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TO THE CHAIRMAN AND MEMBERS OF THE SHAREHOLDER EXECUTIVE COMMITTEE

You are hereby summoned to attend a meeting of the Shareholder Executive Committee to be held on Thursday, 27 June 2024 at 7.00 pm in the Council Chamber, Civic Offices, Gloucester Square, Woking, Surrey GU21 6YL.

The agenda for the meeting is set out below.

RICHARD CARR
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). The images and sound recording will also be used for training purposes within the Council. The broadcast will be stopped when the confidential/Part II item on the agenda is reached. 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

- 1 Apologies for absence
- 2 Declarations of Interest (Pages 3 - 4)
 - (i) To receive declarations of disclosable pecuniary and other interests from Members in respect of any item to be considered at the meeting.
 - (ii) In accordance with the Officer Employment Procedure Rules, the Strategic Director - Corporate Resources, Kevin Foster, declares a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he is a Council-appointed director. The companies are listed in the attached schedule. The interests are such that Mr Foster may advise on those items.
- 3 Urgent Business

To consider any business that the Chairman rules may be dealt with under Section 100B(4) of the Local Government Act 1972.
- 4 Report of the Shareholder Liaison Service (Pages 5 - 10)

Reporting Persons – Kevin Foster and Shareholder Liaison Service

5 Company Presentation to Committee (Pages 11 - 26)

Attached are the presentation slides from Victoria Square Woking Limited.
Reporting Persons – VSWL CEO/Chair

6 Work Programme (Pages 27 - 28)

Reporting Persons – Kevin Foster and Shareholder Liaison Service

7 The Chairman will move and the Vice-Chair will second:-

“That the press and public be excluded from the meeting during consideration of items 8 to 11 in view of the nature of the proceedings that, if members of the press and public were present during this item, there would be disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A, to the Local Government Act 1972.

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).”

PART II – PRESS AND PUBLIC EXCLUDED

8 Thameswey Performance Report and Group Management Accounts (Pages 29 - 54)

Reporting Persons – Thameswey CEO/Chair

9 Victoria Square Woking Limited Performance Report (Pages 55 - 72)

Reporting Persons – VSWL CEO/Chair

10 Victoria Square Woking Limited Business Plan (Pages 73 - 182)

Reporting Persons – VSWL CEO/Chair

11 Report of the Shareholder Liaison Service (Pages 183 - 200)

No Company Representatives will be in attendance for this agenda item.
Reporting Persons – Kevin Foster and Shareholder Liaison Service

AGENDA ENDS

Date Published - 19 June 2024

For further information regarding this agenda and arrangements for the meeting, please contact Douglas Davern on 01483 743018 or email doug.davern@woking.gov.uk

Agenda Item 2

Schedule Referred to in Declaration of Interests

Council-appointed directorships

Kevin Foster, Strategic Director – Corporate Resources	
Brookwood Cemetery Limited	Kingfield Community Sports Centre Limited
Brookwood Park Limited	LAC 2021 Limited (Dormant)
Export House Limited	Woking Necropolis and Mausoleum Limited
Woking Shopping Limited	

Louise Strongitharm, Strategic Director – Communities	
Rutland Woking (Carhouse Lane) Limited	Rutland Woking (Residential) Limited
Rutland (Woking) Limited	

Adam Walther, Head of Transformation, Digital and Customer	
Brookwood Cemetery Limited	Thamesway Developments Limited
Brookwood Park Limited	Thamesway Energy Limited
Thamesway Central Milton Keynes Limited	Thamesway Limited
Thamesway Sustainable Communities Limited	Thamesway Solar Limited
Woking Necropolis and Mausoleum Limited	

SHAREHOLDER EXECUTIVE COMMITTEE – 27 JUNE 2024

REPORT OF THE SHAREHOLDER LIAISON SERVICE

Executive Summary

This is the inaugural Part I report of the Shareholder Liaison Service (SLS) to the newly formed Shareholder Executive Committee (SEC). The SLS comprises officers for Commercial, Financial and Governance. The team reports into the Strategic Director, Corporate Resources.

- a. Acting as the custodian of the Shareholder's interests in the Council Owned Entities (COEs)
- b. Establishing with the SEC the outcomes WBC requires of its group companies, frequently testing the group entities against these
- c. Building and maintaining an effective and transparent relationship between the Shareholder and COEs
- d. Ensuring each COE has the right level of challenge and support from the Shareholder
- e. Establishing and maintaining a group environment and culture for COEs
- f. Preparing, gaining approval, and implementing a commercial strategy for the COEs within the group

The companies shall report to the Committee on the basis of the requirements of the Companies' Governance Framework adopted at the Executive meeting of 16 November 2023. The monthly reporting requirements are:-

- Performance against business plan/ budget
- Financial reporting current view of outturn turnover, profit before tax, expected year end cash balance
- Risk management update
- Cash flow forecast for companies with high liquidity risk
- Any shareholder consent matters

The function of the Committee is to: -

- (1) Hold the companies to account for delivery of the Business Plan and, in particular, the company's performance:
 - in financial matters
 - against the social goals of the company as set out in the company's Objects, Business Case or Business Plan; and
 - against the values of the Council.
- (2) Evaluate and monitor:
 - the financial and social returns on investment (be that shareholding, loans, or direct investment); and
 - risks and opportunities including those arising from joint ventures or new opportunities.

The Committee is also reminded of the Council's responsibilities under the Exceptional Financial Support arrangement (EFS). These responsibilities are reflected in this report in the context of company plans to improve financial oversight and the Victoria Square business plan. The responsibilities arising from the EFS arrangements can be summarised as follows:

EFS requirement	Reflected in the report and wider activity
<p>a) <i>a robust asset disposal plan to the satisfaction of Commissioners and Government. This must be underpinned by a detailed assessment of options considering the associated risks and benefits, and a review of the Council's companies' financial positions including detailed cashflows, within three months unless otherwise agreed by Commissioners</i></p>	<ul style="list-style-type: none"> - Reporting requirements of the Companies' Governance Framework - Interpath advisory and assurance work - Business plan requirements - Lender Board
<p>a) <i>A strict debt reduction plan to the satisfaction of Commissioners and Government, linked to the options appraisal and agreed asset disposal plan;</i></p>	<ul style="list-style-type: none"> - Lender board - Interpath work - Asset disposal options and business cases required as part of the companies' business plans
<p>b) <i>Robust commercial governance and assurance frameworks to the satisfaction of Commissioners and Government to ensure effective decision-making and risk mitigation, and to facilitate an orderly and timely exit from the Council's commercial arrangements with its companies</i></p>	<ul style="list-style-type: none"> - Implementation of the Companies' Governance Framework - Operation of the Commercial Governance Board - Appointment of new company chairs and NEDs - Amendment of Part 6 of the constitution - Creation and operation of the SEC

The reports brought by the companies to the June committee are: -

- Annual Business plan for Victoria Square
- Monthly requirements relating to business records for March 2024, Victoria Square and April 2024 ThamesWey.

The monthly information is summarised and reviewed in a Part II report to the Committee.

The Annual business Plan for Victoria Square is summarised in this report (the full plan included under Part II), with a recommendation that it is approved by the Shareholder as the principle set of objectives and activities that the three Victoria Square companies will undertake over the current financial year.

Recommendations

The Committee is requested to:

RESOLVE That

- (i) The report be received.

Reasons for Decision

Reason: To adhere to the reporting requirements as set out in the Companies Governance Framework.

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

Background Papers:	Victoria Square Business plan 2024/25 set out elsewhere on the agenda under Part II, Companies Governance Framework.
Reporting Persons:	Shareholder Liaison Service Kevin Foster, Strategic Director – Corporate Resources Email: kevin.foster@woking.gov.uk, Extn: 3198
Contact Persons:	Kevin Foster, Strategic Director – Corporate Resources Email: kevin.foster@woking.gov.uk, Extn: 3198
Portfolio Holder:	Councillor Ann-Marie Barker Email: cllrann-marie.barker@woking.gov.uk
Date Published:	19 June 2024

1.0 Introduction

1.1 The company business plan is included in Part II of the agenda. The plan covers the period from 1st April 2024 to 31st of March 2025

1.2 The plan addresses the following across the activities of the three companies:

- Vision and Strategy – *“to deliver place-changing investment redevelopment of a major portion of Woking town centre, to improve its aspiration and demographic appeal, to bring commerce, undergraduate education, leisure destinations, food and beverage, with transport and car parking facilities to support it”*
 - *Optimise the assets’ value to the town centre*
 - *Maximise asset value by focusing on net operating income**Establish an achievable asset management strategy, aligned to WBC objectives, that brings best value to the taxpayer whilst securing town centre management and investors that will improve Woking and protect and enhance the economic regeneration and growth ambitions of the Victoria Square project*
- Corporate Structure – *a description of the three companies and key agreements with third parties, and plan to build an effective board to deliver the Business Plan.*
- Environmental, Social and Governance – *recognition of the Council’s companies governance framework as the standard to which a new board will align governance, and need for development of an environmental and social policy for the companies*
- Long term commercial strategy – *appointment of a property investment consultant to advise on long term commercial strategy and options for the assets*
- Asset development and planning – *completion of the hotel, discharge of all planning conditions, adoption of energy plant by ThamesWey, conclude all s106 payments and hand over of assets for management*
- Financial Management – *maintain the short term cash flow, produce medium term cash flow, establish annual operating budget for all assets including Hotel and Car parks, drive cost savings whilst preserving value, transition away from Moy Allen financial management to in house team and system*
- Risks – *continue to identify and mitigate risks and optimise asset values*

1.3 The plan covers the overview, strategic outcomes sought, key company actions, actions for 3rd parties, risks opportunities and outcomes sought for each of: Retail, Hotel, Residential and Car Parks

2.0 Goals and activities

2.1 The plan is well structured and enables the Council to understand the specific goals and activities for the different assets within the companies. The plan is transparent about challenges the companies will address before the end of March 2025, the key items being:

- Hilton Hotel budget and business plan
- Red and Green Car Parks budget and business plan
- An assured Medium-Term Cashflow Forecast
- Updated loan arrangements
- A developed long-term commercial strategy

2.2 The plan addresses (as requested) the Council's requirements as lender in 4 areas:

- Continue to improve corporate governance – building an effective board through New chair and NED appointments with specialist skill and experience
- Remain solvent and operationally robust - maintaining assured cash flow forecasts and challenging asset management suppliers on performance and net operating income
- Develop divestment strategy options (link to debt modelling) – engagement in May of Knight Frank as asset investment advisors
- Deliver affordable debt repayments – operate the “Sweep” process requested by the council underpinned by assured cash flow forecasts

3.0 Recommendations

3.1 In the Part II section of the agenda, it is recommended that the SEC approves the business plan, and notes that an update will be provided following the production of the medium-term cash flow forecast, operating budget and opening of the Hotel.

REPORT ENDS

Victoria Square Woking Limited

Business Plan 2024/25

June 2024

Introduction

This Business Plan is for the period to 31 March 2025 with six key priorities:-

- Consolidate the transition to 100% Woking Borough Council (WBC) Shareholder
- Embed new and improved corporate governance
- Remain operationally robust
- Resolve legacy matters
- Develop asset strategy options
- Deliver affordable debt repayments

Vision

The vision for the company, the project and its assets is to:-

- Ensure that Victoria Square Woking Limited (VSWL) is investable as a company
- Optimise the assets' value to the town centre
- Maximise asset value by focusing on net operating income
- Establish an achievable long-term commercial strategy aligned with WBC objectives that brings best value to the taxpayer as assessed against WBCs Best Value Duty
- Protect and enhance the economic regeneration and growth of Woking

Strategy

The key components, of VSWL's strategy will be:-

- Develop a long-term commercial strategy
- Improve lease terms and management agreements to increase capital value and revenue growth
- Lease up remaining space to generate income, capital value and to increase the offer within Woking town centre
- Build a lean team, so that VSWL can operate independently by the end of the Business Plan period
- Complete key development projects and establish asset management objectives for a 3 to 5 year period
- Procure the best consultants to support the VSWL team to optimise asset value and the implementation of the commercial strategy, aligned to WBC objectives
- Actively manage stakeholder relationships in line with good governance

Business Plan Outcomes (1)

Outcomes during the Business Plan period will include:-

- Red and Green Car Parks budget and business plan
- Established car park management agreements and assets
- Hilton Hotel budget and business plan
- An open Hilton Hotel trading across bedrooms, F&B, conference and banqueting
- A detailed and assured Medium-Term Cashflow Forecast (MTCFF)

Business Plan Outcomes (2)

Outcomes during the Business Plan period will include:-

- A ThamesWey-adopted District Cooling Centre (DCC)
- A detailed and supported long-term commercial strategy
- Completed corporate and title structure to enable implementation of the commercial strategy
- Optimal contributions towards loan costs
- A revised medium-term loan arrangement
- An effective and efficient business to implement the Business Plan

Corporate Structure, Organisation & ESG

Key corporate and ESG elements and outcomes will include:-

- 100% owned by Woking BC
- Anticipate corporate and title restructuring to reflect long-term commercial strategy
- Transition to independent financial, administration and company secretarial management
- Build an effective, complete executive team
- Revised Board membership and improved governance in line with WBC Companies Governance Framework
- Establish environmental and social policies

Long-Term Commercial Strategy

Explore commercial strategy and generate proposals for WBC's consideration as follows:-

- Select the best Property Investment Advisor for preparing strategy
- Develop the optimal, long-term commercial strategy aligned to WBC objectives with scenario options
- Build the corporate structure to implement the strategy
- Prepare the title and technical due diligence to implement the strategy cleanly and successfully
- Select the best Property Investment Team/Broker if and when appropriate
- Ensure that VSWL operates effectively and efficiently as it implements the commercial strategy

Retail, Food & Beverage, Leisure & Education

The commercial elements of Victoria Square opened in March 2022 and comprise 13 retail/leisure units, two leisure units and one performing arts academy.

The key strategic and measurable outcomes for the retail and commercial assets as ongoing objectives are as follows:-

- A vibrant, relevant mix of successful retailers, leisure operators and amenities
- Economic success of Woking town centre as a destination
- Improved customer experience
- A safe and attractive retail and town centre environment
- Increased footfall and expenditure
- Optimal letting of all units
- A clear strategy and business case for the Medical Centre by Q4 2024/25

Hilton Hotel

The Hilton Hotel is a 189 bedroom hotel with 600 conference capacity and 450 banqueting. It is scheduled to open in late September 2024 and will be managed by Hilton under a branding and management agreement.

The key strategic and measurable outcomes for the hotel are as follows:-

- An adopted Hilton business plan for the Hotel by end Q2 2024/25.
- An operating Hilton Hotel with full reporting during the Business Plan period.
- A medium-term, external hotel asset management appointment in Q1 2024/25
- A vibrant, relevant addition to the town centre offer
- A positive financial contribution to VSWL by 2026
- Economic success of Woking town centre as a destination
- Attractive hotel, F&B, banqueting and conferencing environment
- Increased footfall, car park use and expenditure

Residential – The Marches

The Marches comprises 429 build to rent (BTR) apartments and amenity spaces in two towers. The asset is operated by Native Residential and stabilised at over 98% occupation in August 2023, after 15 months, 3 months ahead of business plan. Ongoing and specific objectives are as follows:-

- A vibrant residential community that contributes to the best that Woking can offer
- Positive financial contribution to VSWL
- Improved resident experience in an attractive residential environment
- Relevant and well managed amenity space
- Tightly managed and reducing operating costs (via Native)
- Increased town centre population, footfall and expenditure
- Upgraded management reporting from Q2 2024/25
- An appointed VSWL asset manager by end Q3 2024/25
- Monthly financial management reporting by end Q2 2024/25

Red & Green Car Parks

The Red and Green Car Parks include 1,330 and 233 car spaces respectively and have been managed by WBC since opening in March 2022. The key strategic and measurable outcomes for the hotel are as follows:-

- Complete a full review and establish best practice management terms
- Maintain safe, accessible, well-signed and high-quality car parks that contribute to the Woking town centre experience
- Offer value for money car parking at competitive or better rates than competing locations/towns
- Balance optimal revenue and NOI with economic success of Woking town centre as a destination
- Deliver parking that complements retail, leisure, F&B and hotel uses, adhering to covenants that exist to provide specific retail and hotel car parking
- Increase town centre population, footfall and expenditure
- Achieve full operational and financial management reporting during the Business Plan period

Property Management

Property management is provided to all assets excluding The Marches and Hilton Hotel by Savills under a single point of responsibility property management services agreement.

The key outcomes for the property management of assets are as follows:-

- Prompt and accurate billing and collection of rents, service charge and insurance rents
- Complete operational and financial reporting
- A well-managed Victoria Square in the context of Wolsey Place and The Peacocks
- A safe, comfortable, accessible and clean environment in which people can live, work, shop and play
- Improved tenant and customer experience
- An affordable service charge that matches the level of service and support provided
- Relevant and well managed commercialisation within the public realm
- Improving security statistics with better police engagement

Financial Management

Financial management is provided by Moyallen Developments Limited with transition to VSWL financial management by 31 December 2024.

The key outcomes for the financial management are as follows:-

- Appoint support for the new VSWL Finance Director before Q3 2024/25
- Transition to VSWL financial management by end Q3 2024/25
- A completed and assured Medium-Term Cashflow Forecast by end Q3 2024/25
- Deliver quarterly Short-Term Cashflow Forecasts
- Filing of all report and accounts by end Q3 2024/25
- Optimal financial reporting and management accounts from all operators and property managers
- Consolidated financial reporting by the end of the Business Plan period
- Regular Finance Director and S151 Officer communication and coordination on business plan actions
- Maximise the contribution towards loan costs and the return to the taxpayer

Risk Management

The Corporate Risk Register includes risk, owner, mitigation measures and status. All items will be managed, mitigated and updated monthly by the team during the Business Plan period. The principal risks are as follows:-

- Health and safety in construction and operation
- Data management and security
- Agreement of deed of variation to facility agreements
- Board and executive resource
- Hotel cladding remediation is further delayed – revenue/value risk
- Successful opening and business development of Hilton Hotel
- Management agreement documentation and performance of Red and Green Car Parks
- Resilient district energy supply
- Capital value reduction
- Residential revenue reduction (key to positive EBITDA)

SHAREHOLDER EXECUTIVE COMMITTEE – 27 JUNE 2024

SHAREHOLDER EXECUTIVE COMMITTEE - WORK PROGRAMME

Executive Summary

The annual work of the Shareholder Executive Committee (SEC) is set out in the reporting framework contained within the Corporate Governance Framework (CGF), which was approved by the Executive on 16 November 2023. The Work Programme, together with the CGF reporting requirements, are set out below.

Work Programme

SEC meeting date	Monthly items (see framework below)	Quarterly items (see framework below)	6 monthly items (see framework below)	Annual items (see framework below)
27-Jun-24	April and May			Business Plan (Victoria Square)
23-Jul-24	June	April - June		Business Plan (Thameswey)
24-Sep-24	July and August			
31-Oct-24	September	July - September	April - September	Business Plan (Brookwood Cemetery Companies)
28-Nov-24	October			
30-Jan-25	November and December	October – December		
27-Mar-25	January and February			
17-Apr-25	March	January - March	October - March	Assessment, Improvement Plans

CGF Reporting Framework

Council owned entities will be required to provide regular reports to the Shareholder. The Shareholder Liaison Service will determine the minimum reporting requirements for each entity, based on the schedules below.

Monthly:

- Performance against business plan/ budget
- Financial reporting current view of outturn turnover, profit before tax, expected year end cash balance
- Risk management update
- Cash flow forecast for companies with high liquidity risk
- Any shareholder consent matters

Shareholder Executive Committee – Work Programme

Quarterly

As monthly plus

- Conflicts of interest register
- Progress against internal audit and assurance work plans
- Latest cash-flow forecast

Every six months

As quarterly plus

- Revised and updated risk register

Annually

As six-monthly plus

- Results of the board self-assessment / third party assessment
- Associated improvement plans
- Business plan

Recommendations

The Committee is requested to:

RESOLVE That the Work Programme be received.

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

Background Papers: None.

Reporting Person: Kevin Foster, Strategic Director – Corporate Resources
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Contact Person: Kevin Foster, Strategic Director – Corporate Resources
Email: kevin.foster@woking.gov.uk, Extn: 3198

Date Published: 19 June 2024

REPORT ENDS

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