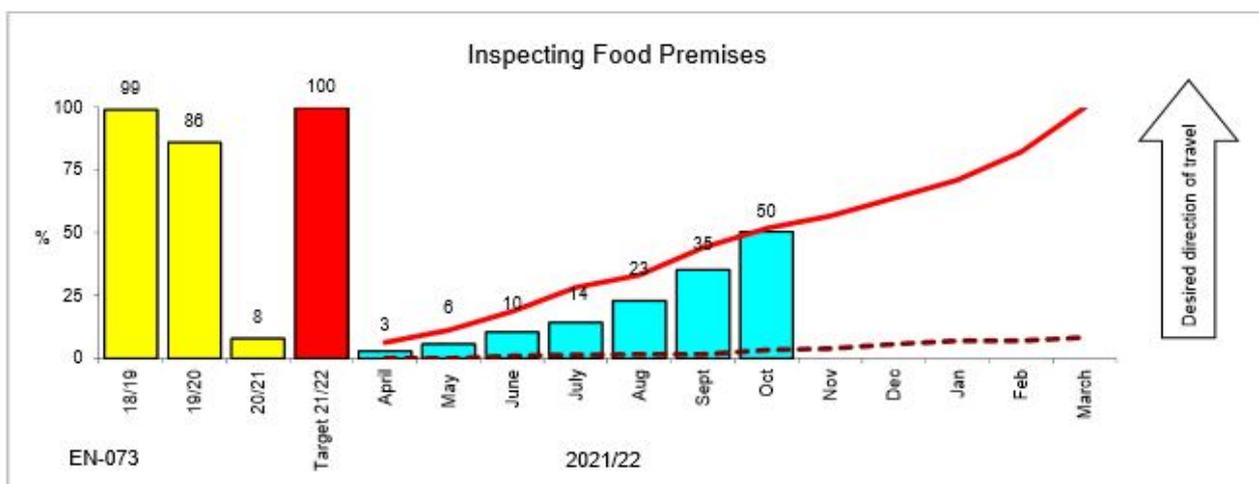
Total Residential Properties Completed				
Year	Residential Properties Target	Dwellings	Affordable Housing Target	Affordable Housing
2011/12	292	175	102	3
2012/13	292	273	102	0
2013/14	292	370	102	14
2014/15	292	66	102	8
2015/16	292	360	102	126
2016/17	292	399	102	173
2017/18	292	345	102	54
2018/19	292	231	102	37
2019/20	292	303	102	19
2020/21	292	147	102	6
2021/22	292	231	102	38
Cumulative Total	3212	2900	1122	478

This table shows all of the residential completions each year since 2010/11, which was the start of the current Local Plan period. The affordable housing numbers may vary from those recorded in the Housing section of the Green Book, due to use of different monitoring arrangements and the inclusion of acquisitions (in the Housing section only).

**COMMUNITY SAFETY (Responsible Manager - Geoff McManus)**



\*24 hours from the time that the vehicle can be legally removed. The table shows the cumulative percentage of vehicles visited and removed during the course of the year.



Targeted inspections are revised this year due to the FSA 'Recovery Plan' outlining priorities for high risk and newly registered inspections rather than the usual programme. 'Revised inspections due' will include adjustments for inspections brought forward due to public health risk, new registrations, inspections completed as a result of a re-rating request and businesses that have ceased trading.

Quarterly Environmental Health Indicators	Desired Direction of Travel	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Percentage of establishments with a food hygiene rating of 3 or better	↑	96%	95%		

Annual Environmental Health Indicator	Target	Desired Direction of Travel	2019/20	2020/21	2021/22
Satisfaction of business with Environmental Health	85%	↑	91%	Unavailable	

Business satisfaction, engagement and enforcement were much lower in 2021/22 due to the pandemic. Results are therefore recorded as 'Unavailable' as they would not be a true reflection in comparison to previous years.

**FINANCIAL MANAGEMENT  
INFORMATION**

**October 2021**

**REVENUE BUDGET - MAJOR VARIATIONS AND RISK AREAS**  
**OCTOBER 2021**

Introduction

The report that follows summarises the General Fund and Housing Revenue Account budget variations for 2021/22 based on information available at the end of October.

Set out below are explanatory notes for the major variations that have been identified.

General Fund – Major Variations and Risk Areas

The Council allowed a General Fund risk contingency of £250,000 in the Budget for 2021/22 and assumed a £9.5m use of reserves to meet service pressures and Covid related income losses. Budget monitoring to the end of October indicates a forecast reduction in this use of reserves of £1,800,710. The variations making up this underspend are reported below.

	Position to October £	Forecast Outturn 2021/22 £
<u>Impact of Covid on Income Budgets</u>		
a Car Parks Income	2,119,044	3,653,000
b Commercial Rents	1,131,667	1,940,000
c Leisure Management Fee	406,046	630,869
Sales, Fees & Charges compensation grant	-1,073,000	-1,073,000
Provision for Covid related income reductions in 2021/22 base budget	-3,858,176	-6,614,016
	<u>-1,274,419</u>	<u>-1,463,147</u>
<u>Direct Covid expenditure and funding</u>		
d Town Centre Leisure lease extension	550,000	550,000 *
e Taxis and Private Hire Vehicles	41,719	41,719 *
f Civic Events	-32,746	-32,746 *
g Mayors Car and Driver	-16,262	-16,262 *
c Freedom Leisure - operational support	165,280	224,726
General Support grant	-449,354	-449,354
Leisure Recovery Fund	-11,672	-11,672
Additional Restrictions Grant	-150,000	-150,000
New Burdens funding - Business support grants	-166,800	-166,800
	<u>-69,835</u>	<u>-10,389</u>
<u>Other Service Variations</u>		
h Legal Costs	28,515	50,000 *
i The Lightbox	26,000	26,000
j Planning Inquiry Costs	161,129	268,882 *
k Interest costs	-426,656	-500,000
l On-going pension costs	-11,890	-26,660 *
m Public liability claims	30,600	30,600
n Staff Training	39,481	70,000
o Development Management income	177,313	150,000
Unused Contingency net of Savings Target	-87,500	-150,000
Employee costs under staffing budget	-245,996	-245,996 *
	<u>-309,004</u>	<u>-327,174</u>
Forecast Underspend/Reduction in Use of Reserves at October 2021	<u>-1,653,258</u>	<u>-1,800,710</u>
Position at September 2021		-1,713,694

Items marked with a \* in the table and the following comments have changed this month. Further details of each of these variations are set out in the following section.

Covid related service expenditure in 2021/22 is currently assumed to be met through specific Covid grant funding and Contain Outbreak Management Fund (COMF). This position will be monitored and variations reported as the year progresses.

a Car Parks Income (Geoff McManus, Director of Neighbourhood Services)

The gradual lifting of Covid restrictions and impact of changes to behaviours has meant activity is still significantly reduced during quarter 2 of 2021-22. The situation will continue to be closely monitored.

The government has extended the income compensation scheme for lost sales, fees and charges to 30 June 2021, which will fund 75% of the losses over an initial 5% reduction in income. The forecast income from this scheme is shown separately.

b Commercial Rents (Ian Tomes, Strategic Asset Manager)

The National Lockdowns and various levels of restrictions in force has resulted in a difficult trading environment for businesses within the Borough. A number of tenants in the Council's commercial properties have had difficulties in paying rent and service charges due during this period. Where possible arrangements have been made to recover amounts due over time. An assessment of the potential lost income through irrecoverable debt forecasts a variance to budget of approximately £1.94m in 2021/22.

c Leisure income (Steve May, Leisure Services Manager)

There is a forecast loss of income from the Leisure Management contract, as Covid restrictions affect the income which can be generated from the facilities. The government extended the Sales, Fees and Charges compensation scheme until 30 June 2021, which will provide some compensation (reported separately) for this lost income, and the latest forecast indicates better performance than anticipated, primarily by adding more casual swim and swim school programmes, and Freedom receiving Start Up Grants which weren't previously included. The Council has also continued to provide support towards operational costs while restrictions are in place affecting activity.

d Town Centre Leisure lease extension \* (Ian Tomes, Strategic Asset Manager)

Due to the Covid pandemic the Town Centre Leisure lease has been extended to October 2021 to accommodate the housing pods provision for rough sleepers. There have also been costs relating to the assignment of the footbridge licence costs, giving a projected total cost of £550,000 in 2021-22.

e Taxis and Private Hire Vehicles (Joanne McIntosh, Director of Legal and Democratic Services)

Activity levels for 2021/22 have been lower than forecast for Private Car Hire and Taxi Licences resulting in an overspend for the service.

f Civic Events (Frank Jeffrey, Democratic Services Manager,)

Costs relating to Civic Events such as Remembrance Sunday, Civic Service, Civic Reception, Freedom of Borough and Peace Garden Service have either been scaled down for 2021 or postponed until 2022 due to the Covid-19 pandemic

g Mayors Car and Driver \* (Frank Jeffrey, Democratic Services Manager,)

The Mayors duties have been limited due to the Covid-19 pandemic resulting in a saving on the costs associated to the Mayors car and driver.

- h Legal Costs (Joanne McIntosh, Director of Legal and Democratic Services)  
This overspend is in respect of legal costs associated with commercial properties that have been contracted out to external solicitors due to the volume of work.
- i Lightbox (Steve May, Leisure Services Manager)  
There is an overspend of £26,000 in 2021-22 due to contract inflation.
- j Planning Inquiry Costs (Joanne McIntosh, Director of Legal and Democratic Services)  
In May 2021 the Planning Inspectorate held an inquiry into the Woking Football Club Stadium and associated developments planning appeals. There will be a second planning inquiry in relation to a site in Goldsworth Road later in the year. The cost to the Council is forecast to be £268,882.
- k Interest Costs (Neil Haskell, Financial Services Manager)  
There has been a saving in year as short term borrowing, at lower interest rates, has been taken in advance of securing long term PWLB loans. As the long term loans are taken during the year, this variance will reduce. Loans to group companies have been lower than budgeted resulting in a reduction in income received, however this is offset by a reduction in associated PWLB interest paid and slippage in other project costs.
- l On-going Pension Costs (Leigh Clarke, Director of Finance)  
On-going pension costs are £26,660 less than budgeted during 2021-22.
- m Public Liability Claims (Geoff McManus, Director of Neighbourhood Services)  
During 2021-22 there has been a number of public liability claims resulting in costs of £30,600 being the insurance excess payable by the council.
- n Staff and Member Training\* (Amanda Jeffrey, Human Resources Manager)  
The Council continues to work with an external organisation in undertaking a series of learning and development programmes for all managers. The aim has been to enhance the capability and resilience of our managers to ensure they have the ability to cope with the future challenges and changes to come. This development has built on the programmes already rolled out to the Senior Managers. The Council will continue to support all officers with learning opportunities to ensure knowledge and skill levels are fit for the future and will review budgets for 2022/23.
- o Development Management (Thomas James, Development Manager)  
Despite a significant increase in the number of planning applications being received, these generally have involved the submission of householder and minor applications which attract lower fees. It is expected income will be £150K 'below budget' for the financial year as a result of not receiving planning applications for large scale developments particularly for residential, but fees will continually be monitored.

Housing Revenue Account (Louise Strongitharm, Director of Housing)

The 2021/22 Housing Revenue Account variations identified to the end of October 2021 are set out in the table below:-

	Position to October	Forecast Outturn 2021/22 £
Rent Recovery	0	80,000
Plant room repairs	149,132	156,804 *
Council Tax Voids	22,278	44,556
Employees saving in excess of staffing budget	-27,288	-27,288
Increase in HRA outturn	<u>144,122</u>	<u>254,072</u>

Rent Recovery

The overall arrears position for the HRA has remained fairly static and currently sits at approx. £797k. The collection rate is up significantly on the same period last year, but still down on pre-pandemic levels, due to many tenants struggling with the financial impact of Covid-19. Work continues in 2021/22 to ensure that those tenants receive advice and support in accessing Universal Credit. The number of tenants in receipt of Universal Credit continues to grow which is an additional challenge to rent collection due to the way the Universal Credit is paid (monthly in arrears). It is worth noting that with the embargoes on taking recovery action during 2020/21, the courts have a considerable backlog and have prioritised the most serious cases (i.e. significant ASB, substantial rent arrears of more than 1 year, etc.). Rental income is also affected by void properties within the Red Line of the Sheerwater Regeneration awaiting redevelopment. A bad debt provision for £200,000 has been budgeted for the year.

Plant room maintenance

Plant room maintenance expenditure is over the budget by £149,132. The cause of this is that the works scheduled for 2020-21 (communal boiler replacements) had to be deferred due to the pandemic. These works have been undertaken this year as they are still required.

Council Tax Voids

Longer void periods are leading to increased council tax voids on empty properties.

NVH Insourcing & final bill

The New Vision Homes contract will end on 31/03/2022. On 11th February 2021, Council resolved to bring the New Vision Homes contract services in house at the end of the contract term. As part of this process, the New Vision Homes contract will need to be Final Accounted. As there is no provision within the contract for interim final accounts, this will mean a Final Account for a 10 year ongoing project. Due to the varied nature of the contract and the 10 year term, there is uncertainty around the level of the Final Account payment. It is anticipated that the Final Account process will take from April to August 2022.

**Capital and Investment Programme decisions**

The Executive has delegated authority to approve new schemes up to £10 million in any year, subject to any individual project being not more than £5 million and the cost being contained within the Council's Authorised Borrowing Limit.

Fit for the Future external support	£500,000
Town Centre Masterplan	£100,000

**Opportunity Purchases**

The Investment Programme includes an annual budget of £3,000,000 for opportunity purchases. There have been no acquisitions to date.

## SHEERWATER REGENERATION

In April 2017 the Council authorised the purchase of private properties by Thamesway Housing Ltd, financed by Thamesway Developments Ltd (TDL), as part of the Sheerwater regeneration scheme. The Sheerwater Community Charter also offered an Assisted Purchase scheme where the Council would acquire a stake in a new property (up to 33% or £100,000) to enable residents to move to an equivalent property, and the option of a mortgage of last resort. The following amounts have been advanced since the schemes opened in August 2017:

<u>Capital Expenditure</u>	<u>No of Properties</u>	
Assisted Purchases and acquisition of new houses	26	£3,159,785
Mortgages	12	£1,868,830
Properties acquired by THL using WBC loan finance:		
Completed Sales (expenditure incurred)	112	£39,232,211
Offers Accepted (committed expenditure)	8	£1,567,125
	<u>120</u>	<u>£45,827,950</u>

Further costs incurred to date which are to be reimbursed by the project are detailed below (the timing of the reimbursement will be dependent on the financial position of the project):

The Birch and Pines Lease Surrender & Demolition	£231,924
The Sheerwater Underwrite Agreement	£3,841,106
Purchase Of Dwellings Within The Redline and acquisition of new houses	£4,682,457
Home Loss & Disturbance Payments	£1,954,638
Infrastructure Investment	£2,128,901
Financial Modelling	£82,821
Southern Housing Group Property Purchase	£3,657,402
Greenoak Housing Association Purchase	£4,029,551
HRA Acquisitions	£354,533
	<u>£20,963,334</u>

### Loan Finance Approvals

The Sheerwater regeneration is to be funded by loan finance from the Council. In April 2017 the Council agreed that funding will be advanced at cost to the Council with a 1% arrangement fee. During 2017/18 the Executive approved £5m to be made available to Thamesway Developments Ltd (TDL) and on 5 April 2018 the Council approved a loan facility of £26m to enable TDL to construct the leisure and recreational facilities at the Bishop David Brown site. On the 4 April 2019 the Council approved a further short-term loan facility of £42m to TDL, on terms previously approved, to enable the first residential phase (Purple). The Council also approved that on completion of the Purple phase a 50 year loan facility of £48.4m be made available to Thamesway Housing Ltd at a margin of 0.5%. On 13 February 2020 the Council approved the loan finance for the delivery of the scheme as whole. As detailed in the Council report arrangement fees and margins were removed from the loan facilities for the scheme.

### Project Management\Revenue Expenditure

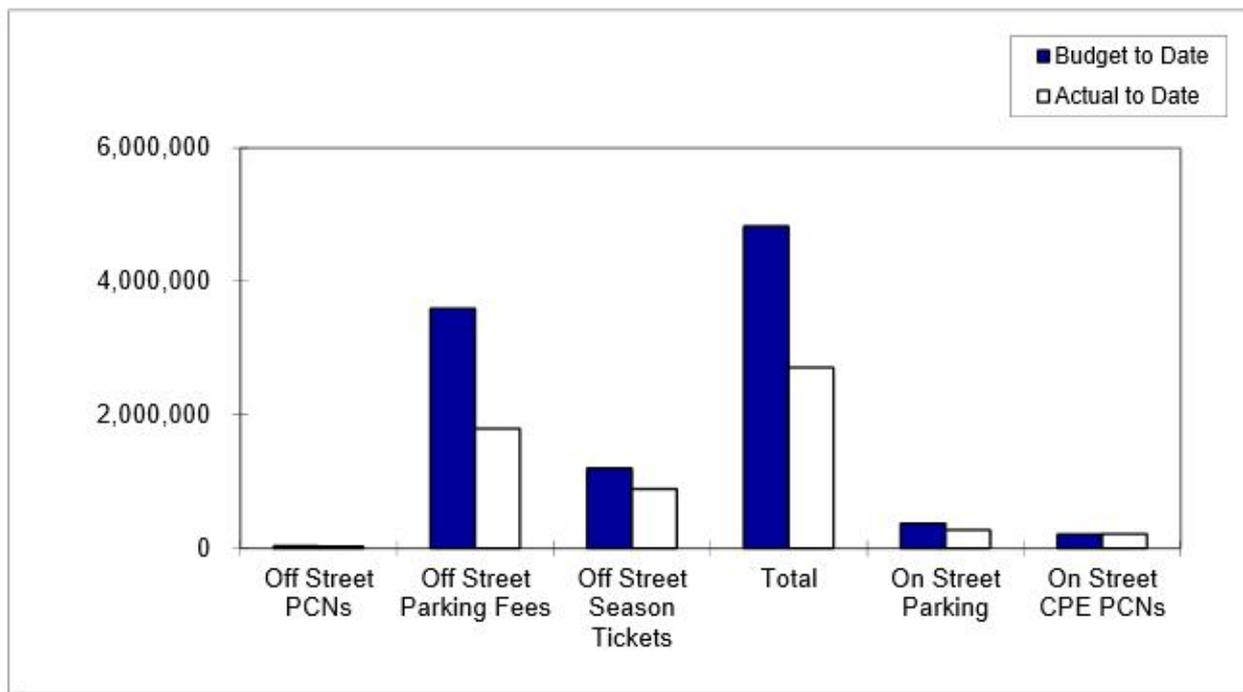
The following costs have been identified to be funded from the Sheerwater Regeneration reserve\WBC Resources:

	<u>To Date</u>
Sheerwater Regeneration Staff Costs Not Charged To TDL	£961,892
Removal Costs	£96,888
Equalities Survey	£80,881
Miscellaneous Costs	£136,789
Securing Void Sheerwater Units	£31,634
Subsidy of Bishop David Brown School Legal Fees and Rent Loss	£176,738
Subsidy of Sheerwater GP Practice	£111,169
Total	<u>£1,595,991</u>

<u>Compulsory Purchase Order (CPO)</u>	<u>Income</u>	<u>Expenditure</u>
DCLG Estate Regeneration Grant	£285,000	
Committed legal advice for CPO process		£280,000

**CAR PARKS INCOME**  
**OCTOBER 2021**

	Off Street PCNs	Off Street Parking Fees	Off Street Season Tickets	Total	On Street Parking	On Street CPE PCNs
Annual Budget	63,000	6,393,000	1,499,000	7,955,000	672,000	362,000
Budget to Date	37,000	3,591,000	1,199,000	4,827,000	372,000	211,000
Actual to Date	27,000	1,790,000	890,956	2,707,956	276,000	214,000
Variation to Date	-10,000 -27%	-1,801,000 -50%	-308,044 -26%	-2,119,044 -44%	-96,000 -26%	+3,000 +1%



The gradual lifting of Covid restrictions and impact of changes to behaviours has meant activity is still significantly reduced during quarter 2 of 2021-22. The situation will continue to be closely monitored.

The government has extended the income compensation scheme for lost sales, fees and charges to 30 June 2021, which will fund 75% of the losses over an initial 5% reduction in income. The forecast income from this scheme is shown separately.

Geoff McManus, Director of Neighbourhood Services

## **STRATEGIC PROPERTY INVESTMENTS**

	Rental Income			Financing Costs				Net budget benefit		
	Business Case	Current (Full Year)	Increase/(Decrease)	Business Case	Actual	Further Works	Increase/(Decrease)	Business Case	Increase/(Decrease)	Current Surplus/(Deficit)
<u>Property</u>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cleary Court	278	132	-146	158	130	21	-7	120	-139	-19
Morris House	309	167	-142	187	170	128	111	122	-253	-131
6 Church Street West	728	795	67	451	425		-26	277	93	370
Orion Gate	1,377	1,388	11	483	464		-19	894	30	924
Dukes Court	4,364	4,889	525	2,763	2,622	33	-108	1,601	634	2,235
Red House	423	266	-157	236	224		-12	187	-145	42
CMS House Poole Rd	120	120	0	72	72		0	48	0	48
Victoria Gate	2,073	2,073	0	1,642	1,595		-47	431	47	478
Midas House	1,406	657	-749	950	923		-27	456	-722	-266
Albion House	1,569	1,487	-82	1,140	1,046		-94	429	12	441
Commercial Buildings	226	190	-36	150	128		-22	76	-14	62
1 Christchurch Way	615	646	31	360	367		7	255	24	279
Goldsworth Park Centre	912	938	26	711	681		-30	201	56	257
36-42 Commercial Way	134	134	0	82	59		-23	52	23	75
<b>TOTAL</b>	<b>14,534</b>	<b>13,882</b>	<b>-652</b>	<b>9,385</b>	<b>8,906</b>	<b>181</b>	<b>-298</b>	<b>5,149</b>	<b>-354</b>	<b>4,795</b>

These properties have been acquired to support the economic sustainability and employment space in Woking. Based on October, the above properties will provide a net benefit to the Council of circa £4,795,000 per annum. The reasons for the variations from the business case projections are on the next page.

Ian Tomes, Strategic Asset Manager

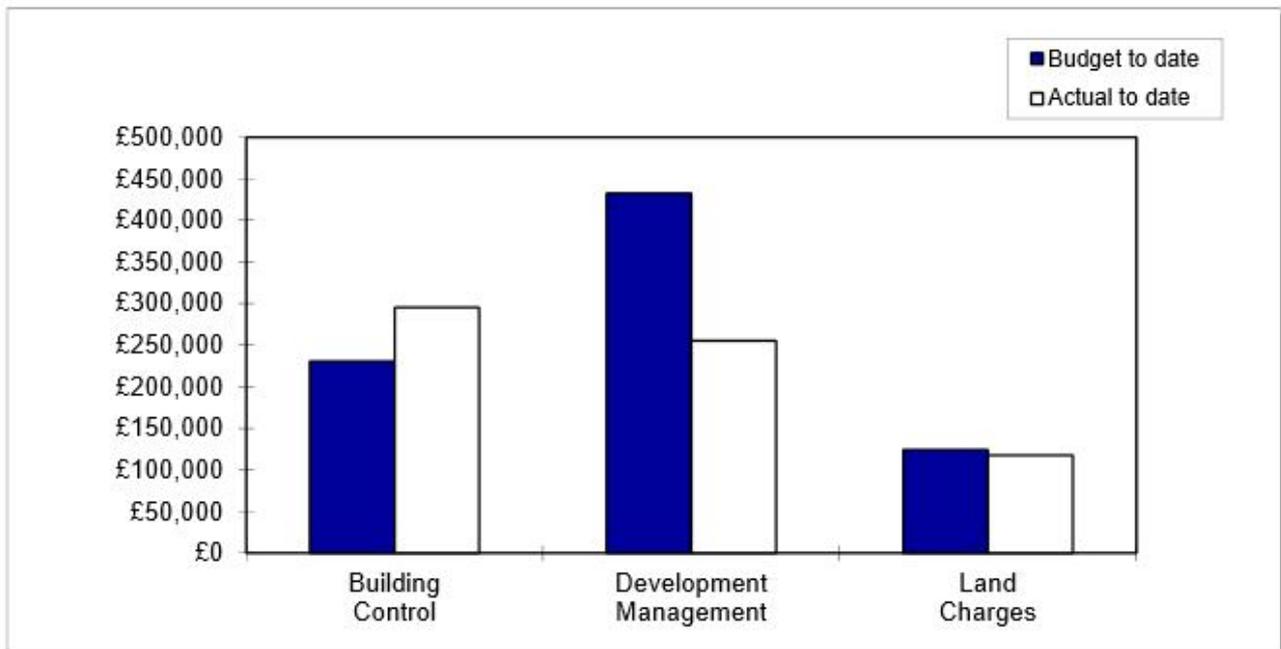
## STRATEGIC PROPERTY INVESTMENTS

<u>Property</u>	
Cleary Court	Cleary Court currently has 2 office suites and 1 shop unit vacant.
Morris House	The rent shortfall is due to the vacant ground floor retail units which have been empty since acquisition
6 Church Street West	There is a new full repairing and insuring lease now in place with the Department of Work and Pensions (DWP) for the whole building paying £795,000 per annum effective December 2020.
Orion Gate	Orion Gate is fully let.
Dukes Court	Vacant space now amounts to some 27,000fts2 in units B4, CGmd, C1, C3, C6, C7, D1 and Chertsey House
Red House	Red House is fully let.
CMS House Poole Rd	CMS House is fully let.
Victoria Gate	Victoria Gate is fully let.
Midas House	Midas House was acquired on 31 January 2019. Part of the 1st floor, 2nd floor and 3 floor and 1 shop unit are vacant.
Albion House	Albion House was acquired on 29 March 2019. There is currently 1 void unit.
Commercial Buildings	63, 65, 67, 69, 71, 73 and 75 Commercial Way were acquired on 2 October 2019. Number 67 became vacant on 8 May 2020 and was re-let in March 2021 on a new 5 year term at a market rent.
1 Christchurch Way	1 Christchurch Way was acquired on 9 November 2019 and is fully let.
Goldworth Park Centre	The Goldworth Park Centre was acquired on 9 April 2020 and is fully let.
36-42 Commercial Way	36, 38, 40 and 42 Commercial Way was acquired on 11 November 2020 and is fully let.

Ian Tomes, Strategic Asset Manager

**OTHER FEES AND CHARGES**  
**OCTOBER 2021**

	Building Control	Development Management	Land Charges
Budget to date	230,403	432,539	124,376
Actual to date	295,375	255,226	117,505
Variation to Date	+64,972 +28%	-177,313 -41%	-6,871 -6%



**Building Control** (David Edwards, Chief Building Control Surveyor)

Confidence is returning in the domestic construction market. Additionally two major developments have boosted building control income, but it remains to be seen if this recovery lasts through autumn.

**Development Management** (Thomas James, Development Manager)

Despite a significant increase in the number of planning applications being received, these generally have involved the submission of householder and minor applications which attract lower fees. It is expected income will be £150K 'below budget' for the financial year as a result of not receiving planning applications for large scale developments particularly for residential, but fees will continually be monitored.

**Land Charges** (David Ripley, Revenue & Benefits Manager)

Prices have been set to reflect the cost neutral requirement of Land Charges fees and income.

**EMPLOYEE COSTS**  
**OCTOBER 2021**

	Original Budget 2021/22 £	Variations £	Latest Budget 2021/22 £	Budget to OCTOBER £	Actual Expenditure to OCTOBER £	Variation from Budget to OCTOBER £
US - Corporate Leadership Team	914,815	0	914,815	533,642	586,161	52,519
US - Human Resources	412,712	0	412,712	240,749	287,746	46,997
US - Revs, Benefits & Customers Services	1,799,947	0	1,799,947	1,049,969	1,026,474	-23,495
US - Financial Services	711,199	0	711,199	414,866	438,510	23,644
US - ICT and Business Improvement	1,247,294	0	1,247,294	727,588	642,519	-85,069
US - Legal & Democratic Services	1,446,745	0	1,446,745	843,936	794,938	-48,998
PLACE - Neighbourhood Services	2,690,081	0	2,690,081	1,569,215	1,471,783	-97,432
PLACE - Planning Services	1,730,822	0	1,730,822	1,009,646	1,105,693	96,047
PLACE - Estate Management	466,571	0	466,571	272,166	275,045	2,879
PLACE - Building Services	887,861	0	887,861	517,918	496,706	-21,212
PLACE - Business & Community Engagemer	169,625	0	169,625	98,948	101,653	2,705
PEOPLE - Housing Services	1,864,215	0	1,864,215	1,087,459	1,136,805	49,346
PEOPLE - Community Services	4,515,989	0	4,515,989	2,634,328	2,618,054	-16,274
<b>Salary budget</b>	<b>18,857,875</b>	<b>0</b>	<b>18,857,875</b>	<b>11,000,430</b>	<b>10,982,087</b>	<b>-18,343</b>
<b>Contribution towards costs</b>	<b>-3,267,877</b>	<b>0</b>	<b>-3,267,877</b>	<b>-1,906,262</b>	<b>-2,161,203</b>	<b>-254,941</b>
	<b>15,590,000</b>	<b>0</b>	<b>15,590,000</b>	<b>9,094,168</b>	<b>8,820,884</b>	<b>-273,284</b>

**Notes**

1. At its meeting on the 4 February 2021 the Executive agreed that the staffing budget for the year would be limited to £15.590m and an annual average number of staff for the year of 340 FTE. CLT will manage the staffing budget flexibly within these two parameters.

2. The above figures exclude costs of £104,568 on redundancy payments, which will be met from the management of change budget. The amount is split as follows:

General Fund	80,100
Housing Revenue Account	24,468
	<u>104,568</u>

3. Contributions towards costs reflect costs included in main table for which we receive some external funding.

4. The variation above is split between the General Fund and Housing Revenue Account as follows:

General Fund	-245,996
Housing Revenue Account	-27,288
	<u>-273,284</u>

**EMPLOYEE NUMBERS  
As at October 2021**

Business Area	Employee Numbers for Full time, Part time, Agency cover and Casual				
	Full Time	Part Time	Agency Cover	Casual Staff	Total FTEs
US - Corporate Leadership Team (J.Fisher)	5	1	0.00		5.8
US - Human Resources (J.Fisher)	7	3	0.00		8.9
US - Revs, Bens & Customer Services (L.Clarke)	32	12	5.00		44.1
US - Financial Services (L.Clarke)	13	2	1.00		15.3
US - IT & Commercial Unit (J.Fisher)	17	1	0.00		17.5
US - Legal & Licensing (J.McIntosh)	10	0	0.00		10.0
US - Democratic Services (J.McIntosh)	9	1	0.00		9.9
US - Electoral Services & Post Room (J.McIntosh)	3	2	0.00		4.2
US - Marketing & Communications (J.McIntosh)	4	0	0.00		4.0
PLACE - Integrated Transport (G.McManus)	0	0	0.00		0.0
PLACE - Neighbourhood Services (G.McManus)	28	7	0.00		30.0
PLACE - Planning Services (G.Framalico)	29	5	3.81		36.5
PLACE - Estate Management (G.Framalico)	7	1	1.94	2	10.0
PLACE - Building Services (G.Framalico)	10	2	0.00		11.4
PLACE - Business Liaison (G.Framalico)	3	1	0.00		3.3
PEOPLE - Housing Services (L.Strongitham)	21	8	0.00		26.8
PEOPLE - Supporting People (L.Strongitham)	51	53	1.14	4	82.3
Additional FTE to account for partially funded posts					7.6
<b>Grand totals</b>	<b>247</b>	<b>99</b>	<b>12.89</b>	<b>6</b>	<b>327.7</b>

The staffing budget is managed flexibly within a total sum of £15,590,000 and an average annual FTE of 340.

Month	Total FTEs
April 2021	317.5
May 2021	317.8
June 2021	317.2
July 2021	324.6
August 2021	319.3
September 2021	321.8
October 2021	327.7
November 2021	
December 2021	
January 2022	
February 2022	
March 2022	
<b>Average for the year to date</b>	<b>320.8</b>

(Average for previous year: 2021-2022 = 323.2)

Memorandum					
Number of externally funded posts (excluded from count above)	63	21	2	3	

**The funded posts are:**

**1.On-street parking**

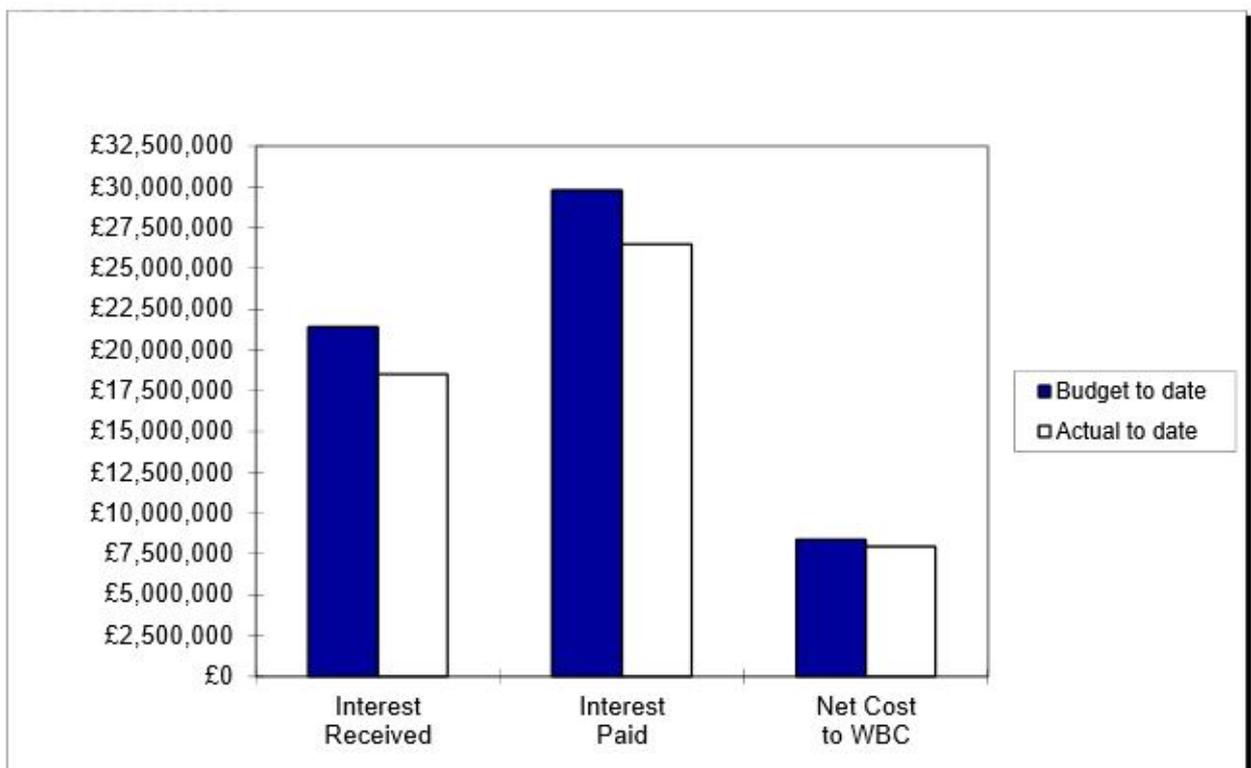
TTR080: Parking Services Manager
OSP020: Operations Manager (On-Street)
AOM010: Assistant Operations Manager
PARK02: Parking Officer(Notice Processing)
PARK12: Senior Parking Officer
PARK13: Notice Processing Officer
PARK06: Assistant Technician
BLE001: Bus Lane Enforcement Officer
CIV038: Civil Enforcement Officer
CIV021: Civil Enforcement Officer
CIV022: Civil Enforcement Officer
CIV023: Civil Enforcement Officer
CIV024: Civil Enforcement Officer
CIV025: Civil Enforcement Officer
CIV026: Civil Enforcement Officer
CIV027: Civil Enforcement Officer

CIV028: Civil Enforcement Officer
CIV029: Civil Enforcement Officer
CIV030: Civil Enforcement Officer
CIV031: Civil Enforcement Officer
CIV032: Civil Enforcement Officer
CIV033: Civil Enforcement Officer
CIV034: Civil Enforcement Officer
DAL088: Senior Parking Administrator
PARK07: Parking Services Administration Officer
PARK09: Voucher Parking Officer

<b>2. Other</b>
SBS165: Building Surveyor
PFI010: PFI Project Manager
ENG001: Town Centre Engineer
ENG002: Town Centre Engineering Officer
ENG003: Principal Engineer
SAM010: Strategic Asset Manager
SBS020: Building Services Manager
SBS024: Senior Building Services Engineer
CHR025: Senior Building Surveyor
ECS082: Marketing Communications Officer
RSC300: Resident Engagement Officer
RSC100: Resident Engagement Officer
RSC400: Resident Engagement Officer
RSC200: Resident Engagement Team Leader
SRB050: Handyperson
SRB055: Handyperson
SRB080: Handyperson
SRB075: Handyperson
SRB065: Handyperson

**INTEREST RECEIPTS AND PAYMENTS**  
**OCTOBER 2021**

	Interest Received	Interest Paid	Net Cost to WBC
2021/22 Estimate	<u>36,712,374</u>	<u>51,078,666</u>	<u>14,366,292</u>
Budget to date	21,415,552	29,795,889	8,380,337
Actual to date	18,525,368	26,479,048	7,953,681
Variation to Date	-2,890,184 -13%	-3,316,841 -11%	-426,656 -5%



Loans to group companies and Victoria Square have been lower than budgeted resulting in an adverse variance in interest received, however, this variance has been offset by borrowing being lower than forecast and short term borrowing has been at lower interest rates than was assumed in the budget. Long term borrowing has been taken recently to take advantage of low interest rates. The underspend on interest costs is expected to reduce as short term loans are replaced with long term PWLB borrowing during the year.

Neil Haskell, Financial Services Manager

**CAPITAL RECEIPTS**  
**OCTOBER 2021**

<b><u>GENERAL FUND</u></b>		
<b><u>DETAILS OF RECEIPT</u></b>	<b><u>ESTIMATED RECEIPTS</u></b> (full year) £	<b><u>ACTUAL RECEIPTS</u></b> (to date) £
<u>Land Sales</u>		
<b>TOTAL RECEIPTS 2021/22</b>	<b><u><u>0</u></u></b>	<b><u><u>0</u></u></b>

<b><u>HOUSING</u></b>		
<b><u>DETAILS OF RECEIPT</u></b>	<b><u>ESTIMATED RECEIPTS</u></b> (full year) £	<b><u>ACTUAL RECEIPTS</u></b> (to date) £
Right To Buy Sales *	3,330,000	1,788,000
Land Sales (including target disposals)		
Equity Share Sale		0
Repayment of Discount		0
<b>TOTAL RECEIPTS 2021/22</b>	<b><u><u>3,330,000</u></u></b>	<b><u><u>1,788,000</u></u></b>
Receipt retained by WBC	723,191	216,653
Treasury Share of receipt	535,801	267,901
Earmarked for replacement housing	<u>2,071,008</u>	<u>1,303,446</u>
	<b><u><u>3,330,000</u></u></b>	<b><u><u>1,788,000</u></u></b>

\* 10 properties were sold under the Right To Buy to the end of October, at a discounted price of £178,800 compared with a forecast of 15 for the year @ £222,000 each.

The treasury share of receipt and earmarked for replacement housing figures are based on last year's instruction while awaiting new arrangement from DLUHC.

**SAVINGS ACHIEVED**  
**OCTOBER 2021**

<u>GENERAL FUND</u>	2021/22	Effect in 2022/23
<u>Savings achieved to date:</u>	£	£
No savings have been specifically identified against the target	0	0
Total Savings achieved at 31 October 2021	<u>0</u>	<u>0</u>
Savings Target *	100,000	
Savings to be achieved at 31 October 2021	<u>100,000</u>	

\* GENERAL FUND SAVINGS REQUIREMENT

The General Fund budget set in February 2021 included a savings target of £100,000 consistent with previous years. However, the budget also forecast that the Council would need to use reserves to mitigate Covid specific income losses and some underlying pressures in 2021/22. The Medium Term Financial Strategy (MTFS) report approved by Council in April 2021, and updated in July 2021, included an additional savings target of £1m for 2021/22 to reduce the use of reserves. A further update to the MTFS and proposed approach to achieving savings, was reported to the Executive in October 2021. All savings are currently reported in detail within the schedule of budget variations.

HOUSING REVENUE ACCOUNT

Following the outsource of the housing management services there is little opportunity to achieve further efficiency savings due to the nature of the HRA under the new arrangements. Therefore, no savings target was set for 2021/22.

**29/10/21: COMMUNITY INFRASTRUCTURE (CIL)**

**FUNDING AVAILABLE BY AREA**

<b>Area</b>	<b>Funding Receipts (£)</b>	<b>Funding Commitments yet to be Paid (£)</b>	<b>Money Paid (£)</b>	<b>Available Funding (Receipts less Commitments less Money Paid) (£)</b>
Brookwood Neighbourhood Area	7,239.35	-	-	7,239.35
Byfleet and West Byfleet Ward	11,970.03	8,053.08	-	3,916.95
Canalside Ward	228,142.64	2,916.00	-	225,226.64
Goldsworth Park Ward	8,765.50	6,897.56	-	1,867.94
Heathlands Ward	19,786.68	-	-	19,786.68
Hoe Valley Ward	31,884.00	-	-	31,884.00
Hook Heath Neighbourhood Area	53,231.80	15,000.00	-	38,231.80
Horsell Ward	48,500.47	-	-	48,500.47
Knaphill Ward	23,778.08	1,279.26	720.74	21,778.08
Mount Hermon Ward	169,973.80	-	-	169,973.80
Pyrford Neighbourhood Area	28,246.98	-	14,000.00	14,246.98
Pyrford Ward	5,860.82	-	-	5,860.82
Pyrford Ward within West Byfleet Neighbourhood Area	2,630.77	-	-	2,630.77
St Johns Ward	17,283.35	-	5,632.36	11,650.99
West Byfleet Neighbourhood Area	855,240.01	10,347.36	1,594.68	843,297.97
<b>Total</b>	<b>1,512,534.28</b>	<b>44,493.26</b>	<b>21,947.78</b>	<b>1,446,093.24</b>

CIL is a charge levied on new developments to contribute towards infrastructure delivery. A proportion of the money received from this charge is allocated to Wards or Neighbourhood Areas where the development occurred, to be used for local community projects. Ward Councillors can apply for this funding and work with providers and resident groups to deliver identified community projects. The above table sets out the proportion of the CIL income that has been earmarked for the various Wards and Neighbourhood Areas to date.

**TREASURY MANAGEMENT  
INFORMATION**

**October 2021**

**SUMMARY OF EXTERNAL COMMITMENTS**  
[detailed schedules overleaf]

At 30 September 2021 £'000		At 31 October 2021 £'000	%
	<b>External Borrowing Outstanding</b>		
1,773,335	Long-term borrowing <sup>(1)</sup>	1,773,031	96.5
	Short-term borrowing (less than 12 months)		
0	- Three months or more	0	0.0
97,000	- Less than three months	65,000	3.5
0	- Mayoral Charities (including Hospice)	0	0.0
<u>1,870,335</u>	<b>Total Borrowing</b>	<u>1,838,031</u>	<u>100.0</u>
	<b>External Deposits</b>		
0	Long-term Deposits	0	0
	Short-term Deposits		
75,000	- invested by WBC Treasury <sup>(2)</sup>	57,000	87.2
30,914	- on call with Lloyds	8,384	12.8
<u>105,914</u>	<b>Total External Deposits</b>	<u>65,384</u>	<u>100.0</u>
	<b>Long-term Investments in Group Companies/Joint Ventures <sup>(3)</sup></b>		
17,815	- Thameswey Energy Limited (TEL)	15,815	n/a *
259,856	- Thameswey Housing Limited (THL)	260,779	n/a *
81,206	- Thameswey Housing Limited (Sheerwater)	83,342	n/a *
47,250	- Thameswey Developments Limited (for THL)	47,250	n/a *
5,000	- Thameswey Developments Limited (Sheerwater)	5,000	n/a *
10,800	- Thameswey Developments (Sheerwater Leisure Centre)	10,800	n/a *
28,005	- Thameswey Developments Limited (for TEL)	28,005	n/a *
34,276	- Thameswey Central Milton Keynes Ltd	34,425	n/a *
906	- Thameswey Solar Ltd	906	n/a *
1,665	- Rutland (Woking) Ltd	1,665	n/a *
599,850	- Victoria Square Woking Ltd	605,061	n/a *
<u>1,086,629</u>		<u>1,093,049</u>	
	<b>Long-term Loans to External Organisations</b>		
6,350	- Peacocks Centre	6,350	n/a *
101	- A & B Menswear	101	n/a *
75	- Woking Football Club	75	n/a *
1,673	- Freedom Leisure	1,673	n/a *
6,400	- Greenfield School	6,400	n/a *
1,053	- Wolsey Place	1,417	n/a *
1,500	- Kingfield Community Sports Centre Limited	1,500	n/a *
<u>17,152</u>		<u>17,516</u>	
	<b>Share Capitalisations</b>		
6,703	- Thameswey Limited	6,703	n/a *
24,490	- Thameswey Housing Limited	24,490	n/a *
6,000	- Woking Necropolis and Mausoleum Ltd	6,000	n/a *
1	- Woking Town Centre Management	1	n/a *
14	- Victoria Square Woking Ltd	14	n/a *
50	- Municipal Bonds Agency	50	n/a *
50	- SurreySave Credit Union	50	n/a *
500	- Kingfield Community Sports Centre Limited	500	n/a *
<u>37,808</u>		<u>37,808</u>	

(1) £132,796k of the long term borrowing is Housing Revenue Account, with £98,006k of this relating to the Housing Self Financing settlement. The remainder of the borrowing relates to the General Fund.

(2) WBC Treasury utilises AAA rated Money Market Funds operated by Deutsche Bank Advisors, Ignis Asset Management and Federated Hermes Cash Management Fund to manage day to day cash flow.

(3) These investments are used to provide operational assets within the group companies, and consequently fall outside the liquidity measure within the Council's approved Investment Strategy i.e. that a minimum of 65% of investments should mature within 12 months of placing an investment.

## Long Term Loans

### Public Works Loans Board

Reference	Counter Party Name	Start date	Maturity date	Interest Rate	Loan Type	Principal £m
176519	PWLB	27/03/2020	27/03/2021	1.88 Fixed	Maturity	0.0
505504	PWLB	16/11/2016	16/11/2021	1.58 Fixed	Maturity	25.0
496087	PWLB	13/10/2009	13/10/2024	3.91 Fixed	Maturity	4.0
499430	PWLB	12/03/2012	12/03/2025	3.59 Fixed	Maturity	5.0
506421	PWLB	27/09/2017	31/08/2025	1.95 Fixed	Maturity	8.0
501617	PWLB	05/10/2012	05/10/2026	2.18 Fixed	Annuity	0.9
495369	PWLB	17/03/2009	10/03/2027	3.78 Fixed	Maturity	3.0
489099	PWLB	04/10/2004	04/10/2030	4.75 Fixed	Maturity	5.0
489100	PWLB	04/10/2004	04/10/2031	4.75 Fixed	Maturity	5.0
489952	PWLB	20/05/2005	16/05/2033	4.45 Fixed	Maturity	5.0
503002	PWLB	24/04/2014	24/04/2034	3.69 Fixed	Annuity	1.1
488996	PWLB	26/08/2004	26/08/2034	4.85 Fixed	Maturity	5.0
497990	PWLB	28/09/2010	28/09/2034	4.06 Fixed	Maturity	5.0
489911	PWLB	16/05/2005	16/05/2035	4.55 Fixed	Maturity	5.0
502015	PWLB	22/03/2013	22/03/2037	3.90 Fixed	Maturity	5.0
494140	PWLB	10/12/2007	10/12/2037	4.49 Fixed	Maturity	3.0
501718	PWLB	13/11/2012	13/05/2038	3.78 Fixed	Maturity	5.0
496255	PWLB	01/12/2009	01/12/2039	4.22 Fixed	Maturity	3.0
502580	PWLB	04/10/2013	04/10/2040	4.26 Fixed	Maturity	5.0
494241	PWLB	09/01/2008	10/12/2042	4.39 Fixed	Maturity	3.0
496164	PWLB	04/11/2009	02/11/2049	4.29 Fixed	Maturity	3.0
496526	PWLB	21/01/2010	21/01/2053	4.48 Fixed	Maturity	4.0
494807	PWLB	10/09/2008	10/09/2053	4.41 Fixed	Maturity	3.0
496700	PWLB	19/02/2010	19/09/2053	4.67 Fixed	Maturity	10.0
496599	PWLB	01/02/2010	01/08/2054	4.44 Fixed	Maturity	5.0
496701	PWLB	19/02/2010	19/01/2055	4.67 Fixed	Maturity	10.0
490975	PWLB	10/01/2006	10/01/2056	3.95 Fixed	Maturity	3.0
501032	PWLB	28/03/2012	01/09/2056	3.50 Fixed	Maturity	10.0
492382	PWLB	02/11/2006	02/11/2056	4.05 Fixed	Maturity	6.0
496702	PWLB	19/02/2010	19/10/2057	4.67 Fixed	Maturity	10.0
494733	PWLB	15/08/2008	15/02/2058	4.39 Fixed	Maturity	3.0
494420	PWLB	07/03/2008	07/03/2058	4.41 Fixed	Maturity	3.0
494702	PWLB	04/08/2008	04/08/2058	4.46 Fixed	Maturity	5.0
501025	PWLB	28/03/2012	02/09/2058	3.50 Fixed	Maturity	10.0
496703	PWLB	19/02/2010	19/01/2059	4.67 Fixed	Maturity	10.0
501029	PWLB	28/03/2012	03/03/2059	3.50 Fixed	Maturity	10.0
496600	PWLB	01/02/2010	01/08/2059	4.43 Fixed	Maturity	5.0
501028	PWLB	28/03/2012	01/09/2059	3.50 Fixed	Maturity	10.0
496704	PWLB	19/02/2010	19/10/2059	4.67 Fixed	Maturity	8.0
496257	PWLB	01/12/2009	01/12/2059	4.21 Fixed	Maturity	4.0
496525	PWLB	21/01/2010	21/01/2060	4.46 Fixed	Maturity	4.0
501027	PWLB	28/03/2012	01/03/2060	3.49 Fixed	Maturity	10.0
501024	PWLB	28/03/2012	01/09/2060	3.49 Fixed	Maturity	10.0
497889	PWLB	10/09/2010	10/09/2060	4.04 Fixed	Maturity	5.0
501030	PWLB	28/03/2012	01/03/2061	3.49 Fixed	Maturity	10.0
501026	PWLB	28/03/2012	01/09/2061	3.48 Fixed	Maturity	10.0
499282	PWLB	28/12/2011	22/12/2061	4.11 Fixed	Maturity	5.0
499322	PWLB	20/01/2012	20/01/2062	3.99 Fixed	Maturity	5.0
501031	PWLB	28/03/2012	01/03/2062	3.48 Fixed	Maturity	18.0
503577	PWLB	18/12/2014	18/07/2062	3.22 Fixed	Maturity	3.0
503547	PWLB	15/12/2014	15/12/2062	3.36 Fixed	Maturity	3.0
503658	PWLB	20/01/2015	20/03/2063	2.99 Fixed	Maturity	2.0
503523	PWLB	02/12/2014	02/05/2063	3.45 Fixed	Maturity	3.0
502654	PWLB	04/11/2013	04/11/2063	4.20 Fixed	Maturity	5.0
503517	PWLB	01/12/2014	01/05/2064	3.49 Fixed	Maturity	5.0
504415	PWLB	19/10/2015	19/10/2064	3.25 Fixed	Maturity	9.5
503472	PWLB	20/11/2014	20/11/2064	3.66 Fixed	Maturity	5.0
503499	PWLB	27/11/2014	27/11/2064	3.58 Fixed	Maturity	6.0
504660	PWLB	11/02/2016	11/02/2065	2.92 Fixed	Maturity	3.0
506120	PWLB	09/06/2017	09/06/2065	2.28 Fixed	Maturity	4.5
504298	PWLB	12/08/2015	12/08/2065	3.16 Fixed	Maturity	2.0
504387	PWLB	28/09/2015	28/09/2065	3.18 Fixed	Maturity	5.0
504478	PWLB	18/11/2015	18/11/2065	3.33 Fixed	Maturity	2.0
504531	PWLB	08/12/2015	08/12/2065	3.21 Fixed	Maturity	2.0
504597	PWLB	19/01/2016	19/01/2066	3.13 Fixed	Maturity	2.5
505119	PWLB	20/06/2016	20/04/2066	2.50 Fixed	Maturity	10.0

## Long Term Loans

Reference	Counter Party Name	Start date	Maturity date	Interest Rate	Loan Type	Principal £m
505091	PWLB	17/06/2016	17/06/2066	2.57 Fixed	Maturity	10.0
505186	PWLB	30/06/2016	30/06/2066	2.42 Fixed	Maturity	3.0
505365	PWLB	21/09/2016	21/09/2066	2.23 Fixed	Maturity	4.0
505499	PWLB	10/11/2016	10/11/2066	2.47 Fixed	Maturity	8.0
505518	PWLB	30/11/2016	30/11/2066	2.61 Fixed	Maturity	9.0
505724	PWLB	13/02/2017	11/02/2067	2.74 Fixed	Annuity	11.5
505767	PWLB	28/02/2017	28/02/2067	2.68 Fixed	Annuity	19.1
505783	PWLB	02/03/2017	02/03/2067	2.64 Fixed	Annuity	9.5
505922	PWLB	27/03/2017	27/03/2067	2.37 Fixed	Maturity	5.0
506000	PWLB	19/04/2017	19/04/2067	2.50 Fixed	Annuity	4.8
506121	PWLB	09/06/2017	09/06/2067	2.52 Fixed	Annuity	4.8
506306	PWLB	31/08/2017	31/08/2067	2.52 Fixed	Annuity	47.9
506347	PWLB	12/09/2017	12/09/2067	2.50 Fixed	Annuity	9.6
506555	PWLB	07/11/2017	07/11/2067	2.67 Fixed	Annuity	19.3
506564	PWLB	09/11/2017	09/11/2067	2.66 Fixed	Annuity	28.9
506569	PWLB	10/11/2017	10/11/2067	2.63 Fixed	Annuity	19.3
506658	PWLB	23/11/2017	23/11/2067	2.65 Fixed	Annuity	9.6
506730	PWLB	13/12/2017	13/12/2067	2.64 Fixed	Annuity	9.6
506752	PWLB	19/12/2017	19/12/2067	2.30 Fixed	Maturity	10.0
506980	PWLB	02/03/2018	02/03/2068	2.73 Fixed	Annuity	9.7
507084	PWLB	19/03/2018	19/03/2068	2.63 Fixed	Annuity	9.6
507090	PWLB	20/03/2018	20/03/2068	2.61 Fixed	Annuity	9.6
507135	PWLB	26/03/2018	26/03/2068	2.56 Fixed	Annuity	14.5
507136	PWLB	26/03/2018	26/03/2068	2.56 Fixed	Annuity	7.7
507182	PWLB	29/03/2018	29/03/2068	2.54 Fixed	Annuity	9.6
507445	PWLB	31/05/2018	31/05/2068	2.49 Fixed	Annuity	9.7
507623	PWLB	27/07/2018	27/07/2068	2.53 Fixed	Annuity	9.7
507925	PWLB	19/10/2018	19/10/2068	2.68 Fixed	Maturity	6.0
508038	PWLB	14/11/2018	14/11/2068	2.72 Fixed	Annuity	9.8
508052	PWLB	19/11/2018	19/11/2068	2.78 Fixed	Annuity	9.8
508146	PWLB	07/12/2018	07/12/2068	2.75 Fixed	Annuity	58.5
508180	PWLB	11/12/2018	11/12/2068	2.66 Fixed	Annuity	19.5
508231	PWLB	13/12/2018	13/12/2068	2.55 Fixed	Annuity	39.0
508432	PWLB	31/01/2019	31/01/2069	2.56 Fixed	Annuity	9.6
508481	PWLB	11/02/2019	11/02/2069	2.52 Fixed	Annuity	77.9
508610	PWLB	27/02/2019	27/02/2069	2.39 Fixed	Annuity	7.0
508842	PWLB	19/03/2019	19/03/2069	2.55 Fixed	Annuity	19.6
508850	PWLB	20/03/2019	20/03/2069	2.53 Fixed	Annuity	19.5
508869	PWLB	22/03/2019	22/03/2069	2.49 Fixed	Annuity	29.2
508916	PWLB	25/03/2019	25/03/2069	2.39 Fixed	Annuity	48.7
508947	PWLB	26/03/2019	26/03/2069	2.37 Fixed	Annuity	19.5
509003	PWLB	28/03/2019	28/03/2069	2.31 Fixed	Annuity	19.5
509473	PWLB	05/07/2019	05/07/2069	2.15 Fixed	Annuity	19.5
509557	PWLB	26/07/2019	26/07/2069	2.16 Fixed	Annuity	19.5
509591	PWLB	06/08/2019	06/08/2069	2.09 Fixed	Annuity	19.5
509644	PWLB	09/08/2019	09/08/2069	1.93 Fixed	Annuity	19.5
509739	PWLB	20/08/2019	20/08/2069	1.77 Fixed	Annuity	9.7
509874	PWLB	05/09/2019	05/09/2069	1.74 Fixed	Annuity	9.7
116151	PWLB	25/09/2019	25/09/2069	1.82 Fixed	Annuity	9.7
116631	PWLB	26/09/2019	26/09/2069	1.80 Fixed	Annuity	9.7
141733	PWLB	11/12/2019	11/12/2069	3.08 Fixed	Annuity	19.7
156094	PWLB	30/01/2020	30/01/2070	2.85 Fixed	Annuity	19.7
186269	PWLB	16/04/2020	16/04/2070	2.48 Fixed	Annuity	19.7
197955	PWLB	12/05/2020	12/05/2070	2.43 Fixed	Annuity	19.8
292072	PWLB	18/01/2021	18/01/2071	1.71 Fixed	Annuity	9.9
294068	PWLB	21/01/2021	21/01/2071	1.71 Fixed	Annuity	19.9
297978	PWLB	29/01/2021	29/01/2071	1.68 Fixed	Annuity	19.9
304476	PWLB	15/02/2021	15/02/2071	1.87 Fixed	Annuity	14.9
311952	PWLB	02/03/2021	02/03/2071	2.15 Fixed	Annuity	44.7
313114	PWLB	04/03/2021	04/03/2071	2.15 Fixed	Annuity	19.9
323859	PWLB	25/03/2021	25/03/2071	2.13 Fixed	Annuity	9.9
324395	PWLB	26/03/2021	26/03/1971	2.09 Fixed	Annuity	14.9
337369	PWLB	21/04/2021	21/04/2071	2.11 Fixed	Annuity	9.9
353644	PWLB	24/05/2021	24/05/2071	2.23 Fixed	Annuity	20.0
362679	PWLB	14/06/2021	14/06/2071	2.09 Fixed	Annuity	25.0
363703	PWLB	16/06/2021	16/06/2071	2.07 Fixed	Annuity	10.0
365996	PWLB	23/06/2021	23/06/2071	2.02 Fixed	Annuity	20.0
368894	PWLB	01/07/2021	01/07/2071	2.05 Fixed	Annuity	20.0

### Long Term Loans

370826	PWLB	06/07/2021	06/07/2071	2.04	Fixed	Annuity	20.0
372808	PWLB	09/07/2021	09/07/2071	1.98	Fixed	Annuity	20.0
374078	PWLB	13/07/2021	13/07/2071	1.98	Fixed	Annuity	20.0
376376	PWLB	19/07/2021	19/07/2071	1.90	Fixed	Annuity	20.0
378261	PWLB	22/07/2021	22/07/2071	1.82	Fixed	Annuity	20.0
380895	PWLB	28/07/2021	28/07/2071	1.80	Fixed	Annuity	30.0
389042	PWLB	12/08/2021	12/08/2071	1.75	Fixed	Annuity	30.0
410896	PWLB	30/09/2021	30/09/2071	1.94	Fixed	Annuity	20.0

\* New loans taken during this period.

Average interest rate 2.63

1,733.5

## Long Term Loans

### Market Loans

Reference	Counter Party Name	Start date	Maturity date	Interest Rate	Loan Type	Principal
252	LB of Hackney	21/11/2016	19/11/2021	1.38 Fixed	Maturity	3.5
253	Cornwall Council	03/01/2017	04/01/2022	1.30 Fixed	Maturity	6.0
291/296	Barclays Bank plc	31/07/2006	31/07/2076	4.75 Fixed	Maturity	5.0 **
292/295	Barclays Bank plc	31/07/2006	31/07/2076	4.75 Fixed	Maturity	5.0 **
299	Barclays Bank plc	05/04/2007	05/04/2077	3.95 Fixed	Maturity	5.0 **

No new loans taken during this period.

Average interest rate 3.26

24.5

\*\* These loans were previously classified as LOBO (Lender Option Borrower Option) loans. Barclays notified the Council that it had permanently waived its rights under the lender's option of the LOBO feature of the loans to change the interest rate in the future. As a result, the loans effectively became fixed rate loans at their current interest rates with their stated maturities and no risk that the rates will be changed in the future. This change was effective from 28th June 2016.

### Lender Option Borrower Option (LOBO) Loan Debt

£15m of the Council's long term borrowing is in the form of loans called LOBOs. These loans have a 'step up' date after which the lender has the option of asking for the interest rate to be increased at specific intervals ('call periods'). Should the lender request a rate increase, the Council has the option of repaying the loan and seeking an alternative source of finance. Some LOBOs have an interest rate increase pre-agreed at the 'step up' date at which the borrower does not have the option to repay. The new rate is referred to as the 'back-end rate'.

Reference	Counter Party Name	Start date	Maturity date	Initial rate	Next Step up date	Back-end rate	Effective rate	Call Period	Principal £m
293	Danske Bank*	05/04/2005	05/04/2055	3.90	05/04/2023	4.75	n/a	6 years	5.0
294/297	Dexia Public Finance Bank*	06/10/2006	06/10/2076	3.89	08/04/2023	4.75	n/a	2 years	5.0
298	Dexia Public Finance Bank	22/11/2006	22/11/2076	3.95	22/11/2026	3.95	n/a	1 years	5.0

\*LOBO has stepped up to back-end rate.

Average prevailing interest rate 4.48

15.0

**Total Long Term Loans**

Average prevailing interest rate 2.65

**1,773.0**

### PRUDENTIAL INDICATORS

Section 1 of the Local Government Act 2003, requires the Council to determine, before the beginning of each financial year, the Council's treasury Prudential Indicators.

On 11 February 2021, the Council determined the following limits for 2021/22:

Operational Boundary for External Debt	£2,149,389,000
<i>Current External Debt as a percentage of Operational Boundary *</i>	86.68%
Authorised Limit for External Debt	£2,159,389,000
<i>Current External Debt as a percentage of Authorised Limit *</i>	86.27%

\* The value relating to the estimated PFI liability at 31 October 2021 which is classed as a credit arrangement and comes within the scope of the prudential indicators is: £24,980,000

## Deals Outstanding at 31 October 2021

### Internally managed deposits

Deal Ref	Counter Party Name	Dates		Interest	
		Start	Maturity	Rate	Principal
2739	DEUTSCHE ASSET & WEALTH MANA	N/A	CALL	0.000	2,000,000.00
2750	FEDERATED HERMES CASH MANAGEMENT FUND	N/A	CALL	0.011	55,000,000.00
					<u>57,000,000.00</u>

### Deposits placed on the advice of Tradition UK

Deal Ref	Counter Party Name	Dates		Interest	
		Start	Maturity	Rate	Principal

No applicable deals

### Temporary Loans

Deal Ref	Counter Party	Dates		Interest	
		Start	Maturity	Rate	Principal
3447	CUMBRIA COUNTY COUNCIL	16/11/2020	15/11/2021	0.30	10,000,000.00
3448	LONDON BOROUGH OF HAVERING	17/11/2020	16/11/2021	0.35	5,000,000.00
3449	SPELTHORNE BOROUGH COUNCIL	18/11/2021	17/11/2021	0.30	5,000,000.00
3450	BOLTON METROPOLITAN BOROUGH COUNCIL	18/11/2021	17/11/2021	0.30	10,000,000.00
3451	SOMERSET COUNTY COUNCIL PENSION FUND	18/11/2021	17/11/2021	0.35	5,000,000.00
3463	ST HELENS MBC	22/02/2021	22/11/2021	0.12	10,000,000.00
3465	BARNSLEY METROPOLITAN BOROUGH COUNCIL	20/05/2021	22/11/2021	0.06	5,000,000.00
3466	SOUTH GLOUCESTERSHIRE COUNCIL	20/05/2021	22/11/2021	0.06	5,000,000.00
3467	NORTH SOMERSET COUNCIL	20/05/2021	22/11/2021	0.06	5,000,000.00
3468	HAMPSHIRE COUNTY COUNCIL	20/05/2021	22/11/2021	0.06	5,000,000.00
					<u>65,000,000.00</u>

## New Deals taken between 1 October 2021 and 31 October 2021

### Internally managed deposits

Deal Ref	Counter Party Name	Start	Dates Maturity	Interest Rate	Principal
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**No applicable deals**

### Temporary Loans

Deal Ref	Counter Party Name	Start	Dates Maturity	Interest Rate	Principal
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**No applicable deals**

### Long Term Loans

Deal Ref	Counter Party Name	Start	Dates Maturity	Interest Rate	Principal
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**No applicable deals**

**THAMESWEY GROUP  
INFORMATION**

**October 2021**

## THAMESWEY GROUP

Thameswey Ltd (TL) is a 100% subsidiary of Woking Borough Council. It is a holding company and has set up a number of subsidiary Companies specialising in low carbon energy generation, housing at intermediate rental, sustainable house building, property development and support services.

The group is made up of the following companies: unless otherwise stated they are 100% subsidiaries of Thameswey Ltd:

<b>Name</b>	<b>Abbr.</b>	<b>Description</b>
Thameswey Central Milton Keynes Ltd	TCMK	100% subsidiary of TEL providing low carbon energy generation in Milton Keynes
Thameswey Developments Ltd	TDL	Property Development on behalf of WBC
Thameswey Energy Ltd	TEL	Low carbon energy generation in Woking
Thameswey Housing Ltd	THL	Provides housing in the Borough. The majority of the housing is provided at intermediate rental
Thameswey Guest Houses Ltd	TGHL	100% Subsidiary of THL. Company began trading on 01/09/2014.
Thameswey Maintenance Services Ltd	TMSL	Operation & maintenance of Thameswey energy stations and ad hoc work for other customers
Thameswey Solar Ltd	TSL	Operates PV panels throughout the Borough
Thameswey Sustainable Communities Ltd	TSCL	Sustainable Energy Consultancy and also runs the Action Surrey project
Rutland (Woking) Ltd	RWL	50% Joint Venture between TDL and Rutland Properties
Rutland Woking (Carthouse Lane) Ltd	RWCL	50% Joint Venture between TDL and Rutland Properties, developed land on Carthouse Lane, Woking
Rutland Woking (Residential) Ltd	RWRL	75% subsidiary of the Thameswey Group via 50% held by THL and 25% by TDL.

*For further information please see our website: [www.thamesweygroup.co.uk](http://www.thamesweygroup.co.uk)*

*For information on reducing energy consumption in homes, schools and businesses please see: [www.actionsurrey.org](http://www.actionsurrey.org)*

*For information on the solar PV installations please visit our website [www.thamesweysolar.co.uk](http://www.thamesweysolar.co.uk)*

**THAMESWEY GROUP**  
**EMPLOYEE NUMBERS**  
**As at 30 September 2021**

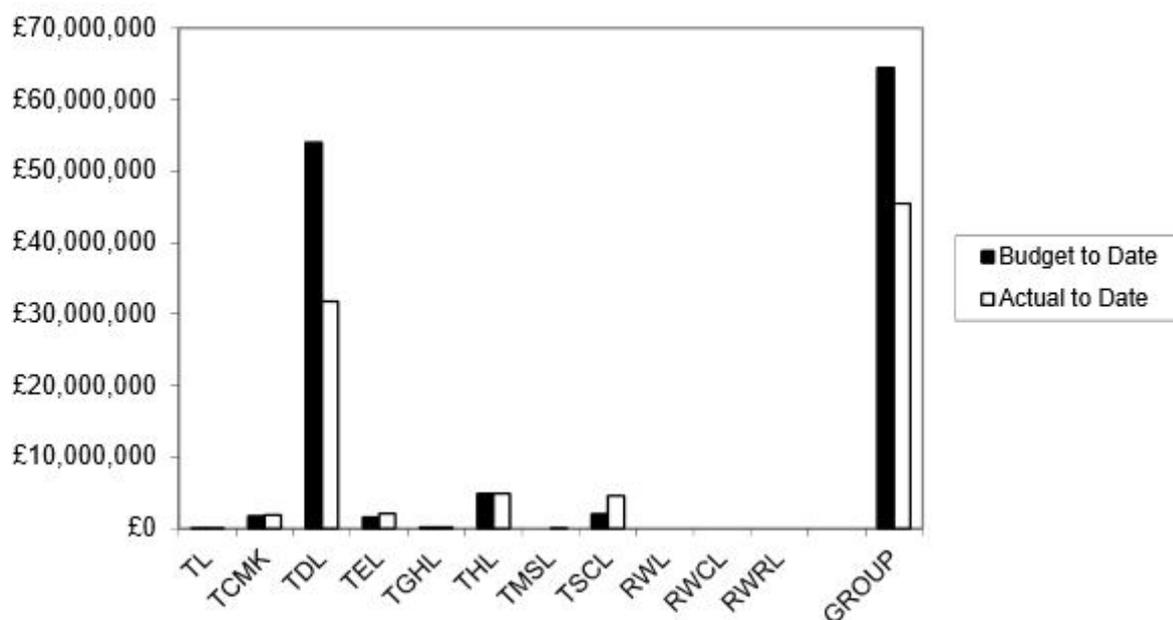
Service Unit	Employee Numbers for Full Time, Part Time, Agency Cover & Casual					
	Full Time	Part Time at FTE	Apprentice	Agency Cover	Casual Staff	Total FTEs
Thameswey Sustainable Communities Ltd	51	0.7	0	0	0	51.7
GROUP	51.0	0.7	0.0	0.0	0.0	51.7

Month	Total FTEs
April	53.7
May	52.7
June	51.7
July	50.7
August	50.7
September	51.7
October	
November	
December	
January	
February	
March	
<b>Average for the year to date</b>	<b>51.9</b>

No other Thameswey Group companies have employees.

**THAMESWEY GROUP**  
**SALES INCOME**  
**September 2021**

Company	Budget to Date £	Actual to Date £	Variance to Date £	Notes
TSL	0	0	0	
TL	33,500	41,388	7,888	
TCMK	1,737,396	1,880,981	143,585	
TDL	53,999,905	31,786,593	(22,213,312)	2
TEL	1,567,342	2,103,501	536,159	
TGHL	205,030	191,490	(13,540)	
THL	4,878,750	4,891,366	12,616	
TMSL	0	27,391	27,391	
TSCL	2,000,380	4,560,587	2,560,208	1
RWL				
RWCL				
RWRL				
GROUP	64,422,303	45,483,297	(18,939,005)	



There is a one month time lag on this report.

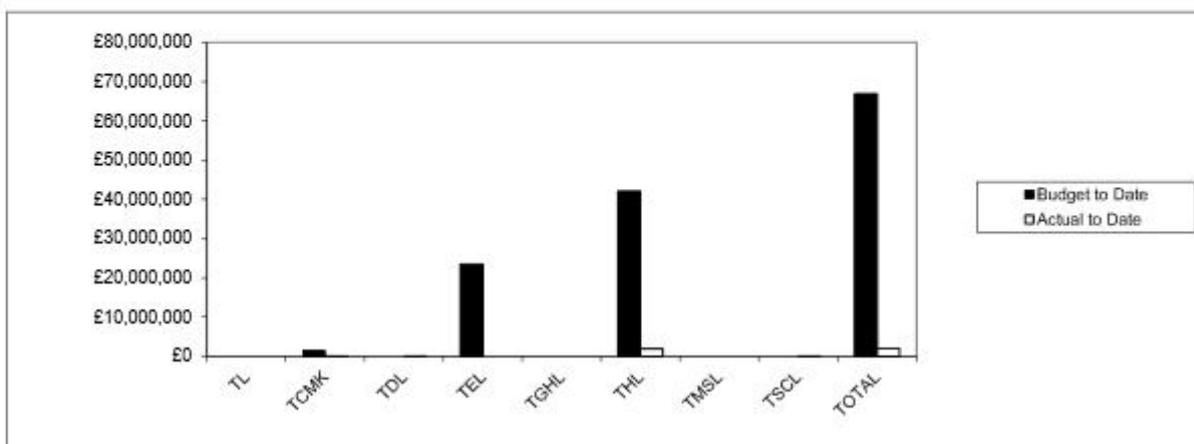
ALL FIGURES SUBJECT TO YEAR END ADJUSTMENTS

Notes

1. TSCL income is exceeding budget due to the Green Homes Grant from BEIS
2. Project completion timing variances

**THAMESWEY GROUP**  
**CAPITAL EXPENDITURE**  
**September 2021**

Company	Budget to Date £	Actual to Date £	Variance to Date £	Note
TSL	0	0	0	
TL	0	0	0	
TCMK	1,433,000	36,292	(1,396,708)	3
TDL	0	40,465	40,465	
TEL	23,443,904	0	(23,443,904)	4
TGHL	0	0	0	
THL	42,043,410	1,936,326	(40,107,084)	2
TMSL	0	0	0	
TSCL	0	26,475	26,475	
<b>TOTAL</b>	<b>66,920,314</b>	<b>2,039,557</b>	<b>(64,880,757)</b>	<b>1</b>



There is a one month time lag on this report.

**NOTES**

1. Capital expenditure is recognised upon completion of the project. Until that point, it is held as work in progress.

2. THL: Capital Expenditure:

	£
PEX Software	30,012
2 Bonsey Close	418,800
28 Albert Drive	375,000
6 Raynes Close	446,050
9 Marston Road	297,291
Renovations	369,173
	1,936,326
	0

Please note that Sheerwater properties are recognised quarterly

3. TCMK: Timing variances for asset purchase

4. TEL: Budgeted Capex relates to Poole Road. The project has not yet completed.

**THAMESWEY GROUP**  
**NEW LOANS**  
**September 2021**

Company	Project	Lender	Start Date	Maturity Date	Interest Rate %	Principal (€M)	Loan Ref
THL	Sheerwater Purple	WBC	22-Apr-21	22-Apr-71	1.93%	1.00	15532
THL	Middle Walk	WBC	13-May-21	13-May-71	3.48%	1.05	10132
THL	Sheerwater Purple	WBC	20-May-21	20-May-71	2.03%	1.00	15534
THL	Sheerwater Red	WBC	20-May-21	31-Mar-23	0.90%	1.50	15535
THL	Sheerwater Copper	WBC	20-May-21	31-Mar-23	0.90%	0.25	15536
TDL	Sheerwater Leisure Centre	WBC	01-Jun-21	31-Mar-23	0.85%	1.60	15257
TDL	Sheerwater Leisure Centre	WBC	01-Jun-21	31-Mar-23	0.85%	1.10	15258
THL	Harrington Place (Commercial Space)	WBC	08-Jun-21	08-Jun-71	3.50%	1.26	10133
THL	Comerstone (Elizabeth House)	WBC	17-Jun-21	17-Jun-71	3.42%	0.75	10134
TDL for TEL	Poole Road	WBC	17-Jun-21	17-Jun-71	2.92%	0.79	14771
THL	Sheerwater	WBC	17-Jun-21	17-Jun-71	1.92%	2.31	15537
THL	Sheerwater Purple	WBC	17-Jun-21	17-Jun-71	1.92%	3.39	15538
THL		WBC	28-Jun-21	28-Jun-71	3.42%	1.06	10135
TCMK		WBC	28-Jun-21	28-Jun-46	3.88%	0.75	11076
TEL	Poole Road	WBC	07-Jul-21	07-Jul-71	3.04%	2.00	12005
TEL	Poole Road	WBC	07-Jul-21	08-Oct-21	1.82%	3.00	12006
THL	Sheerwater	WBC	15-Jul-21	15-Jul-71	2.57%	1.54	10136
THL		WBC	15-Jul-21	15-Jul-71	3.48%	3.00	10137
THL		WBC	21-Jul-21	21-Jul-71	3.42%	2.18	10138
TDL	Sheerwater Leisure Centre	WBC	06-Aug-21	06-Aug-29	1.01%	1.00	15259
TCMK		WBC	17-Aug-21	17-Aug-46	3.63%	0.14	11077
THL	Comerstone / Knaphill Library / Middle Walk	WBC	24-Sep-21	24-Sep-71	3.44%	2.33	10139
THL	Sheerwater: Copper & Red	WBC	24-Sep-21	24-Sep-71	1.94%	1.03	15539
THL		WBC	29-Sep-21	29-Sep-71	3.58%	2.58	10140
TCMK		WBC	29-Sep-21	29-Sep-46	3.91%	0.61	11078

37.23

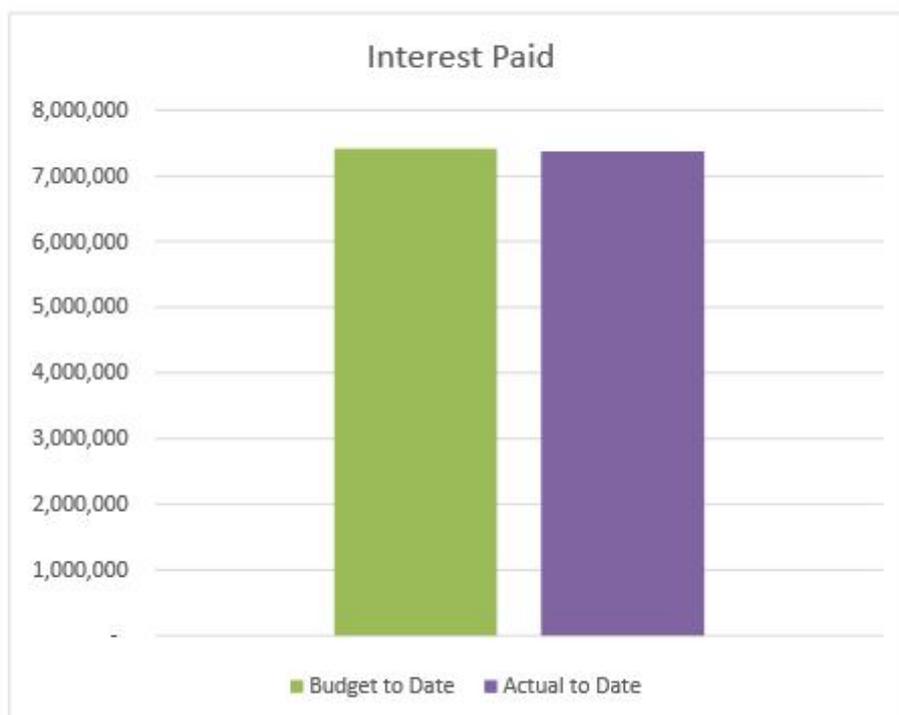
Company	Loan balances as at March-21	New Loans Apr-21 to Mar-22	Less Repayments in period	Net Balance of Loans
	€m	€m	€m	€m
TL				
TCMK	33.39	1.50	0.62	34.28
TDL	89.27	4.49	2.71	91.05
TEL	14.12	5.00	1.39	17.73
TGHL				
THL	314.84	26.23	0.02	341.06
TMSL				
TSL	0.99			0.99
TSCL				
RWL	1.67			1.67
RWCL				
RWRL				
GROUP	454.28	37.23	4.73	486.78

**There is a one month time lag on this report.**

*Note that the Green Book figures exclude inter company loans.*

**THAMESWEY GROUP**  
**INTEREST PAYMENTS**  
**September 2021**

Company	Budget to Date	Actual to Date	Net Financing Cost/(Adverse)	Note
	£	£	£	
TSL	-	-	-	
TL	-	-	-	
TCMK	1,032,894	958,050	74,844	
TDL	173,124	153,820	19,304	
TEL	724,680	415,679	309,001	
TGHL	-	-	-	
THL	5,484,686	5,842,481	(357,795)	
TMSL	-	-	-	
TSCL	-	-	-	
RWL				
RWCL				
RWRL				
<b>GROUP</b>	<b>7,415,384</b>	<b>7,370,031</b>	<b>45,353</b>	



Interest related to projects under development/construction will be capitalised in the accounts.

*Note that the Green Book figures exclude inter company loans.*

TDL loan interest relates to Coblands Nursery & Cornerstone property purchases in 2016

**There is a one month time lag on this report.**



**HIF – HOUSING OUTPUTS TASK GROUP****TERMS OF REFERENCE**

ADOPTED: XXXX

The *HIF – Housing Outputs Task Group* was formed on XXX. The Group is a 'Task and Finish Group'.

**Membership**

The Task Group shall comprise 7 Members of the Council representing all Groups on the Council based on proportionality. The Elected Members to be appointed annually by the Overview and Scrutiny Committee in May.

Members of the Task Group will be expected to gain the views of Councillors/ Officers/ Portfolio Holder / External Advisors and other representatives with a view to reporting those views to the Task Group.

Members of the Task Group may also be charged with specific areas to research and report back on to the Task Group. Any investigation requiring funding would normally be expected to be part of the existing O&S budget. Offsite visits will be ad hoc. Requests for additional funds for the purpose would be submitted to the Portfolio Holder.

Members of the Task Group may be expected to present proposals to the Overview and Scrutiny Committee and, where necessary, prepare written reports.

**Chairman and Vice-Chairman**

The election of Chairman and appointment of Vice-Chairman will take place annually at the first meeting of the HIF Housing Output Task Group. The Chairman shall be a member of the opposition.

**Remit**

The Task Group will cover the following:

- Understanding the additional housing output required by the Grant Determination Agreement (as amended). This would include both owned and non-owned outputs;
- Understanding the risks associated with delivering the agreed additional housing outputs, including additional affordable homes secured through the delivery of HIF and the risk of a default or fundamental default occurring..
- Reviewing the actions taken to mitigate those risks and propose further actions where appropriate and necessary given the current market circumstances since the bid was agreed
- Understanding the timescales and the implication of the proposed Woking Town Centre Masterplan on the delivery of the additional housing outputs.
- Reflecting and commenting on the agreed Council motion which call for 'The council re assess the scheme's housing targets under new market conditions, (especially post COVID) public opinion and if needed is open to renegotiations with central government.'

This is a task and finish group.

The task group would need to be mindful of the potential for duplication given the wide responsibilities of the Housing Task Group and the HIF oversight Panel.

## **Terms of Reference and Meeting Management Protocol**

It is envisaged that the Task Group be commenced as a task and finish group to address the areas of focus. The expectation is that the group would complete their review in three months with the intention of a final report being submitted to the first available O&S Committee following the completion of the review.

The Task Group may seek representation from the other partners involved such as Homes England or Surrey County Council.

### **Reporting**

The members of the Task Group will be responsible for reporting on a regular basis to the Overview and Scrutiny Committee. Any proposals arising from the work of the Task Group will need to be reported to the Council's Executive normally following consideration by the Overview and Scrutiny Committee.

### **Meetings of the Task Group**

The Task Group will be serviced by Democratic Services.

The Task Group will meet as required, depending on workloads and adhoc issues arising. The meetings will be held in private.

The Task Group will have Agendas for, and Minutes of, its meetings. These will be made available to all Members of the Task Group on a confidential basis.

Draft Minutes will be issued within five working days of a meeting of the Task Group, which will be approved, or amended and approved, at the next meeting of the Task Group.