



## **COUNCIL**

**6 December 2018**

To: The Mayor and Members of  
WOKING BOROUGH COUNCIL

### **SUMMONS TO A MEETING**

You are hereby summoned to attend an ORDINARY MEETING of the COUNCIL to be held in the Council Chamber, Civic Offices, Gloucester Square, Woking on THURSDAY, THE SIXTH DAY of DECEMBER 2018 at 7.00 pm to transact the business specified in the agenda overleaf

RAY MORGAN  
Chief Executive

Civic Offices,  
Woking

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.



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# AGENDA

## 1. MINUTES

To approve the minutes of the Meeting of the Council held on 18 October 2018, as published.

## 2. APOLOGIES FOR ABSENCE.

## 3. MAYOR'S COMMUNICATIONS

## 4. URGENT BUSINESS

To consider any business which 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 and Officers in respect of any item to be considered at the meeting.

In accordance with the Members' Code of Conduct, the Leader of the Council, Councillor D J Bittleston, Councillor A Azad, Councillor Mrs B A Hunwicks and Councillor C S Kemp will declare a non-pecuniary interest in any items under which the Thamesway Group of Companies is discussed, arising from their positions as Directors of the Thamesway Group of Companies. The interest is such that speaking and voting are permissible.

In accordance with the Members' Code of Conduct, Councillor D J Bittleston will declare a non-pecuniary interest in any items under which the Victoria Square Development is discussed, arising from his position as a Director of Victoria Square Woking Limited. The interest is such that speaking and voting are permissible.

In accordance with the Members' Code of Conduct, Councillor G S Cundy will declare a non-pecuniary interest in any items under which the Brookwood Cemetery is discussed, arising from his position as a Director of Woking Necropolis and Mausoleum Limited, Brookwood Park Limited and Brookwood Cemetery Limited. The interest is such that speaking and voting are permissible.

In accordance with Officer Procedure Rules, the Deputy Chief Executive, Douglas Spinks, and the Head of Democratic and Legal Services, Peter Bryant, will declare an interest in any items under which the Thamesway Group of Companies is discussed, arising from their positions as Directors of the Thamesway Group of Companies. The interest is such that speaking is permissible.

In accordance with Officer Procedure Rules, the Deputy Chief Executive, Douglas Spinks, will declare an interest in any items under which Export House is discussed, arising from his position as a Director of Export House Limited. The interest is such that speaking is permissible.

In accordance with Officer Procedure Rules, the Deputy Chief Executive, Douglas Spinks, and the Head of Legal and Democratic Services, Peter Bryant, will declare an interest in any items under which Brookwood Cemetery is discussed, arising from their positions as Directors of Woking Necropolis and Mausoleum Limited, Brookwood Park Limited and

Brookwood Cemetery Limited. The interest is such that speaking is permissible.

In accordance with Officer Procedure Rules, the Head of Legal and Democratic Services, Peter Bryant, and the Finance Director, Leigh Clarke, will declare an interest in any items under which Dukes Court is discussed, arising from their positions as Directors of Dukes Court Owner T S a r l. The interest is such that speaking is permissible.

**6. QUESTIONS.**

To deal with written questions submitted by Members under Standing Order 8.1. Copies of the questions and of the draft replies (which are subject to amendment by the Leader of the Council) will be laid upon the table.

**7. PETITION - ICE-CREAM VAN IN WOKING PARK WBC18-028 (Pages 7 - 12)**

**8. RECOMMENDATIONS OF THE EXECUTIVE WBC18-032 (Pages 13 - 16)**

To receive and consider recommendations from the Executive.

8a. Notice of Motion - Cllr K Howard - Chewing Gum Receptacles EXE18-125

8b. Review of Fees and Charges 2019-20 EXE18-039

8c. Sythwood Residential Units EXE18-116

8d. York Road Project EXE18-117

8e. Surrey County Council Service Consultations EXE18-130

8f. Calendar of Meetings 2019-20 EXE18-037

8g. ATG Cinemas EXE18-028

**9. THAMESWEY BUSINESS PLANS 2019 WBC18-033 (Pages 17 - 158)**

**10. POLLING DISTRICT AND POLLING PLACE REVIEW 2018 WBC18-029 (Pages 159 - 178)**

**11. NOTICES OF MOTION**

To deal with any motions received in accordance with Standing Order 5.0. Any motions received before the deadline has passed for the receipt of motions will be published and a copy of the list will be tabled at the meeting.

**12. EXCLUSION OF PRESS AND PUBLIC.**

The Mayor will move, and the Deputy Mayor will second:-

"That the press and public be excluded from the meeting during consideration of items 13 and 14 in view of the nature of the proceedings that, if members of the press and public were present during these items, 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**

- 13. RECOMMENDATIONS OF THE EXECUTIVE** WBC18-034 (Pages 179 - 182)
  - 13a.Sythwood Residential Units EXE18-116
  - 13b.York Road Project EXE18-116
  - 13c.ATG Cinemas EXE18-028
  - 13d.Land Management - Byfleet EXE18-026
  - 13e.Victoria Square Red Car Park Update EXE18-128
  - 13f. Land Management - Westfield Avenue EXE18-126 WBC18-031 (Pages 183 - 186)
  - 13g.Land Management - Victoria Gate EXE18-127
  - 13h.Land Management - Elizabeth House and Cornerstone EXE18-133
  
- 14. LAND MANAGEMENT - HIF LAND ACQUISITION STRATEGY** WBC18-030 (REPORT TO FOLLOW)

AGENDA ENDS

Date Published - 28 November 2018

At the close of the meeting the Worshipful the Mayor, Councillor Will Forster, will hold a Reception at the HG Wells Conference and Events Centre. The Mayor would like to invite Members of the Council, the Independent Co-Opted Member, the Independent Person, the Independent Directors of the Thamesway Group of Companies, Corporate Management Group and Officers attending the meeting, and Members of the Press, to the Reception.

COUNCIL – 6 DECEMBER 2018

## PETITION – ICE CREAM VAN IN WOKING

### Executive Summary

The Council has received a petition seeking action by Woking Borough Council to replace the Café in the Park with Mr Carlos, an ice cream van. In accordance with Woking Borough Council's arrangements for petitions, the matter has been referred for consideration by the Council.

### Recommendations

The Council is requested to consider the petition and determine accordingly.

The Council has the authority to determine the recommendation set out above.
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**Background Papers:** Online petition.

**Reporting Person:** Douglas Spinks, Deputy Chief Executive  
Email: douglas.spinks@woking.gov.uk, Extn: 3012

**Contact Person:** Frank Jeffrey, Democratic Services Manager  
Email: frank.jeffrey@woking.gov.uk, Extn: 3012  
Arran Henderson, Green Infrastructure Development Officer  
Email: arran.henderson@woking.gov.uk, Extn: 3669

**Portfolio Holder:** Councillor Colin Kemp  
E Mail: cllrcolin.kemp@woking.gov.uk

**Date Published:** 28 November 2018



**1.0 Introduction**

- 1.1 A petition has been received seeking action by Woking Borough Council to remove the café in the park in Woking park and allow the 'Mr Carlos' ice cream van to operate in the Park. The e-petition contains 1,145 'signatures'.
- 1.2 The number of signatures exceeds the threshold required for a petition to be referred to a meeting of Full Council and accordingly the Petitioner or their nominee has been invited to present the petition at Council. The Petitioner has confirmed that the petition will be presented on their behalf by the owner of the ice cream van, Mr Bellenca.
- 1.3 The petition has been submitted in the following terms:

“Bring back Carlos (the ice cream men) and remove the “cafe in the park” at Woking Park - Woking Borough Council.

We the undersigned petition Woking Borough Council to Bring back Carlos (the ice cream men) and remove the “cafe in the park” at Woking Park.

The Mr Carlos ice cream van is a father and son business that had been operating in Woking Park for as long as I can remember. Recent changes the Council have made has resulted in them being booted out of Woking Park and being replaced with a “cafe in the park” which is just a terrible selfish way the Council are trying to make more money for themselves . I want to bring back the loyal father and son business which has always put a smile on everyone’s face!”

- 1.4 The petition went live on 13 September 2018 and the Petitioner formally asked for it to be closed on 12 October 2018.

**2.0 Petitions Scheme**

- 2.1 As the number of signatories exceeds 400, the petition falls to be debated at full Council. In accordance with the Council’s scheme for dealing with petitions, the petitioner has been invited to attend the meeting and present the petition. The presentation of a petition is limited to not more than three minutes, and should be confined to reading out, or summarising, the purpose of the petition, indicating the number and description of signatories, and making supporting remarks relevant to the petition.
- 2.2 Following the presentation, Members will have the opportunity to ask questions of the petitioner. Thereafter, the Council will discuss the petition and determine what action, if any, is to be taken.

**3.0 Officer Comments**

- 3.1 Historically the ice cream van pitch in Woking Park has been let on a simple annual licence, with the licence renewed each year upon request by the ice cream vendor (Mr Carlos ice creams).
- 3.2 In 2014 the same vendor requested a pitch at Goldsworth Park Recreation Ground, which was agreed and has been operating under the same principle since.
- 3.3 During the public consultation exercises related to Woking Park play area in 2012 and 2013, comments received from members of the public suggested that there was demand for an outdoor catering facility that offered a greater range of snacks and refreshments than was currently on offer.

## Petition – Ice Cream Van in Woking Park

- 3.4 In light of these comments the provision of an outdoor catering kiosk was included as the project proposal for the play area refurbishment, which was approved by the Executive on 16 January 2014.
- 3.5 Over recent years several other ice cream vendors and other caterers have approached the Council about applying for the mobile catering van pitch in Woking Park (and some for Goldsworth Park Recreation Ground too). This resulted in some criticism that these mobile catering pitches are not advertised to give all a fair opportunity to apply.
- 3.6 After discussions with the Council's Legal and Estates team, it was agreed that the kiosk opportunity would be advertised as a commercial lease opportunity, giving all interested parties the opportunity to apply.
- 3.7 The existing ice cream vendor was made aware of the proposal to replace the mobile ice cream van pitch with a static kiosk and advised that he would be able to submit a proposal to run the kiosk when the opportunity was advertised.
- 3.8 The Council advertised the opportunity to lease the kiosk in October 2017, with interested parties invited to submit proposals based on the information provided in the advert (attached). A more detailed service specification was also made available on request.
- 3.9 Seven proposals were received, including one from the existing ice cream vendor.
- 3.10 These proposals were assessed against the specification which resulted in this commercial lease opportunity being awarded to Freedom Leisure. The agreed term of the lease was for seven years, expiring 1 November 2025.
- 3.11 The kiosk unit was installed by the Council and fitted out by the new leaseholder ready to open over the Easter weekend 2018.
- 3.12 Subsequent conversations were held between the former ice cream vendor and the Council's Chief Executive to explore alternative opportunities for him. However, following discussions with relevant officers within the Council, it was determined that an alternative catering pitch in Woking Park, that would be in direct competition with the kiosk, would not be appropriate.
- 3.13 Given that the term of the agreement for the kiosk will not expire until 2025 (though with mutual break options at the end of the 3<sup>rd</sup> and 5<sup>th</sup> years), the Council would not be able to remove the kiosk at this time, as requested in the petition.

REPORT ENDS



# NEW CATERING KIOSK – TO LET WOKING PARK



*(An example of what will be provided. Specification, colour & final design to be confirmed)*

## LOCATION

A new kiosk is to be constructed at Woking Park near to the entrance gate and the childrens play area.

## DESCRIPTION

The kiosk will be completed and available for use from March 2018. The Kiosk will be provided in an effective “shell condition”. The tenant is to be responsible for the fit out. The kiosk will benefit from cold water supply, drainage and electricity supply (40 AMPS). There is no gas supply but consideration will be given to the use of bottled supplies. A detailed specification can be provided upon request.

## KIOSK DIMENSIONS

The approximate built dimensions will be as follows:-

Width	- 3.0m (9ft 10”)
Depth	- 2.5m (8ft 2”)
Height	- 3.4m (11ft 2”)
Area	- 7.46 sq m (80 sq ft)

## LEASE TERMS

The kiosk is to be available on a full repairing and insuring lease basis for a term of 7 years (outside the security of tenure provisions of the Landlord & Tenant Act 1954 (sections 24-28 inclusive)) with mutual break options at the end of the 3<sup>rd</sup> & 5<sup>th</sup> years on 6 months notice.

## QUOTING RENT

£7,500 per annum exclusive and then subject to annual RPI increases.

The maintenance and repair of the kiosk will be the tenant’s responsibility.



The Council will be responsible for any vandalism to the shell.

The tenant is to be responsible for all other outgoings (including utilities & business rates) associated with the property.

## MINIMUM TRADING HOURS

The kiosk is to be open 7 days a week and the minimum opening hours are as follows :-

- April to September 9am to 6pm
- October to March 9am to 4pm

## OFFERS

The ingoing tenant will be expected to work closely with the community and leisure teams and the details of the support, along with the expected service standards, are available on request.

Interested parties are asked to submit a proposal, including details of the rent, proposed use/food offer for consideration.

## ENERGY PERFORMANCE

As the kiosk is yet to be constructed there is no EPC available.

## BUSINESS RATES

The property will be liable for business rates, but it has yet to be assessed. Interested parties are advised to make their own enquiries to the rating department.

## VIEWINGS

For further information, please contact:  
Neil Woodward or Jess Smith on 01483 743845 or email :-

[Neil.Woodward@woking.gov.uk](mailto:Neil.Woodward@woking.gov.uk) or  
[Jessica.Smith@woking.gov.uk](mailto:Jessica.Smith@woking.gov.uk)

**01483 743845**

**SUBJECT TO CONTRACT**

Property Misrepresentation Act 1967 - These particulars, whilst believed to be correct, do not form part of any offer or contract of sale and whilst every effort has been made to ensure accuracy this cannot be guaranteed. Intending purchasers must not rely on them as statements or representation of fact and must satisfy themselves by inspection or otherwise as to their accuracy.

Particulars updated 06/10/2017



COUNCIL – 6 DECEMBER 2018

## RECOMMENDATIONS OF THE EXECUTIVE

### Executive Summary

The Council is invited to consider the recommendations from the meeting of the Executive held on 22 November 2018. The recommendations as set out in the minutes of the Executive are set out below.

In the event any Member of the Council wishes to discuss any of the Part II (Confidential) background documents associated with items 8c Sythwood Residential Units, 8d York Road Project or 8g ATG Cinemas, there is an opportunity to do so under Agenda Item 13 – Recommendations of the Executive (Part II).

### EXECUTIVE – 22 NOVEMBER 2018

#### 8a. NOTICE OF MOTION - CLLR K HOWARD - CHEWING GUM RECEPTACLES EXE18-125

At its meeting on 18 October 2018, the Council referred the following Notice of Motion to the Executive.

Councillor K Howard

“I propose that chewing gum recycling receptacles be placed at strategic locations around the town centre to (1) encourage more recycling and (2) reduce the amount of gum that gets dropped on the paving.

Chewing gum not only leaves unsightly, sticky spots on the paving but is also difficult and expensive to remove. There are companies (such as Gumdrop) that will provide the bins and do the recycling at a reasonable cost.”

Councillor Howard attended the meeting and spoke in support of the Motion. Whilst recognising the deep cleansing regime in the Town Centre, Councillor Howard drew attention to the amount of gum outside of pedestrianised areas. It was noted that the Portfolio Holder for Waste and Recycling, Councillor Mrs Hunwicks, and the Assistant Director (Place) would be meeting the Chief Executive of Keep Britain Tidy in January to ensure that the spirit of the Keep Britain Tidy Campaign was being pursued in Woking.

**RECOMMENDED to Council**

**That the Motion be supported.**

#### 8b. REVIEW OF FEES AND CHARGES 2019-20 EXE18-039

The Executive received a report detailing the proposed discretionary fees and charges for 2019-20. Discussion ensued on paragraph 3.9 of the report which proposed to increase the controlled parking period from 6pm to 10pm each day in Zone 1 of the Woking Controlled Parking Zone (CPZ) with effect from 1 April 2019. It was explained that the proposal had been through the Woking CPZ process and was intended to provide the ability to better control safety and improve traffic management in the Town Centre. The Executive noted that the proposal was at consultation stage and that a decision would be made by the Woking Joint Committee at a future meeting date.

Following a question regarding paragraph 3.11 concerning the requirements of the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018, the Executive was advised that it was the responsibility of the person carrying out the licensable activity to contact the Council. Regarding dog service providers, the Executive heard that the looking after a dog in its own home and dog walking, where the dog was returned to its own home the same day, were out of the scope of the Regulations.

**RECOMMENDED to Council**

**That the discretionary fees and charges, as set out in Appendices 1 – 3 of the report, be approved.**

Reason: The regular review of discretionary charges ensures that the Council maintains its income base and generates additional resources for the provision of services.

**8c. SYTHWOOD RESIDENTIAL UNITS EXE18-116**

The Executive received a report which sought approval of the Executive to recommend to Council that specialist residential accommodation at Sythwood be developed and leased to a specialist housing provider.

**RECOMMENDED to Council**

**That (i) the provision of new premises at Sythwood for a specialist housing provider be approved subject to Planning Consent, at a Project Cost of £3.564m;**

**(ii) the project be included in the Investment Programme to be financed by Right to Buy Retained Capital Receipts (30%) and Loan (70%);**

**(iii) a revenue provision of £250,000 be set aside over 2018/19 to 2019/20 to support the cost of furnishing and to cover the first year's rent; and**

**(iv) the net additional annual cost of £25,000 be taken into account in the Medium Term Financial Strategy for 2020/21 onwards.**

Reason: To enable proper provision of specialist residential facilities.

**8d. YORK ROAD PROJECT EXE18-117**

The Executive received a report which sought approval of the Executive to recommend to Council the construction of new premises to house the services operated by the York Road Project (YRP) for homeless people. Members welcomed the report which would bring together the services of the YRP.

**RECOMMENDED to Council**

**That (i) the provision of new premises for the York Road Project (YRP) be approved subject to Planning Consent, at a Project Cost of £7.615m;**

**(ii) the project be included in the Investment Programme to be financed by Right to Buy Retained Capital Receipts (30%) and Loan (70%);**

- (iii) a Development Agreement be entered into with Prime Place for the acquisition of the site and the development of the new YRP premises; and
- (iv) the net additional annual cost of £160,000 be taken into account in the Medium Term Financial Strategy for 2022/23 onwards.

Reason: To enable the proper provision of accommodation to support the alleviation of homelessness.

**8e. SURREY COUNTY COUNCIL SERVICE CONSULTATIONS EXE18-130**

The Executive received a report which sought approval of the Executive to recommend to Council the Draft Consultation Responses to the five public consultations launched by Surrey County Council (SCC). The Leader of the Council explained that SCC was trying to improve efficiency and make better use of some its spaces by using them for more services. The Executive welcomed the opportunity to respond to the important consultations and noted that the Draft Consultation Responses could be amended before being formally agreed at Council on 6 December 2018.

Discussion ensued on the Shaping Surrey's Community Recycling Centres (CRCs) consultation and the Executive welcomed the retention of the Martyrs Lane CRC. The possibility of border controls for Surrey tips was raised and it was commented that such enforcement could be problematic.

**RECOMMENDED to Council**

**That Draft Consultation Responses be approved for submission to Surrey County Council.**

Reason: To enable a response to consultations being undertaken by Surrey County Council.

**8f. CALENDAR OF MEETINGS 2019-20 EXE18-037**

Following representations received regarding the proposed date of the first business meeting of Council on Tuesday, 26 May 2020, the Leader of the Council advised that he would communicate with Group Leaders regarding the 26 May 2020 to see if a satisfactory alternative could be reached.

**RECOMMENDED to Council**

**That the Calendar of Meetings 2019/20 be approved as set out in Appendix 1 to the report, subject to the amendments being agreed by the Group Leaders before Council on 6 December 2018.**

Reason: In accordance with Standing Order 1.2 of the Constitution, which states that "The date of the annual (Council) meeting and those of ordinary meetings shall be fixed by the Council in or about December of the preceding municipal year".

**8g. ATG CINEMAS EXE18-028**

The Executive received a report which sought approval of the Executive to recommend to Council that a capital contribution of £5m towards the redevelopment of the ATG Cinemas be

## Recommendations of the Executive

made by the Council. The Executive welcomed the proposal to secure an improved Cinema offer for the Town and to invest in Woking as a place. Following a question regarding funding, Officers advised that revenue from the cinemas helped to fund the Rhoda McGaw and main theatre through cross subsidy. The Executive agreed to add an additional recommendation to Council to provide for Portfolio Holder oversight of the detailed arrangements.

### **RECOMMENDED to Council**

- That (i) the contribution of £5m to ATG for the upgrade of the ATG Cinemas in Woking be approved;**
- (ii) the project be included in the Investment Programme to be financed by Loan;**
- (iii) the detailed arrangements to be approved by Officers in consultation with the Portfolio Holder; and**
- (iv) the net additional annual cost of £190,000 be taken into account in the Medium Term Financial Strategy for 2020/21 onwards.**

Reason: To enhance the Cinema offer in Woking in line with modern standards.

**Background Papers:** None.

**Reporting Person:** Douglas Spinks, Deputy Chief Executive  
Email: douglas.spinks@woking.gov.uk, Extn: 3440

**Contact Person:** Frank Jeffrey, Democratic Services Manager  
Email: frank.jeffrey@woking.gov.uk, Extn: 3012

**Date Published:** 28 November 2018

REPORT ENDS

COUNCIL – 6 DECEMBER 2018

## THAMESWEY BUSINESS PLANS 2019

### Executive Summary

This Executive Summary report summarises the Thameswey Group Business Plan with the individual Business Plans for the companies listed below. The Business Plans have been approved by the relevant Boards of the Thameswey companies. The financial year end for all companies in the Thameswey Group is 31<sup>st</sup> December; accordingly all plans and accounts are for calendar years, not the Council's year end of 31<sup>st</sup> March.

Audited accounts for each company for the year ending 31<sup>st</sup> December 2017 and prior years are available on the Group's website <https://www.thamesweygroup.co.uk/thameswey-group-companies/thameswey-ltd/> and the results were consolidated into the Council's accounts which have been approved by the Council at its meeting in July 2018.

Attached are the Business Plans for the Thameswey Group of Companies listed below.

- Thameswey Limited (Group Plan)
- Thameswey Energy Limited
- Thameswey Central Milton Keynes Limited
- Thameswey Solar Limited
- Thameswey Housing Limited (includes Thameswey Guest Houses Ltd)
- Thameswey Developments Limited
- Thameswey Maintenance Services Limited
- Thameswey Sustainable Communities Limited

There are no business plans attached for Thameswey Joint Ventures with Rutland, proposals from the Joint Venture are considered individually by the Council through its Investment Programme.

The Council established the Thameswey Group of Companies to assist in the delivery of some of its highest priorities. These can be described in three main areas of activity:

- Achievement of the Council's Woking 2050 objectives;
- Achievement of the Council's Housing Strategy objectives; and
- Achievement of the Council's Economic Development Strategy objectives.

In establishing the Thameswey Group the Council took a long-term view of investment in infrastructure and housing with the intention of securing benefit for the residents of the Borough, whether the activity was undertaken within the Borough or elsewhere. This report continues this approach. The Business Plans are now considered as a going concern not a project with an end date, reinforcing the established approach of taking a long term view in the context of a sustainable Woking.

The benefits for Borough residents through these activities are summarised in the following paragraphs.

#### Support for Energy & Environmental Projects (Woking 2050)

Thameswey Limited (TL) charges a project fee for its intellectual property; this fee is set at up to 4% of the capital expenditure on new works. This project fee is then set aside as a reserve for TL to support energy, environmental, housing and economic initiatives in Woking in furtherance of the

Council's Climate Change Strategy, Housing Strategy and Local Plan. TL also uses funds to support subsidiary companies where required.

The Dividend Policy identifies that 50% of Thameswey Developments Limited (TDL) profits should be paid as a dividend to Thameswey Limited to increase the funds available to deliver environmental projects.

### Carbon Dioxide (CO<sub>2</sub>) Savings

The Thameswey Group's energy companies focus on supplying renewable and sustainable energy and reducing greenhouse gas emissions. CO<sub>2</sub> is one of a number of greenhouse gases that contribute to man-made climate change. CO<sub>2</sub> equivalent emissions savings are achieved by generating energy through sustainable sources, for example by using a combined heat and power engine (CHP) or solar photovoltaic panels. The savings are calculated as the difference between the CO<sub>2</sub> emitted in producing each unit of energy and the amount of CO<sub>2</sub> (and other greenhouse gases) emitted in the production of conventional 'grid' energy.

During 2017 the Thameswey Group saved 5,438 tonnes of carbon dioxide emissions through the generation of energy across its sites. The aggregate CO<sub>2</sub> savings compares to 3,897 tonnes in 2016 and 4,406 tonnes saved in 2015. The fluctuations in net benefit are because the UK National Grid continues to be decarbonised through increased production of renewable energy.

### Housing Strategy activity

Thameswey Housing Limited (THL) and Thameswey Guest Houses Limited (TGHL) both hold and operate housing and Thameswey Developments Limited produce new residential units. The activity is summarised as follows:

- Provision of some circa 480 homes for rent to meet local need;
- Providing an additional 12 new homes a year at rents closer to Council rents;
- A development programme, excluding Sheerwater Regeneration, which should provide in excess of an additional 900 homes for rent to meet local need;
- A development programme to enable the Council to deliver Sheerwater Regeneration; and
- Operation of Mayford Lodge providing emergency bed & breakfast accommodation to help the Council alleviate homelessness.

### Income from Loan Margins

The Council provides loans to some Thameswey Group Companies. In order to recognise the lending risk a risk premium is applied to some loans which result in a benefit to the Borough. The loans are provided to the Companies at a margin on the interest rate WBC pays to the Public Works Loan Board (PWLB). The margin varies by company with a lower premium applied to the residential loans given the strength of the property security.

Officers are reviewing the impact of revised government guidance which recommends the repayment of new borrowing applied to share capital over a shorter period than the current policy. It is likely that, where funding has previously been a combination of shares and loan finance, going forward this will be just loan. It is assumed that any change will be cost neutral to Thameswey as the interest rate will be amended to exclude the requirement to cover the cost of the associated shares. The proposed approach will be included in the Council budget reports in February.

The forecast benefit to Council Tax taxpayers in the Borough during 2018 is £3.6m, which is equivalent to circa £89 at Band D. The forecast benefit for 2019 is £4.5m, which is equivalent to circa £110 at Band D.



Assessment of Loans & Investments

As part of its overall governance arrangements the Council carries out an annual assessment of its loans and investments in the Thameswey Group to determine whether any impairment has occurred. This analysis has been carried out over the last few years with the conclusion that no impairment has been required in the Council's accounts including for 2017/18.

Other Fees and Income

The Thameswey Group also contribute financially towards the Borough in other ways including:

- WBC charges TL £10,000 per annum for use of the Thameswey Trademark;
- TSCL rent premises from WBC for their offices at commercial open market rates;
- THL pays ground rent for the Middle Walk flats to WBC; and
- When TDL and THL develop new housing in the Borough WBC will benefit from increased Council tax and, while it is still available, New Homes Bonus.

Main Requests by Thameswey Group

The details of the respective Business Plans are not reproduced in this Executive Summary. However the following is a summary of requests made by the Thameswey Group for the period 2018 to 2021:-

- The Business Plans for the Thameswey Group of Companies be approved;
- Appoint Councillor Harlow as a Councillor Director of THL, TGHL and TL;
- THL – Funding for the period of April 2022 to December 2023 of £130M to fund additional affordable homes, and £5M to service the debt. That future funding of £5M per annum is built into Council financial strategies for long term debt servicing within THL;
- TCMK – Additional funding for 2020 and 2022 funding of £7.5M (previous business plan included finance up to 2019).
- TSL to merge into TEL to reduce operating costs and maximise efficiency.

The requests from the Thameswey Group are supported by Council Officers and are incorporated in the recommendations set out below. Appendix 1 sets out the proposed investment in Thameswey, including the additional funds for THL and TCMK. If the requests are approved the Council Investment Programme will be updated to reflect the investment as in Appendix 1.

**Recommendations**

The Council is requested to:

**RESOLVE That**

- i) the Business Plans for the Thameswey Group of Companies be approved;
- ii) Councillor Debbie Harlow as Portfolio Holder for Housing, be appointed as a Councillor Director of Thameswey Housing Limited, Thameswey Guest Houses Limited and Thameswey Limited;
- iii) an increased Loan Facility of £130M be allocated to Thameswey Housing Limited for the period of April 2022 to December 2023 to finance additional affordable homes, and £5M to service the debt with future years Loan facilities of £5M per annum for long term debt servicing pending reaching its full

operational revenue; and

- iv) extension of the Loan Facility for Thamesway Central Milton Keynes Limited for 2020 and 2022 in the aggregate sum of £7.5M; and
- v) TSL to merge into TEL to reduce operating costs and maximise efficiency.

The Council has the authority to determine the recommendations set out above.
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**Background Papers:** None.

**Reporting Person:** Douglas Spinks, Deputy Chief Executive  
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Peter Bryant, Head of Democratic and Legal Services/Monitoring Officer  
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**Date Published:** 28 November 2018

REPORT ENDS

DETAILS OF PROJECT	18/19	19/20	20/21	21/22	22/23
	£000	£000	£000	£000	£000
Group/External Loans and Share Capital					
Loans to Thameswey Central Milton Keynes	2,750	2,700	2,700	2,300	2,500
Poole Road Energy Centre - Loan to Thameswey Energy Ltd	1,100	6,505	8,674	2,168	
Loan to Rutland - Robin Hood Pub	2,000				
Provision of New Homes	59,080	37,721	50,969	21,432	5,000
Thameswey Housing Ltd additional borrowing - MTFS					130,000
Sheerwater Regeneration - Loan to Thameswey Developments Ltd	3,000	13,000	13,000		
Properties Acquired By Thameswey Using WBC Loan Finance	30,784	11,287			
Assisted Purchases By Thameswey Using WBC Loan Finance	1,037	380			
	99,751	71,594	75,343	25,900	137,500



# **THAMESWEY CENTRAL MILTON KEYNES LIMITED**

## **BUSINESS PLAN 2019**

### **Covering the Period 2019 - 2022**

Address: 2<sup>nd</sup> Floor, Gloucester Chambers, Jubilee Square, Woking, Surrey GU21 6GA

Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Company Registration No.: 05277300

VAT Number: 879 5039 72

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## 1. Company Overview

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### Introduction

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- 1.1 This business plan sets out the proposed priorities for Thameswey Central Milton Keynes Ltd (TCMK) to deliver the Thameswey Group companies' activities for the period up to 2022.
- 1.2 The business plan ensures that the focus of activity within this company is clearly aligned with those of Thameswey Limited, and ultimately with Woking Borough Council's strategic objectives for the Thameswey Group.
- 1.3 The Business Plan summarises the activity since the last updated Business Plan and sets out the business opportunities and priorities for the near future.

### Purpose

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- 1.4 TCMK was established by Thameswey Energy Ltd (TEL) to provide a long-term strategy for infrastructure investment for its operations in Milton Keynes, with the objective of securing reductions in carbon dioxide (CO<sub>2</sub>) equivalent emissions and generating investment returns through sales of energy it has generated by use of Combined Heat and Power (CHP). This is achieved through its embedded generation facilities at the energy station in Central Milton Keynes and heat and electricity distribution networks. All customer services, billing and revenue collection is provided in parallel with the Thameswey Energy Ltd services from Woking.

### Financial Requirements

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- 1.5 The nature of the Council's investment in TCMK is long-term. The established business has an underlying sound foundation with a good customer base and considerable opportunity for growth. The plan covers the financial period 2019 to 2022, in detail as this can be accurately predicted.
- 1.6 TCMK has the use of intellectual property owned by Thameswey Limited (TL) and is obliged to pay an annual licence fee of £10,000. At its discretion TL also charges a project fee for capital work of up to 4% of the value of the works. These fees are used to benefit the residents of the Borough of Woking as TL contributes towards environmental, social and carbon dioxide equivalent emission reduction projects. Further information on the projects that have benefited from these funds is provided in the Thameswey Group business plan.
- 1.7 The business is financed by way of loans and share capital. In establishing TCMK the intention was to maintain a share capital to loan ratio of 20% share capital finance to 80% loan finance (at 7.0% interest per annum). The authorised share capital was originally set at £5m with anticipated loans of £25m. In 2010 WBC Executive agreed that all new financing for TCMK would be via loans at 6.0% annual interest with the share capital investment remaining at £1.11m; this was to be reviewed annually. Providing loan finance to TCMK is more attractive to the Council as it charges a margin on the interest rate.

### Current Business Position

- 1.8 In the calendar year 2017, the company provided to its customers 16,871 MWh of self-generated electricity and 22,084 MW heat and heat for cooling. In 2017 turnover from sales of energy was £3,279,010. This compares with turnover of £2,897,260 in 2016. TCMK's retail energy sales have, in common with all energy suppliers, experienced some volatility during the year as a result of weak wholesale markets in the first half of the year followed by significant rises in markets during the second half. Current sales are broadly split 20% residential customer consumption and 80% business customer consumption.
- 1.9 The company is currently supplying over 950 residential and commercial customers located on four main development sites in central Milton Keynes.
- 1.10 In recent years the company has developed closer links with Milton Keynes Council (MKC), and assisted MKC's consultants in the production of a detailed evaluation of the potential for expansion of the network in Milton Keynes. A dialogue has also been established with MKC's property development operation, Milton Keynes Development Partnership (MKDP). A number of development sites within central Milton Keynes are currently being marketed by MKDP, and connecting to future development on these sites to TCMK's networks is a key priority for the company.

### Major Achievements since the last business plan

- 1.11 During 2017 the production and sale of low carbon energy by TCMK saved the equivalent of 2,026 tonnes of carbon dioxide (CO<sub>2</sub>) equivalent emissions (as compared to the emissions emitted in the production of an equivalent amount of grid energy).
- 1.12 TCMK has continued its participation in DSR (Demand Side Response) electricity contracts. This has used spare generating capacity within the energy station to provide additional electricity to the local and national grids when peak demand places these under stress. Electricity exported to the grid under DSR has a premium value, as well as earning additional revenue for TCMK in return for making its assets available at short notice to the grid. The company has continued to actively operate its generating assets for triad management and was successful in maximising generating output during all the winter triads of 2017/18 resulting in an additional £146,000 of revenue, as well as significant avoided costs. TCMK has also continued to participate in STOR (Short Term Operating Reserve) and throughout 2018 has participated in a trial with the National Grid to stabilise grid frequency ('Spinning Inertia'). TCMK's participation in this pilot has generated an additional revenue of approximately £40,000.

### Company Ownership & Governance

- 1.13 Thameswey Central Milton Keynes Ltd is a private Limited Company registered in the United Kingdom and is a 100% subsidiary of Thameswey Energy Ltd. Thameswey Energy Limited is a 100% subsidiary of Thameswey Limited, which is the holding company of the Thameswey Group, which is in turn solely owned by Woking Borough Council.
- 1.14 The current board of Directors is set out below:

William Prescott	Independent Director (Chairman)
Barry Maunders	Independent Director



Peter Bryant	Officer Director
Douglas Spinks	Officer Director
Ayesha Azad	Councillor Director

The board composition meets the requirements of the Thameswey Group Protocols as approved by the Council in February 2018. In order to be quorate a board meeting must have at least one independent, one Councillor and one officer Director in attendance

### Significant Assets

- 1.15 The primary assets within Energy Station (ES1) comprise two gas-fired 3.0 MWe Combined Heat & Power (CHP) engines, a 10 MW back-up gas boiler, three thermal stores and ancillary equipment. TCMK also owns an energy distribution network in Central Milton Keynes with approximately 6 km of heat distribution pipes, 10 network substations, 15 network 11/0.4kV 1000kVA transformers, and 2 CHP local transformers both 11/0.4kV. It also owns over 900 heat interface units and the electricity and heat meters for all connected customers.
- 1.16 ES1 and its associated distribution system in Central Milton Keynes provides TCMK with a strong asset and operational base and considerable opportunity for growth and will continue to be developed to meet the needs of new customers as they connect.
- 1.17 Appendix 1 shows a site plan of Central Milton Keynes with ES1 and current and planned future connections and opportunities.

## 2. Industry Outlook and Business Opportunity

### Industry Outlook

- 2.1 The decentralised energy industry is influenced by a number of external factors that include Government and local authority policy, regulatory changes and economic changes. Factors particularly relevant to TCMK's business activities are summarised below.
- 2.2 Government support for the growth in decentralised energy is continuing with the roll out of the financial support for heat networks (Heat Networks Investment Project or 'HNIP'). The scheme will be open to applicants in January 2019 until March 2022. Further guidance, including the qualifying criteria, is expected before the end of 2018.
- 2.3 The effects of Brexit (both positive and negative) will continue to impact on the industry. A heavy reliance on parts and equipment supplied by manufacturers based in continental Europe may impact on costs and charges. Where possible, UK-sourced components and equipment is now being used to reduce exposure to future price uncertainties.
- 2.4 The introduction of a Government cap on standard variable and default energy tariffs will take effect from the end of 2018 until 2020. As TCMK's domestic electricity tariffs are currently adjusted in the first quarter of each year and benchmarked against a sample of suppliers' standard variable tariffs, the impact of this cap has yet to be observed. If, as expected, suppliers start to phase out standard variable tariffs, TCMK's may need to adjust its price setting mechanism.
- 2.5 National Grid is to reduce its payments to small 'embedded generators' for exported power generated during winter triads. These will impact on the payments received by Thameswey.

However, the introduction of 'capacity market' payments is intended to help offset the loss of triad income and TCMK has qualified for inclusion in this market.

- 2.6 There is significant growth in development of power storage technologies and new markets are emerging to support the electricity grid and local networks through fast-response reserve power. This sector is expected to continue to expand as growth in scale and competition among suppliers brings down the capital costs.
- 2.7 Industry support is growing for a drive towards lower temperature, lower loss systems with greater use of 'smart' technology to provide performance feedback between a network and individual customer installations. These are often described as Third (or Fourth) Generation systems and offer a number of potential advantages including greater overall efficiency and integration of alternative heat generating technologies such as heat pumps.

### The Business Opportunity

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- 2.8 New connection prospects for TCMK on sites near the energy centre include Palmer Capital's proposal for a residential block on land at Aubrey Place. A residential-led mixed use scheme proposed by Palmer is subject to a legal obligation to connect to the network, and the developer intends to make a planning application for the scheme before the end of 2018. Planning consent for a new hotel on adjoining land ('Building 1200') is expected to be taken forward for development in 2019. Milton Keynes Council and its development arm (MKDP) are in discussions with an overseas funder for a new university to be located on the B4 land in central Milton Keynes. This may result in early stage infrastructure being provided within the next Business Plan period.
- 2.9 Going forward TCMK will need to investigate lowering the carbon footprint of its supplied heat and power. This may involve purchasing renewable power and biogas, and installation of lower carbon technologies such as heat pumps and batteries. There is significant growth in deployment of battery technologies and new markets to support the electricity grid and local networks through fast-response reserve power. This sector is expected to continue to expand as a growth in scale and competition among suppliers brings down the capital costs. The business opportunities for 'behind the meter' batteries are being explored with suppliers.
- 2.10 Investment in new connections to the network would be required to target an acceptable shareholder return on investment and may require additional loan finance from WBC or appropriate support in respect of any third-party finance. Any requirement for WBC support and any projects requiring TCMK to make a large capital investment outside this business plan would be subject to WBC approval.
- 2.11 The emergence of niche or local licensed energy suppliers and independent distribution network operators (IDNOs) presents an opportunity for Thamesway to enter a growing market that challenges the large utility companies. This may offer Thamesway opportunities to manage regulatory risks as it grows the number of directly supplied customers, whilst also expanding its customer base beyond those physically connected to its networks. Further exploration of this business model will be carried out during the Business Plan period to understand the potential benefits and risks of this approach to business expansion.

### 3. The Business Model

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#### Sources of Revenue

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- 3.1 The main sources of revenue for TCMK are from sales of energy to the customers of Energy Station 1. Energy is currently supplied to four major developments within the Central Milton Keynes area.
- 3.2 There are three main routes for TCMK to grow its revenue:
- Increases in charges for energy sales
  - Increased volumes of energy sold to customers
  - Additional sources of income through participation in DSM/grid services
- 3.3 The tariff structure for energy sold and mechanism for price adjustment by TCMK is defined in its contracts and is index linked to wholesale energy market prices. Therefore, the company has limited opportunity to influence this without changing its contractual obligations. The greatest opportunities to actively seek growth in revenue are through new customer acquisition and further participation in Demand Side Management (DSM) activities.
- 3.4 Additional revenue can be earned through DSM services, and new opportunities emerging for companies such as TCMK that have generating assets available at short notice to respond to peaks in grid supply demand. TCMK will continue to actively pursue these opportunities as they arise

#### Major Operational Costs

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- 3.5 The purchase of gas and imported electricity comprise approximately 73% of direct costs. Following a period of relative stability in primary energy costs during 2017, greater volatility in prices returned in 2018. However, as TCMK's supply contracts for commercial customers link the energy tariffs charged to customers using a formula based on RPI and the UK natural gas price index this has negatively impacted on revenues from energy sales. Whilst this pricing formula provides TCMK's business model with some protection against volatility in wholesale energy prices, the net effect of falling wholesale energy prices is adverse for TCMK.
- 3.6 During 2017 variable plant maintenance costs were £275,536 approximately 16% lower than in 2016.

#### Operational Plan

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- 3.7 TCMK is working closely with TMSL and independent energy management consultants to improve and optimise operation of the engines and reduce running costs. This involves balancing the hours that the engines are run and the output level that the engines are running at with customer demands for heat and grid electricity import/export prices. In addition, the impact of different running patterns on asset life and operating costs are considered. Engine running strategies are regularly reviewed throughout the year to optimise asset operation. Monthly performance monitoring of a number of operational factors is used to inform adjustment of operating strategies. These include the proportion of heat generated by engines and boiler; customer heat and power demand; net import and export of power; thermal and electrical efficiency of engines; and heat dumped.

- 3.8 TCMK and TMSL are also working together to schedule the major services for the engines and reduce down time during peak periods. During 2017 and 2018 major services were carried out on both engines at TCMK and no further major services are anticipated during the Business Plan period.
- 3.9 During the Business Plan period TCMK intends to obtain membership of the Heat Trust which will require the adoption of new and enhanced customer care practices and operating procedures. These will be monitored by the Heat Trust through its twice-yearly reporting requirements and member audits. Although not obligatory this membership will address the recommendation of the recent Competition and Markets Authority report into heat networks.

#### Capital Investment

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- 3.10 Further connections to Energy Station 1 distribution network are expected during the Business Plan period as new buildings are constructed in central Milton Keynes. The total capital investment in new connections is estimated to be £2.5m.

#### Assumptions and Critical Factors in Model

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- 3.11 TCMK has a financial model which has been used to make the financial projections in the Business Plan (shown in Appendix 3 to 5). The model is updated to reflect the previous year's activity and any updates on market and new connection forecasts. The model also considers the engine running strategies and capacity of the engines.
- 3.12 The model assumes that fuel price inflation and retail price index inflation will run at 2.0% per annum for the business plan period. In practice short term inflation rates will vary. Increased inflation will provide an improvement in energy prices charged to commercial customers as these are based on a combination of the national gas price index and inflation.

## 4. Financial Plan

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### Finance Structure

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- 4.1 TCMK is financed by both share capital and loan finance.
- 4.2 This business plan requests approval of an amended financing profile and additional years of funding facility. An incremental borrowing facility is requested of £7,500,000.
- 4.3 Funding will be spent on capital expenditure and cashflow funding.

Year	Authorised Borrowing in 2015	Expected Profile of Borrowing Facility
2018	£3,200,000	£2,750,000
2019	£3,200,000	£2,700,000
2020		£2,700,000
2021		£2,300,000
2022		£2,500,000
<b>TOTAL</b>	<b>£6,400,000</b>	<b>£12,950,000</b>

#### Shareholder Return on Investment

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4.4 Other benefits to WBC and the community are set out in Appendix 2.

#### Profit & Loss Account

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4.5 The budget has been based on historical costs, expected inflation and modelled revenue and costs. TCMK has a good level of confidence in the budget. It should be noted that increases in the gas price index lead to increases in the prices charged to commercial customers with prices calculated on a monthly basis, this helps to reduce financial risk to TCMK.

4.6 Customer Service costs relating to staff support have been consolidated into administration charges since 2017.

**Appendix 3 shows the forecast Profit & Loss**

#### Balance Sheet

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**Appendix 4 shows the Balance Sheet**

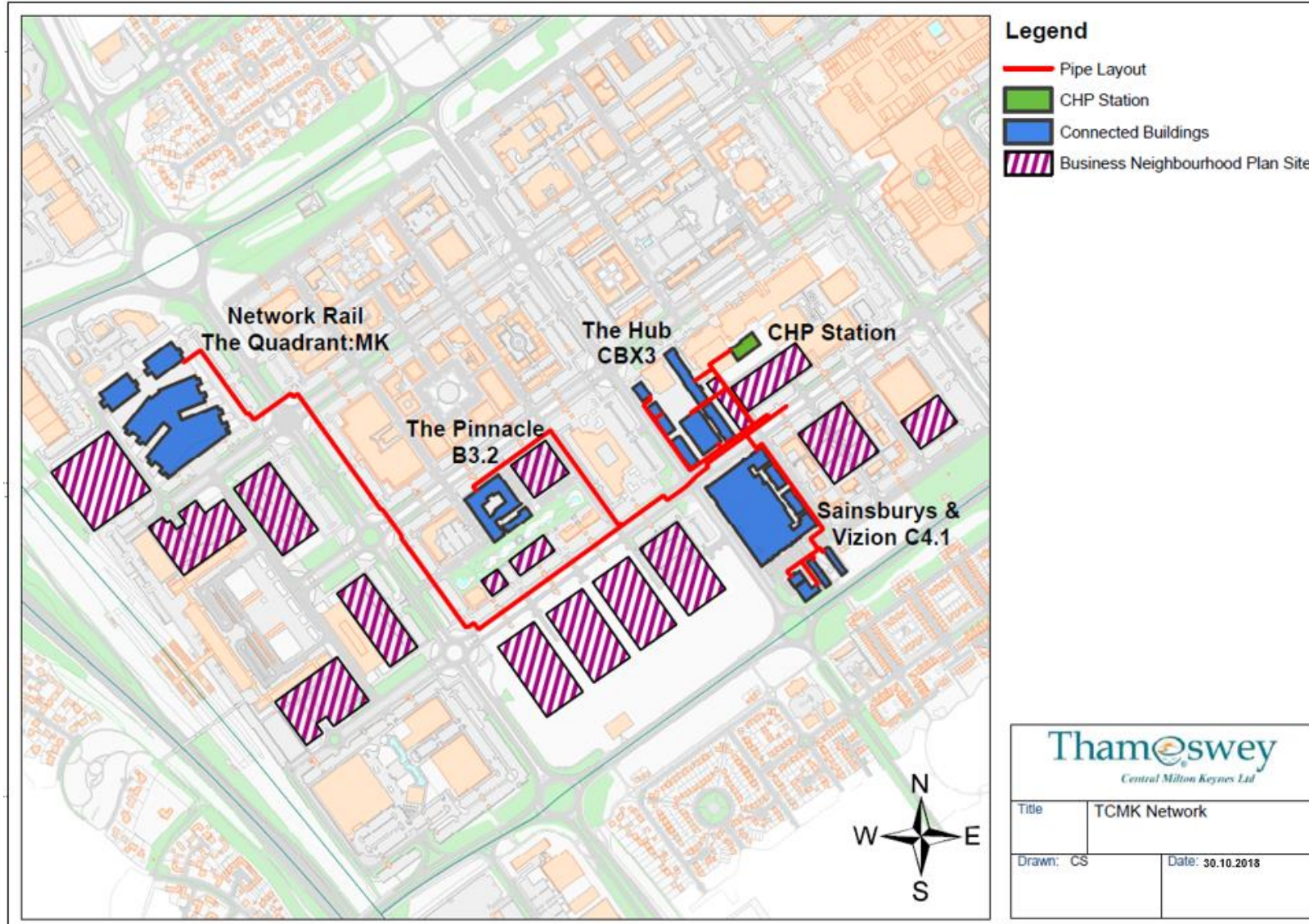
#### Cash Flow

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**Appendix 5 shows the forecast Cash Flow**

Appendix 1: Site Plan showing Current and Potential Future Connections in Central Milton Keynes

Page 30



**Appendix 2: Benefits to WBC**

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<b>Description</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Net Interest Margin	£870,597	£952,090	£933,745
Carbon Dioxide Emission Savings (tonnes)	2,026	TBC	TBC
Capital Project Fees to TL for investment in energy and environmental projects in the borough	£50,000	£20,000	TBC
Assist WBC in its Climate Change Strategy			

**Appendix 3: Profit & Loss Account**

	2017	2018	2019	2020	2021	2022
	<i>Actual</i>	<i>Forecast</i>	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>
	£	£	£	£	£	£
<b>Turnover</b>						
Income	3,279,010	3,154,878	3,303,111	3,517,083	3,712,091	3,886,878
	3,279,010	3,154,878	3,303,111	3,517,083	3,712,091	3,886,878
<b>Cost of Sales</b>						
Direct Costs	2,202,193	1,953,608	2,110,320	2,168,446	2,348,320	2,537,822
<b>Gross Profit</b>	<b>1,076,817</b>	<b>1,201,270</b>	<b>1,192,792</b>	<b>1,348,637</b>	<b>1,363,771</b>	<b>1,349,056</b>
GP % of turnover	32.8%	38.1%	36.1%	38.3%	36.7%	34.7%
<b>Overheads</b>						
Administration Charges	254,105	228,483	240,760	278,531	286,357	318,851
Operation Mgt - TSC	0	0	0	0	0	0
Energy Management	21,938	17,266	19,994	19,003	19,888	19,835
Customer Services	8,205	7,894	8,265	8,800	9,288	9,726
Rent, Rates & Utilities	31,932	31,463	32,331	32,535	33,082	33,464
Insurance	63,829	60,537	63,427	63,222	64,591	65,184
Prof Fees - Legal	420	6,263	3,408	4,932	4,254	4,685
Prof Fees - Consultancy	25,471	33,996	30,328	32,805	32,198	33,152
Other Misc Costs	666	470	579	535	569	563
Data Collection	33,416	31,191	32,950	32,712	33,487	33,761
Audit & Tax Advice	5,905	7,729	6,953	7,488	7,365	7,575
Trade Mark Fees	10,000	10,200	10,302	10,456	10,587	10,732
Non Exec Remuneration	9,316	9,504	9,598	9,742	9,864	9,999
Bank Charges	4,507	4,562	4,625	4,685	4,748	4,811
Abortive Connection Costs	1,011	10,921	6,085	8,673	7,527	8,262
Bad Debts	3,146	3,027	3,169	3,374	3,562	3,729
Doubtful Debt Provision	16,551	0	0	0	0	0
<b>Total Costs</b>	<b>490,417</b>	<b>463,505</b>	<b>472,775</b>	<b>517,494</b>	<b>527,365</b>	<b>564,328</b>
<b>EBITDA</b>	<b>586,400</b>	<b>737,765</b>	<b>720,017</b>	<b>831,143</b>	<b>836,406</b>	<b>784,727</b>
Depreciation	790,797	989,053	989,053	964,534	958,287	958,287
Amortisation	273,147	273,147	277,105	308,684	336,461	336,461
<b>Operating Profit/(loss)</b>	<b>68,750</b>	<b>21,860</b>	<b>8,069</b>	<b>175,292</b>	<b>214,580</b>	<b>162,901</b>
Finance Income	55	100	1,040	1,061	1,082	1,104
Finance Costs	1,782,029	1,911,049	1,957,507	2,020,377	2,071,654	2,112,670
Loan Arrangement Fees	31,500	27,495	26,647	27,118	23,185	24,361
<b>Profit/(Loss) Before Tax</b>	<b>(1,744,724)</b>	<b>(1,916,584)</b>	<b>(1,975,044)</b>	<b>(1,871,142)</b>	<b>(1,879,176)</b>	<b>(1,973,025)</b>
<b>Tax Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit/(Loss) after Tax</b>	<b>(1,744,724)</b>	<b>(1,916,584)</b>	<b>(1,975,044)</b>	<b>(1,871,142)</b>	<b>(1,879,176)</b>	<b>(1,973,025)</b>

EBITDA is earnings before interest, taxation, depreciation and amortisation



**Appendix 4: Forecast Balance Sheet**

	2017	2018	2019	2020	2021	2022
	Actual	Forecast	Budget	Budget	Budget	Budget
<b>FIXED ASSETS</b>						
Land & Buildings	1,561,851	1,530,404	1,498,957	1,467,511	1,436,064	1,404,617
Plant & Machinery	16,156,381	15,440,403	15,924,425	16,145,288	15,310,596	14,475,905
Engine Service	407,142	490,514	248,887	231,790	279,233	187,084
Assets Under Construction	389,460	292,095	194,730	97,365	0	0
	18,514,834	17,753,417	17,866,999	17,941,954	17,025,893	16,067,606
<b>LONG TERM INVESTMENTS</b>	0	0	0	0	0	0
<b>CURRENT ASSETS</b>						
Trade Debtors	518,089	498,476	479,606	461,449	443,981	427,173
Provision for Doubtful Debts	(44,037)	(42,370)	(44,360)	(47,234)	(49,853)	(52,200)
HMRC CIS Refund	0	0	0	0	0	0
VAT Refund	16,916	16,275	17,040	18,144	19,150	20,052
Accrued Income	409,184	393,693	412,191	438,893	463,228	485,039
Corporation Tax	200,947	193,340	202,424	215,537	227,487	238,199
Prepayments	10,788	10,379	10,867	11,571	12,212	12,787
Group Recharges	1,036	997	1,044	1,111	1,173	1,228
Parts in Stock	82,895	79,757	83,504	88,913	93,843	98,262
Short Term Deposit	5,000	4,811	5,037	5,363	5,660	5,927
Bank Account	349,922	100,000	100,000	100,000	100,000	100,000
	1,550,740	1,255,359	1,267,352	1,293,747	1,316,881	1,336,466
<b>CURRENT LIABILITIES</b>						
Trade Creditors	441,447	418,718	424,714	437,912	449,479	459,272
VAT Liability	0	0	0	0	0	0
Accrued Expenses	483,556	460,826	466,823	480,021	491,588	501,380
Deferred Income	0	0	0	0	0	0
	925,003	879,544	891,537	917,933	941,067	960,652
<b>NET CURRENT ASSETS</b>	<b>625,737</b>	<b>375,815</b>	<b>375,815</b>	<b>375,815</b>	<b>375,815</b>	<b>375,815</b>
<b>LONG TERM LIABILITIES</b>						
Long Term Loans WBC	28,094,681	30,102,052	31,867,784	33,622,564	34,922,141	36,273,341
Long Term Loans Lombard	828,980	0				
Grants/Contributions	5,815,241	5,542,094	5,864,989	6,056,305	5,719,844	5,383,382
	34,738,902	35,644,146	37,732,773	39,678,870	40,641,985	41,656,724
<b>NET TOTAL ASSETS</b>	<b>(15,598,331)</b>	<b>(17,514,915)</b>	<b>(19,489,959)</b>	<b>(21,361,102)</b>	<b>(23,240,278)</b>	<b>(25,213,303)</b>
<b>CAPITAL &amp; RESERVES</b>						
Share Capital	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
P&L Account B/F	(14,963,608)	(16,708,331)	(18,624,915)	(20,599,959)	(22,471,102)	(24,350,278)
Profit/(Loss) YTD	(1,744,724)	(1,916,584)	(1,975,044)	(1,871,142)	(1,879,176)	(1,973,025)
	<b>(15,598,331)</b>	<b>(17,514,915)</b>	<b>(19,489,959)</b>	<b>(21,361,102)</b>	<b>(23,240,278)</b>	<b>(25,213,303)</b>

Appendix 5: Forecast Cash Flow

	Forecast	Budget	Budget	Budget	Budget
	2018	2019	2020	2021	2022
	£	£	£	£	£
<b>Operating Activities</b>					
Profit/(Loss) Before Financing	21,860	8,069	175,292	214,580	162,901
(Increase)/Decrease in Debtors	45,459	(11,993)	(26,395)	(23,134)	(19,585)
Increase/(Decrease) in Creditors	(45,459)	11,993	26,395	23,134	19,585
Add Back: Depreciation / Less Amortisation	715,905	711,948	655,851	621,826	621,826
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>737,765</b>	<b>720,017</b>	<b>831,143</b>	<b>836,406</b>	<b>784,727</b>
<b>Investing Activities</b>					
(Purchase)/Disposal of investments	(227,635)	(502,635)	(539,489)	(42,226)	0
(Purchase)/Disposal of fixed assets	0	0	0	0	0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(227,635)</b>	<b>(502,635)</b>	<b>(539,489)</b>	<b>(42,226)</b>	<b>0</b>
<b>Financing Activities</b>					
Increase in Share Capital	0	0	0	0	0
Interest Received	100	1,040	1,061	1,082	1,104
Interest Paid	(1,938,544)	(1,984,154)	(2,047,495)	(2,094,839)	(2,137,031)
Loans Received	2,749,469	2,664,667	2,711,817	2,318,519	2,436,105
Repayment of Loans	(1,571,077)	(898,936)	(957,036)	(1,018,942)	(1,084,905)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(760,052)</b>	<b>(217,382)</b>	<b>(291,654)</b>	<b>(794,180)</b>	<b>(784,727)</b>
<b>Taxation</b>					
Corporation Tax	0	0	0	0	0
<b>NET CASH INFLOW/(OUTFLOW) OF CASH</b>	<b>(249,922)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
Cash Balance @ Beginning of Period	349,922	100,000	100,000	100,000	100,000
Cash Balance @ End of Period	100,000	100,000	100,000	100,000	100,000

# **THAMESWEY DEVELOPMENTS LTD**

## **Business Plan 2019**

### **Covering the Period 2019 -2022**

Address: 2<sup>nd</sup> Floor, Gloucester Chamber, Jubilee Square, Woking, Surrey GU21 6GA  
Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Company Registration No.: 06646380  
VAT Number: 981 0909 06

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## 1.0 Introduction

- 1.1 The attached Business Plan sets out the proposed arrangements for delivering the company's activities for the period up to the end of 2022. The plan reflects the expected developments to be undertaken over the four-year period to 2022, previously the plan covered one year only as the company was essentially responsive to other parts of the group, however as projects are defined and in progress a more strategic outlook can be forecast especially given the scale of a number of the developments. However, it is recognised that the impact of the Council accepting the proposals put forward by TDL in early 2019 for the delivery of the residential phases of Sheerwater will require a mid-year update extending the business plan.
- 1.2 The structure of the Business Plan is consistent with last year and includes:
- A summary of the purpose and structure of the company
  - A summary of principal business activities and highlights over the last 12 months
  - Planned activity over the next 4 years
- 1.3 This plan ensures that the focus of activity within each company is clearly aligned with those of Thameswey Limited, and ultimately with the Council's strategic objectives for Thameswey. The plan reflects the Board's views on the objectives set out in the proposed strategic plans.

## 2.0 Purpose of the Company

- 2.1 TDL was established in 2009 by its ultimate owner Woking Borough Council (WBC) to provide for a long-term strategy of property related development and investment in the Borough of Woking. All projects delivered by TDL are in accordance with the instructions of the Council or as a contractor for Thameswey Housing Limited (THL) and its subsidiary Thameswey Guest Houses Ltd (TGHL) or other parts of the Thameswey Group. TDL acts as the property development vehicle of the Thameswey Group.
- 2.2 Thameswey Developments Ltd is a private limited company registered in the United Kingdom and is 100% subsidiary of Thameswey Limited (the holding company of Thameswey Group), which is in turn solely owned by Woking Borough Council. TDL has a 50% share in joint ventures Rutland Woking Ltd, and 50% share in Rutland Woking Carhouse Lane Ltd. The remaining 50% of each joint venture is owned by Rutland Properties Ltd. The projects undertaken by RWL are on behalf of WBC for the duration of the business plan and have not been taken into account within this business plan.
- 2.3
- |                       |                                 |
|-----------------------|---------------------------------|
| Terry Price           | Independent Director (Chairman) |
| Cllr David Bittleston | Councillor Director             |
| Cllr Ayesha Azad      | Councillor Director             |
| Peter Bryant          | Officer Director                |
- 2.4 The above-board composition meets the requirements of the Thameswey Group Protocols as approved by the Council in February 2018. In order to be quorate a board meeting must have at least one independent, one Councillor and one officer Director in attendance.
- 2.5 TDL has use of the intellectual property owned by Thameswey Limited (TL) and is obliged to pay an annual licence fee of £1,000 payable to TL. In addition, WBC established a framework for financial support by way of loan investment to enable TDL to make

investments in Woking and the surrounding area. WBC charges a margin over its borrowing costs for the loans to the Group; this benefits residents by contributing to the revenue income of WBC.

### **3.0 Operational Activity over the last 12 months**

#### **3.1 Harrington Place**

TDL has continued the redevelopment of the existing St Dunstan's site which has been held within THL for the last few years. Construction is well progressed, and the concrete frame will complete in November 2018. The building, which will provide 147 residential properties, will be handed over to Thameswey Housing in Autumn 2019. Due to VAT the freehold, including the non-residential leases will be held in TDL. The development has been named Harrington Place after the last vicar of the church on this site before it was relocated.

#### **3.2 121 Chertsey Road**

TDL was not able to acquire planning consent for a 'step down' residential block for elderly and vulnerable residents as TDL was not able to convince the Local Planning Authority of the operation and need for this type of residential offer. However, the LPA issued a deemed consent (permitted development) for conversion of the existing building into residential units. TDL is now working with THL to progress this option to ensure the site is put to beneficial use. Work has also commenced to look at the opportunity to use the site for energy infrastructure in support of Thameswey Energy Limited's town center infrastructure upgrades.

#### **3.3 Elizabeth House/Cornerstone**

TDL purchased this site as part of a development agreement with Magna Asset Management One. During Autumn 2018 TDL was able to terminate this agreement, following extensive legal advice, due to underperformance releasing the building to TDL to progress development.

#### **3.4 Griffin and Concord House**

In September 2017, TDL purchased Griffin and Concord House for redevelopment. The properties are currently let to third parties and will be held as an investment property until at least 2021 when current leases are due for renewal. Over the last 12 months a planning application has been submitted for a residential tower and new office facilities to regenerate the site. The application was subject to a Design South East review as part of the planning process which was complimentary about the design and the location of the site for a tall building. It is anticipated that consent will be obtained early 2019. TDL has also spoken to neighbouring land owners to determine if a wider regeneration of the area is possible. A decision as to a wider approach or site specific will be taken once the result of our current application is known.

#### **3.5 Knaphill Phase Two**

TDL submitted a planning application for redeveloping this site to provide four high quality houses. The application was rejected and an appeal has been lodged against this decision which is hoped to be considered in early 2019.

### 3.6 Hawthorne Road

TDL has been contracted by the Council Housing Revenue Account to progress this development of 5 units for new Council Housing. Work is on site and the property should be released to the Council during 2019.

## 4.0 **Business Opportunities 2019-22**

### 4.1 Small Affordable In-Fill sites:

TDL has been working with the Council to develop affordable property, either for direct HRA ownership or Band C THL property using redundant garage sites. Plans for a new development of apartments in Bonsey Close to provide more affordable units for the HRA were rejected by the LPA in late 2018. TDL will review the comments during early 2019 and re-submit a new application to address the concerns raised and hopefully, subject to a satisfactory consent, work will commence in 2019.

Two further sites have already been consented and during 2019 TDL will go to tender for their development with work due to start later in late 2019.

### 4.2 Brookwood Lye

TDL is looking to develop part of the former traveller site at Five Acres to provide affordable housing to THL. A planning application to deliver this was submitted in 2017 and the application is expected to be determined in early 2019. TDL has entered into a partnership with Wienerberger to pilot their new e4 house concept at this site and as part of this partnership TDL will be able to benefit from the Wienerberger supply chain and research into environmentally friendly building. It is planned to commence work on site in Summer 2019, subject to satisfactory consent, and the scheme is likely to take two years to complete although early release of property is expected in mid 2020.

### 4.3 Poole Road Energy Centre

The Victoria Way energy station in Woking is nearing capacity and will not be able to supply the new Victoria Square development and the wider developments along Goldsworth Road. Therefore, there is an opportunity to increase the energy network in this area of the town. TEL has identified Poole Road as a potential new energy centre providing low carbon energy to facilitate future development in the town. A full business case was approved by TEL during 2017 and a planning consent was achieved for 9 and 9A Poole Road. Since consent was achieved the neighbouring site has also been acquired enabling a more comprehensive development to take place. A planning application has been re-submitted to take advantage of this increased site area. The new application, submitted early 2018, is expected to be determined in late 2018 and will provide a new residential concept to Woking in addition to a new energy centre. The application has a residential element of co-living/co-working space. This provides cost effective residential facilities which share communal leisure and working space aimed at young professionals and those studying who would benefit from being able to work, socialise and live in a central location at a more cost effective rate than renting a standalone apartment. This concept has been successful in other major urban areas across the world and will be a strong economic development driver for Woking. TDL have engaged with a contractor and work on site is expected to start early 2019.

#### 4.4 Elizabeth House/Cornerstone

With the termination of the development agreement in 2018 TDL will progress other options to develop this building and as part of this has engaged with a high profile educational establishment to see if the building could be used as a campus. This would keep the building in commercial use, as opposed to residential conversion, and would bring approximately 800 people to the town (a mix of students, academics and central support staff) leading to a significant economic development opportunity for Woking. TDL is working up the details and expects to submit a new planning application for the building to enhance its façade in early 2019. TDL will also be submitting a proposition to the Council to obtain borrowing approval for this development, which will involve returning the completed asset to the Council. While funding is available within the group to deliver this refurbishment, as the end product will not be residential led, a specific approval to fund the development will be sought prior to committing to a construction contract. Should this proposition not be successful TDL will commence the existing approved residential conversion during 2019 on behalf of THL.

#### 4.5 Sheerwater

TDL will continue to progress the Sheerwater Regeneration following its approval as preferred developer of the Council in 2017 and the approval of the Leisure element of the scheme as the first stage of delivery in 2018. A revised application for the rest of the site, addressing the key Council challenges of increasing usable public open space and housing density, is due to be determined in early 2019 by the LPA. As soon as this is determined TDL will submit the economic model for the residential led element of the scheme to Council for approval. This will be in parallel with the Council considering the making of a Compulsory Purchase Order. Upon approval of these two steps TDL will commence the first phase of the residential development in Spring 2019. At this stage, given the scale of the development and its effect on the financial standing of TDL, a revised business plan will be re-submitted for approval.

#### 4.6 Ancillary Commercial Space and Freeholds

As part of a number of residential schemes, either acquired by THL or developed for THL by TDL, there are ancillary non-residential spaces. Normally these form commercial spaces required by the relevant Local Planning Authority to ensure an 'active street scene'. Due to VAT rules it isn't effective for these spaces to be held in THL. Therefore, while the residential elements of the scheme will be transferred to THL the freehold and ancillary commercial spaces will be held by TDL. This also helps with the separation of developer and final owner and operator with regard to new build warrantees. Given that a number of these spaces will not have any commercial demand TDL will look to model development business cases on the residential elements and progress occupation of the ancillary space to avoid cost to the Group as opposed to generate income, for example pepper-corn rental arrangements to mitigate voids.

### 5.0 **Financials/Budget**

#### 5.1 Business Performance

TDL was established to make a return for the shareholder; returns are assessed on a project by project basis. The development profit/margin provided by the project activity is used for two purposes, half is retained by TDL for a working capital fund for reinvestment in project appraisals and development, including reducing the cost on certain schemes to promote affordable rents. The other half is to be passed to Thameswey Limited for reinvestment in Environmental Projects delivered by TSCL in consultation with the Council Climate Change Woking Group.



TDL will target a 4% project fee on developments going forward, the final fee will depend on the nature of the project and will need to be assessed on a case by case basis.

## 5.2 Financial Performance

The Profit and Loss account is in appendix 1.

Revenue includes reoccurring income relating to Griffin and Concorde House which is tenanted. In addition, development income includes the sale of developments, based on forecast costs and a 4% markup on each development. The table identifies the developments to be sold each year, to whom they are sold and the associated development costs.

Site	Year of Sale	Selling Price	Cost Price	Development Profit	Comments
Camp Road	2018	7,680,670	7,385,260	295,410	Sold to THL
Harrington Place	2019	51,395,838	49,419,075	1,976,763	90% sold to THL
Bonsey Lane	2020	3,223,101	3,099,135	123,965	Sold to WBC
Chertsey Road	2020	4,991,509	4,799,528	191,981	Sold to THL
Cornerstone	2020	30,371,338	29,203,209	1,168,128	Sold to THL
Hawthorn Road	2020	1,865,380	1,793,635	71,745	Sold to WBC
Knaphill 2	2020	2,400,000	2,040,120	359,880	Sold to THL
Poole Road Energy Station	2020	19,184,884	18,447,004	737,880	Sold to TEL
Eden Grove	2020	832,000	800,000	32,000	Sold to THL
Lockwood Path	2020	1,352,000	1,300,000	52,000	Sold to THL
Brookwood Lye	2021	32,178,346	30,940,717	1,237,629	60% sold to THL
Poole Road Accomodation	2021	34,421,418	33,097,517	1,323,901	Sold to THL
<b>TOTAL</b>		<b>189,896,484</b>	<b>182,325,201</b>	<b>7,571,283</b>	

Finance costs relate to 20 High Street, and Griffin / Concorde house. All loan interest associated with developments is wrapped into the development costs and forms part of the sale cost to the purchasing entity.

TDL has generated dividends during the business plan period to support Environmental projects, payable to Thamesway Limited to reinvest in Thamesway Sustainable Communities Ltd.

### **The Balance Sheet is included in Appendix 2**

The balance sheet includes Griffin and Concord house as investment properties, along with 20, High Street. The total value of investment properties in 2019 are £11.2M

The balance sheet includes an increasing Work in Progress balances until individual projects are completed and sold. The table below identifies the project balance at each year end. During 2020 and 2021, there are a significant number of developments completed, the financial impact being an in year reduction in work in progress spend and a negative spend profile, although positive cumulative spend.

Project	2017 & prior	2018	2019	2020	2021	2022	TOTAL
Net Work In Progress PA	48,380,214	34,133,498	25,209,979	- 10,539,868	- 53,952,853	3,958,966	47,189,935
Cumulative WIP	48,380,214	82,513,712	107,723,691	97,183,823	43,230,970	47,189,935	47,189,935

TDL has historically borrowed short term to fund developments during their project period until the sale, loans are increasing as project spend increases. At the point of project completion short term loans are repaid to WBC, and long-term loans are drawn within the new owning entity. In periods of increasing interest rates, funding may be drawn long term to mitigate increasing funding costs. In addition, a long-term loan exists, provided by THL, to fund 20 High Street.

The loans drawn to Support Sheerwater leisure centre and Gateway 1&2 total £30M within the business plan period.

**The cashflow is included in Appendix 3.**

Loans at the end of 2018 total £90M, additional loans drawn during the business plan period total £71M, loans repaid during the business plan period total £113M, leaving loans outstanding at 2022 of £48M. Of the £48M, £30M relates to Sheerwater and £18M relates to Griffin / Concorde development.

**Appendix 1 – Profit and Loss Account**

	2017	2018	2019	2020	2021	2022
	Actual	F/Cast	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
<b>Turnover</b>						
Project Income	2,337,463	7,680,670	51,395,838	64,220,212	66,599,764	0
Rental Income	154,602	430,817	430,817	430,817	430,817	430,817
Non-Trading Income	50,786					
	2,542,851	8,111,488	51,826,655	64,651,029	67,030,581	430,817
<b>Cost of Sales</b>						
Insurance	5,342	12,880	13,138	13,400	13,668	13,942
Direct Cost of Projects	0	37,000	37,740	38,494	39,264	40,050
Cost of Sales	2,175,805	7,385,260	49,419,075	61,482,631	64,038,235	-
	2,181,147	7,435,140	49,469,952	61,534,526	64,091,167	53,991
<b>Gross profit/(loss)</b>	<b>361,704</b>	<b>676,348</b>	<b>2,356,703</b>	<b>3,116,503</b>	<b>2,939,414</b>	<b>376,826</b>
<b>GP% of turnover</b>	<b>14.2%</b>	<b>8.3%</b>	<b>4.5%</b>	<b>4.8%</b>	<b>4.4%</b>	<b>87.5%</b>
<b>Indirect Costs</b>						
Non-Executive Directors	5,403	5,404	5,512	5,622	5,735	5,849
Administration Exp	3,405	5,000	5,100	5,202	5,306	5,412
Trade Mark Licence	1,000	1,000	1,000	1,000	1,000	1,000
Consultancy Fees	16,000	5,000	5,000	5,000	5,000	5,000
Legal Fees	1,544	5,000	5,000	5,000	5,000	5,000
Auditors Remuneration	6,020	7,000	7,140	7,283	7,428	7,577
Bank Charges	88	352	352	352	352	352
Total Costs	33,460	28,756	29,104	29,459	29,821	30,191
<b>EBITDA</b>	<b>328,244</b>	<b>647,592</b>	<b>2,327,599</b>	<b>3,087,044</b>	<b>2,909,593</b>	<b>346,635</b>
Depreciation	78	3,775	3,020	2,187	0	0
<b>Operating Profit/(loss)</b>	<b>328,166</b>	<b>643,818</b>	<b>2,324,580</b>	<b>3,084,857</b>	<b>2,909,593</b>	<b>346,635</b>
Finance Income	631	1,800	1,800	1,800	1,800	1,800
Finance Costs	149,586	357,864	357,864	357,864	357,864	357,864
<b>Profit/(Loss) Before Tax</b>	<b>179,211</b>	<b>287,754</b>	<b>1,968,516</b>	<b>2,728,793</b>	<b>2,553,529</b>	<b>(9,429)</b>
Corporation Tax P&L						
<b>Profit/Loss After Tax</b>	<b>179,211</b>	<b>287,754</b>	<b>1,968,516</b>	<b>2,728,793</b>	<b>2,553,529</b>	<b>(9,429)</b>
Dividends Paid	250,000	200,000	200,000	200,000	200,000	
<b>Retained Profit</b>	<b>(70,789)</b>	<b>87,754</b>	<b>1,768,516</b>	<b>2,528,793</b>	<b>2,353,529</b>	<b>(9,429)</b>

## Appendix 2 – Balance Sheet

	2017	2018	2019	2020	2021	2022
	Actual	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
<b>FIXED ASSETS</b>						
Land & Buildings	11,235,366	11,235,366	11,235,366	11,235,366	11,235,366	11,235,366
Plant & Machinery	8,981	5,206	2,187	0	0	0
	11,244,347	11,240,573	11,237,553	11,235,366	11,235,366	11,235,366
<b>LONG TERM INVESTMENTS</b>						
Rutland (Woking) Ltd	99,726	99,726	99,726	99,726	99,726	99,726
Rutland Woking (Carhouse Lane) Ltd	1	0	0	0	0	0
	99,727	99,726	99,726	99,726	99,726	99,726
<b>CURRENT ASSETS</b>						
Trade Debtors	185,604	35,901	35,901	35,901	35,901	35,901
Other Debtors	6,212	0	0	0	0	0
VAT Refund	501,023	687,614	897,697	809,865	360,258	393,249
Work in Progress	48,380,214	82,513,712	107,723,691	97,183,823	43,230,970	47,189,935
Prepayments	12,544	12,795	13,051	13,312	13,578	13,850
Accrued Income	102,229	0	0	0	0	0
Deposits	45,620	8,000	8,000	8,000	8,000	8,000
Bank Account	1,023,372	1,410,162	3,311,212	702,778	2,234,125	1,558,983
	50,256,818	84,668,185	111,989,553	98,753,679	45,882,832	49,199,919
<b>CURRENT LIABILITIES</b>						
Trade Creditors	1,124,770	1,422,229	1,050,416	1,260,499	1,512,599	1,815,118
Other Creditors	2	2	2	2	2	2
Payment on Account - THL	1,000,000	0	0	0	0	0
Accrued Expenses	1,108,384	1,130,552	1,153,163	1,176,226	1,199,750	1,223,745
Deferred Income	475,965	475,965	125,000	125,000	125,000	125,000
Corporation Tax	386,114	386,114	386,114	386,114	386,114	386,114
VAT & CIS Payable	288	500	500	500	500	500
	4,095,523	3,415,362	2,715,194	2,948,341	3,223,965	3,550,480
<b>NET CURRENT ASSETS</b>	<b>46,161,295</b>	<b>81,252,823</b>	<b>109,274,358</b>	<b>95,805,338</b>	<b>42,658,867</b>	<b>45,649,439</b>
<b>LONG TERM LIABILITIES</b>						
Long Term Loan - WBC	55,250,000	90,250,000	116,500,000	100,500,000	45,000,000	48,000,000
Long Term Loan - Intercompany	815,135	815,135	815,135	815,135	815,135	815,135
	56,065,135	91,065,135	117,315,135	101,315,135	45,815,135	48,815,135
<b>NET TOTAL ASSETS</b>	<b>1,440,234</b>	<b>1,527,987</b>	<b>3,296,502</b>	<b>5,825,295</b>	<b>8,178,824</b>	<b>8,169,396</b>
<b>CAPITAL &amp; RESERVES</b>						
Share Capital	10,001	10,001	10,001	10,001	10,001	10,001
P&L Account Brought fwd	1,501,019	1,430,232	1,517,986	3,286,501	5,815,294	8,168,824
Retained Profit FY	(70,786)	87,754	1,768,516	2,528,793	2,353,529	(9,429)
	<b>1,440,234</b>	<b>1,527,987</b>	<b>3,296,502</b>	<b>5,825,295</b>	<b>8,178,824</b>	<b>8,169,397</b>

### Appendix 3 – Cashflow

	2017	2018	2019	2020	2021	2022
	£	£	£	£	£	£
<b>Operating Activities</b>						
Profit/(Loss) Before Financing	328,166	643,818	2,324,580	3,084,857	2,909,593	346,635
(Increase)/Decrease in Debtors	(29,598,669)	(34,024,577)	(25,420,318)	10,627,440	54,402,194	(3,992,229)
Increase/(Decrease) in Creditors	628,131	(680,161)	(700,167)	233,146	275,624	326,515
Add Back: Depreciation / Less Amortisation	78	3,775	3,020	2,187	0	0
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(28,642,294)</b>	<b>(34,057,146)</b>	<b>(23,792,886)</b>	<b>13,947,630</b>	<b>57,587,411</b>	<b>(3,319,079)</b>
<b>Investing Activities</b>						
(Purchase)/Disposal of fixed assets						
(Purchase)/Disposal of Long term investments	0	0	0	0	0	0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing Activities</b>						
Increase in Share Capital	0	0	0	0	0	0
Dividends Paid	(250,000)	(200,000)	(200,000)	(200,000)	(200,000)	0
Investment Income (Divd.)	0	0	0	0	0	0
Interest Received	631	1,800	1,800	1,800	1,800	1,800
Interest Paid	(149,586)	(357,864)	(357,864)	(357,864)	(357,864)	(357,864)
Grant For Energy Centre						
Loans Received	28,750,000	37,000,000	35,000,000	19,000,000	7,000,000	10,000,000
Repayment of Loans	0	(2,000,000)	(8,750,000)	(35,000,000)	(62,500,000)	(7,000,000)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>28,351,045</b>	<b>34,443,936</b>	<b>25,693,936</b>	<b>(16,556,064)</b>	<b>(56,056,064)</b>	<b>2,643,936</b>
<b>NET CASH INFLOW/(OUTFLOW) OF CASH</b>	<b>(291,249)</b>	<b>386,790</b>	<b>1,901,050</b>	<b>(2,608,434)</b>	<b>1,531,347</b>	<b>(675,142)</b>
Cash Balance @ Beginning of Period	1,314,621	1,023,372	1,410,162	3,311,212	702,778	2,234,125
Cash Balance @ End of Period	<b>1,023,372</b>	<b>1,410,162</b>	<b>3,311,212</b>	<b>702,778</b>	<b>2,234,125</b>	<b>1,558,983</b>

End of Business Plan



# **THAMESWEY ENERGY LIMITED**

## **BUSINESS PLAN 2019**

### **Covering the Period 2019 - 2022**

Address: 2<sup>nd</sup> Floor, Gloucester Chambers, Jubilee Square, Woking, Surrey GU21 6GA  
Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Company Registration No.: 03772150  
VAT Number: 742 6380 32

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## 1. Company Overview

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### Introduction

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- 1.1 This business plan sets out the proposed priorities for Thameswey Energy Limited (TEL) to deliver the Thameswey Group companies' strategic objectives for the near future up to 2022.
- 1.2 The plan ensures that the focus of activity within this company is clearly aligned with those of Thameswey Limited, and ultimately with Woking Borough Council's strategic objectives for the Thameswey Group.
- 1.3 The plan refreshes the 2018 to 2021 business plan (approved by Council in December 2017). It identifies the business opportunities and priorities for investment in the near future, including the main capital projects that will require investment to enable TEL to deliver its objectives for the Council. During 2017, a business case was agreed by the Council to build a new energy station in Poole Road. There is currently no provision for capital expenditure at Sheerwater in this Plan.

### Purpose

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- 1.4 Thameswey Energy Ltd was established to provide a long-term strategy of sustainable energy infrastructure investment both within the borough of Woking and elsewhere, with the objective of securing reductions in carbon dioxide equivalent emissions. 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 (and in Milton Keynes via its subsidiary).

### Financial Requirements

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- 1.5 The business is financed by way of loans and share capital.
- 1.6 TEL has the use of intellectual property owned by Thameswey Limited (TL) and is obliged to pay an annual licence fee of £1,000. At its discretion TL also charges a project fee for capital work of up to 4% of the value of the works. These fees are used to benefit the residents of the borough as TL contributes towards environmental, social and carbon dioxide equivalent emission reduction projects. Further information on the projects that have benefited from these funds is provided in the Thameswey Limited business plan.
- 1.7 The current programme of planned capital expenditure over the next three years is shown in the table below and described in Section 3 of this Business Plan. Major Capex beyond 2021 has not been identified at this stage and will be largely determined by the opportunities for new connections arising from new development activity at that time. Where reference is made to future connections to supply energy to new developments, these will be subject to planning approval and contractual negotiations.

Capital Expenditure	2018	2019	2020	2021	2022	TOTAL
SCADA	71,000	25,000	-			96,000
Victoria Way optimisation		25,000				25,000
Increased chiller capacity	19,000	275,000	-			294,000
Connection to Elizabeth House	298,000	70,000				368,000
Woking Park Optimisation	10,000	50,000				60,000
Victoria Way engine major services	-	24,004	39,052	102,081		165,137
Chertsey Road	250,000	100,000	-			350,000
Church St East 'relief ring' upgrade	100,000	-	210,000			310,000
Kings Court	131,000					131,000
Poole Road Energy Station			22,000,000			22,000,000
<b>TOTAL</b>	<b>879,000</b>	<b>569,004</b>	<b>22,249,052</b>	<b>102,081</b>	<b>-</b>	<b>23,799,137</b>

### Current Business Position

1.8 The current business priorities for TEL are:

- Completion of phased replacement of aging primary energy assets in Woking Park
- Expansion of existing distribution infrastructure to supply new developments in the eastern half of Woking town centre
- Construction of new energy generating capacity and distribution infrastructure to supply the Victoria Square scheme and other major developments elsewhere in the town centre

### Major Achievements since the last business plan

- 1.9 During 2017, Victoria Way Energy Centre and Woking Park CHP produced 8,731 MWh and 5,100 MWh respectively of heat and 5,055 MWh and 4,021 MWh of low carbon electricity. The combined energy production of these sites reduced carbon dioxide equivalent emissions by 963 tonnes (as compared to the emissions emitted in the production of an equivalent amount of grid energy).
- 1.10 TEL's solar PV installations generated 203MWh of renewable electricity. Whilst lower than 2016 this is broadly equivalent to the output in 2015 and equates to a saving in carbon emissions of 78 tonnes.
- 1.11 District heat, cooling and private wire supplies to Victoria Gate were completed and the SPACE office development in Chertsey Road was connected to the private wire network. A new electricity substation was installed to provide a power supply for the new waste processing equipment in Peacocks.
- 1.12 Work commenced on the first stages of a new district heat distribution main serving the eastern half of the town centre including proposed development sites in Church Street East and Chertsey Road, and the redevelopment of Elizabeth House. Designed as a 'relief ring', the new pipes will enable additional heat capacity to be distributed in this part of the town centre whilst maximising the output potential of the generating plant at Victoria Way energy centre.
- 1.13 A major re-design of the Poole Road energy station scheme was carried out following acquisition of adjoining land at Format House. The revised scheme was taken forward through planning, with the aim of commencing work on site early in 2019.
- 1.14 Work commenced on the first phases of a new power distribution network that will serve the Victoria Square scheme along with other major developments in the town centre. Construction

of a new substation at Dukes Court was also completed as the first phase of a pair of high voltage network interconnectors that will enable automated switching between the existing and new town centre private wire networks.

### Company Ownership & Governance

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1.15 Thameswey Energy Ltd is a private Limited Company registered in the United Kingdom and is a 100% subsidiary of Thameswey Limited (the holding company of the Thameswey Group), which is in turn solely owned by Woking Borough Council. TEL has a wholly owned subsidiary company, Thameswey Central Milton Keynes Limited (TCMK) which provides embedded generation facilities in the Central Milton Keynes area. Both companies have separate business plans and their results are not incorporated into the results of TEL.

1.16 The current board of Directors is set out below:

Barry Maunders	Independent Director (Chairman)
William Prescott	Independent Director
Peter Bryant	Officer Director
Douglas Spinks	Officer Director
Ayesha Azad	Councillor Director

### Significant Assets

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1.17 The Victoria Way Energy Centre has been operational since 2001. The energy station includes a 1.3 MWe Deutz gas fired Combined Heat & Power (CHP) engine with two 1.2MW gas boilers, two absorption chillers and a thermal store to provide security of heat supply. This energy station provides heat, cooling and power to a number of buildings within the town centre. Distribution assets include district heat and cooling mains and an extensive 11,000v mains distribution system and HV substations with a second HV network currently under construction.

1.18 TEL also owns and operates a number of sites previously developed by WBC. The largest of these installations is at Woking Park and includes a 0.84 MWe Jenbacher CHP engine. Other sites include a number of domestic sites with small scale CHP installations and over 620kWp of solar photovoltaic installations in the Borough. See Appendix 1.

## 2. Industry Outlook and Business Opportunity

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### Industry Outlook

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2.1 Government support for the growth in decentralised energy is continuing with the roll out of the financial support for heat networks (Heat Networks Investment Project or ‘HNIP’). The scheme will be open applicants in January 2019 until March 2022. Further guidance, including the qualifying criteria, is expected before the end of 2018.

2.2 The effects of Brexit (both positive and negative) will continue to impact on the industry. A heavy reliance on parts and equipment supplied by manufacturers based in continental Europe may impact on costs and charges. Where possible, UK-sourced components and equipment is now being used to reduce exposure to future price uncertainties.

2.3 The introduction of a Government cap on standard variable and default energy tariffs will take effect from the end of 2018 until 2020. As TEL’s domestic electricity tariffs are currently adjusted

in the first quarter of each year and benchmarked against a sample of suppliers' standard variable tariffs, the impact of this cap has yet to be observed. If, as expected, suppliers start to phase out standard variable tariffs, TEL may need to adjust its price setting mechanism.

- 2.4 Reductions are expected over the next two years in payments made by the National Grid to small 'embedded generators' for contributing to grid supplies at times of shortage. These will impact on the payments received by Thameswey for exported power generated during winter triads. However, the introduction of 'capacity market' payments is intended to help offset the loss of triad income and TEL will seek to enter this market.
- 2.5 There is significant growth in development of power storage technologies and new markets are emerging to support the electricity grid and local networks through fast-response reserve power. This sector is expected to continue to expand as growth in scale and competition among suppliers brings down the capital costs.
- 2.6 Industry support is growing for a drive towards lower temperature, lower loss systems with greater use of 'smart' technology to provide performance feedback between a network and individual customer installations. These are often described as Third (or Fourth) Generation systems and offer a number of potential advantages including greater overall efficiency and integration of alternative heat generating technologies such as heat pumps.

### The Business Opportunity

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- 2.7 The growth in new development in Woking presents opportunities to connect new customers to TEL's existing networks and develop new generating and supply capacity. This is being progressed simultaneously through two routes:
  - Extension of the distribution infrastructure connected to Victoria Way energy station to increase the supply capacity available in the Church Street East/Chertsey Road areas.
  - The development of a new station at Poole Road, with networks serving Victoria Square and other major developments in the west of the town centre. In the longer-term TEL will seek to extend the Poole Road new network to development sites south of the railway.
- 2.8 As each network grows the opportunity will arise to interconnect the two networks and provide additional operational resilience and capacity throughout the town centre. The first phase of interconnection is underway with the construction of switching substations to link the existing ('Victoria Way') private wire network with a new network that is being built to supply Victoria Square from Poole Road energy centre. The Poole Road energy centre will also provide the opportunity for TEL to diversify its generating capacity with the potential to accommodate alternative and renewable generating and storage technologies to help secure further sequential carbon reductions in the energy supplied by the company. Funding through the new HNIP scheme will be sought to support further extension of TEL's networks in the town centre, along with opportunities to introduce lower carbon technologies.
- 2.9 Sheerwater Regeneration provides a major opportunity for TEL to supply low carbon energy to a major new community outside of the town centre. As the early phases of the development include non-residential uses, these will be capable of providing 'anchor load' demand which can be extended to serve some of the residential phases. The infrastructure and services designs for Sheerwater will include assessment of energy generating technologies that will ensure long term

carbon savings. Note, there is currently no planned expenditure at Sheerwater until the development plans for the scheme are agreed.

- 2.10 The introduction of battery storage technologies ‘behind the meter’ alongside existing and new CHP and solar power generation will be explored in TEL’s primary generating stations and also its PV sites. Initial discussions have commenced with a single supplier to test the economic and technical proof of concept, with a view to deployment during the business plan period.
- 2.11 The emergence of niche or local licensed energy suppliers and independent distribution network operators (IDNOs) presents an opportunity for Thameswey to enter a growing market that challenges the large utility companies. This may offer Thameswey opportunities to manage regulatory risks as it grows the number of directly supplied customers, whilst also expanding its customer base beyond those physically connected to its networks. Further exploration of this business model will be carried out during the Business Plan period to understand the potential benefits and risks of this approach to business expansion.
- 2.12 Technological developments are emerging that will enable ‘microgrid’ systems to operate between individual customers. These have the potential to offer numerous benefits to suppliers and customers through time-of-use tariffs and demand-side-management that will help reduce peak loads on a network (and in turn enable more customers to be connected without investment in additional generating or distribution infrastructure). Whilst the technology is rapidly advancing, the regulatory consents required by microgrids are not yet in place.
- 2.13 The Council’s adopted strategy for sustainable development (‘Woking 2050’) provides a number of opportunities for TEL to assist in the delivery of the Council’s sustainable development objectives. These include a number of areas where TEL is already actively delivering outcomes (for example providing renewable and low carbon energy, promoting energy efficient homes and initiatives to help reduce fuel poverty), as well as other areas where new opportunities exist for the company to contribute to project delivery (such as helping to provide electric vehicle charging infrastructure and assisting local businesses to switch to lower carbon energy supplies).
- 2.14 Thameswey’s housing stock comprises over 450 properties and have limited renewable energy supply. These provide an opportunity for TEL (and Thameswey Solar Ltd.) to increase its generation and supply of renewable energy through the installation of small scale solar PV and/or solar thermal energy on Thameswey’s own stock.

#### Investment strategy for Woking town centre

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- 2.15 The investment strategy adopted in the 2018-2021 Business Plan will be continued and will focus on meeting the growth in energy demand arising from the planned growth and redevelopment in Woking town. This will be delivered through investment in upgrading and extending existing assets, building new energy generating plant and distribution infrastructure. The three priorities for investment to achieve this:
  - 1) Optimising the performance of existing assets;
  - 2) Increasing capacity to supply new customers through additional generating assets and extending TEL’s distribution infrastructure;
  - 3) Planning for replacement of aging assets with new, lower carbon and/or renewable energy technologies.

- 2.16 The Victoria Way town centre energy station will reach 20 years in operation during the Business Plan period. During 2017 work started on a number of measures to improve efficiency of existing plant and increase supply capacity from existing energy generation and distribution assets. Additional capacity to generate chilling is also planned as this currently has very limited spare capacity. This work is expected to continue into 2019, with reduced expenditure thereafter.
- 2.17 The investment strategy assumes continued opportunities for growth through new development coming forward in the town centre. A number of schemes located close to TEL's existing networks in the east of the town have sought planning consent and other major redevelopments are anticipated in the current Business Plan period near to Church Street East. These connections will be subject to individual investment appraisal, at which time their contribution to the cost of connection will be quantified.
- 2.18 Construction of a new energy centre in Poole Road will commence during the Business Plan period, along with new heat distribution networks to serve the Victoria Square scheme as well as other major new customers in the western half of the town centre (and south of the railway).
- 2.19 As the 'headroom' of capacity available to new customers at Victoria Way energy centre to meet new customer loads decreases, the opportunity will be available to supply new customers via inter-connection of the new and existing district heat and cooling networks.
- 2.20 In addition to meeting anticipated growth in energy demand, TEL is considering how it generates the energy it supplies in future. TEL's district energy networks are currently wholly dependent on natural gas as the primary fuel to generate heat, cooling and power. Future changes in the way the UK's primary energy is supplied may impact on the environmental benefits and costs of energy supplied by TEL. Recent years have seen a steady reduction in the carbon intensity of the UK's electricity mix supplied over the grid with the increase in wind and solar power and switch away from coal-fired power stations. These movements in the energy mix of grid electricity directly impact on the relative carbon savings provided through gas fired CHP. In the short-term TEL will consider opportunities to reduce the carbon intensity of its energy supplies through measures such as purchasing 'green gas' certificates as part of its primary energy. Longer term measures include ensuring the Poole Road energy centre is designed to enable greater flexibility in the mix of primary energy used and energy generated.

### 3. The Business Model

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#### Sources of Revenue

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- 3.1 TEL's revenue in 2016 & 2017 from energy sales and energy service charges is summarised in the table below.

	<b>2016</b>	<b>2017</b>
	<i>Actual</i>	<i>Actual</i>
	£	£
Electricity	967,918	999,217
Electricity Export	130,105	180,437
Triad Income	12,584	14,000
Heat	428,500	456,193
Cooling	114,051	75,490
Standing Charges	222,565	320,749
Admin Charges	16,999	20,309
Energy Service Charge	1,366,287	1,383,789
Sale of ROCs	6,615	8,679
Feed in Tariff	19,554	17,023
Plant Maint Recharge	0	71,273
Non Trading Income	0	298,594
	<b>3,285,177</b>	<b>3,845,753</b>

#### Major Operational Costs

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- 3.2 The most significant costs that the company incurs are primary energy costs (natural gas and electricity import) and operation and maintenance (O&M) costs.
- 3.3 Following a period of relative stability in primary energy costs during 2017, greater volatility in prices returned in 2018. However, as TEL's supply contracts for commercial customers link the energy tariffs charged to customers using a formula based on RPI and the UK natural gas price index this has negatively impacted on revenues from energy sales. Whilst this pricing formula provides TEL's business model with some protection against volatility in wholesale energy prices, the net effect of falling wholesale energy prices is adverse for TEL.

#### Operational Plan

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- 3.4 The Operational Plan will be further developed over the course of the Business Plan to achieve the following outcomes:
- Installation of automatic meter reading (AMR) to replace the last remaining manually read meters, along with integration of meter data into the Ista system
  - Control of planned maintenance regimes using QFM software for Victoria Way and Woking Park energy centres, and (once operational) Poole Road

- Growth in the number of customer accounts from connection of major new developments in Woking town centre (managed through re-organisation and expansion of the Customer Services team in TSCL)

3.5 During the Business Plan period TEL intends to obtain membership of the Heat Trust which will require the adoption of new and enhanced customer care practices and operating procedures. These will be monitored by the Heat Trust through its twice-yearly reporting requirements and member audits. Although not obligatory this membership will address the recommendation of the recent Competition and Markets Authority report into heat networks.

### Capital Investment

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3.6 Capital expenditure during 2018 has focused on continued plant refurbishment at Victoria Way energy centre and development of a new SCADA (control) system for Victoria Way and Woking Park, along with the installation of new heat and power distribution infrastructure in the eastern half of the town centre.

3.7 During 2018 and 2019 planned capital expenditure at the Victoria Way energy centre includes the installation of additional chiller capacity to meet increased cooling demand arising from new connections. A budget sum of £294,000 has been included in the capex investment plan which will be firmed up following further technical appraisal.

3.8 Investment in further expansion of the network over the next 2-3 years comprises connection to new developments in the eastern half of the town centre, including Thameswey's sites at 121 Chertsey Road and Elizabeth House. The investment required by TEL for each new proposal that comes forward in the town centre will be modelled and considered on its own merits. The total estimated capital costs for new connections are included in the investment plan. Contributions towards these costs will be sought from developers during commercial negotiations.

3.9 Work will continue during 2019 to provide new HV (high voltage) private wire network capacity to serve the Victoria Square scheme and other new developments throughout the town centre. This will also provide the opportunity to provide future reinforcement to the existing town centre private wire network.

3.10 Investment in the Poole Road energy centre and new distribution networks has been approved by the TEL and TL Boards and Woking Borough Council. The capex for this will include a contribution by Victoria Square Woking Ltd (VSWL).

3.11 The current business plan (including Poole Road) forecasts an average annual rate of return of 5.2% and in the future a minimum of 4.5% has been adopted for investment appraisal models for major capital expenditure. This is in line with current commercial expectations.

### Assumptions and Critical Factors in Model

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3.12 TEL has a financial model which has been used to make long term financial projections. The model is updated each year to reflect the previous year's activity and any updates on market forecasts. The model also takes into account new projects / connections, engine running strategies and capacity of the engines.



- 3.13 The model assumes that inflation will run at 2.0% per annum for the business plan period. In practice short term inflation rates will vary. Increased inflation will provide an improvement in the return for the company due to increasing revenues and margins. As referred to above commercial customer prices are based on the gas price index and inflation, thereby reducing risk to the business.
- 3.14 The nature of the Council’s investment is long term. The established business has an underlying sound foundation with a good customer base and considerable opportunity for growth. The business plan covers the financial period 2019 to 2022 in detail, as this can be accurately predicted. However, the economic model has been extrapolated into the future to facilitate the established business including Poole Road energy station.

#### 4. Financial Plan

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##### Finance Structure

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**Appendix 2 shows the Finance Structure of TEL**

- 4.1 TEL is financed by both share capital and loans. TL (ultimately WBC) has a nominal total of £5,050,450 in share capital finance in TEL, £1,110,000 of this share capital was used by TEL to invest in its subsidiary TCMK.
- 4.2 WBC charges TEL a margin on its loan rates which is used for the benefit of the Council. In 2018 the loan will contribute approximately £380,000 to WBC in the form of loan margin.

##### Shareholder Return on Investment

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- 4.3 Average annual return on investment has been calculated up to 2035 as 3.5% in the 2016 business plan based on historical connections. New connections are calculated by individual business cases and are required to meet a minimum of 4.5%.
- 4.4 The addition of the new energy station in Poole Road is expected to return the business to profit by 2025, and accumulated profit by 2042. Dividends will be paid to WBC from 2043. Shareholder return in 2069 delivers 5.2%.

**Appendix 3 shows the other benefits to WBC.**

##### Profit & Loss Account

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- 4.5 The profit & loss account has 2017 actual data as a comparator, against 2018 expected outrun, and a budget for 2019 to 2022.
- 4.6 The budget has been based on historical costs, expected inflation and modelled revenue and costs. TEL has a good level of confidence in the budget. It should be noted that increases in the gas price index lead to increases in the prices charged to commercial customers with prices calculated on a monthly basis, this helps to reduce financial risk to TEL.
- 4.7 Administration costs in 2017 were high due to one of costs relating to an ISTA project management fee and abortive connections.

- 4.8 Amortisations of grants from connections are written off over the contract term, to match capital investment depreciation.
- 4.9 Poole Road income and associated costs are expected to commence in 2020, although steady state is not expected until 2028.
- 4.10 The plan shows a fluctuating profit (before interest, tax and depreciation) with the introduction of Poole Road, the business will not produce consistent profits until connections are complete, and a steady income and cost base is achieved.
- 4.11 The business will return to producing an annual profit in 2025.

**Appendix 4 shows the Profit & Loss Account for the business plan period**

**Balance Sheet**

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- 4.12 Capital expenditure increases in 2020 to reflect Poole Road energy station.
- 4.13 Loan requirements from WBC have been agreed for Poole Road, and no additional funding is required during the business plan period. However, if the customer base increases, potential funding may be required to support infrastructure investment. The loan required for Poole Road has been reduced from £25M to £21M, due to a reduction in the commercial space being provided.

Year	Funding Requirement	Purpose
2018	£0	No Funding Required
2019	£0M	Poole Road Development
2020	£20M	Poole Road Development
2021	£1M	Poole Road Development
2022	£0M	No Funding Required

**Appendix 5 shows the detailed balance Sheet for the business plan period**

**Cash Flow**

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**Appendix 6 shows the forecast Cash Flow**

**Appendix 1: Sites operated by TEL**

Location	TEL Facilities	Site owner
Victoria Way Energy Station	CHP	TEL
Woking Leisure Centre/Pool in the Park	CHP / Photovoltaics	WBC
Broadway House / The Vyne	CHP / Photovoltaics	WBC
Brockhill	CHP / Photovoltaics	WBC
Bunyard Drive	CHP	WBC
Ferney Court*	Photovoltaics	WBC
Hampton Close (Cranmer and Wolesley Courts)	CHP	Thamesway Housing Ltd
Nightingale Court *	Photovoltaics	WBC
Nottingham Court	Photovoltaics	WBC
Priors Croft *	CHP / Photovoltaics	WBC
Stream Close (St. Marys) *	CHP / Photovoltaics	WBC
Sunnyside *	Photovoltaics	WBC
Tudor Court	CHP	Greenoak Housing
Wesco Court *	Photovoltaics	WBC
Woodlands House (Parkview) *	CHP / Photovoltaics	WBC

\*WBC sites with plant rooms operated by TEL

**Appendix 2: TEL Finance Structure**


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<b>Share Capital Summary</b>	<b>Total Share Capital</b>
<b>Date</b>	<b>£</b>
01.06.2000	720,000
01.02.2002	920,000
01.10.2003	800,450
31.12.2005*	1,110,000
30.12.2011	500,000
30.07.2012	500,000
24.12.2012	500,000
<b>Total Share Capital as at 31.12.2018</b>	<b>5,050,450</b>

\* Invested in TCMK

### Appendix 3: Benefits to WBC

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Description	2017	2018	2019
Net Interest Margin	£399,849	£380,686	£366,695
Carbon dioxide Emission Savings (tonnes)	1,041	TBC	TBC
Payment of NNDR	£19,209	£19,560	£19,920
Assist WBC in its Climate Change Strategy			

**Notes:**

Capital Project Fees will be payable to TL in 2019 as connections under construction are completed.  
 Carbon dioxide emission savings calculated on basis of CHP in Victoria Way Energy Centre, Woking Park and TEL PV installations.

## Appendix 4: Detailed Profit &amp; Loss Account for the period 2017-2022

	2017	2018	2019	2020	2021	2022
	Actual	F/cast	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
<b>Turnover</b>	3,845,753	3,606,901	3,652,098	4,218,885	4,619,738	5,203,968
<b>Cost of Sales</b>						
Cost of Gas	745,143	643,658	656,531	770,513	857,966	955,345
Cost of Electricity Import	801,434	650,772	663,788	779,029	867,449	965,904
Non Trading Costs	298,595					
Climate Change Levy	23,598	19,751	20,146	23,644	26,327	29,315
Cost of Water	9,053	7,577	7,728	9,070	10,099	11,246
Plant Maintenance	205,881	172,315	175,762	206,276	229,688	255,758
<b>Total Cost of Sales</b>	<b>2,083,705</b>	<b>1,743,987</b>	<b>1,778,867</b>	<b>2,087,699</b>	<b>2,324,653</b>	<b>2,617,824</b>
<b>Gross profit/(loss)</b>	<b>1,762,048</b>	<b>1,862,914</b>	<b>1,873,232</b>	<b>2,131,186</b>	<b>2,295,085</b>	<b>2,586,144</b>
GP % of turnover	45.8%	51.6%	51.3%	50.5%	49.7%	49.7%
<b>Indirect Costs</b>						
Administration Charges	287,151	207,380	210,327	226,952	227,095	263,662
Data Collection/Metering	1,862	1,899	1,937	1,976	2,015	2,056
Energy Management	17,751	18,106	18,468	18,837	19,214	19,598
Customer Services	502	512	522	533	543	554
Rent, Rates & Utilities	16,455	16,784	17,120	22,770	34,154	34,837
Insurance	61,666	62,899	64,157	96,236	98,161	100,124
Prof Fees - Legal	15,293	15,598	15,910	16,229	16,553	16,884
Prof Fees - Consultancy	18,886	19,264	94,649	20,042	20,443	20,852
Audit & Tax Advice	5,770	5,885	6,003	6,123	6,246	6,371
Trade Mark Fees	1,000	1,000	1,000	1,000	1,000	1,000
Non Exec Remuneration	9,316	9,502	9,692	9,886	10,084	10,286
Bank Charges	1,869	1,907	1,945	1,984	2,023	2,064
Bad Debts	468	2,705	2,739	3,164	3,465	3,903
Doubtful Debt Provision	-1,987	1,513	653	7,894	5,495	8,146
<b>Total Costs</b>	<b>436,002</b>	<b>364,955</b>	<b>445,123</b>	<b>433,625</b>	<b>446,491</b>	<b>490,337</b>
<b>EBITDA</b>	<b>1,326,046</b>	<b>1,497,958</b>	<b>1,428,109</b>	<b>1,697,562</b>	<b>1,848,594</b>	<b>2,095,807</b>
Depreciation	880,891	901,307	966,604	1,444,935	1,469,114	1,363,820
Amortisation	36,281	40,010	59,174	135,174	130,636	123,750
<b>Operating Profit</b>	<b>481,436</b>	<b>636,662</b>	<b>520,678</b>	<b>387,800</b>	<b>510,116</b>	<b>855,737</b>
Finance Income	6,381	1,000	1,000	1,000	1,000	1,000
Finance Costs	780,195	747,656	719,538	1,363,053	1,360,795	1,317,636
<b>Profit/(Loss) Before Tax</b>	<b>(292,379)</b>	<b>(109,994)</b>	<b>(197,860)</b>	<b>(974,253)</b>	<b>(849,679)</b>	<b>(460,900)</b>
Corporation Tax Prov.	0	0	0	0	0	0
<b>Profit/(Loss) After Tax</b>	<b>(292,379)</b>	<b>(109,994)</b>	<b>(197,860)</b>	<b>(974,253)</b>	<b>(849,679)</b>	<b>(460,900)</b>

## Appendix 5: Forecast Balance Sheet

	2017	2018	2019	2020	2021	2022
	Actual	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
<b>FIXED ASSETS</b>						
Land & Buildings	350,501	342,162	333,823	5,794,892	5,582,102	5,369,312
Plant & Machinery	11,630,541	11,091,739	11,546,911	26,652,805	25,699,558	24,665,141
Engine Service	287,643	264,478	257,287	260,263	311,685	261,026
Assets Under Construction	679,225	604,225	213,983	(0)	(0)	(0)
	12,947,910	12,302,604	12,352,003	32,707,960	31,593,344	30,295,478
<b>LONG TERM INVESTMENTS</b>						
TCMK Share Capital	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,001
<b>CURRENT ASSETS</b>						
Trade Debtors	486,666	337,554	366,342	727,342	982,656	1,354,766
Provision for Doubtful Debts	(11,046)	(12,559)	(13,212)	(21,106)	(26,601)	(34,747)
Corporation Tax	163,024	163,024	163,024	163,024	163,024	163,024
Accrued Income	167,686	98,796	112,096	278,879	396,834	568,750
Prepayments	9,064	6,504	6,999	13,196	17,578	23,966
Parts in Stock	37,182	18,891	22,422	66,704	98,022	143,667
TDL Poole Rd Advance						
Short Term Deposit	0	0	0	0	0	0
Bank Account	1,092,771	1,124,630	285,775	1,060,618	1,320,287	1,115,713
	1,945,348	1,736,841	943,446	2,288,657	2,951,800	3,335,140
<b>CURRENT LIABILITIES</b>						
Trade Creditors	159,043	90,417	103,379	266,070	381,175	548,868
Service a/c Woking Park	142,985	142,985	142,985	142,985	142,985	142,985
Accrued Expenses	267,256	125,102	152,002	489,327	727,897	1,075,604
VAT Payable	8,219	(21,367)	(15,768)	54,437	104,089	176,454
Group Recharges	1,036	1,036	1,036	1,184	1,331	1,479
	578,538	338,173	383,633	954,003	1,357,476	1,945,390
<b>NET CURRENT ASSETS</b>	<b>1,366,809</b>	<b>1,398,668</b>	<b>559,813</b>	<b>1,334,654</b>	<b>1,594,324</b>	<b>1,389,749</b>
<b>LONG TERM LIABILITIES</b>						
Long Term Loans	13,718,322	13,214,019	12,681,597	30,971,823	31,097,192	30,179,402
Grants/Contributions	683,218	823,207	764,033	4,578,859	4,448,223	4,324,473
TCMK Lombard Deposit	139,140	0	0	0	0	0
	14,540,680	14,037,226	13,445,630	35,550,682	35,545,415	34,503,875
<b>NET TOTAL ASSETS</b>	<b>884,040</b>	<b>774,046</b>	<b>576,186</b>	<b>(398,068)</b>	<b>(1,247,747)</b>	<b>(1,708,646)</b>
<b>CAPITAL &amp; RESERVES</b>						
Share Capital	5,050,450	5,050,450	5,050,450	5,050,450	5,050,450	5,050,450
P&L Account brought fwd	(3,874,032)	(4,166,411)	(4,276,405)	(4,474,265)	(5,448,518)	(6,298,197)
Profit/(Loss) YTD	(292,379)	(109,994)	(197,860)	(974,253)	(849,679)	(460,900)
	<b>884,039</b>	<b>774,045</b>	<b>576,185</b>	<b>(398,068)</b>	<b>(1,247,747)</b>	<b>(1,708,647)</b>

## Appendix 6: Forecast Cash Flow to 2022

	2017	2018	2019	2020	2021	2022
	£	£	£	£	£	£
<b>Operating Activities</b>						
Profit/(Loss) Before Financing	481,436	636,662	520,678	387,800	510,116	855,737
(Increase)/Decrease in Debtors	(15,308)	240,365	(45,460)	(570,369)	(403,474)	(587,913)
Increase/(Decrease) in Creditors	(124,697)	(240,365)	45,460	570,370	403,474	587,914
Add Back: Depreciation / Less Amortisation	844,611	861,297	907,430	1,309,761	1,338,478	1,240,070
<b>ACTIVITIES</b>	<b>1,186,041</b>	<b>1,497,958</b>	<b>1,428,109</b>	<b>1,697,562</b>	<b>1,848,594</b>	<b>2,095,808</b>
<b>Investing Activities</b>						
(Purchase)/Disposal of fixed assets	(846,048)	(256,000)	(1,016,004)	(21,800,892)	(354,498)	(65,954)
<b>ACTS.</b>	<b>(846,048)</b>	<b>(256,000)</b>	<b>(1,016,004)</b>	<b>(21,800,892)</b>	<b>(354,498)</b>	<b>(65,954)</b>
<b>Financing Activities</b>						
Increase in Share Capital	0	0	0	0	0	0
Interest Received	6,381	1,000	1,000	1,000	1,000	1,000
Interest Paid	(780,195)	(747,656)	(719,538)	(1,363,053)	(1,360,795)	(1,317,636)
Grants Received	0	180,000	0	3,950,000	(0)	0
Loans Received	0	0	0	19,000,000	1,000,000	0
Loan Repayments	(477,461)	(643,443)	(532,422)	(709,774)	(874,631)	(917,790)
<b>ACTS.</b>	<b>(1,251,276)</b>	<b>(1,210,099)</b>	<b>(1,250,960)</b>	<b>20,878,173</b>	<b>(1,234,426)</b>	<b>(2,234,426)</b>
<b>NET INFLOW/(OUTFLOW) OF CASH</b>	<b>(911,282)</b>	<b>31,859</b>	<b>(838,855)</b>	<b>774,843</b>	<b>259,669</b>	<b>(204,573)</b>
Cash Balance @ Beginning of Period	2,004,053	1,092,771	1,124,630	285,775	1,060,618	1,320,287
Cash Balance @ End of Period	1,092,771	1,124,630	285,775	1,060,618	1,320,287	1,115,714

End of Business Plan



# **Thameswey Housing Limited Thameswey Guest Houses Limited**

## **Business Plan 2019**

### **Covering the period 2019-2022**

Address: 2<sup>nd</sup> Floor, Gloucester Chambers, Jubilee Square, Woking, Surrey GU21 6GA  
Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Thameswey Housing Ltd:  
Company Registration No.: 05437166  
VAT exempt

Thameswey Guest Houses Ltd:  
Company Registration No.: 08641958  
VAT Number: 193 3984 64

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## 1. Introduction

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- 2.1 The Business Plan updates the residential activities of the Thamesway Group following the approval of the 2018 Plan by Council in December 2017. This plan covers the residential activities of the group which are split between two legal entities. Thamesway Housing Limited (THL), Thamesway Guest Houses Limited (TGHL).
- 2.2 The Business Plan comprises of the following format:
- A summary of the purpose of the company/companies;
  - Structure and scope of current operations;
  - Activity since last Business Plan;
  - Proposed medium-long term objectives;
  - Financial Performance.
- 2.3 This is a four year business plan which reflects the long term nature of the housing business.
- 2.4 The strategic plan ensures that the focus of activity is clearly aligned with those of Thamesway Limited, and ultimately with Woking Borough Council's (WBC) strategic objectives for the Thamesway Group.

## 2. Purpose of the Companies

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- 2.5 Thamesway Housing Limited (THL) is established to support the WBC 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 not able to access open market provision but are also unlikely to be able to access social rented accommodation. While Thamesway Housing's rental structure covers rents from 50% to 100% of the local open market rent, the main target for THL, with the exception of the stock it will hold as part of the Sheerwater Redevelopment project, is the delivery of property for the affordable and intermediate market where rents are in the region of 80% of the local open market rents. In order to provide the subsidy to achieve the intermediate market rent, THL will need to hold approximately two thirds of its property portfolio as open market stock.
- 2.6 Thamesway Guest Houses Limited provides accommodation on a temporary basis to those who cannot access permanent or temporary accommodation on the open market.
- 2.7 The key objectives of the current Housing Strategy for WBC are as follows:
- Providing well-designed, quality homes that are affordable and suit people's needs;
  - Preventing homelessness and providing help to people in housing need;
  - Helping people to achieve independence and choice; and
  - Making better use of all existing housing.

- 2.8 THL was incorporated in 2005 by its ultimate owner Woking Borough Council (WBC). THL is specifically referred to in the WBC Housing Strategy Action Plan to assist WBC in the provision of affordable housing. The housing policy provides opportunities for THL to assist WBC and has been considered in forming the strategic plan for the company and its subsidiary, TGHL.
- 2.9 THL has a 50% share in Rutland Woking (Residential) Ltd (RWRL), the remaining 50% share is held by Rutland Properties Ltd. There are no projects proposed to be undertaken by RWRL during the business plan period.
- 2.10 The current directors for the residential companies are set out below:
- |                       |                     |            |
|-----------------------|---------------------|------------|
| Terry Price           | Independent         | (Chairman) |
| Barry Maunders        | Independent         |            |
| Peter Bryant          | Officer Director    |            |
| Cllr David Bittleston | Councillor Director |            |
| Cllr Ayesha Azad      | Councillor Director |            |
| Cllr Colin Kemp       | Councillor Director |            |
- 2.11 The Board composition meets the requirements of the Thamesway Group Protocols. In order to be quorate a board meeting must have at least one independent, one Councillor and one officer Director in attendance.

### 3. Structure and Scope of Companies

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#### Business Concept - THL

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- 3.1 The acquisition (or development) of property within this Business Plan will be provided at no net cost to the Woking Council Taxpayer. In order to do this the company must charge rent at such a level to support the cost of purchasing and running the properties that it holds. Each property will be purchased or developed at a separate cost and an appropriate rent is set dependent on this cost and the local market. In order to set rents at a sub market rate some properties will need subsidy in order to cover their acquisition or development costs. This subsidy will come in either a grant (such as section 106 payments from the Council) or cross subsidy from other THL property.
- 3.2 The financial impact of this business model is that for the initial period of property ownership the company will operate negative cashflow on the majority of properties so as to secure rent levels at affordable prices. Each property (in effect each project) is then aggregated into the company's overall financial model to allow cross subsidy where properties are performing better than originally modelled. When modelling, no account is taken of capital appreciation as this is maintained as a safety buffer in case property disposal is required although the capital appreciation is used for accountancy purposes.
- 3.3 THL was not established to make a return for ultimate shareholder (WBC), its objective is to secure homes and assist the Council in achieving its Housing and Economic Development Policies at no net cost to Council Taxpayers. Accordingly profits generated by THL and any subsidiary companies will be retained in THL and earmarked to support the provision of homes into the future. The

intention is that this is done by providing revenue support to future investments allowing lower rental levels to be achieved.

#### Business concept - TGHL

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- 3.4 TGHL has been set up to operate the transitional and temporary accommodation operated by the group. The properties are effectively supported or bed and breakfast style accommodation. As such they have VAT chargeable services. Currently the company only operates Maybury Lodge but consideration will be made during this business plan period as to whether additional activities and property are placed in TGHL.

#### 4. Activity Since the last Business Plan

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- 4.0 THL and its subsidiary TGHL have performed well over the last twelve months. TGHL, while having a more challenging year than last, has maintained average occupation of 71% and has supported WBC and neighbouring local authorities in preventing homelessness, to date over 2,700 nights of accommodation have been provided in 2018 (@Nov 18) with over 80% from Woking.
- 4.1 THL has completed the acquisition of 14 street properties since January 2018 and agreed purchase of a number of others, including Camp Road consisting of 22 units. The company has focussed its street acquisitions on property which can deliver band B and C rental levels. It has also looked to acquire more property in Knaphill and Byfleet where its existing stock is under-represented. THL has also rolled out the Earn Your Deposit Scheme to all its existing qualifying tenants and advertised it extensively to new prospective tenants.
- 4.2 In addition to street purchases the company has successfully secured a number of development sites to provide larger numbers of properties via TDL, and to benefit from some of the development profit.
- 4.3 During 2017 a volume discount was paid to WBC from TGHL for £155,000, the dividend was generated by accumulated profits in TGHL. It is proposed an annual volume discount will be issued to WBC from TGHL based upon annually generated profits.
- 4.4 THL, along with TDL, has been appointed by Woking Borough Council to help deliver the Sheerwater Regeneration scheme. Following a letter of comfort from WBC, THL has started to acquire property within the Sheerwater Regeneration area under the terms set out in the Woking Borough Council Community Charter. Property acquired for this purpose has not always been re-let as if it is located within the earlier proposed redevelopment phases it has been secured as a void. This prevents expenditure to upgrade the property to a lettable standard which would not be able to be recouped in the short life of the property.
- 4.5 THL has completed, along with input from TSCL, the 'Pirbright project' project which has involved the refurbishment of 50 units in Cowshot and Manor Crescents to significantly enhance their environmental performance and lower running costs to residents. The project included, new roofing with integrated insulation, external wall insulation and solar arrays. A number of properties also benefited from battery storage linked to the arrays.

## 5. Proposed Medium – Long Term Objectives

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### Overview 2019 – 2022

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- 5.1 Overall residential property prices have continued to increase although this increase has slowed significantly since the Brexit vote and in some areas have actually reduced. The total number of properties on the market has also reduced, this has meant that on street purchases have been challenging. During this business plan period we expect more property to be available. Land and development sites have not seen the recent slow down and still continue to increase in value and be competitively bid upon.
- 5.2 The historic local increase in property price, even with the recent reductions, means where THL secures a purchase there is less scope to offer a rental level below market without additional subsidy. This subsidy has taken the form of either section 106 commuted housing payments, cross subsidy from existing THL properties which are making a return above model parameters and profit made on property disposals.
- 5.3 The other side to the challenge of purchasing due to the increase in property prices has been the increase in the value of THLs current stock. Historically THL stock has been valued at cost in the accounts but in discussion with the Auditors an external valuation of the stock was carried out as of the 31 December 2015 taking into account the current occupancy and condition. This has resulted in a revaluation reserve of £26,924,187. Property prices continue to increase in Woking Borough and an exercise will be carried out annually to assess the increase. If the increase is material, assets will be revalued within the statutory accounts. The basis of the revaluation will be the Office of National statistics RICS data for Woking. A formal third party revaluation is proposed to be completed during 2019, later than originally envisaged due to the accuracy of RICS data updates in the interim.

### Priorities 2019 to 2022

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- 5.4 The increase in property prices referred to in the previous section means that it is proposed to focus on development to provide new units as the 'development profit' element can be reduced to minimise the amount of subsidy required to generate an affordable rent or, where an open market rent is proposed, to reduce the overall cost of the unit to create a subsidy to provide affordable rents elsewhere. In addition to the increase in completed property prices the cost of construction has also increased. This means that development appraisals will need to be carefully analysed to ensure that the schemes still provide sufficient head room to provide either a subsidy or an affordable rent.
- 5.5 THL will continue to purchase on street property where it makes economic sense or fulfils a strategic development opportunity (for example unlocks a wider development) or addresses a specific accommodation need highlighted by the Council. The majority of Band C rental property will be fulfilled by this on-street acquisition.

- 5.6 The current articles of association of the Company allow investment in property outside of WBC administrative boundaries. The Company has been working around a 30 minute commute to Woking railway station as its main operating area. This plan proposes the continuation of this area as the main focus. Any proposed investment outside this 30 minute commute will be brought back to the Company Board and then to the Executive for specific approval. In order to minimise the risk of over-concentration of the Company open market property holdings in one location and potentially competing against itself THL will look to prioritise open market property in the wider commuter area and affordable within Woking boundaries where there isn't the risk of competition. In line with the Council resolve at the July 2016 approval of the interim THL business plan any property or development purchases outside of Woking Borough Council administrative boundaries will be done in consultation with the Leader of the Council and the Portfolio Holder for Strategic Housing.
- 5.7 During August 2017, WBC agreed to support THL in purchasing Sheerwater properties within the red line regeneration scheme. THL will continue to purchase properties from Sheerwater residents as the redevelopment progresses. When the Council approves the detailed delivery of the Sheerwater regeneration scheme the newly developed housing will also be held within Thamesway. Although the stock will be held in Thamesway Housing Limited to reflect the Council's desire for a different rental structure the property will be ring fenced in its own financial and accounting model.
- 5.8 The priority for TGHL will be to continue to provide short term bed and breakfast accommodation. Since opening Maybury lodge fees to councils have not been increased. The intention is to maintain fees for a further year, with a review in 2019. TGHL also provides an annual subsidy to WBC, based on volume of occupation, to support the housing service.
- 5.9 During this business plan period there will be a greater relationship between Thamesway Developments Limited (TDL) and THL to reflect the increase in housing development sites that will be acquired. While funded through THL the site acquisition and development will be through TDL. This will protect THL from non reclaimable VAT should the developments not progress. Once the development in question is completed it will be transferred into THL as an intra-group transfer. Some of the developments are also likely to be with commercial partners to share the development risk as well as profit reducing the exposure of THL.
- 5.10 During the business plan period a number of developments will be completed by TDL, and sold to THL. The developments include Camp Road Farnborough, St Dunstan's (which will be named Harrington Place upon completion) and Elizabeth/Cornerstone House.

#### Minimum EPC Rating and Property Enhancement

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- 5.11 During 2017 THL undertook a review of the EPC ratings across the housing stock, and although the majority of the properties achieve the minimum standard, there are a group of properties where energy improvement investment is required to reach the EPC "E" rating. Over and above this basic legislative requirement the company will aim to improve all the properties (where possible) to a rating of C or above in line with company's environmental credentials and the Council's objectives as set out in the Woking 2050 environmental policy.



- 5.12 From April 2018 it has been unlawful to let a property with an EPC (Energy Performance Certificate) rating below a prescribed level of EPC 'E', however there are a number of technical loopholes to this standard. For domestic lets there will be a further requirement that, landlords will be prohibited from unreasonably refusing a tenant's request to install energy efficiency measures.
- 5.13 Irrespective of the legislative requirement or the EPC target THL will look to improve the energy efficiency of the stock it holds to minimise the energy costs to its tenants. This will be delivered through a combination of asset improvement programmes with the support and assistance of sister Thamesway companies, including investigating in solar thermal and PV installations. Properties which are managed by New Vision Homes on behalf of THL, will be reviewed to ensure that any upgrades are compatible and prioritised towards energy efficiency.

### Operational Support

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- 5.14 With THL's successful acquisition programme and the activities of TDL, the property portfolio has grown to a level that is supportive of an in-house letting and property management solution. In Quarter 2, 2017 Board members approved a proposal, including investment in software solutions, staff increases, Web exposure and the potential re-structuring impacts on supporting areas of the collective Thamesway companies. During the business plan THL will continue the roll out of this self delivery model during 2018 and 2019.
- 5.15 THL will still continue to use appropriately qualified commercial advisors as appropriate, particularly in valuation and development appraisals as well as to assist in development. Synergy LLP and Madlins LLP have been appointed to provide Quantity Surveying, Employers Agent and CDMC (health and safety) support to THL and TDL. As the company continues to grow, in house capacity will also be employed to reduce reliance on external advisors. Bed and breakfast and transient accommodation owned by TGHL will also be managed by specialist providers determined on a project by project basis.
- 5.16 Whilst the corporate legal services for the company are provided by Clyde & Co LLP the day to day contract requirements for acquisitions and developments are undertaken by the Council's legal services team who have developed extensive experience in this regard. Where additional capacity is required framework solicitors are used to provide conveyance support. HR functions for THL, as with the rest of the group, will be supported by the Council.

### Property Portfolio

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- 5.17 The companies will continue to aim to provide the following types of accommodation. The proportion of each type will be driven by the rental policy structure outlined in other sections of this business plan. The main split of two thirds open market rent and a third sub market (including a minimum of 24 per annum Band C for the business plan period to 2020) will apply as a total portfolio level as opposed to property type.

### Affordable Housing at Intermediate Rent

---

- 5.18 THL aims to continue to provide affordable homes at an intermediate tiered rent. The rental level of each property is assessed on a project finance basis with close reference to the current need

and the ability to fund the property. The base rental position will be 80% of the open market rental value as independently valued on acquisition.

- 5.19 Despite acquiring in cheaper areas the company is aware that the rental market is exceptionally strong and likely to continue within the plan period making intermediate rental levels (80% of market) increasingly challenging for some residents on an affordability aspect. The company will therefore look to generate rental subsidies from open market property to lower the rental levels being charged for those on intermediate rent. The key challenge, and objective, of the company will be to provide a number of units within rental Band C (supported rent) which will address an affordability challenge locally.
- 5.20 Affordable properties at intermediate rent through THL have been let on a mix of assured short hold (AST) and assured tenancy basis and, compared to WBC housing, THL tenants are not able to exercise a right to buy option. It is intended that going forward the default tenancy position will be AST. Where tenants currently occupying under an assured tenancy move the re-lets will be on AST. Where the company offers an AST, unless there are any issues associated with payment of rent or breach of tenancy conditions, the tenancy is allowed to go periodic after the initial term of 6 months. Looking forward work is going to be done with our remaining managing agents and in house team to consider an initial 3 year period to encourage household stability, encouraging tenants to consider the property as a long term home, while saving the company costs from property turnover.

#### Shared Ownership

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- 5.21 Traditional shared ownership is no longer a popular or financially viable product due to Government subsidy schemes such as Homebuy providing more attractive options for residents. As such THL does not intend to focus on this form of tenure in this business plan period.
- 5.22 THL will continue to hold a mortgage protection reserve on the balance sheet of 10% of the value of the sold proportion of the Raynes Close properties. In the event of further shared ownership sales this provision would be reassessed.

#### Transitional Rented and Temporary Accommodation

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- 5.23 During the period of this business plan THL aims to acquire properties to address the needs of potentially vulnerable people who have an institutional background such as the care system, armed forces or the justice system. This transitional category can also be used to help the Council manage its homelessness and temporary accommodation duties. The aim is to provide homes which are located within close proximity to existing support networks which will allow people to gain life skills in managing their own home. The properties will be selected in consultation with partner agencies who will also confirm the appropriate support networks are in place. There may need to be some element of support and while the default position is that the properties will be managed in the same way as the company's intermediate rent properties there may be projects which will require on site or specialist management.
- 5.24 Transitional rented properties will either be let on a corporate basis direct to the scheme providers, under a licence to occupy to individuals or in the case of the guest house on a nightly basis to individuals/the Council to allow ease of mobility. Where rents are paid directly, the

individual rental levels will be in line with THL intermediate rents. Where they are direct corporate lets, the rent will be determined in negotiation with the provider.

### Investment Rental

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- 5.25 When THL was established, the initial business strategy provided for the company to develop and sell properties on the open market to either cross subsidise future investment in affordable rented accommodation or to help maintain the financial stability of the company. The combination of the prevailing market conditions and the outlook for the housing market over the period of this plan means that this option is a priority in this plan. The company will also look to alternative styles of open market property to ensure that it isn't competing with itself in a geographical area and also to address the wider strategic objective of the group 'to support the local economy'. This may involve co-living developments, micro-living via conversion property and student accommodation.

### Capital Funding of THL

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- 5.26 In April 2016 the Executive approved the medium term financial strategy for the Council which proposed changing the scope of the THL loan arrangements. The Council's medium term financial strategy (MTFS) reintroduced the provision of Share Capital at 25% of the investment, total commitment from WBC totalled £200M over a four year period. During 2018 business plan an additional £50M was awarded. Latterly WBC has also proposed further investment during 2021/22 and part of 2022/23 as part of a revised medium term financial strategy. This would provide the company with an additional £130M borrowing approval.
- 5.27 The effective cost of capital to the company proposed in the MTFS was 1.5% above the Council's certainty rate reflecting the increasingly challenging market conditions the company operates within. The funding is still on a 50 year period with 25 years interest only and 25 years annuity. The initial 25 year period can either be borrowed short term or long term fixed to aid treasury management for the company.
- 5.28 The table below summarises the funding available to THL. Funding to date totals £630.4M, including £170.4M agreed within the business plans, £125M agreed outside the business plans and £330M agreed as part of WBC Medium Term Financial Strategy. The point at which the previous agreed funding was spent was November 2016, from this point the borrowing margin reduced to 1.5%.
- 5.29 Funds have been made available to THL, outside the business plan process totalling £125M; the funds include Victoria Square development for affordable houses of £18M, Sheerwater regeneration proposals on behalf of WBC totalling to achieve Gateway 1 of £5M, Sheerwater Leisure centre of £26M, Sheerwater purchase of RedLine Properties of £76M.

THL	Business Plan agreements	Outside Business Plan Cycle	MTFS	TOTAL FUNDING AGREED	Net Loan Drawdown	Balance To Drawdown
Pre 2016	75,400,000	18,000,000	25,000,000	118,400,000	137,858,750	- 19,458,750
2017	5,000,000	81,000,000	50,000,000	136,000,000	42,706,874	93,293,126
2018	5,000,000	26,000,000	50,000,000	81,000,000	59,079,984	21,920,016
2019	-		50,000,000	50,000,000	37,721,075	12,278,925
2020	30,000,000		25,000,000	55,000,000	50,969,151	4,030,849
2021	55,000,000		-	55,000,000	- 14,532,901	69,532,901
<b>TOTAL</b>	<b>170,400,000</b>	<b>125,000,000</b>	<b>200,000,000</b>	<b>495,400,000</b>	<b>313,802,934</b>	<b>181,597,066</b>
Proposed						
2022	5,000,000		130,000,000	135,000,000	35,964,910	99,035,090
<b>TOTAL</b>	<b>175,400,000</b>	<b>125,000,000</b>	<b>330,000,000</b>	<b>630,400,000</b>	<b>349,767,844</b>	<b>280,632,156</b>
2023	TBC				47,619,271	- 47,619,271
2024	TBC				47,619,271	- 47,619,271
2025	TBC				47,619,271	- 47,619,271
<b>TOTAL</b>	<b>175,400,000</b>	<b>125,000,000</b>	<b>330,000,000</b>	<b>630,400,000</b>	<b>492,625,658</b>	<b>137,774,342</b>

- 5.30 Additional funds are requested for 2022 of £5M. The purpose is to continue to fund housing developments, and to support loan financing.
- 5.31 For the period 2023 to 2025 an assumed level of project spend has been calculated based on current data, at the point projects become live the phasing of spend will be updated.
- 5.32 To progress further developments, THL may request additional borrowing during the business plan term if the development meets the strategic long term aims of the business although this is unlikely given the current approved funding levels.
- 5.33 WBC charges THL a margin on its loan rates which is used for the benefit of the Council. In 2018 the loan will contribute approximately £3,322,514 to WBC in the form of loan margin.
- 5.34 The timing and order of borrowing will affect the final margins applied to individual loans. It is also acknowledged that these borrowing approvals are indicative as projects will not necessarily follow financial years. Therefore some expenditure may move to later years or come forward within these approved borrowing limits should opportunities for larger projects arise. The movement of borrowing between years will be managed in consultation with the Council's section 151 officer.
- 5.35 New guidance issued by the government on the set aside for repayment of debt (Minimum Revenue Provision, MRP) applies for the Council from 2018/19. The guidance recommends that share capital should be written off over 20 years, ie at 5% per year. The Council currently makes allowance for repayment at 1% ie over 100 years, reflecting the long term nature of the housing assets the funds are invested in. The change in MRP guidance will make the share capital significantly more expensive for the Council and it is likely that the Council will amend the funding structure. Upon a decision by WBC the funding structure will be amended.

## Operational Modelling (Finance) for THL

- 5.36 Each batch of acquisitions, or in the case of large purchases or developments each individual transaction, is modelled based on the underlying THL financial model of 50 year loans, 25 years interest only and 25 years annuity.
- 5.37 The financial model is used to forecast both revenue and costs for property purchases. It is used to provide information on the different levels of rent needed to service the debt and is used to assist in setting rent levels. It is updated depending on market and inflation forecasts. The basic or base case model assumes cost inflation will run at 2% per annum. Due to the different acquisition costs for property some will have a revenue contribution above the minimum required to service the cost under the model. This surplus will be used to keep rental levels lower in other properties where there would not be a surplus, in effect pooling the total rent and cost. As referred to earlier in the plan section 106 money, as grant, will become increasingly necessary to support affordable rental levels within the model as property prices, construction costs and market rental levels continue to increase significantly.
- 5.38 In line with the WBC adopted MTFs, which sets out a facility of up to £50m per annum, THL intends to increase investment significantly over the rest of the business plan period. The company has already started a number of projects and feasibility studies which, although they have a long lead in period, will make a significant step forward in scale of the company. Between these projects THL aims to supply in excess of c.700 properties, subject to planning, over the next four years.

## Rental Policy

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- 5.39 Within this plan period THL will continue to operate 5 different types of agreement when letting property to third parties or occupiers:
- Assured Shorthold Tenancy (AST) – this will be the normal position for all new tenancies.
  - Commercial Tenancy – this will be used where THL lets a property to a third party to provide specialist accommodation normally in support of its transitional accommodation category.
  - Long Lease – this will be used in the case of a shared ownership property.
  - License – this will be used if THL is operating transitional accommodation directly or where the property is not fully self contained.
  - Assured Tenancy – these are historic tenancies given out by WBHL (now THL) when it first started and will be phased out as tenancies end.
- 5.40 The rental levels for the commercial tenancy, long lease and licence will all be determined on a case by case basis and will be determined purely by the economic circumstances of the property acquisition.
- 5.41 Assured tenancies will be phased out but the existing ones will remain at the current rental structure applied on purchase.
- 5.42 Assured Shorthold Tenancies will be banded according to the subsidy THL is able to use to support the property acquisition and will fall into three bands.

Band A (open market)	96-100% of local open Market Rent
Band B (intermediate rent)	61-95% of local open Market Rent
Band C (supported rent)	50-60% of local open Market Rent

5.43 All of these bands will be assessed every year to ensure they are still appropriate given THL purchases, subsidy rates and the prevailing economic conditions. The local open Market Rent is assessed on individual properties and can therefore vary considerably, however the underlying assumption is an annual rent increase of 5%.

5.44 WBC MTFs included a new objective for THL in that THL should aim to provide at least 24 Band C units per annum. Band C units are aimed to provide properties at the equivalent of the target social rent for households who need direct support as they will not be able to sustain an intermediate rent. The ability to deliver these units will be assessed annually to ensure that the need is still appropriate and they are financially viable. It is likely that tenants in Band C property will also require a greater level of social support and the company will work closely with the Council to ensure stable tenancies.

The table below identifies property that fall within the banding criteria, shared ownership and corporate lets are excluded from the table.

	<b>Properties</b>
Band A	102
Band B (81%-96%)	167
Band B (61% - 81%)	164
Band C	49
	<b>482</b>

5.45 All new tenancies will be subject to a credit reference to ensure that prospective occupiers are able to afford the proposed rent and will be used in conjunction with personal references as appropriate. The credit reference will be relevant to the proposed rent and take into account household income including benefits where relevant. This process wouldn't be appropriate for Licenses due to the short term nature of the arrangement and ease of termination in arrears situations.

5.46 TGHL rental policy will be reviewed as part of the review of operational costs. The rental charges have been tested to reflect the comparative market and with the desire for the company to pay off the debt associated with this property quickly, due to the shortened property life of temporary accommodation and Bed and Breakfast. If costs are reduced the rental levels will be reviewed at the same time. In the interim they will remain at current levels. As part of the TGHL financial return from this rent the company provides a payment back to WBC to support the work it does with Housing Options to prevent homelessness.

## 6. Financial Performance: Thamesway Housing Limited

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### Projected Profit & Loss Account

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6.1 The Profit and Loss account for the period 2017-2022 is included in Appendix 1.

- 6.2 Over the business plan period, operating profit will increase from £3.3M in 2017 to projected £8.1M in 2022, this is due to increasing the quantity of properties to rent by over 600 properties to an expected total of 1100 in 2022.
- 6.3 Rent roll at the end of 2018 is expected to be £5.4M per annum, increasing to £12.7M by 2022. Rental income inflation is budgeted at 3% in line with the financial models.
- 6.4 The cost base is expected to rise with inflation, assumed at 2% per annum, however a number of costs are driven by the number of properties held, costs such as general maintenance, insurance and agent's fees (where they remain) will therefore increase in line with revenue increases plus inflation.
- 6.5 In July 2017, the board agreed to THL self delivering housing management, and removing third party agencies. The breakeven point of investment versus savings will be achieved in three years. The transition to self delivery will be in phases, it is expected to embed across the property portfolio by 2021.
- 6.6 During the business plan period dedicated THL staff will be employed by THL directly, this due to an increasing number of staff required to manage self delivery of the property portfolio. The benefit of this initiative is to reduce intercompany VAT transactions and reduce administration burden.
- 6.7 Grounds maintenance costs are increasing, due to the increase in block management including waste recycling, concierge and cleaning. This is reflected within the increase in costs expected from 2019 onwards.
- 6.8 Staffing levels are planned to increase in line with activity as the property portfolio increases and transitions across to self management. Staffing levels in 2018 are equivalent to 5 Full time staff, increasing by 4 over the business plan period.
- 6.9 Doubtful debts and bad debts are expected to remain at the current levels even though the property portfolio is increasing, due to rigorous internal processes, and the requirement of a deposit for Band A and Band B properties.
- 6.10 Loan interest will increase significantly compared to prior years due to the heavy capital investment projected during the business plan. Loan interest during the business plan period is expected to exceed £42M.
- 6.11 An Earn Your Deposit Scheme (EYDS) provision have been built into the business plan reflecting an expected take-up of 9%. The forecast costs increase as additional annual allowances are accrued by tenants. The scheme success will be monitored and provisions altered to reflect expected costs.
- 6.12 The current business plan does not take into account property revaluation benefits which are expected to be generated by the investments properties, to date THL has benefitted from £26M of revaluation of investment properties.

- 6.13 The projected balance sheet is included in Appendix 2.
- 6.14 Fixed Assets increase as properties are completed by TDL and sold to THL, plus the purchase of street properties. Sheerwater properties purchased within the red line regeneration area are held by THL either as assets (if rented), or Stock (if boarded). Furniture and Fixtures and fitting are capitalised and depreciated over 4 years.
- 6.15 Capitalisation of the self delivery housing system increases as properties are phased into the system and new developments are self managed. Depreciation is over 4 years.
- 6.16 Stock currently includes land purchased for St Dunstan's, Knaphill Library 2 and Brookwood Lye, as the developments are completed the stock provision transitions into fixed assets.
- 6.17 Accrued expenses are expected to reduce over the business period due to self delivery of the properties and the removal of quarterly invoices from some current property management companies.
- 6.18 Long Term loans are forecast to increase from £106M in 2017 to £282M in 2022, an increase of £176M to support the capital investment in properties of £192M.
- 6.19 Net total assets are forecast to decrease over the business plan period due to the impact of interest costs incurred.
- 6.20 Share capital is modelled to equate to 25% of long term loans, however WBC has received guidance to write off share capital over 20 years. WBC are reviewing options, once a decision is made the current loan structure may require amendment.

#### Projected Cash Flow

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- 6.21 The cashflow forecast is included in Appendix 3
- 6.22 The increase in share capital is based on additional loans drawn from WBC, share capital is expected to increase from £28.7M in 2018 to £65.7M in 2022.

#### Long Term View

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- 6.23 THL runs as an established business, making long term strategic decisions
- 6.24 In 2015 the investment properties were revalued to take into account property inflation, it is expected that property prices will increase both in the short term and longer term. Over the last three years since revaluation, property prices in Woking have increased on average by £16K, equating to a 4% increase (according to RICS data as at June 2018). The property portfolio will be formally revalued during 2019.



- 6.25 THL total investment in 2022 is expected to be £317M, excluding future revaluation. Property investment appraisals are assumed to break even over 25 years, therefore interest funding will be required to support THL in the medium term. Included within the total investment is a revaluation reserve of £26,924,187.

### Financial Performance – Thamesway Guest Houses Limited

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#### Projected Profit & Loss Account

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- 6.26 The profit and loss account is included in Appendix 4
- 6.27 Nightly accommodation rates are expected to be maintained in 2019.
- 6.28 The intention is to maintain a third party managing the facility over the business plan period.
- 6.29 Costs are assumed to increase by 2% per year
- 6.30 The loan from THL was refinanced in 2017 and amended to an annuity loan; as a result interest costs have reduced.

#### Projected Balance Sheet

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- 6.31 The projected balance sheet is included in Appendix 5.

#### Projected Cash Flow

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- 6.32 The cashflow forecast is included in Appendix 6.

**Appendix 1: THL - Profit & loss Account**

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	2017	2018	2019	2020	2021	2022
	Actual	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
<b>Turnover</b>						
Rental Income	4,893,698	5,400,815	6,093,258	8,222,676	10,829,638	12,722,602
Feed in Tariff Income	6,709	5,490	5,490	5,490	5,490	5,490
Other Income	4,800	0	0	0	0	0
Sale of Property	384,000		0	0	0	0
Cost of Sales	359,125		0	0	0	0
Profit on Sale of Assets	24,875	2,200	0	0	0	0
	<b>4,930,082</b>	<b>5,408,505</b>	<b>6,098,748</b>	<b>8,228,166</b>	<b>10,835,128</b>	<b>12,728,092</b>
<b>Cost of Sales</b>						
Ground Rent	80,377	86,444	86,444	86,444	86,444	86,444
Council Tax/Rates	27,004	35,920	48,746	65,781	86,637	101,781
Utilities/Telephones	50,110	46,011	60,933	82,227	108,296	127,226
General Maintenance	818,686	1,040,401	1,087,500	1,380,300	1,722,300	1,888,800
Grounds Maintenance	15,699	11,334	77,001	135,274	139,332	143,512
Total Cost of Sales	991,876	1,220,110	1,360,624	1,750,026	2,143,010	2,347,763
<b>Gross profit/(loss)</b>	<b>3,938,206</b>	<b>4,188,395</b>	<b>4,738,125</b>	<b>6,478,140</b>	<b>8,692,118</b>	<b>10,380,329</b>
GP% of Turnover	85%	77%	78%	79%	80%	82%
<b>Indirect Costs</b>						
Insurance	89,582	90,440	113,000	152,040	197,640	219,840
Housing Management Costs			91,399	246,680	324,889	381,678
Administration Charges	258,656	376,101	456,288	465,414	474,722	484,216
WBC/NVH Mgt Fee	136,378	124,898	83,880	85,558	87,269	89,014
Agents Fees	166,331	188,408	105,000	18,841	18,841	18,841
Prof Fees - Legal	7,181	7,272	50,000	50,000	50,000	50,000
Audit & Tax Advice	12,612	15,000	15,300	15,606	15,918	16,236
Trade Mark Fees	1,200	1,200	1,200	1,200	1,200	1,200
Non Exec Remuneration	6,483	9,000	9,180	9,364	9,551	9,742
Other Expenses	3,490	10,000	10,000	10,000	10,000	10,000
Bank Charges	752	1,200	1,200	1,200	1,200	1,200
Bad Debts	6,346	8,101	9,140	12,334	16,244	19,084
Doubtful Debt Provision	15,567	15,500	18,280	24,668	32,489	38,168
Total Costs	704,578	847,120	963,867	1,092,904	1,239,963	1,339,220
<b>EBITDA</b>	<b>3,233,628</b>	<b>3,341,275</b>	<b>3,774,258</b>	<b>5,385,236</b>	<b>7,452,155</b>	<b>9,041,109</b>
Depreciation	67,928	75,887	232,978	353,978	445,088	509,663
Earn Your Deposit Provision		111,360	222,720	334,080	445,440	556,800
Mortgage Protect Provision	-37,250	0	0	0	0	0
Amortisation	155,631	155,631	155,631	155,631	155,631	155,631
<b>Operating Profit</b>	<b>3,358,581</b>	<b>3,421,019</b>	<b>3,474,191</b>	<b>4,852,809</b>	<b>6,717,258</b>	<b>8,130,277</b>
Dividends Receivable	0	0	0	0	0	0
Bank Interest Income	813	1,000	1,000	1,000	1,000	1,000
Loan Interest Income	122,297	114,701	111,978	109,117	106,112	102,954
Finance Costs	5,765,812	6,232,449	7,171,535	9,251,861	12,219,808	14,252,619
<b>Profit/(Loss) Before Tax</b>	<b>(2,284,121)</b>	<b>(2,695,729)</b>	<b>(3,584,366)</b>	<b>(4,288,935)</b>	<b>(5,395,439)</b>	<b>(6,018,388)</b>
Deferred Taxation	777,744	0	0	0	0	0
<b>Profit/(Loss) After Tax</b>	<b>(1,506,377)</b>	<b>(2,695,729)</b>	<b>(3,584,366)</b>	<b>(4,288,935)</b>	<b>(5,395,439)</b>	<b>(6,018,388)</b>

Appendix 2: THL - Balance Sheet

	2017	2018	2019	2020	2021	2022
	Actual	Forecast	Budget	Budget	Budget	Budget
<b>FIXED ASSETS</b>						
Property (Cost Price)	125,005,009	143,935,679	159,535,679	238,290,095	283,511,513	317,415,239
Greenwood House	5,011,919	4,986,531	4,961,144	4,935,756	4,910,369	4,884,981
Sherwater Properties	2,830,196	11,995,015	16,495,015	16,495,015	16,495,015	16,495,015
Furniture/Fixtures	205,736	712,127	1,212,096	1,587,072	1,868,304	2,079,228
Housing System	0	118,234	102,265	91,729	68,797	51,597
	133,052,860	161,747,586	182,306,199	261,399,667	306,853,998	340,926,061
<b>LONG TERM INVESTMENTS</b>						
Loan to TDL	815,135	815,135	815,135	815,135	815,135	815,135
Loan to TGH Ltd	1,166,115	1,112,329	1,055,819	996,448	934,072	868,538
Investment in TGH Ltd	360,464	360,464	360,464	360,464	360,464	360,464
	2,341,714	2,287,928	2,231,418	2,172,047	2,109,671	2,044,137
<b>CURRENT ASSETS</b>						
Trade Debtors	224,775	203,904	225,034	253,886	342,612	451,235
Stock	15,821,646	17,166,472	6,191,683	6,191,683	6,191,683	6,191,683
Accrued Income	215,501	210,591	215,330	223,416	230,119	237,022
Provision for Doubtful Debts	(39,146)	(10,195)	(11,252)	(12,694)	(17,131)	(22,562)
Prepayments	16,266	30,000	25,000	32,000	28,000	15,000
TDL Advances	0	0	0	0	0	0
BF Service Charges	1,548	774	789	805	821	838
Bank Account	6,371,085	1,891,950	1,597,810	1,925,962	2,243,935	3,312,852
	22,611,675	19,493,496	8,244,395	8,615,058	9,020,039	10,186,069
<b>CURRENT LIABILITIES</b>						
Trade Creditors	111,359	116,927	122,773	128,912	135,358	142,125
Accrued Expenses	779,284	701,356	350,678	357,691	364,845	372,142
Deferred Income	102,731	107,868	113,261	118,924	124,870	131,114
Earn Your Deposit Provision	0	111,360	222,720	334,080	445,440	556,800
Mortgage Protection Fund	83,425	83,425	83,425	83,425	83,425	83,425
Provision for Deferred Tax	3,819,451	3,819,451	3,819,451	3,819,451	3,819,451	3,819,451
	4,896,250	4,940,386	4,712,308	4,842,483	4,973,389	5,105,057
<b>NET CURRENT ASSETS</b>	<b>17,715,425</b>	<b>14,553,110</b>	<b>3,532,087</b>	<b>3,772,575</b>	<b>4,046,650</b>	<b>5,081,012</b>
<b>LONG TERM LIABILITIES</b>						
Long Term Loans	106,186,678	130,266,662	141,737,738	208,706,889	249,673,988	282,638,898
Grants/Contributions	6,542,791	6,387,160	6,231,530	6,075,899	5,920,269	5,764,638
	112,729,469	136,653,823	147,969,268	214,782,789	255,594,257	288,403,536
<b>NET TOTAL ASSETS</b>	<b>40,380,530</b>	<b>41,934,801</b>	<b>40,100,435</b>	<b>52,561,500</b>	<b>57,416,062</b>	<b>59,647,674</b>
<b>CAPITAL &amp; RESERVES</b>						
Share Capital	24,490,000	28,740,000	30,490,000	47,240,000	57,490,000	65,740,000
P&L Account Brought fwd	17,396,907	15,890,530	13,194,801	9,610,435	5,321,500	(73,938)
Profit/(Loss) YTD	(1,506,377)	(2,695,729)	(3,584,366)	(4,288,935)	(5,395,439)	(6,018,388)
	<b>40,380,530</b>	<b>41,934,801</b>	<b>40,100,435</b>	<b>52,561,500</b>	<b>57,416,062</b>	<b>59,647,674</b>

Appendix 3: THL - Cashflow

	2018	2019	2020	2021	2022
	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£
<b>Operating Activities</b>					
Profit/(Loss) Before Financing	3,421,019	3,474,191	4,852,809	6,717,258	8,130,277
(Increase)/Decrease in Debtors	(1,360,956)	10,954,962	(42,512)	(87,008)	(97,112)
Increase/(Decrease) in Creditors	44,136	(228,078)	130,175	130,906	131,668
Add Back: Depreciation / Less Amortisation	(79,744)	77,347	198,347	289,457	354,032
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,024,455</b>	<b>14,278,422</b>	<b>5,138,819</b>	<b>7,050,612</b>	<b>8,518,865</b>
<b>Investing Activities</b>					
TDL/TGHL Loan Interest	114,701	111,978	109,117	106,112	102,954
(Purchase)/Disposal of fixed assets	(28,770,613)	(20,791,590)	(79,447,446)	(45,899,418)	(34,581,726)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(28,655,912)</b>	<b>(20,679,612)</b>	<b>(79,338,329)</b>	<b>(45,793,306)</b>	<b>(34,478,772)</b>
<b>Financing Activities</b>					
Increase in Share Capital	4,250,000	1,750,000	16,750,000	10,250,000	8,250,000
Interest Received	1,000	1,000	1,000	1,000	1,000
Interest Paid	(6,232,449)	(7,171,535)	(9,251,861)	(12,219,808)	(14,252,619)
Loans Received	24,106,995	11,500,000	67,000,000	41,000,000	33,000,000
Repayment of THL principal	(27,011)	(28,925)	(30,849)	(32,901)	(35,090)
Repayment of Loans - TGHL	53,786	56,510	59,371	62,376	65,534
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>22,152,322</b>	<b>6,107,050</b>	<b>74,527,661</b>	<b>39,060,667</b>	<b>27,028,825</b>
<b>NET CASH INFLOW/(OUTFLOW) OF CASH</b>	<b>(4,479,135)</b>	<b>(294,140)</b>	<b>328,151</b>	<b>317,973</b>	<b>1,068,918</b>
Cash Balance @ Beginning of Period	6,371,085	1,891,950	1,597,810	1,925,962	2,243,935
Cash Balance @ End of Period	1,891,950	1,597,810	1,925,962	2,243,935	3,312,852

Appendix 4: TGHL - Profit & loss

	2017	2018	2019	2020	2021	2022
	Actual £	Forecast £	Budget £	Budget £	Budget £	Budget £
<b>Rent Income</b>	<b>382,720</b>	<b>350,790</b>	<b>406,000</b>	<b>410,060</b>	<b>414,161</b>	<b>418,302</b>
<b>Cost of Sales</b>						
Management Fee	104,000	99,010	102,000	102,000	102,000	102,000
<b>Gross Profit/(Loss)</b>	<b>278,720</b>	<b>251,780</b>	<b>304,000</b>	<b>308,060</b>	<b>312,161</b>	<b>316,302</b>
<i>GP % of turnover</i>	<i>72.8%</i>	<i>71.8%</i>	<i>74.9%</i>	<i>75.1%</i>	<i>75.4%</i>	<i>75.6%</i>
<b>Indirect Costs</b>						
Administration Charges	40,016	40,000	40,000	40,800	41,616	42,448
Business Rates	2,573	2,692	2,895	2,953	3,012	3,072
Electricity	3,666	4,559	4,650	4,743	4,838	4,935
Gas	3,230	3,252	3,317	3,383	3,451	3,520
Water	3,001	1,488	3,269	3,334	3,401	3,469
Insurance	3,801	4,213	4,296	4,382	4,470	4,559
Premises Maintenance	5,771	3,553	3,624	3,697	3,770	3,846
Audit & Tax Advice	2,500	4,011	4,091	4,173	4,257	4,342
Trade Mark Fees	1,000	1,000	1,000	1,020	1,040	1,061
Non Exec Remuneration	5,403	5,399	5,404	5,512	5,622	5,735
Doubtful Debt Provision	80	0	0	0	0	0
Other Sundry Expenses	134	147	147	150	153	156
Bank Charges	93	93	93	95	97	99
Total Costs	71,268	70,407	72,787	74,242	75,727	77,242
<b>EBITDA</b>	<b>207,452</b>	<b>181,373</b>	<b>231,213.46</b>	<b>233,818</b>	<b>236,433</b>	<b>239,061</b>
Depreciation	25,982	24,723	26,000	26,000	26,000	26,000
<b>Operating Profit/(loss)</b>	<b>181,470</b>	<b>156,650</b>	<b>205,213</b>	<b>207,818</b>	<b>210,433</b>	<b>213,061</b>
Finance Income	48	166	144	144	144	144
Finance Costs	65,238	56,969	54,919	52,058	49,052	45,895
<b>Profit/(Loss) Before Tax</b>	<b>116,280</b>	<b>99,847</b>	<b>150,439</b>	<b>155,904</b>	<b>161,525</b>	<b>167,310</b>
CT Provision	27,381	0	0	0	0	0
<b>Profit/(Loss) After Tax</b>	<b>88,899</b>	<b>99,847</b>	<b>150,439</b>	<b>155,904</b>	<b>161,525</b>	<b>167,310</b>
Dividends paid	115,000	50,000	100,000	106,000	112,000	112,000
<b>Retained Profit</b>	<b>(26,101)</b>	<b>49,847</b>	<b>50,439</b>	<b>49,904</b>	<b>49,525</b>	<b>55,310</b>

Appendix 5: TGHL - Balance Sheet

	2017	2018	2019	2020	2021	2022
	Actual	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
<b>FIXED ASSETS</b>						
Land & Buildings	1,441,996	1,417,273	1,391,273	1,365,273	1,339,273	1,313,273
Furniture and Fittings	5,547	5,547	5,547	5,547	5,547	5,547
	1,447,543	1,422,820	1,396,820	1,370,820	1,344,820	1,318,820
<b>CURRENT ASSETS</b>						
Trade Debtors	74,716	29,233	33,833	34,172	34,513	34,859
Provision for Doubtful Debts	(5,920)	(5,920)	(5,920)	(5,920)	(5,920)	(5,920)
VAT Refund	0	0	0	0	0	0
Prepayments	2,539	2,500	2,500	2,500	2,500	2,500
Bank Account	343,836	427,240	452,984	469,822	483,276	499,359
	415,171	453,053	483,397	500,574	514,370	530,797
<b>CURRENT LIABILITIES</b>						
Trade Creditors	30,883	14,118	14,566	14,687	14,811	14,937
VAT Liability	10,266	36,275	46,243	46,764	47,287	47,812
Provision For Corpn. Tax	85,285	85,285	85,285	85,285	85,285	85,285
Accrued Expenses	22,145	30,000	30,000	30,000	30,000	30,000
	148,579	165,678	176,093	176,735	177,382	178,034
<b>NET CURRENT ASSETS</b>	<b>266,592</b>	<b>287,375</b>	<b>307,304</b>	<b>323,838</b>	<b>336,987</b>	<b>352,764</b>
<b>LONG TERM LIABILITIES</b>						
Long Term Loans (THL)	1,166,115	1,112,329	1,055,818	996,448	934,072	868,538
	1,166,115	1,112,329	1,055,818	996,448	934,072	868,538
<b>NET TOTAL ASSETS</b>	<b>548,020</b>	<b>597,867</b>	<b>648,306</b>	<b>698,210</b>	<b>747,735</b>	<b>803,045</b>
<b>CAPITAL &amp; RESERVES</b>						
Share Capital	360,000	360,000	360,000	360,000	360,000	360,000
P&L Account B/F	214,121	188,020	237,867	288,306	338,209	387,735
Profit/(Loss) YTD	(26,101)	49,847	50,439	49,904	49,525	55,310
	<b>548,020</b>	<b>597,867</b>	<b>648,306</b>	<b>698,210</b>	<b>747,735</b>	<b>803,045</b>

Appendix 6: TGHL - Cashflow

	2018	2019	2020	2021	2022
	£		£	£	£
<b>Operating Activities</b>					
Profit/(Loss) Before Financing	156,650	205,213	207,818	210,433	213,061
(Increase)/Decrease in Debtors	45,523	(4,601)	(338)	(342)	(345)
Increase/(Decrease) in Creditors	17,099	10,416	642	647	652
Add Back: Depreciation / Less Amortisation / Provisions	24,723	26,000	26,000	26,000	26,000
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>243,994</b>	<b>237,028</b>	<b>234,122</b>	<b>236,739</b>	<b>239,367</b>
<b>Investing Activities</b>					
(Purchase)/Disposal of fixed assets	0	0	0	0	0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing Activities</b>					
Increase in Share Capital	0	0	0	0	0
Interest Received	166	144	144	144	144
Finance Costs	(56,969)	(54,919)	(52,058)	(49,052)	(45,895)
Dividends Paid	(50,000)	(100,000)	(106,000)	(112,000)	(112,000)
Loans Received	0	0	0	0	0
Repayment of Loans	(53,787)	(56,510)	(59,370)	(62,376)	(65,534)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(160,590)</b>	<b>(211,284)</b>	<b>(217,283)</b>	<b>(223,284)</b>	<b>(223,284)</b>
<b>NET CASH INFLOW/(OUTFLOW) OF CASH</b>	<b>83,404</b>	<b>25,744</b>	<b>16,838</b>	<b>13,454</b>	<b>16,083</b>
Cash Balance @ Beginning of Period	343,836	427,240	452,984	469,822	483,276
Cash Balance @ End of Period	427,240	452,984	469,822	483,276	499,359

End of Business Plan



## Thameswey Limited

### Business Plan 2019 Covering the Period 2019-2022

Address: 2<sup>nd</sup> Floor, Gloucester Chamber, Jubilee Square, Woking, Surrey GU21 6GA  
Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Company Registration No.: 0527730  
VAT Number: 879503972

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## 1.0 Introduction

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- 1.1 This Business Plan sets out the proposed arrangements for delivering the Thameswey Group's activities for the next year and seeks to define the strategic direction for the Group.
- 1.2 The business plan aims to ensure that the focus of activity within the Group is aligned with the shareholder, Woking Borough Council. This business plan reflects the Board's views on the medium- and long-term objectives for the Group.
- 1.3 This business plan refreshes the Business Plan approved in 2017 and reflects the activity and challenges over the last year. This plan also aims to draw out potential business development opportunities for the Group which it intends to investigate over the plan period. Not all will come to fruition and other opportunities may arise during the plan period, but it provides greater transparency of the company thinking on direction of travel.

## 2.0 Group Purpose and Structure

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- 2.1 The Council established Thameswey Limited (TL) in 1999 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.
- 2.2 Following the adoption of the Council's 'Woking 2050 Strategy' the Group has used the main strategic goals of the Strategy as its purpose:
  - Protect and enhance the quality of the natural environment;
  - Promote the wise use of resources and conserve biodiversity;
  - Deliver a built environment which is developed sustainably, meets local needs and enables the local economy to prosper;
  - Prepare and adapt to the socio-economic, environmental and demographic changes of the future.

In effect to work towards enabling the development of 'sustainable communities.

- 2.3 Thameswey Limited (TL) is wholly owned (100%) by Woking Borough Council (WBC). TL acts as the holding company of the Thameswey Group.

2.4 The Thameswey Group subsidiaries and company ownership are shown below:

Company Name	Abbreviation	Ownership Structure
Thameswey Energy Ltd	TEL	Wholly owned by Thameswey Ltd
Thameswey Central Milton Keynes Ltd	TCMK	Wholly owned by Thameswey Energy Ltd
Thameswey Housing Ltd	THL	Wholly owned by Thameswey Ltd
Thameswey Guest Houses Ltd	TGHL	Wholly owned by Thameswey Housing Ltd
Thameswey Sustainable Communities Ltd	TSCL	Wholly owned by Thameswey Ltd
Thameswey Maintenance Services Ltd	TMSL	Wholly owned by Thameswey Ltd
Thameswey Solar Ltd *	TSL	Wholly owned by Thameswey Ltd
Thameswey Developments Ltd	TDL	Wholly owned by Thameswey Ltd
Rutland (Woking) Ltd	RWL	Joint Venture owned 50% by Thameswey Developments Ltd and 50% by Rutland Properties Ltd
Rutland Woking (Residential) Ltd	RWR	50% owned by Thameswey Housing Ltd, 50% owned by Rutland (Woking) Ltd making it a 75% subsidiary of the Thameswey Group.
Rutland Woking (Carthouse Lane) Ltd	RWCL	Joint Venture owned 50% by Thameswey Developments Ltd and 50% by Rutland Properties Ltd

\*To be incorporated into TEL following board decision subject to Council approval

2.5 During the business plan period, directors of the joint venture companies are reviewing the structure to ensure it meets future business requirements.

2.6 All of the wholly owned companies listed above are supported by Thameswey, staff currently are either employed in TSCL or TMSL, as set out in the appendices, however during the business plan period, staff will also be employed by THL.

### 3.0 Group Directors

---

- |                          |                                 |
|--------------------------|---------------------------------|
| ▪ Barry Maunders         | Independent Director (Chairman) |
| ▪ William Prescott       | Independent Director            |
| ▪ Terry Price            | Independent Director            |
| ▪ Cllr. David Bittleston | Councillor Director             |
| ▪ Cllr. Beryl Hunwicks   | Councillor Director             |
| ▪ Cllr Colin Kemp        | Councillor Director             |
| ▪ Cllr Ayesha Azad       | Councillor Director             |
| ▪ Ray Morgan             | Officer Director                |
| ▪ Peter Bryant           | Officer Director                |
| ▪ Douglas Spinks         | Officer Director                |

- 3.1 During 2018 Councillor Ayesha Azad was nominated by the Council as a Councillor Director, following the retirement of Councillor John Kingsbury. The Council is reviewing overall Directorships and is updating Companies House via the Group Company Secretary accordingly.

### 4.0 Achievements since Last Business Plan

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- 4.1 The Group has started to scale up capacity, through its subsidiaries, to deliver the significant number of development projects being progressed by THL and TDL, to support the increased focus on self-delivery of services and the major programme of the Sheerwater Redevelopment. The Group has also successfully rolled out a new Website and delivered the first phase of power infrastructure to the Victoria Square development.

### 5.0 Group Operational Priorities

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- 5.1 There are a number of operational priorities which need to be addressed at a Group level over the coming plan period.

#### People Strategy

- 5.2 The growth of Thameswey's housing portfolio has presented opportunities to expand the services offered by TSCL to support THL through self-delivery of tenant services. The expansion of the offer to THL has also led to the opportunity to co-ordinate these services with energy billing, energy efficiency and fuel poverty advice through a single integrated customer services team in TSCL. The implementation of the new PEX and ISTA database systems will further drive this integration over the business plan period. The TSCL team will also take a greater role in providing contact services for TMSL.
- 5.3 The TSCL Environmental Projects Team will continue to deliver the Action Surrey project with partner Local Authorities to source grant funding and deliver energy efficiency services and advice to residents. In addition, a greater focus will be made on promoting

environmental and sustainability projects and technology to Woking residents. This will involve a greater level of research and demonstration projects, with a particular focus on renewable technologies, using funding raised through development profit from TDL and project funding from investment in the energy companies (TEL/TCMK). The use of this funding will be informed by the Climate Change Working Group of the Council and the 2050 strategy. The team will also look to directly deliver sustainable technology programmes previously proposed to be delivered via TMSL to bring the Group’s environmental activities together under TSCL.

5.4 During 2016, the Council approved its medium-term financial strategy to provide additional finance for new affordable homes and significantly increased the amount of finance available to THL to £50M per annum for a period of four years. During 2017 business plan further funds of £50M was awarded to continue property development schemes in THL. In addition, THL, along with TDL, has been appointed by Woking Borough Council to deliver the Sheerwater Regeneration scheme. The increased volume of work and complexity around managing suppliers and contractors has generated a requirement for additional staff and consultant support.

5.5 The table below summarises additional proposed recruitment of new posts over the next three years. The roles are included within the financial statements of each business plan.

2018	Trainee Environmental Projects Assistant Customer Services Assistant Residential Services Manager Project Engineer (Poole Road)
2019	Accounts Assistant Residential Services Manager Development Manager (2) Network Engineering Manager Field Services Engineer – Woking (2) Property Agent
2020	Field Services Engineer (3)

**Appendix 1 shows the staff structures within TSCL and TMSL**

Marketing and Branding Strategy

5.6 During this Business Plan period the Group will continue to develop a strategy to improve the presentation of the Thameswey brand across all the Group’s activities. This will include building on the 2018 refresh of the Thameswey web presence to improve public and

stakeholder interaction, and more clearly articulate the company's objectives. This work will be delivered through a combination of internal resources from TSCL and a specialist external advisor. Thameswey will also lend its support to the Council's '#WeAreWoking' promotional campaign.

- 5.7 The work on branding and marketing will also develop the Group's communications activity. With the self-delivery aspects of the work of THL a greater emphasis will be placed on ensuring that we communicate effectively with our tenants and that there are easy ways for our customers to interact with us and self-serve.

## **6.0 Funding and Loan Strategy**

---

- 6.1 WBC provides funding to some Thameswey Group companies. In order to recognise the lending risk a premium is applied to loans which result in a benefit to WBC. This premium is calculated as a margin on the interest rate WBC pays to the Public Works Loan Board (PWLB)
- 6.2 Subject to approval of the attached business plans, the benefit to the Council Tax payers in the Borough during 2019 will be £4,495,180 which is equivalent to £110.28 at Band D.
- 6.3 Appendix 2 shows a breakdown of the WBC income from loan margins.
- 6.4 Appendix 3 shows the share capital structure of Thameswey.
- 6.5 In 2017 a dividend of £250,000 was paid to TL from TDL for investment in Environmental Projects that support the Woking 2050 Strategy. The selection of the projects was carried out in consultation with the Climate Change Working Group. A further dividend in 2018 is proposed of £200,000.
- 6.6 TGHL paid an initial dividend during 2017 to WBC (via TL) of £115,000. A further dividend is under review for 2018, depending on occupancy levels.

## **7.0 Inter Group Lending**

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- 7.1 Loans can be provided as per below:
- Thameswey Ltd can loan to any 100% owned Group Company;
  - Thameswey Housing Ltd to Thameswey Guest Houses Ltd;
  - Thameswey Energy to Thameswey Milton Keynes & Thameswey Solar Ltd;
  - Thameswey Developments to Thameswey Ltd;
  - Thameswey Housing Ltd to Thameswey Developments Ltd;
  - Thameswey Energy Ltd to Thameswey Developments Ltd.

## **8.0 Group Strategic Opportunities and Business Development**

---

### Investment

- 8.1 The scale of the operation of the residential side of Thameswey will increase significantly within the period of this business plan. At the same time the scale of Thameswey's energy networks in both Woking and Milton Keynes are expected to increase substantially in response to growth in connected load. The implications of both of these factors mean that the value of the group is expected to increase over the plan period and the attractiveness of the group to external investors will equally increase. During this plan period the group will look to engage with external investors to see if there is an appetite for investment other than direct from Woking Borough Council. This could include partner Local Authority investment via new subsidiaries of Thameswey as opposed to increasing representation at Thameswey Limited level, as well as commercial lenders.

#### Step Down Accommodation and Care

- 8.2 Currently there is a national issue with frail and elderly people not being able to be discharged from acute care to their homes as the appropriate discharge package (either formalised care or adaptations) are not in place. This 'bed blocking' significantly increases cost to the NHS and also reduces Accident and Emergency capacity. The Acute Trusts are looking to determine options to address this problem and the Thameswey Group proposes to work with them as part of this business plan to see if we can assist in this issue. Many individuals do not need permanent residential care but do need to be in a 'transitional' residential setting to get them out of the acute sector for a short period while permanent solution is found. This is sometimes referred to as 'step down' accommodation. In this business plan Thameswey plans to work with the Acute Sector to design accommodation to be delivered through TDL and THL which can provide this step-down facility and wider residential care opportunities as part of business development. A business case for any subsequent development will be brought back to the relevant board (TDL/THL) before any build project is commenced. It is also likely that this will be delivered in partnership with a registered care provider due to licensing requirements and expertise. An initial project proposed through TDL in Chertsey Road has been cancelled due to planning concerns, but the Group will continue to look for opportunities to develop this offer in other locations, including in other LPA areas.

#### Letting and Management Service

- 8.3 The current residential stock held by THL is increasing and has passed a threshold (c.450 units) where the running management costs to the group are of a sufficient scale to be cost effective to deliver the letting and property management service in house. Although a greater part of letting activity is now delivered through the on-line environment there is still a face to face component. This is increased within the tenancy profile of Thameswey Housing compared to the general population due to the vulnerable nature of a proportion of THL tenants. Therefore, THL has commenced development of its own letting service which will be rolled out over the remainder of 2018 and 2019. This will reduce the reliance of the group on external agents as the majority of property will be managed in house. Where specialist services are required it is proposed that these are still provided by external specialist providers so not all of THL stock will be managed in house.

#### Waste Reduction



- 8.4 The increased high-density accommodation that is being developed within Woking town centre has led to increased pressures on domestic waste collection. The current requirement for waste receptacle capacity is also significantly adding to development costs and waste collection will become increasingly challenging. Working with the Council, Thameswey will help to deliver alternative strategies for waste reduction for high density town centre dwellings during this business plan period.

#### Pod Style/Micro-Living Accommodation

- 8.5 With the increased value of land and pressure for new homes in the South East, especially in the Woking area, but with an ever-increasing demand for affordable residential property the Group will look at the possibility of 'pod or micro-living' accommodation with the planning authority. The first opportunity to provide this style of accommodation is with the Poole Road energy centre project which will incorporate Co-Living/Co-Working elements. This will build on the micro-living concept of smaller private spaces and larger shared/communal spaces with high tech facilities to enable working on site. TDL will continue to investigate the delivery of off-site/modular pod construction building on the bathroom pod approach used on the Harrington Place construction project.

#### Sustainability Plan

- 8.6 The company will continue to develop an overall Sustainability Plan for the Group to set out how the Group will reduce its carbon impact through its own operation and how its activity, including procurement, will also reduce carbon consumption and promote sustainability in Woking. Linking to the Woking 2050 Strategy and the new work within the Environmental Projects Team this will be led by TSCL on behalf of the Group and will investigate expanding Group activity in the renewable sector before being reported back to Thameswey Limited within 2019.

## **9.0 Priorities**

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- 9.1 Detailed priorities and activities are set out in the individual company business plans; however, the headline priorities of Thameswey Limited's subsidiary companies for the business plan period are listed below grouped into principal business activities.

#### Energy Division

- 9.2 TEL will increase the connected load in Woking town centre and optimise the performance of its existing primary plant in Victoria Way and Woking Park. The company will work with TDL and TMSL on the development of a new Woking Energy Centre at Poole Road to service Victoria Square and the additional developments planned in the town.
- 9.3 New connection prospects for TCMK on sites near the energy centre include Palmer Capital's proposal for a residential block on land at Aubrey Place. A residential-led mixed use scheme proposed by Palmer is subject to a legal obligation to connect to the network, and the developer intends to make a planning application for the scheme before the end of 2018. Planning consent for a new hotel on adjoining land ('Building 1200') is expected to be taken forward for development in 2019. Milton Keynes Council and its development arm (MKDP) are in discussions with an overseas funder for a new university to be located on the B4 land in central Milton Keynes. This may result in early stage infrastructure being provided within the next Business.

- 9.4 TMSL will expand its operational activity to provide a wider range of facility management services, in partnership with TSCL, to the Group as well as statutory inspections for other Group companies while reducing the operational cost of maintaining the Group's major plant and equipment. The structure of TMSL will also be reviewed to ensure that it is the most cost-effective way of delivering services including the recruitment of new engineering staff to help deliver the new energy centre in Woking town centre. The prime focus of the directly employed TMSL staff will be to ensure the Group's primary energy infrastructure works as efficiently and cost effectively as possible.
- 9.5 It is intended that TSL will merge, from a company structure point of view, into TEL to reduce bureaucratic overheads and running cost. As part of TEL it will seek opportunities to expand the renewable energy generating capacity and will progress a comprehensive preventative maintenance regime to maximise the output from its existing solar installations.

#### Housing and Property Division

- 9.6 THL will deliver a significantly increased residential holding in line with the Council's medium-term financial strategy and the necessary infrastructure to manage and operate this scale of property holding. The aim is to reduce the company reliance on external managing agents. The company will also work to improve the current energy performance of its existing stock to reduce energy costs for its residents and to reduce the carbon impact of the stock.
- 9.7 TDL will respond to project requests from other group companies and the Council. In the business plan period this will include several significant residential blocks for THL and the development of a second Woking Energy centre for TEL in addition to the delivery of Sheerwater for the Council.

#### Environment, Sustainability and Economic Development

- 9.8 TSCL the company will work to ensure the staffing levels are sufficient to deliver the other group company objectives. Notably this will include an increase in residential service and project management resources. TSCL will also develop capacity to self-deliver marketing and promotion activities but in the interim will work with external advisors to improve the overall brand and stakeholder understanding of the group activities. TSCL will also work to develop a comprehensive environment sustainability programme building on the activity of Action Surrey. This will include co-ordinating research on the deployment of additional renewable energy by the Group and the wider community, this will include direct delivery of sustainability projects which had previously been proposed to be delivered via TMSL. The company will also develop further sustainability reporting for the Group's activities.

### **10.0 Financial Proposals in the Business Plan**

- 10.1 THL business plan proposes to utilise the additional funding & share capital structure agreed in the council's medium-term financial strategy to support the purchase of street properties and developments within TDL. Additional funding of £85M was proposed to continue developments into 2021, covering the period from April 2020 to December 2021. Additional funding in 2022 is proposed to cover interest costs of £5M

- 10.2 New guidance issued by the government on the set aside for repayment of debt (Minimum Revenue Provision, MRP) applies for the Council from 2018/19. The guidance recommends that share capital should be written off over 20 years, i.e. at 5% per year. The Council currently makes allowance for repayment at 1% i.e. over 100 years, reflecting the long-term nature of the housing assets the funds are invested in. The change in MRP guidance will make the share capital significantly more expensive for the Council and it is likely that the Council will amend the funding structure. Upon a decision by WBC the funding structure will be amended.
- 10.3 THL funding can be drawn down by TDL to support THL development projects. Work in progress is held within TDL, the balance at the end of 2018 is expected to be £82M. Upon completion residential developments are sold to THL as fixed assets. Where developments include commercial space, the freehold is retained by TDL.
- 10.4 THL has the facility to purchase Sheerwater properties within the red line regeneration scheme, properties will be rented on a short-term basis, or boarded dependant on specific requirements for each property
- 10.5 TCMK will require additional funding to maintain assets & fund working capital. Loans will be drawn over varying terms to match cash flow expectations on an annuity / repayment basis. Additional finance for 2020 to 2022 is forecast at £7.5M.
- 10.6 TEL will develop a third energy station at Poole Road, a loan facility of £25M has been agreed, funding will be drawn on behalf of TDL to support the development.
- 10.7 The summary below, identifies capital investment during the business plan period:
- TEL £24M; including £22M Poole Road and £2M energy connections;
  - TCMK £2.1M in energy connections, and £0.4M in capital refurbishments;
  - THL £211M of completed developments;
  - TMSL £154K; fleet renewal of £135K, and general replacement of tools and office equipment of £19K;
  - TSCL £20K; including further website development and computer equipment upgrades / replacement for current and new team members. The fit-out costs for Poole Road office space have been excluded until more detail is known.
- 10.8 The Thameswey group contributes financially towards the Borough in other ways including:
- Net interest premium benefit per annum for 2019 is £4,495,180, equating to £110.28 equivalent of Band D Council Tax;
  - WBC charges TL £10,000 per annum for use of the Thameswey trademark;
  - THL pays ground rent for market Walk flats to WBC;
  - TGHM dividend payable to WBC, proposed for 2018 at £55K.
  - NNDR for TEL and TDL commercial sites

## **11.0 Non-Financial Benefits to WBC**

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- 11.1 Thameswey also contributes to WBC through non-financial benefits including:
- Carbon dioxide emission savings (5,438 tonnes CO2 equivalent emissions in 2017);
  - Assisting WBC in delivery of its Climate Change Strategy;
  - Delivering Borough Redevelopment Projects.

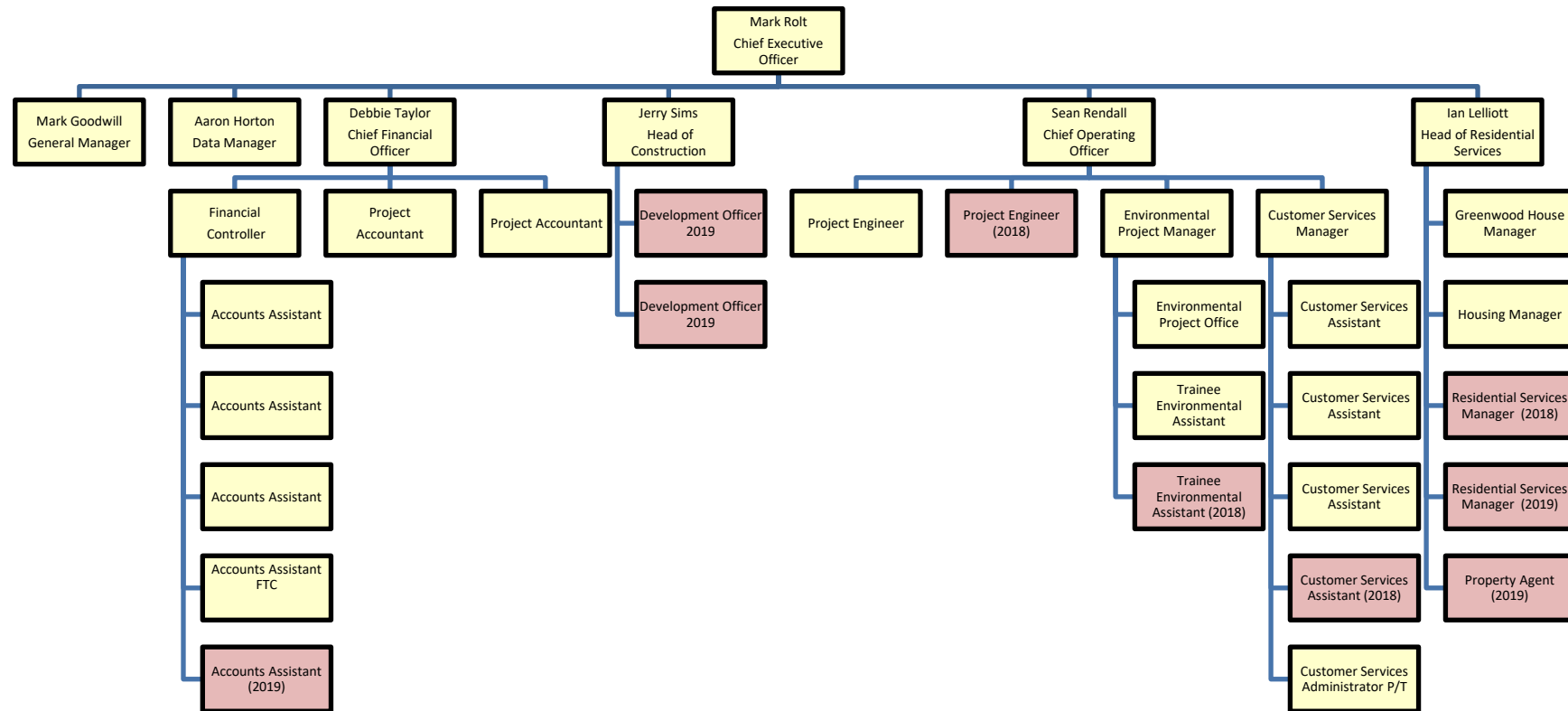
## **12.0 Group requests for Council Approval**

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- 12.1 The following are a summary of requests from Thameswey group for the period 2019 to 2022:
- WBC to approve all the Group's submitted business plans.
  - WBC to either provide TEL with leases for occupation or transfer the asset to Thameswey of:
    - Format house site,
    - 9 & 9a Poole Road site,
    - Construction lease for Poole Road car park
    - Board School Road car park;
  - THL – Additional funding of £135M to support housing developments and debt servicing
  - TCMK – Additional funding for 2020 to 2022 funding of £7.5M (previous business plan included finance up to 2019).

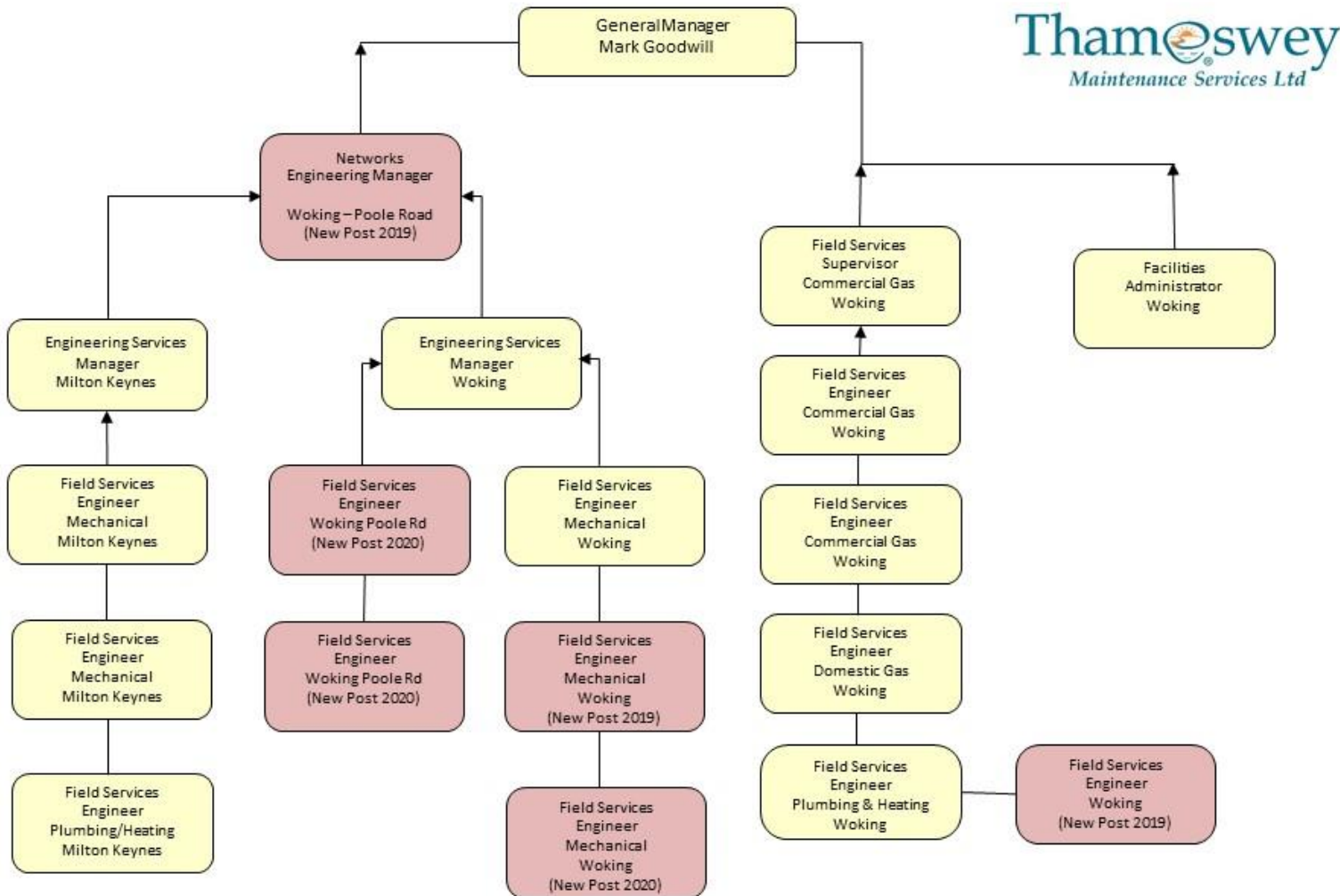
Appendix 1: Organisational Charts

TSCl Organisation Structure



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Vacancy / Redefined Post
In Post



## Appendix 2: WBC Income from Loan Margin

2017	Company	Balance of WBC loans o/s on 01.01.17 £	New Loans in 2017 £	Less Repayments in Period £	Net Estimated Balance of loans 31.12.17 £	Total interest due in 2017 £	Interest Paid by WBC on o/s group loans £	Net Benefit to WBC £	Equivalent to Band D 2016/17
	TCMK	25,676,046	3,118,500	-699,865	28,094,681	1,782,029	911,432	870,597	21.84
	TEL	14,195,783	0	-477,460	13,718,323	780,195	380,346	399,849	10.03
	THL	114,937,162	46,500,000	-484	161,436,678	7,418,975	4,408,648	3,010,327	75.52
	TSL	1,667,075	0	-134,737	1,532,338	95,753	34,874	60,879	1.53
<i>Less WBC Interest on TL Share Capital @ 31.12.17</i>					33,040,451		762,434	-762,434	-19.13
<b>2017</b>		<b>Group Total benefit to WBC excl Development Costs</b>			<b>171,741,569</b>	<b>10,076,952</b>	<b>6,497,734</b>	<b>3,579,218</b>	<b>89.79</b>

2018	Company	Balance of WBC loans o/s on 01.01.18 £	New Loans in 2018 £	Less Repayments in Period £	Net Estimated Balance of loans 31.12.18 £	Total interest due in 2018 £	Interest Paid by WBC on o/s group loans £	Net Benefit to WBC £	Equivalent to Band D 2017/18
	TCMK	28,094,681	2,749,469	-742,098	30,102,052	1,938,544	986,454	952,090	23.53
	TEL	13,718,323	0	-504,302	13,214,021	747,655	366,969	380,686	9.41
	THL	161,436,678	61,106,995	-2,027,011	220,516,662	8,188,363	4,865,849	3,322,514	82.12
	TSL	1,532,338	0	-142,942	1,389,396	89,828	30,440	59,388	1.47
<i>Less WBC Interest on TL Share Capital @ 31.12.18</i>					37,290,451		1,074,288	-1,074,288	-26.55
<b>2018</b>		<b>Group Total benefit to WBC excl Development Costs</b>			<b>227,931,680</b>	<b>10,964,390</b>	<b>7,324,000</b>	<b>3,640,390</b>	<b>89.98</b>

2019	Company	Balance of WBC loans o/s on 01.01.19 £	New Loans in 2019 £	Less Repayments in Period £	Net Estimated Balance of loans 31.12.19 £	Total interest due in 2019 £	Interest Paid by WBC on o/s group loans £	Net Benefit to WBC £	Equivalent to Band D 2018/19
	TCMK	30,102,052	2,664,667	-898,935	31,867,784	1,984,154	1,050,409	933,745	22.91
	TEL	13,214,021	0	-532,422	12,681,599	719,538	352,843	366,695	9.00
	THL	220,516,662	46,500,000	-8,778,925	258,237,738	10,518,438	6,250,472	4,267,966	104.70
	TSL	1,389,396	0	-151,647	1,237,749	78,848	27,371	51,477	1.26
<i>Less WBC Interest on TL Share Capital @ 31.12.19</i>					39,040,451		1,124,703	-1,124,703	-27.59
<b>2019</b>		<b>Group Total benefit to WBC excl Development Costs</b>			<b>264,984,419</b>	<b>13,300,978</b>	<b>8,805,798</b>	<b>4,495,180</b>	<b>110.28</b>

**Appendix 3: Thameswey Limited Share Capital**

Company	31.12.17	31.12.18	31.12.19
	£	£	£
THL	24,490,000	28,740,000	30,490,000
TEL	5,050,450	5,050,450	5,050,450
TDL	10,001	10,001	10,001
TMSL	660,000	660,000	660,000
TSCL	250,000	250,000	250,000
TSL	1,110,000	1,110,000	1,110,000
<b>Sub Total</b>	<b>31,570,451</b>	<b>35,820,451</b>	<b>37,570,451</b>
<b>Share Capital from THL</b>			
TGHL	360,000	360,000	360,000
<b>Sub Total</b>	<b>31,930,451</b>	<b>36,180,451</b>	<b>37,930,451</b>
<b>Share Capital from TEL</b>			
TCMK	1,110,000	1,110,000	1,110,000
<b>Total</b>	<b>33,040,451</b>	<b>37,290,451</b>	<b>39,040,451</b>

TSL shares will transfer to TEL upon merger of businesses

**End of Business Plan**





# THAMESWEY MAINTENANCE SERVICES LIMITED

## BUSINESS PLAN 2019 - 21

Address: Unit 16-17 Wintonlea, Monument Way West, Woking, Surrey GU21 5EN

Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Company Registration No.: 05637552

VAT Number: 876 8471 63

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**SCHEDULE 7: FORECAST TMSL CASH FLOW FORECAST**

## Executive Summary

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### Introduction

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- 1.1. This business plan sets out the proposed strategies for delivering the Thameswey Group companies' activities for the next year and seeks to define their strategic direction for the period up to 2021.
- 1.2. The strategic plan ensures that the focus of activity within each company is clearly aligned with those of Thameswey Limited, and ultimately with Woking Borough Council's strategic objectives for the Thameswey Group. This plan reflects the Board's views on the medium- and long-term objectives set out in the proposed strategic plans.

### Mission

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- 1.3. Thameswey Maintenance Services Ltd (TMSL) was acquired to drive the cost effectiveness of operating and maintaining the Thameswey Group's low carbon power and heat systems. TMSL's mission is to assist the Thameswey Group in the provision of a long-term strategy of infrastructure investment, renewal and effective operation of some WBC and the Thameswey Groups assets, including those primary energy production facilities acquired originally from WBC, those in Milton Keynes and to progress with other parties the installation and maintenance of low carbon power and heat systems. It is this focus on the maintenance of primary low carbon infrastructure which will be the core operational objective for the company going forward.

### Financial Requirements

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- 1.4. This business plan sets out the financial requirements of TMSL during the business plan period.
- 1.5. TMSL will operate in support of the group's activities and supply its services at a fair price to keep the group costs as low as possible. Although TMSL will focus on providing services to the group it will continue to operate in the private sector where its core skill set is relevant and seek to achieve a profit to support its own operation and business activities.

### Current Business Position

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- 1.6. During 2018 TMSL continued operating and maintaining a number of gas-fired CHP engines, absorption chillers and boilers located throughout the Borough as well as in the energy station in Milton Keynes (ES1) which houses two 3 MWe CHP engines, a gas boiler and a thermal store. The largest energy station in Woking is situated in the Victoria Way carpark, Woking Town Centre. It has a 1.3 MWe gas-fired CHP engine with two 1.5 MW gas boilers and a thermal store, it also has two absorption chillers that provide cooling.
- 1.7. TMSL is working with TEL and TCMK to optimise the efficient operation, monitoring, managing consumption and production of the energy stations and is using its skills acquired in this operational role to inform the development of the new energy centres in Poole Road and Sheerwater which are also intended to be operated by TMSL.
- 1.8. TMSL has a contract with The Swift Group (TSG) for communal boiler reactive call outs for sites across the Borough. The sites provide heating and hot water to vulnerable Woking residents.
- 1.9. TMSL has an annual contract with Woking Borough Council to deliver Planned Preventative Maintenance to the domestic communal boiler sites across the WBC owned housing sites in the borough.

1.10. In July 2018 the company had a staff compliment of 12 (2017 12) permanent employees. Many of the employees have a range of engineering skills and specialisations. Staff training and accreditation is emphasised within the business operations, with particular regard to health and safety. Staff levels are being reviewed over the next business plan period to ensure TMSL has the capacity to expand while generating sufficient income to maintain the business.

1.11. TMSL requires a number of core staff with flexibility to allow staffing resources to vary in response to operational workload. Additional resources have historically been provided by either employees under temporary contracts or contractors. As the work load builds over 2019/20 we will look to increase our permanent establishment at the same time as diversifying our skill set. Schedule 1 shows increase in resource for the business plan period.

**Schedule 1 shows the current Company Organisation Chart.**

Achievements since last business plan

1.12. TMSL has been successful in renewing the maintenance contract for the 73 communal plant rooms to carry out a regular maintenance regime for WBC.

1.13. 2018 has seen the continued consolidation of the business with overheads having been reduced to a lower cost position; work in this area is ongoing with further streamlining where possible.

1.14. TMSL has been successful in renewing the maintenance contract with London Residential Management for the regular servicing of the primary plant at Enterprise place residential block in Woking.

1.15. TMSL completed an installation of a new electrical substation situated in the Peacocks shopping centre service area, this new substation provides power for a new waste converter to service existing and new retail facilities.

**General Company Description**

Board of Directors

2.1. The current board of Directors is set out below:

- |                    |                                 |
|--------------------|---------------------------------|
| • Barry Maunders   | Independent Director (Chairman) |
| • Cllr Ayesha Azad | Councillor Director             |
| • Ray Morgan       | Officer Director                |
| • Peter Bryant     | Officer Director                |

The board composition meets the requirements of the Thameswey Group Protocols as approved by the Council in February 2018. In order to be quorate a board meeting must have at least one independent, one Councillor and one officer Director in attendance. A Director may appoint an Alternate in their place and the Alternate must be of the same class as the Director being replaced.

Significant Assets

2.2. TMSL's most significant asset is the cost of the office refurbishment which took place in 2012. The liability at the end of 2018 is £30,845.

2.3. Assets held by the company are split into four main categories, vehicles, tools and engineering equipment, and office and computer equipment. TMSL adopted a new Computer Aided Facilities management (CAFM) system in 2016.

- 2.4. The company has transport resources for its current requirements, during the business plan period the intention is to convert, where cost and operationally effective, the fleet to electric vehicles.

### Goals and Objectives

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- 2.5. TMSL aims to install, maintain and operate sustainable and renewable energy generation equipment for the Thamesway Group, Woking Borough Council and third parties and is aiming to consolidate its work within Thamesway and WBC. This focus will be on ensuring primary energy plant is run efficiently and effectively for the wider group.
- 2.6. During 2019 to 2021 TMSL will actively seek to secure additional customer base and will assist other Thamesway Group companies in expanding their customer bases with a focus on the core TMSL expertise of primary energy infrastructure and networks.
- 2.7. Staff upskilling and training to deliver maintenance and repair to residential HIU installations to new property developments within the Thamesway housing portfolio.

### The Opportunity

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#### The Opportunity

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- 3.1 The main opportunity for TMSL going forward in this business plan is the increase in major energy infrastructure in both Woking and Milton Keynes as well as the surrounding areas. This is not just within the Group, although this will be the first objective, but also in the wider economy. The company expertise in maintaining and running this major infrastructure is a significant commercial advantage and the company will focus on leveraging this opportunity.
- 3.2 For example, recent improvements in the economy have resulted in a number of planning applications for new development in Woking that offer business opportunities for TMSL including:
- Proposals for new office and residential developments in the Chertsey Road area that are seeking connection to the Victoria Way heat, cooling and power networks. This will require extension of these networks and installation of new TEL-owned plant within customer buildings.
  - Refurbishment of existing buildings including connection to the existing networks; and
  - New networks to serve major new developments e.g. Victoria Square Development and Sheerwater regeneration which will include a new energy centre and significant community infrastructure which can be maintained by TMSL.
- 3.3 TMSL is in a good position to assist with engineering input into new connections, whilst assisting WBC, the Thamesway Group and developers in meeting local planning requirements. TMSL will also be able to maintain the large commercial boiler infrastructure which is being installed by TDL as part of the regeneration and THL building programme.
- 3.4 TMSL is expected to be contracted to TCMK to carry out extensions of the network to new developments in Milton Keynes. The establishment of Milton Keynes Development Partnership to promote development of a number of strategic sites in central Milton Keynes will help to stimulate opportunities for new connections to Thamesway energy network
- 3.5 Recent government funding to encourage the development of heat networks will result in new schemes being developed by local authorities and housing associations. TMSL's experience in

maintaining CHP and district heat networks could provide further opportunities for the company to provide operations and maintenance services outside the Borough.

- 3.6 During 2019 TMSL will continue to support TEL in making cost savings, carbon savings and consequently the Council's carbon reduction commitment on cost savings for the following Council owned sites: St Marys/Stream Close; Bunyard Drive; Malloy Court; Nightingale Court; Priors Croft; Rokeby Court; Sunnyside; and Wesco Court. This will be an opportunity for TMSL to contract to TEL for provision of the works.
- 3.7 Thameswey Energy Ltd has a substantial portfolio of energy metering and automatic metering equipment. The need has been identified to have a robust regime to keep these meters online and serviceable for accurate recording and monitoring. TMSL will be the supplier of choice to provide a maintenance and replacement plan to ensure the reliability and longevity of the metering portfolio.
- 3.8 The WBC communal boiler replacement scheme is expected to continue in 2019 and future years.
- 3.9 TMSL will seek other opportunities to provide general engineering services including electrical, mechanical and thermal installations to the Thameswey Group, WBC and to third parties and train its staff appropriately. This should reduce the need for TMSL to rely on expensive third-party sub-contractors. This will include looking at providing a wider facilities management service to Thameswey Housing if it is economic for both parties. The company will also consider opportunities available in the market and where necessary train staff in new skills (i.e. provision of metering services) or recruit/subcontract the work.
- 3.10 TEL now has planning permission to construct a new energy centre to the west of the town in Poole Road. This development will provide an opportunity for TMSL to maintain the assets under a PPM contract as with existing energy centres.
- 3.11 The impacts of Brexit have yet to be fully identified. A heavy reliance on parts and equipment supplied by manufacturers based in continental Europe may impact on costs and charges. Where possible, UK-sourced components and equipment are now being used to reduce exposure to future price uncertainties.
- 3.12 There is a significant 'pipeline' of new projects in Woking and Milton Keynes emerging through a combination of planning-led requirements and recovery in the property development sector. TMSL will support where required to help deliver the Woking 2050 strategy.
- 3.13 The company expects that the combination of national and local policy support and low carbon energy (especially through district heat), combined with evidence of a recovery in the development industry resulting in a number of major new connections to Thameswey's existing networks will provide significant new business opportunities for TMSL.

## The Business Model

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### Sources of Revenue

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- 4.1 From 2016 TMSL are committed to receive at least 80% of its revenue from WBC and group companies, and the remainder from other public and private contracts. TMSL will be working with WBC and the Thameswey group companies to deliver a range of works to their communal boiler, CHP installations and other group activities and have been confirmed as supplier of choice.

### Major Operational Costs

---

- 4.2 The most significant costs that the company incurs are direct project costs. These consist of the cost of subcontracted work on the CHP engines and other subcontractor activities across other contracts.
- 4.3 Employment costs are also significant for TMSL (as only one of two companies in the Thamesway Group of companies with employees). Staff numbers fluctuate depending on work load, resource requirements are continually reviewed in order to balance the business needs and operating costs. In 2019 the management costs of TMSL will be reviewed to more closely reflect the wider group role that is played by its staff. The intention is to move the General Manager role into the wider TSCL establishment to provide a broader skill set in the wider management of the group, reduce direct costs to TMSL and more closely reflect the required level of senior management the company requires. In addition, during this business plan period the finance support and customer contact roles will be provided by the group as opposed to dedicated TMSL employees.

#### Operational Plan

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- 4.4 TMSL will continue to support primary heating plants and district heating networks under the ownership of TCMK, TEL, Thamesway Housing Ltd (THL) and WBC.
- 4.5 The operation and maintenance for the TEL Victoria Way Energy Station, Woking Park and the TCMK Energy Station are under rolling contracts and underpin the company's trade.
- 4.6 The company will undertake the following activities:

##### Metering

- 4.7 During 2019/20 TMSL will plan to help manage the maintenance and replacement of meters across the group's portfolios in Woking and Milton Keynes. TMSL will look to use current resources and contracted specialists to complete the work where required.
- 4.8 The installation of new meters to the council communal heating plant rooms as part of the ongoing refurbishment project.

##### Project Engineer Management – New Installations and/or Network Extensions

- 4.9 Project management of subcontractors on site for new installations and/or network extensions.
- 4.10 Project management of subcontractors for upgrades and optimisation schemes to the main energy centres and HV networks.
- 4.11 TMSL are upskilling to be able to provide pipe fitting and welding activities to support new installations and extensions.
- 4.12 During 2019 to 2021 TMSL will assist TCMK on the connection of any developments in Milton Keynes to the energy station.

##### Distributed Energy Networks:

##### High Voltage (HV) Network

- 4.13 Developing the TEL and TCMK infrastructure to allow for growth and stability.
- 4.14 Ensuring that the Thamesway Group companies' HV infrastructure continues to meet current regulatory requirements.



4.15 Develop our HV skill base to fulfil the need for two Senior Authorised Persons (SAP) to oversee the running of the HV networks in Woking and Milton Keynes.

4.16 Reduce the cost of network supplies with the implementation of equipment and operational activities maximising efficiencies.

#### District Heat (DH) Network

4.17 Ensuring all Thameswey heat networks comply with heat meter regulations.

4.18 Maintenance of TEL and TCMKs DH networks.

#### Energy Stations and CHP Engines

4.19 Design modular small-scale communal heating plant.

4.20 Improve operational efficiency of the Thameswey Groups engines with a view to optimising the savings of all associated gases, equivalent emissions and operational costs.

4.21 Uniformity of installations and equipment to allow for “off the shelf” parts and minimum stock levels where possible in order to minimise down time.

4.22 Management of the running of the Thameswey Groups large CHP engines in collaboration with TEL, TCMK and their appointed energy management company.

4.23 Operating, maintaining, major servicing, refurbishing and monitoring the Thameswey Group’s CHPs.

#### Domestic Mechanical & Electrical services

4.24 TMSL will provide mechanical and electrical services, with a focus on plant linked to the district energy networks (for example the significant increase in the number of heat interface units which will be installed in new THL stock) to the Thameswey Group portfolio this will include reactive and planned maintenance to its current and future stock of domestic housing and properties. TMSL will provide engineering support and maintenance to other group projects such as Environmental Projects. TMSL will look to provide these services from its current and future planned resources from other projects

#### WBC Domestic Communal Heating Plant rooms

4.25 TMSL currently provide planned programmed maintenance to 73 communal boiler sites to WBC. This contract renewed in April 2018 and currently is in the third quarter of delivery. TMSL will continue the contract for a fourth year in 2019.

### Capital Investment

---

4.26 As TMSL is a service orientated company it has a relatively low requirement for capital expenditure.

4.27 TMSL is currently looking to consolidate its Health & Safety (H&S) processes and procedures in 2019/20. The intention is to move to a web based solution with an access portal, which will allow

more accurate recording, reporting and filing of its documentation. This will include real time reporting of accidents and incidents by its staff whilst on the job. This will also it is hoped incorporate consolidated Risk assessments and method statements creation, and also facilitate H&S e-learning for its staff to improve compliance for accreditation. This is currently still in the procurement phase looking at potential providers and the estimated initial Capex budgetary figure is £10-15K with an ongoing support cost. Any new system will be implemented as a group investment and will be rolled out across the wider business to support all construction and maintenance activities.

4.28 The vehicle fleet will be replaced when required and the vehicles become uneconomical. In 2018 to 2020 there are additional vehicles being purchased to support the additional workload expected from Thameswey. The fleet will be refreshed during the business plan period, aiming to be more economical with lower CO<sub>2</sub> emissions.

#### Assumptions and Critical Factors in the Budget

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4.29 The budget for TMSL has been drawn up on a conservative basis and takes account of services that the company is contracted or certain to provide. There may be considerable scope to improve upon the level of activity as the economy recovers.

### Financial Plan

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#### Finance Structure

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5.1 TMSL is financed by share capital of £660,000 from Thameswey Limited.

5.2 This business plan does not require any additional loans or finance.

#### Shareholder Return on Investment

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5.3 No specific return on investment has been set for the company.

5.4 Over the business plan period shareholder funds are expected to increase from £642K to £782K.

**Schedule 4 shows the other benefits to the ultimate shareholder, WBC.**

#### Profit & Loss Account

---

5.5 During 2019 to 2021 it is anticipated that the business will continue to generate a net profit totalling £139K.

5.6 Sales revenue generated in TMSL, is summarised on Schedule 2, the breakdown of revenue by Thameswey company has been calculated based on expected maintenance and service costs incurred.

5.7 Taxation charges in 2017 reflect group allocation of tax payable upon consolidation.

5.8 The results of TMSL are being closely monitored and efforts are being made to make cost savings where possible by re-assessing all contracts.

**Schedule 2 shows the split of revenue until 2021.**

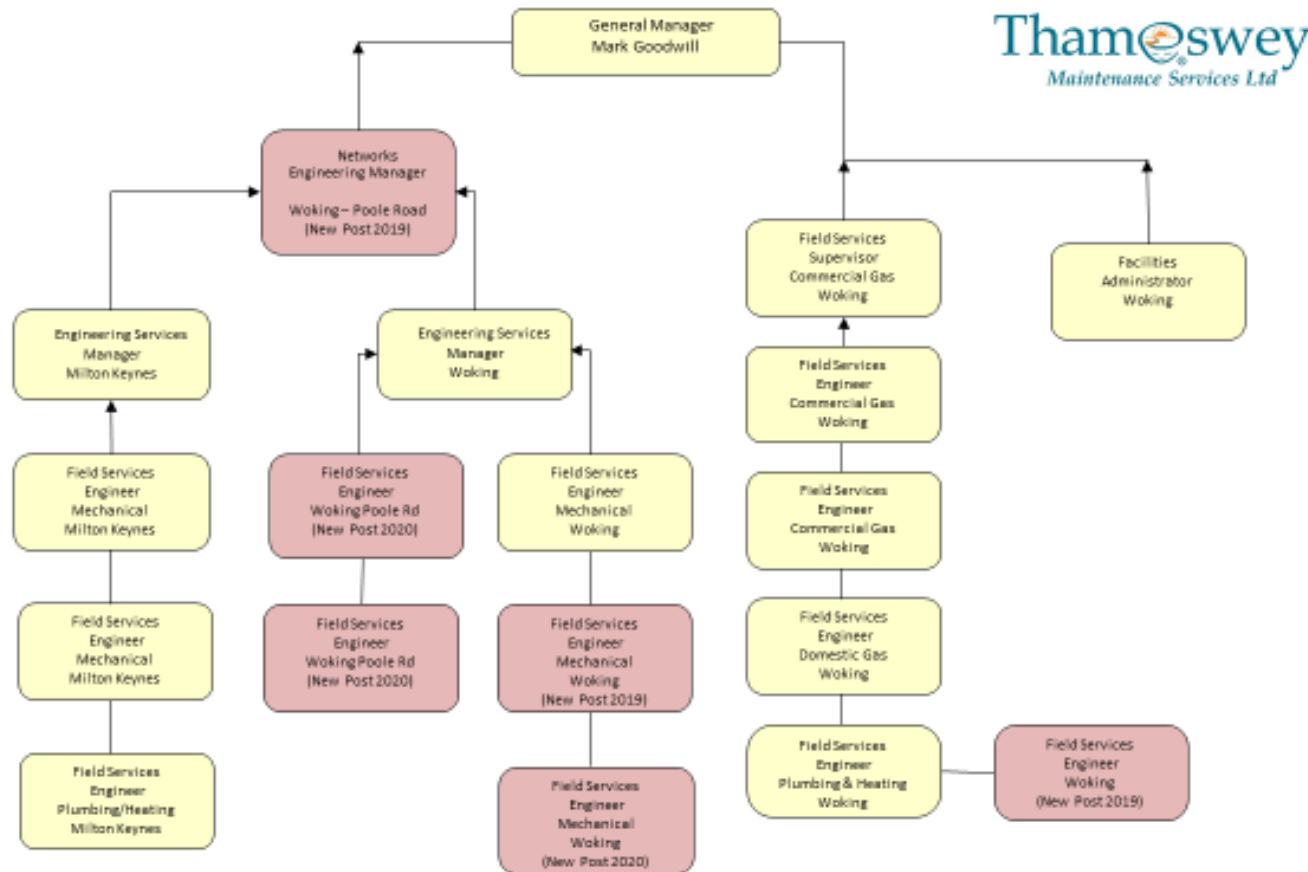
**Schedule 5 shows the forecast Profit & Loss until 2021.**

Balance Sheet & Cash Flow

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**Schedule 6 & 7 shows the forecast Balance Sheet and Cashflow.**

Schedule 1: Organisation Chart



Schedule 2: Sales Budget

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>Actual</b>	<b>Forecast</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
TEL	626,045	386,118	720,012	829,958	854,856
	30.3%	19.3%	37.3%	39.3%	39.3%
TCMK	1,011,088	928,034	531,156	547,091	563,503
	48.9%	46.5%	27.5%	25.9%	25.9%
TW GROUP OTHER	54,901	228,369	144,000	183,320	188,820
	2.7%	11.4%	7.5%	8.7%	8.7%
WBC	154,528	248,260	368,000	379,040	390,411
	7.5%	12.4%	19.1%	17.9%	17.9%
Public Sector Customers	172,026	167,137	144,000	148,320	152,770
	8.3%	8.4%	7.5%	7.0%	7.0%
Private Sector Customers	48,569	39,298	24,000	24,720	25,462
	2.3%	2.0%	1.2%	1.2%	1.2%
<b>TOTAL</b>	<b>2,067,157</b>	<b>1,997,216</b>	<b>1,931,168</b>	<b>2,112,448</b>	<b>2,175,822</b>

**Schedule 3: Group Sites Operated by TMSL**

1. Plant rooms owned or operated by Thamesway Energy Limited with primary energy installations within Woking:

Location	Facilities
Victoria Way Energy Centre	CHP, Boilers & Energy Distribution Network
Woking Leisure Centre	CHP & Boilers
Pool in the Park	Connected to Leisure Centre
Hoe Valley Community Building	Connected to Leisure Centre
Brockhill	CHP & Boiler
Woodlands House	CHP & Boiler
Priors Croft	CHP & Boiler
Stream Close/St Mary's	CHP & Boiler
Broadway House/The Vyne	CHP & Boiler
Tudor Court	CHP & Boiler
Cranmer & Wolseley Court	CHP & Boiler

2. Sites owned by Thamesway Housing Ltd with primary energy installations within Woking:

Location	Facilities
Raynes Close	Boilers, Heat Recovery Systems & Rainwater Harvesting Equipment
Greenwood House	Boilers, CWST, Pumps & Motors, Solar

3. Sites owned by Thamesway Guest Housing Ltd with primary energy installations within Woking:

Location	Facilities
Maybury Lodge	Boilers, Water heater

4. Sites owned by Thamesway Central Milton Keynes Ltd outside Woking:

Location	Facilities
Milton Keynes	CHP, Boilers & Energy Distribution Network

**Schedule 4: TMSL Benefits to WBC**

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<b>Non Financial</b>
Establishment of long Term maintenance contracts for the extensive range of CHP and boiler assets owned by thamesway Group & WBC
In house expertise and low cost supplier contracts to support the broader Thamesway Group, and ultimately WBC
Assist WBC in achievement of its Climate Change strategy

Schedule 5: Business Plan Profit & Loss

	2017	2018	2019	2020	2021
	Actual	Forecast	Budget	Budget	Budget
<b>Turnover</b>	2,067,157	1,997,216	1,931,168	2,112,448	2,175,822
<b>Direct Project Costs</b>	1,237,195	1,161,743	1,013,436	1,033,705	1,054,379
<b>Direct Labour Costs</b>	402,320	352,743	454,582	583,673	595,347
<b>Cost of Sales</b>	1,639,515	1,514,486	1,468,018	1,617,378	1,649,726
<b>Gross profit/(loss)</b>	427,642	482,730	463,150	495,070	526,096
<i>GP% of Turnover</i>	20.7%	24.2%	24.0%	23.4%	24.2%
<b>Indirect Costs</b>					
Vehicles & Travel	39,301	63,795	76,500	96,030	97,951
Indirect Labour Costs	125,165	148,988	99,867	101,864	103,901
Recruitment Fees	3,720	13,425	23,000	23,460	23,929
Other Staff Costs	19,967	39,256	54,292	55,378	56,485
Tools and Equipment	2,660	4,240	5,400	5,508	5,618
Telecommunications	11,423	8,602	8,400	8,568	8,739
Printing/Stationery/Post	4,751	4,484	4,200	4,284	4,370
Computer Costs	15,156	16,396	16,200	16,524	16,854
Rent / Rates / Utilities	51,631	56,307	0	0	0
Insurance	20,298	25,336	25,140	25,643	26,156
Group Admin Exp	1,000	25,272	46,215	47,139	48,082
Non-exec Directors Remuneration	4,293	4,302	4,320	4,406	4,495
Audit Fees	9,800	8,002	8,652	8,825	9,002
Other Prof Fees	4,714	302	0	0	0
Bad Debts	43	0	0	0	0
Bank Charges	533	279	240	245	250
Subscriptions/ Registrations	6,730	6,008	6,084	6,206	6,330
<b>Total</b>	321,183	424,994	378,510	404,080	412,162
	20%	28%	26%	25%	25%
<b>EBITDA</b>	106,459	57,736	84,641	90,990	113,935
Depreciation	22,535	23,707	62,388	44,219	44,219
Finance Income	54	195	216	200	200
Taxation	20,500	0	0	0	0
<b>Profit/(Loss) After Tax</b>	63,478	34,224	22,469	46,971	69,916
Profit Margin	3.1%	1.7%	1.2%	2.2%	3.2%



Schedule 6: TMSL Balance Sheet

		2017	2018	2019	2020	2021
		Actual	Forecast	Budget	Budget	Budget
		£	£	£	£	£
<b>FIXED ASSETS</b>						
	Motor Vehicles	24,256	29,818	52,144	59,469	66,794
	Office Refurbishment	41,146	33,169	0	0	0
	Tools & Equipment	11,201	7,657	6,113	6,569	7,025
		76,603	70,645	58,257	66,038	73,819
<b>CURRENT ASSETS</b>						
	Trade Debtors	335,221	249,652	241,396	264,056	271,978
	Accrued Income	62,382	83,217	80,465	88,019	90,659
	Prepayments	35,175	36,934	38,780	40,719	42,755
	Parts in Stock	32,864	33,522	34,192	34,876	35,573
	3rd Party Stock	115,012	117,312	119,658	122,052	124,493
	Bank Account / Cash in Hand	705,916	821,212	877,612	897,279	959,697
	Petty Cash	25	25	25	25	25
		1,286,596	1,341,874	1,392,129	1,447,026	1,525,180
<b>CURRENT LIABILITIES</b>						
	Trade Creditors	523,962	534,441	545,130	556,033	567,153
	Accrued Expenses	94,466	96,355	98,282	100,248	102,253
	3rd Party Stock	120,076	122,478	124,927	127,426	129,974
	VAT Payable	16,309	16,635	16,968	17,307	17,653
		754,813	769,909	785,307	801,014	817,034
<b>NET CURRENT ASSETS</b>		<b>531,783</b>	<b>571,965</b>	<b>606,822</b>	<b>646,012</b>	<b>708,147</b>
<b>NET TOTAL ASSETS</b>		<b>608,386</b>	<b>642,610</b>	<b>665,078</b>	<b>712,050</b>	<b>781,965</b>
<b>CAPITAL &amp; RESERVES</b>						
	Share Capital	660,000	660,000	660,000	660,000	660,000
	P&L Account brought fwd	(115,093)	(51,615)	(17,391)	5,078	52,049
	Profit	63,478	34,224	22,469	46,971	69,916
		<b>608,385</b>	<b>642,610</b>	<b>665,078</b>	<b>712,049</b>	<b>781,965</b>

Schedule 7: Forecast TMSL Cash Flow Forecast

	2018	2019	2020	2021
<b>Operating Activities</b>				
Operating Profit/(Loss)	34,029	22,252	46,771	69,916
(Increase)/Decrease in Debtors	60,017	6,145	(35,229)	(15,737)
Increase/(Decrease) in Creditors	15,096	15,398	15,706	16,020
Add Back: Depreciation / Less Amortisation	23,707	62,388	44,219	44,219
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>132,849</b>	<b>106,183</b>	<b>71,467</b>	<b>114,418</b>
<b>Investing Activities</b>				
(Purchase)/Disposal of fixed assets	(17,748)	(50,000)	(52,000)	(52,000)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(17,748)</b>	<b>(50,000)</b>	<b>(52,000)</b>	<b>(52,000)</b>
<b>Financing Activities</b>				
Increase in Share Capital	0	0	0	0
Interest Received	195	216	200	200
Loans	0	0	0	0
Increase/(Decrease) in Loans	0	0	0	0
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>195</b>	<b>216</b>	<b>200</b>	<b>200</b>
<b>NET CASH INFLOW/(OUTFLOW) OF CASH</b>	<b>115,296</b>	<b>56,400</b>	<b>19,667</b>	<b>62,618</b>
Cash Balance @ Beginning of Period	705,916	821,212	877,612	897,279
Cash Balance @ End of Period	821,212	877,612	897,279	959,897

# **THAMESWEY SUSTAINABLE COMMUNITIES LIMITED**

## **BUSINESS PLAN 2019-21**

Address: 2<sup>nd</sup> Floor, Gloucester Chambers, Jubilee Square, Woking, Surrey GU21 6GA  
Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Company Registration No.: 03835131  
VAT Number: 917 9263 93

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	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible Assets	58,071	57,304	47,978	40,984	40,738
	58,071	57,304	47,978	40,984	40,738
<b>CURRENT ASSETS</b>					
Trade Debtors	143,722	149,893	175,217	178,721	182,832
Prepayments	17,367	18,134	18,134	18,134	18,134
Bank Account	418,966	311,545	311,911	319,994	319,974
	580,055	479,571	505,262	516,850	520,940
<b>CURRENT LIABILITIES</b>					
Trade Creditors	14,900	41,152	41,187	42,152	43,816
Sundry Creditors	15,337	15,337	15,337	15,337	15,337
Accrued Expenses	42,611	42,611	42,611	42,611	42,611
Deferred Income	140,804	0	0	0	0
Corporation Tax	22,570	22,570	22,570	22,570	22,570
PAYE / NI / Pension	39,497	39,497	39,497	39,497	39,497
VAT Payable	53,160	65,244	80,418	81,942	83,409
	328,879	226,411	241,620	244,109	247,241
<b>NET CURRENT ASSETS</b>	<b>251,176</b>	<b>253,160</b>	<b>263,642</b>	<b>272,741</b>	<b>273,699</b>
<b>LONG TERM LIABILITIES</b>	0	0	0	0	0
<b>NET TOTAL ASSETS</b>	<b>309,247</b>	<b>310,464</b>	<b>311,620</b>	<b>313,725</b>	<b>314,437</b>
<b>CAPITAL &amp; RESERVES</b>					
Share Capital	250,000	250,000	250,000	250,000	250,000
P&L Account Brought fwd	19,730	59,247	60,464	61,620	63,725
Profit/(Loss) YTD	39,517	1,217	1,156	2,105	712
	<b>309,247</b>	<b>310,464</b>	<b>311,620</b>	<b>313,725</b>	<b>314,437</b>

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APPENDIX 5: CASH FLOW

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## Company Overview

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### Introduction

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- 1.1 This business plan sets out the proposed priorities for Thameswey Sustainable Communities Ltd (TSCL) to deliver the Thameswey Group companies' activities for the period up to 2021.
- 1.2 The business plan ensures that the focus of activity within this company is clearly aligned with those of Thameswey Limited, and ultimately with Woking Borough Council's strategic objectives for the Thameswey Group.
- 1.3 The plan refreshes the 2018 to 2020 business plan approved by Council on the 7<sup>th</sup> December 2017. It sets out the business opportunities and priorities for the near future.

### Purpose

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- 1.4 Thameswey Sustainable Communities Limited is predominantly a service company that supports delivery by the Thameswey group companies, although the Environmental Projects team is a delivery team in its own right. This includes providing project management, administrative support and a finance function to the Thameswey group companies and assisting Thameswey in providing efficiently run energy services for its existing and future customers. The company also provides a research and market development role for the Group and local communities. Its mission is also to deliver environmental projects and achieve carbon dioxide-equivalent emission reductions within the Borough of Woking and neighbouring areas through providing advice, demonstrating new environmental technologies, grant funding and assistance to the community.

### Financial Requirements

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- 1.5 TSCL has minimal capital investment and is financed through share capital, project fees and profits. There are no loans to the company and most of its costs are passed on to the rest of the Thameswey group. No specific target has been set for return on shareholder investment for TSCL.
- 1.6 TSCL has the use of intellectual property owned by Thameswey Limited (TL) and is required to pay an annual licence fee of £1,000.

### Current Business Position

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- 1.7 Principal business activities comprise:
  - Financial and business administration for all Thameswey group companies.

- Customer services including metering, billing and credit control for Thameswey Energy, Thameswey Central Milton Keynes and Thameswey Solar; and billing and marketing of Thameswey Housing Ltd (THL) properties.
- Operational management for the Thameswey companies, including groupwide promotion and marketing.
- Providing the domestic energy advice services for local authorities, delivering the Low Carbon Communities Project and researching and promoting environmental technologies.
- Providing property management services for THL.
- Providing specialist consultancy, project management and advice services relating to sustainable development and energy for the wider group and external customers.
- In consultation with the Climate Change Working Group at the Council delivering sustainability projects, including addressing waste management and bio-diversity issues.

TSCL employs a full complement of 25 staff, plus an additional 9 proposed before the end of 2019, not including proposed inter-company movement of staff within the group. There are currently no further posts proposed for 2020 or 2021.

Additional posts are summarised below

2018	Trainee Environmental Projects Assistant Customer Services Assistant Project Engineer Residential Services Manager
2019	Accounts Assistant Residential Services Manager Development Manager (2) Property Agent

### Major Achievements since the last Business Plan

1.8 The Action Surrey programme entered its fifth year of operation within TSCL. Action Surrey is partly funded by local authorities and Thameswey Ltd to deliver carbon dioxide (CO<sub>2</sub>) emission reductions within the domestic and community sectors across Woking and Surrey. The team has transitioned during this period into a wider Environmental Projects Team who will continue to expand their remit over the period of this business plan in support of the Woking 2050 Strategy. Another significant achievement over the last period has been the support to the delivery of the expanded Thameswey offer. With the significantly increased development activity through THL and TDL and the expanded work on TEL connections and network capacity TSCL has had to cope with a significantly increased activity level over the previous plan period.

### Company Ownership

1.9 Thameswey Sustainable Communities Ltd is a private Limited Company registered in the United Kingdom and is a 100% subsidiary of Thameswey Ltd (TL). TL is the holding company of the Thameswey Group and is a 100% subsidiary of Woking Borough Council.

The current board of Directors is set out below:

Barry Maunders	Independent Director (Chairman)
Cllr. Beryl Hunwicks	Councillor Director
Cllr. Ayesha Azad	Councillor Director
Douglas Spinks	Officer Director
Peter Bryant	Officer Director

The above board composition meets the requirements of the Thameswey Group Protocols as approved by the Council in February 2018. To be quorate a board meeting must have at least one independent, one Councillor and one officer Director in attendance.

## Significant Assets

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1.10 TSCL's tangible assets are currently limited to office and computer equipment.

During 2019 a company pool car is proposed to be acquired for staff travelling on business. The vehicle will be branded for promotional purposes and be an Ultra Low Emission Vehicle (ULEV).



## Industry Outlook and Business Opportunity

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### Industry Outlook

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- 2.1 TSCL's business activities are influenced by a number of external factors that include Government and local authority policy, regulatory changes and economic changes.
- 2.2 Achieving a national reduction in greenhouse gas emissions remains a core obligation for the UK Government as a result of the Climate Change Act. However, Government's domestic energy policies are changing in focus with a greater emphasis on targeted action to address fuel poverty and support economic growth. This will be influential in determining the opportunities for Action Surrey to access project funding. The Clean Growth Strategy published in October 2017 includes commitments for all fuel-poor homes to achieve EPC Band C by 2030, to help all homes reach Band C by 2035 where practical and continue support for ECO funding to 2028.
- 2.3 Government support for the growth in decentralised energy is set to continue with the launch of a new £320m fund to stimulate growth in heat networks (through the Heat Networks Investment Project). Whilst the final details of this are to be confirmed, the scheme will be open to bids over the next five years, with networks owned and operated by public sector organisations prioritised for investment. Following a pilot round of funding in 2016, the first full round of funding will be open to applicants in January 2019 until March 2022. Further guidance, including the qualifying criteria, is expected before the end of 2018.
- 2.4 From April 2018 all private rented accommodation must be rated as EPC (Energy Performance Certificate) level E or higher and a large proportion of the housing stock will require improvements in energy efficiency to achieve this (although there are a number of inconsistencies in the legislation). This is relevant to TSCL's role in supporting the Thameswey housing business and providing advice and services to private landlords. The Government's Clean Growth Strategy proposes consultation on further improvements in mandatory levels of energy efficiency of rented domestic and commercial properties.

### The Business Opportunity

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- 2.5 The demand for new energy connections in Woking and Milton Keynes present a major business opportunity for TSCL to co-ordinate new commercial supply agreements with developers and deliver the connection projects. Securing new connections for TEL and TCMK shall be a key business priority for TSCL. The company shall represent TEL and TCMK in negotiating with developers, existing commercial landlords and local authority planners to provide a strong commercial offer and well-designed extensions to connect new buildings.
- 2.6 The growth in the Thameswey housing portfolio will present opportunities to expand the services offered by TSCL to support THL through self-delivery of tenant services. There is the opportunity to co-ordinate these services with energy billing and energy efficiency and fuel poverty advice through a single integrated customer services team in TSCL. The company will bring these activities together to reduce its dependence on externally provided tenant services and provide a more cohesive and efficient service to a greater number of Thameswey customers and tenants. This is tied into the THL 'PEX' system implementation which will be delivered through 2018. A graduated transfer of property from external management to self-delivery will take place across 2019, however, a residual group of property, where specialist management services are required, will remain with third party providers.

- 2.7 The replacement of the energy customer billing system operated by TSCL for TEL and TCMK will enable improved standards of customer service and should offer long term improvements in the cost to serve customers. This will also provide a more robust platform on which a growth in customer numbers can be accommodated as new developments come forward, including Harrington Place development and others being taken forward by TDL and THL.
- 2.8 The company will look for opportunities to extend the existing Action Surrey programme beyond the current agreements for funding by Surrey local authorities that expired in March 2018. However, with the potential for Action Surrey work reducing, as other Surrey authorities pursue other commercial partnerships, the team that delivered Action Surrey within TSCL has been redeployed into an Environmental Projects team. TSCL will continue to deliver the existing Action Surrey work for those local authorities that continue to support the scheme but will focus on a Sustainability Agenda for the Woking area in support of the Woking 2050 Strategy. This greater focus will cover promoting environmental projects and technology, including renewable, to Woking residents, community organisations and businesses. This will involve a greater level of research and demonstration projects using funding raised through development profit from TDL and project funding from investment in the energy companies (TEL/TCMK). As part of the re-branding work for Thameswey this new Woking-centric focus on sustainability will be rebranded to differentiate the work from the previous Action Surrey activity. Further opportunities include reviewing emerging renewable and low carbon energy technologies, developing business intelligence around future energy demand and consumption, and providing enhanced carbon reporting across all Thameswey group activities.
- 2.9 New opportunities will also arise for TSCL to co-ordinate energy efficiency initiatives on behalf of THL and the wider group, through a programme of planned improvements to its existing stock, including solar energy and improved insulation. This will be a major growth area for TSCL as it will take responsibility for wider environmental project delivery from TMSL allowing TMSL to concentrate on primary energy production and servicing. Other related opportunities relate to promoting energy saving measures among THL tenants. TSCL will deliver this programme using its existing staff and knowledge acquired through the Action Surrey projects and staff moving across from TMSL. TSCL will also increasingly be involved in project management of developments carried out by THL and TDL to provide a greater level of control and reduce external spend on consultants.
- 2.10 The Council's Climate Change strategy (Woking 2050) identifies the Environmental Projects Team (Action Surrey) as a delivery partner to co-ordinate a number of initiatives, and in addition to these TSCL will actively seek to broaden the scope of projects it can deliver in support of the Council's 2050 Strategy. This may include assisting with waste management activity through the Council's other arm's length company, Victoria Square (Woking) Limited, and the delivery of other environmental objectives including biodiversity and green and blue infrastructure.
- 2.11 There are a number of opportunities to provide improved marketing and communications across the Thameswey group and the development of this capacity within TSCL will be a priority over the plan period. This is of particular importance to the Group given the significantly higher media profile the Group will have as part of the ongoing developments of TDL and THL but also the increased communication need with residents presented by self-delivery of management services. This will involve a repositioning of the Thameswey brand and the development of a communication strategy to effectively communicate to Thameswey existing stakeholders including improvements to the website of the group. The first phase of this communication approach is being implemented in late 2018. A significant milestone in 2019 will be the 20<sup>th</sup> anniversary of Thameswey and TSCL will run a media campaign using this event to raise the Group's overall profile.

## Business Model

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### Sources of Revenue

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- 3.1 TSCL's main sources of revenue are as follows:
- Inter-company charges for project management, customer services, administrative and accounts work;
  - TEL/TCMK developer margin for new connections via TL;
  - Fees for provision of energy statements and advice to developers and architects; Project/grant income for installation of energy efficiency measures within the Borough and the County and
  - Development profit from TDL via TL.
- 3.2 Where possible the company will seek to increase customer revenue and expand other sources of revenue so that the company will cover its cost base.

### Major Operational Costs

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- 3.3 The most significant costs that the company incurs are employment costs. As the services company for the Group the staff numbers fluctuate depending on specific project work and resource needs and are continually reviewed in order to balance the business needs and operating costs. TSCL Board approval is sought for changes in the overall staff establishment and budget although day to day staff recruitment and management is delegated to the company within the budget except for the Tier One staff whose terms are covered by the remit of the Remuneration Committee. As part of the remuneration panel discussions in 2018 the composition and designation of the Tier One staff (Senior Leadership Team) has been reviewed and subject to formal approval by Thameswey Limited a number of titles may change going forward. However, existing titles have been used in these plans due to approval timing.

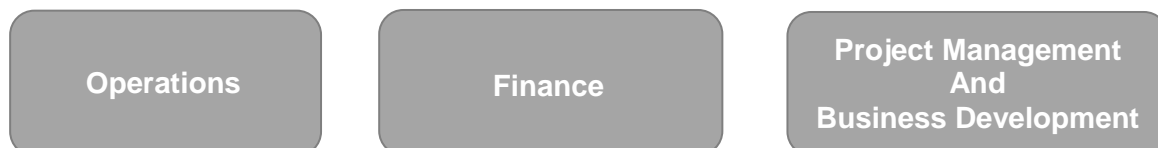
**Appendix 1 shows the proposed organisation structure for the business plan period.**

- 3.4 Other major operating costs relate to specific projects such as the PEX and ISTA database implementation projects. Where these arise they are generally managed within the individual project delivery budget and additional staff employed for the duration of the project only. Wherever possible, the opportunity will be taken to leverage benefits for other parts of the company from this expenditure.
- 3.5 The company will consider any opportunities that arise to reduce the costs to the business and Group and increase operating efficiencies.

## Operational Plan

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- 3.6 The business units within the company are shown below (some employees, especially the management team have roles which cover multiple units)



- 3.7 Each business unit outlined above delivers specific services and/or projects both within TSCL and on behalf of other Thameswey Group companies. A summary of each business unit follows.

### Operations

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- 3.8 This business unit provides administrative and operational support to companies in the Thameswey Group. The Group companies are charged for the services provided.
- 3.9 Operational and management support is provided by this business unit to most Thameswey Group Companies. The main operational responsibilities are:
- Operation and Management of the TEL and TCMK Energy Stations and other TEL assets;
  - Meter data management, customer services and energy billing;
  - Operation and Management of the Thameswey Solar Ltd (TSL) photovoltaic panels.
- 3.10 During the next three years the company continues to develop its in-house services for THL including providing tenant services.
- 3.11 Operational and management support for the TEL, TCMK Energy Stations and energy generating assets involves arranging energy supply contracts with Thameswey customers, purchasing of gas and sale of electricity to the grid, compliance and reporting, managing the maintenance and upgrade schedules and setting engine optimisation running strategies.
- 3.12 The customer service and billing function for both TCMK and TEL provides operation and management of all electricity, heat and cooling meters, billing of energy supply, revenue collection, credit control and frontline customer communications for maintenance call outs.
- 3.13 This business unit has operational and management responsibility for the 1.871 MWp of solar photovoltaic panels owned by TSL and TEL and acts on behalf of TSL and TEL in arranging maintenance, monitoring the output from the panels and other ad hoc duties.
- 3.14 TSCL will increase its role over the business plan period in ensuring the facilities management of aspects of the Group Activity are delivered, notably concierge, waste and PPM in THL developments. As part of this increased coordination role by TSCL it is proposed to move capacity from TMSL to TSCL to reflect the wider Group activity delivered by TMSL.

### Finance

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- 3.14 This business unit provides financial administrative support to all companies in the Thameswey Group and prepares the management accounts, business plans and financial information required by the companies and shareholders.
- 3.15 The Finance business unit collates and analyses the financial information for each of the Thameswey Group companies and Joint Ventures. This includes, invoice preparation, payment of purchase invoices, data entry onto the Sage 200 accounting system, cash flow management, Government returns, preparation of management accounts, business plans and both financial and production (i.e. kWh data) information and statistics. The group has a system of delegation of authority to improve efficiency and controls over expenditure. The Finance team also provides other ad hoc services to the group including co-ordinating insurance and staff payroll and assists THL in acquisitions of properties.
- 3.16 The Finance business unit is organised into two specific functions: financial control and financial modelling.

### Project Management and Business Development

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- 3.17 This unit manages Thameswey Group's internal projects and customer facing external projects. The major current projects are:
- New network extensions and large customer connections;
  - Engineering optimisation of assets;
  - Delivery of major additions to THL stock including new housing developments starting with the Harrington Place scheme;
  - Sheerwater Regeneration Scheme;
  - Action Surrey;
  - Low Carbon Communities (LCC).
- 3.18 The Project Management business unit assists Thameswey Group Companies in project managing new connections to the energy networks and assessing the feasibility of new energy projects. During the Business Plan period the company will build its in-house capacity for project managing the delivery of new housing developments for THL. With a pipeline of major projects coming forward including Sheerwater and the Harrington Place scheme, TSCL will seek to limit its reliance on externally-provided consultants and retain value within the group.
- 3.19 Business development and tendering for funding is an ongoing activity undertaken by TSCL for the Thameswey Group of Companies and where appropriate WBC. It is currently covered in-house with external consultants used for specific tasks and projects.
- 3.20 Delivery of the Action Surrey/Woking programme and energy project advocacy rests within the Environmental Project team of this business unit. This affords the flexibility to launch campaigns and deal with phone enquiries after marketing promotions.
- 3.21 Thameswey Ltd will provide funding towards sustainability projects benefiting the Borough's residents, businesses and community organisations by building on work initiated over the last three years through the Low Carbon Communities programme, as well as contributing to the delivery of the Council's 2050 Strategy, county-wide and national initiatives. This work will be delivered by the Environmental Projects Team of TSCL.

### Capital Investment Priorities

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- 3.22 TSCL is considering where it can achieve cost and operating efficiencies through convergence of IT systems with other Thameswey Group companies (currently TMSL systems are separate from those of TSCL).
- 3.23 Due to the increase in staff numbers during 2019, the team may be split to occupy Griffin House, as an interim office location until Poole Road is developed.
- 3.24 No major capital expenditure is anticipated on the existing premises or office equipment in the short term. However, the proposed development of a new energy station at Poole Road as part of new mixed use building will provide the opportunity to bring together all Thameswey staff (TSCL and TMSL) under one roof within a single centre of operations. The re-location of TSCL from its current offices in Gloucester Chambers to the new centre of operations will incur expenditure on the new premises during the business plan period.

#### Assumptions and Critical Factors in the Budget

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- 3.25 The budget for TSCL has been drawn up on a prudent basis and takes account of services that the company is contracted or certain to provide. There is considerable scope to improve upon the level of activity as the economic recovery continues, especially through project fees from new connections and consultancy fees.
- 3.26 Action Surrey initially operated to a 5 year plan running from April 2013-March 2018. During this period a significant proportion of its funding has been self-generated through fees charged to installers. Whilst the Environmental Projects Team will seek to secure the continuation of local authorities' support beyond March 2019, continued participation and funding by all local Surrey authorities is uncertain, and therefore a greater focus of activity will be on Sustainability for Woking residents and demonstration projects of relevance to the Borough.
- 3.27 TSCL will continue to apply for Government funding for projects to support Thameswey business activities as and when suitable opportunities arise. No additional funding has been budgeted in this business plan because Government initiatives and funding cannot be foreseen.

#### Risk Management

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- 3.28 The main areas of business that have been identified as high to medium risk within the business plan are as follows:
- 3.29 Action Surrey: The generation of referral fees since Action Surrey was launched has continued to increase modestly, but has not yet reached a level needed to sustain the project in the short to medium term. The team will continue to seek opportunities and grants to grow the project and as set out above will focus activity within Woking and the neighbouring areas.
- 3.30 Business continuity risk has been reduced through an IT hardware and software replacement programme and a focus on externally hosted (cloud) solutions. Insurance cover is provided for increased costs in working due to business disruption.
- 3.31 TSCL has a high dependency on a relatively small number of staff with knowledge and experience in the diversity of business activities undertaken by TL. Loss of key members of staff and/or loss of revenue-generating business activity to support the retention of staff could have severe adverse impacts on the ability to deliver existing or remaining services. Control measures available that are in place include developing robust knowledge and information storage systems and seeking to retain

experienced staff through providing development opportunities. The Group has also started to review its employment terms as part of the development of a comprehensive Staff Handbook. The promotion of more flexible and family friendly terms and market appropriate remuneration is also hoped to increase retention.

## Financial Plan

### Finance Structure

- 4.1 TSCL is financed by share capital and profits. TL (ultimately WBC) has a total of £250,000 invested in the share capital of TSCL.

### Shareholder Return on Investment

- 4.2 No specific target has been set for return on shareholder investment for TSCL. Any profit that is accumulated in future business plan periods will be used to finance the capital investment, then business development and finally, if dividends are appropriate, to be paid to TL to support environmental improvements in the Borough.

**Appendix 2 shows the benefits to WBC and the community of TSCL.**

### Profit & Loss Account

- 4.3 TSCL continues to aim to generate a small annual profit. The budget has been based on historical costs, expected inflation and contracted revenue and costs. TSCL has a good level of confidence in the budget.
- 4.4 Each entity budget has been set at the start of the year & fixed recharges will be apportioned each month. Incremental staffing levels will be agreed by TSCL board. The table below summarises the roles undertaken and recharged to individual business units. TGHL is charged £10K per quarter recharge, as opposed to a staff allocation recharge. TMSL shared operational and finance resources will be moved to TSCL at the start of 2019. Costs will be recharged in line with activities undertaken by the team.

Role	THL	TCMK	TEL	Action Surrey	Low Carbon Com	TDL	TSL	Sheer-water	TMSL	TSCL	TOTAL
Chief Operating Officer	15.0%					10.0%		60.0%		15.0%	100.0%
Head of Operations		40.0%	40.0%				5.0%			15.0%	100.0%
Chief Financial Officer	20.0%	15.0%	10.0%					30.0%		25.0%	100.0%
Head of Residential Services	75.0%							25.0%			100.0%
General Manager	20%	20%	20%						40%		100.0%
Head of Construction						100%					100.0%
Data Manager										100.0%	100.0%
Customer Services Manager	40.0%	20.0%	20.0%							20.0%	100.0%
Customer Services		45.0%	45.0%							10.0%	100.0%
Customer Services P/T	80.0%									20.0%	100.0%
Financial Controller	15.0%	15.0%	15.0%			15.0%	15.0%	15.0%		10.0%	100.0%
Project Accountant	15.0%	15.0%	15.0%			15.0%		30.0%		10.0%	100.0%
Accounts Assistant	15.0%	15.0%	15.0%			15.0%		30.0%		10.0%	100.0%
Project Engineer		45.0%	45.0%				5.0%			5.0%	100.0%
Residential Services Manager	100.0%										100.0%
Housing Manager	100.0%										100.0%
Property Agent	100.0%										100.0%
Environmental Project Manager				60.0%	40.0%						100.0%
Trainee Environmental Projects				50.0%	50.0%						100.0%
Development Officers						100%					100.0%

Note: there may be more than one post in each role type

- 4.5 During the plan period, it is expected the staff will relocate to Poole Road offices. Associated costs are currently excluded until firm costs can be identified.



4.6 During 2019 an electric vehicle will be leased for use by staff for business purposes.

**Appendix 3 shows the Summary and Forecast Profit & Loss**

#### Balance Sheet

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4.7 The Balance Sheet is stable throughout the business plan period.

4.8 Shareholder reserves increase during the business plan period, due to a small profit being made annually.

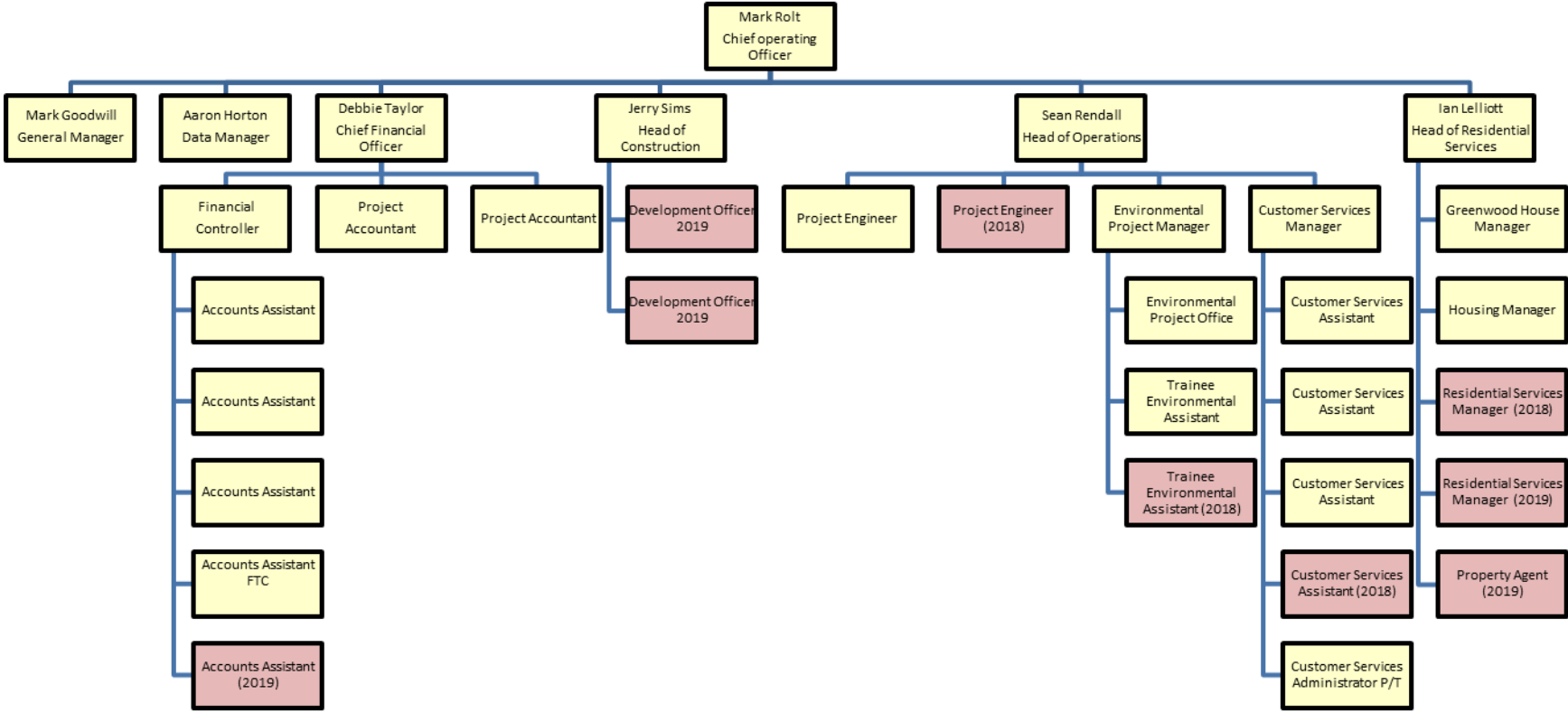
**Appendix 4 shows the balance sheet**

#### Cash Flow

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**Appendix 5 shows the forecast Cash Flow forecast**

Appendix 1: TSCL Organisation Chart - Operations



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In Post

New Post

**Appendix 2: Benefits to WBC**

Description	2017	2018	2019	2020	2021
<b>Financial benefits</b>					
Local authority contribution to Action Surrey	33,000	27,000	TBC	TBC	TBC
Low carbon Community initiatives in Woking	250,000	150,000	150,000	150,000	150,000
TSCL rents its office from WBC at commercial open market rents	22,920	22,920	22,920	22,920	22,920
Payment of NNDR to WBC	12,226	12,349	12,658	12,974	13,299
<b>TOTAL</b>	<b>318,146</b>	<b>212,269</b>	<b>185,578</b>	<b>185,894</b>	<b>186,219</b>
<b>Other Benefits</b>					
Promotion of the Thameswey group and WBC environmental and energy activities					
Carbon dioxide Emission Savings					
Provision of Consultancy Services to the Council					
Assist WBC in achievement of its Climate Change Strategy					

Appendix 3: Profit and Loss Account

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	Actual £	Forecast £	Plan £	Plan £	Plan £
<b>Turnover</b>	1,395,663	1,798,711	2,102,604	2,144,656	2,193,983
<b>Cost of Sales</b>					
Direct Project Costs	241,727	191,833	100,550	102,561	104,612
Direct Labour Costs	729,469	1,097,867	1,492,376	1,522,223	1,552,668
Non-Trading Income	174				
<b>Gross profit/(loss)</b>	<b>424,641</b>	<b>509,011</b>	<b>509,678</b>	<b>519,872</b>	<b>536,703</b>
<i>GP% of Turnover</i>	21%	28%	24%	24%	24%
<b>Overheads</b>					
Indirect Labour Costs	206,083	286,812	292,548	298,399	314,367
Staff Recruitment Costs	16,321	46,565	29,700	30,294	30,900
Administration Charges	2,880	3,000	6,000	6,120	6,242
Vehicles			5,400	7,200	7,200
Rent, Rates & Utilities	48,970	48,970	49,949	50,948	51,967
Repairs & Maintenance	3,022	3,600	3,672	3,745	3,820
Computer Equip/Software	14,219	27,300	27,846	28,403	28,971
Insurance	7,879	9,460	9,649	9,842	10,039
Post, Printing & Phones	32,121	34,000	34,680	35,374	36,081
Travel & Subsistence	8,482	10,000	10,200	10,404	10,612
Legal & Professional Fees	123	0	0	0	0
Audit & Tax Advice	10,915	10,900	11,118	11,340	11,567
Subscriptions	4,127	8,240	8,405	8,573	8,744
Non Execs Remuneration	4,293	4,379	4,466	4,556	4,647
Bank Charges	565	600	612	624	637
Bad Debt	4,672	0	0	0	0
Total Costs	364,672	493,826	494,246	505,823	525,795
<b>EBITDA*</b>	<b>59,969</b>	<b>15,185</b>	<b>15,432</b>	<b>14,049</b>	<b>10,908</b>
Loss on assets W/off	0	0	0	0	0
Depreciation	8,921	14,018	14,326	11,995	10,246
<b>Operating Profit</b>	<b>51,048</b>	<b>1,167</b>	<b>1,106</b>	<b>2,055</b>	<b>662</b>
Finance Income	49	50	50	50	50
Group Relief Tax Charge	11,579		0	0	0
<b>Profit Before Tax</b>	<b>39,518</b>	<b>1,217</b>	<b>1,156</b>	<b>2,105</b>	<b>712</b>

## Appendix 4 : Balance Sheet

	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible Assets	58,071	57,304	47,978	40,984	40,738
	58,071	57,304	47,978	40,984	40,738
<b>CURRENT ASSETS</b>					
Trade Debtors	143,722	149,893	175,217	178,721	182,832
Prepayments	17,367	18,134	18,134	18,134	18,134
Bank Account	418,966	311,545	311,911	319,994	319,974
	580,055	479,571	505,262	516,850	520,940
<b>CURRENT LIABILITIES</b>					
Trade Creditors	14,900	41,152	41,187	42,152	43,816
Sundry Creditors	15,337	15,337	15,337	15,337	15,337
Accrued Expenses	42,611	42,611	42,611	42,611	42,611
Deferred Income	140,804	0	0	0	0
Corporation Tax	22,570	22,570	22,570	22,570	22,570
PAYE / NI / Pension	39,497	39,497	39,497	39,497	39,497
VAT Payable	53,160	65,244	80,418	81,942	83,409
	328,879	226,411	241,620	244,109	247,241
<b>NET CURRENT ASSETS</b>	<b>251,176</b>	<b>253,160</b>	<b>263,642</b>	<b>272,741</b>	<b>273,699</b>
<b>LONG TERM LIABILITIES</b>	0	0	0	0	0
<b>NET TOTAL ASSETS</b>	<b>309,247</b>	<b>310,464</b>	<b>311,620</b>	<b>313,725</b>	<b>314,437</b>
<b>CAPITAL &amp; RESERVES</b>					
Share Capital	250,000	250,000	250,000	250,000	250,000
P&L Account Brought fwd	19,730	59,247	60,464	61,620	63,725
Profit/(Loss) YTD	39,517	1,217	1,156	2,105	712
	<b>309,247</b>	<b>310,464</b>	<b>311,620</b>	<b>313,725</b>	<b>314,437</b>

Appendix 5: Cash Flow

	2018	2019	2020	2021
	£	£	£	£
<b>Operating Activities</b>				
Profit/(Loss) Before Financing	1,167	1,106	2,055	662
(Increase)/Decrease in Debtors	(6,171)	(25,324)	(3,504)	(4,111)
Increase/(Decrease) in Creditors	(102,468)	15,209	2,489	3,132
Add back Depreciation	14,018	14,326	11,995	10,246
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(93,453)</b>	<b>5,317</b>	<b>13,033</b>	<b>9,929</b>
<b>Investing Activities</b>				
(Purchase)/Disposal of fixed assets	(15,250)	(5,000)	(5,000)	(10,000)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(14,018)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(10,000)</b>
<b>Financing Activities</b>				
Increase in Share Capital	0	0	0	0
Interest Received	50	50	50	50
Finance Costs	0	0	0	0
Dividends Paid	0	0	0	0
Loans Received	0	0	0	0
Repayment of Loans	0	0	0	0
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>NET CASH INFLOW/(OUTFLOW) OF CASH</b>	<b>(107,421)</b>	<b>367</b>	<b>8,083</b>	<b>(21)</b>
Cash Balance @ Beginning of Period	418,966	311,545	311,911	319,994
Cash Balance @ End of Period	311,545	311,911	319,994	319,974

End of Business Plan

# THAMESWEY SOLAR LIMITED

## BUSINESS PLAN 2019

### Covering the period 2019-2021

Address: 2<sup>nd</sup> Floor, Gloucester Chambers, Jubilee Square, Woking, Surrey GU21 6GA  
Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Company Registration No.: 07679222  
VAT Number: 129 5595 78

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**APPENDIX 4: CASH FLOW FORECAST**

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## 1. Executive Summary

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### Introduction

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- 1.1 This business plan sets out the proposed strategies for delivering the Thameswey Group companies' activities for the next year and seeks to define their strategic direction for the period up to 2021.
- 1.2 The strategic plan ensures that the focus of activity within each company is clearly aligned with those of Thameswey Limited, and ultimately with the shareholders' strategic objectives. This plan reflects the Board's views on the medium and long term objectives set out in the proposed strategic plans.
- 1.3 This business plan refreshes the 2018 to 2020 business plan. As an established business the plan details expected financial returns for the plan period and discusses long term projections. Future investment appraisals will be subject to specific business cases.

### Purpose

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- 1.4 Thameswey Solar Limited (TSL) was established in 2011 to further the installation, commissioning and operation of solar photovoltaic (PV) panels throughout the Borough of Woking on Council owned housing, community buildings, and third party owned buildings.

### Financial Features

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- 1.5 In establishing TSL in December 2011 a long term financial target was set at 5.29% annual equivalent return on its investment over the 25 year business plan period. Expected financial returns within the business plan period are commented on in section 5 – Financial Plan.
- 1.6 TSL has the use of intellectual property owned by Thameswey Limited (TL). It is obliged to pay an annual licence fee of £1,000 for the Trademark.
- 1.7 WBC established a framework for financial support by way of share capital (from the ultimate owner and from the Joint Venture partner Total Gas Contracts Ltd) and loan investment to enable TSL to invest in PV. WBC charges a margin over its borrowing costs for the loans to the Group and this directly benefits residents by contributing to the revenue income of WBC. In 2016 Total Gas Contracts Ltd sold their shares to Thameswey Limited (TL) at a discount of circa 50%.

### Financial Requirements

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- 1.8 This business plan sets out the financing requirements for TSL. Additional loan finance will be required in 2020, until 2020 no additional loan finance is required.
- 1.9 This business plan does not propose further investment in new installations. However, the Thameswey group is continuing to invest in renewable and solar energy, for example by Thameswey Developments through installations on its buildings and retro-fitting solar energy into Thameswey Housing stock. If the company is to make additional capital investment, approval would be sought from the TSL Board, shareholders and the Council before commencement of works.

## Current Business Position

- 1.10 TSL operates roof-mounted PV installations on buildings owned by the Council, local schools, community buildings, Peacocks and the Wolsey Place shopping centre.
- 1.11 The company's PV installations generated 944,069 kWh of electricity in 2017, compared with 930,520 kWh in 2016 (an 1.4% increase). The power generated saved approximately 363 tonnes of carbon dioxide (CO<sub>2</sub>) equivalent emissions (note the carbon saved per unit of electricity generated is calculated on the basis of comparison with grid electricity. In recent years, an increase in the renewable component of the grid mix has resulted in a reduction in the relative savings attributed to PV). The renewable electricity generated by TSL continues to contribute towards a reduction in the Carbon Reduction Commitment (CRC) of WBC and helped the council reduce its CRC payments.

## 2. General Company Description

### Legal Entity

- 2.1 Thameswey Solar Ltd is a private Limited Company registered in the United Kingdom.

### Ownership & Subsidiary Company

- 2.2 Shareholdings are shown below:

Table 1: Thameswey Solar Ltd Shareholder Equity

Company	Equity Share	Number of £1 Ordinary Shares
Thameswey Limited	100%	1,182,688

### Board of Directors

- 2.3 The current board of Directors is set out below:

Barry Maunders	Independent Director (Chairman)
Douglas Spinks	Officer Director
Peter Bryant	Officer Director
Ayesha Azad	Councillor Director

- 2.4 The above-board composition meets the requirements of the Thameswey Group Protocols as approved by the Council in February 2018. In order to be quorate a board meeting must have at least one independent, one Councillor and one officer Director in attendance.

### Significant Assets

- 2.5 TSL was originally established with over 4,900 PV panels located across 35 sites in the Borough and a total capacity of 1,238 kWp (kilowatt peak). During 2017 an additional 11 kWp capacity was added to TSL's assets with the installation of PV on the roof of Morris House in Commercial Way.
- 2.6 All installations include telemetry for remote monitoring of components and meter reading.

## Goals and Objectives

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2.7 TSL has three primary objectives:

- To support greater use of renewable energy in order to achieve a reduction in carbon dioxide emissions;
- To promote awareness of the benefits of solar energy to the users of public buildings; and
- To promote the use of PV and develop projects that help stimulate further investment in the solar energy market locally.

2.8 TSL was established to assist WBC in meeting the Councils' Climate Change Strategy. The key principles of the strategy are as follows:

- Reduction of Borough-wide CO<sub>2</sub> equivalent emissions;
- Adaptation to climate change; and
- Promotion of sustainable development

2.9 TSL will continue to support WBC in achievement of the Climate Change Strategy, which adopted the Government's Climate Change Act (2008) targets for carbon emission reductions i.e. to reduce greenhouse gas emissions by 80% by 2050 against a 1990 baseline.

## 3. The Opportunity & Industry

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### The Opportunity

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- 3.1 There may be opportunities for TSL to assist the Council further in achievement of its Climate Change Strategy.
- 3.2 TSL may provide or tender for new PV or renewable energy installations and may respond positively to invitations to participate in partnership business opportunities to develop new renewable energy installations where the capital for the surveys and installation costs is secured from third parties and a project fee for TSL is secured for intellectual property.
- 3.3 TSL will look to provide energy services for solar installations for other Thameswey group companies in return for a share of the value of generated electricity supplied to the host building.

### The Industry

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- 3.4 The PV industry currently requires a high capital upfront investment in a sector with relatively low annual returns and therefore requires a long term business plan.
- 3.5 The UK government has maintained its policy of cutting the financial support for solar power provided through the Feed in Tariff, with large reductions introduced in early 2016. In July 2018 Government announced its intention to close the Feed in Tariff (FiT) scheme to new applicants (existing FiT agreements will be unaffected). The Government also announced a call for evidence on its future support for small scale low carbon electricity generation.

- 3.6 Financial support for solar thermal energy is to be continued through the Renewable Heat Incentive (RHI) and potentially offers the best opportunities to secure financial support for new solar installations in the foreseeable future, beyond March 2019. TSL will look to manage this application process on behalf of other parts of the Group.

#### 4. The Business Model

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##### Sources of Revenue

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- 4.1 TSL receives the following types of income for its operations:
- 4.2 FiT income is paid by energy suppliers for every kWh of electricity generated. The current rates of FiT that TSL receives (as at April 2018) varies between 17.66p/kWh and 40.08p/kWh depending mainly on the registration date. This income is RPI linked and was uplifted in April 2018.
- 4.3 Export tariffs for electricity supplied directly to the National Grid vary depending on the size of the site. Small sites below 30 kWp receive deemed export at 3.57 p/kWh for 50% of the energy generated which is RPI linked. Larger sites receive export income under a Power Purchase Agreement based on metered export to the grid;
- 4.4 Electricity income is received from building owners/occupiers for the sale of a proportion of the electricity consumed onsite; and
- 4.5 A contribution is received from building owners for the cost of maintenance of the PV panels through a service charge.

##### Major Operational Costs

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- 4.6 Apart from depreciation and finance charges the most significant costs that the company incurs are for the operation and maintenance (O&M) of the panels.
- 4.7 Insurance costs are significant, since the fire at Goldwater Lodge, the company has taken out additional insurance to insure against loss of income in the event of arson or other damage.

##### Operational Plan

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- 4.8 TSL will continue to operate the PV panels. During the Business Plan period TSCL will take on organisation responsibilities for routine maintenance of the installations, including a fault response service and assistance in the optimisation of power output from the installations.
- 4.9 During 2017 approximately, half of the company's installations were cleaned as a trial to assess the cost-benefit of cleaning. The performance of these installations is being monitored over a two-year period in comparison to the other installations to assess the impact of cleaning the panels in terms of improved electrical output.

##### Capital Investment

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- 4.10 No major additional capital investment has been identified in this plan. However, the company will respond to opportunities to purchase and install enhanced PV system monitoring equipment if the business case is favourable.

## Assumptions and Critical Factors in Model

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- 4.11 TSL has a financial model which has been used to make the financial projections in the Business Plan (shown in Appendices 2, 3 and 4). The model is updated annually to reflect the previous year's activity and any updates on performance and inflation forecasts.
- 4.12 The original model that was used as the basis for approval of the project in 2011 has been updated to bring it in line with actual income streams currently anticipated.
- 4.13 The model assumes that inflation will run at 2.5% for the full period of the business plan. In practice short term inflation will vary. Increased inflation will provide an improvement in the return for the company due to increasing revenues and margins.
- 4.14 The performance of solar panels is expected to gradually reduce annually; to account for this the model assumes degradation of PV panels at 0.25% per annum

## 5. Financial Plan

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### Finance Structure

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- 5.1 TSL is financed by both share capital and loan finance. TL (ultimately WBC) has a total of £1,182,688 in share capital finance in TSL. Approval was given for loan finance of £2,196,000 under a 14 year annuity loan from WBC at an annual interest rate of 6.0%. Up to May 2014, £2,126,000 of the available loan had been drawn down.
- 5.2 During 2020 additional funding is required of £90,000, the increase in funding is £20,000 over the balance of £70,000 outstanding. No further funding is required during the 25-year project.
- 5.3 In 2018 TSL will contribute £59,388 to WBC in the form of loan interest; the Council uses this to help reduce Council tax charges to residents of the Borough.
- 5.4 The Council will also benefit from reduced energy charges for the General Fund properties and the housing sites.
- 5.5 Over the 25 year business plan period the net benefit to WBC is expected to generate a shareholder return of over £3m.

**Appendix 1 shows the key financial benefits to WBC of TSL over the plan period.**

### Shareholder Return on Investment

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- 5.6 This business plan is forecasting returns of 3.95%.
- 5.7 A summary of the shareholders returns is below:

#### **Table 2: Financial Returns**

	£
Shareholders Return	£3,068,146
Less Share Capital	(1,182,688)
Net Shareholders Return	1,885,458
Return on Investment	3.95%
NPV of Shareholders Returns	£708,852

### Profit & Loss Account

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- 5.8 The budget has been based on historical costs, expected inflation and modelled revenue and expenditure. TSL has a good level of confidence in the budget.

### Risks and Sensitivities

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- 5.9 One of the biggest risks to the company is variation in the annual output of the panels due to local weather and general atmospheric conditions. The output of the PV panels is directly affected by the level of solar irradiation (insolation) at ground level. It is anticipated that solar irradiance levels will rise at a rate of approximately 1% per annum (ref: EUCAARI (European Integrated project on Aerosol Cloud Climate and Air Quality Interaction) project funded by the European Commission). However, it is considered prudent to forecast solar irradiance to remain at constant levels throughout the plan period. If in future years the annual output of the panels improves due to higher irradiance levels then it may be brought into the plan at a later date and will lead to improved shareholders' returns.

**Appendix 2 shows the forecast Profit & Loss until 2021**

### Balance Sheet and Cash Flow

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**Appendix 3 shows the Balance Sheet Forecast to 2021**

**Appendix 4 shows the Cash Flow Forecast to 2021**

**Appendix 1: Benefits to WBC**

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Description	2017	2018	2019
Net Interest Margin	£60,879	£59,388	£51,477
Carbon Dioxide Emission Savings	363 tonnes	TBC	
Assist WBC in its Climate Change Strategy			



**Appendix 2: Profit and Loss Forecast**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>Actual</i>	<i>Forecast</i>	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>
	£	£	£	£	£
<b>Turnover</b>					
Income	207,180	234,139	240,240	246,508	252,948
	207,180	234,139	240,240	246,508	252,948
<b>Cost of Sales</b>					
Operation Costs	18,591	17,418	15,804	16,199	16,604
PV Insurance	12,734	12,798	12,862	12,926	12,991
	31,326	30,216	28,665	29,125	29,594
<b>Gross profit/(loss)</b>	<b>175,854</b>	<b>203,923</b>	<b>211,575</b>	<b>217,383</b>	<b>223,353</b>
<i>GP% of turnover</i>	84.9%	87.1%	88.1%	88.2%	88.3%
<b>Overheads</b>					
Administration Costs	7,444	7,974	8,013	8,054	8,094
Legal Fees	35	1,020	1,025	1,030	1,036
Auditors Remuneration	6,520	7,070	7,106	7,141	7,177
Trade Mark Licence Fee	1,000	1,000	1,000	1,000	1,000
Non Executive Directors	2,657	2,700	2,713	2,727	2,740
Bank Charges	130	128	129	130	130
Total Costs	17,786	19,892	19,986	20,081	20,177
<b>EBITDA</b>	<b>158,068</b>	<b>184,031</b>	<b>191,588</b>	<b>197,302</b>	<b>203,177</b>
Depreciation	80,283	80,573	80,573	80,573	80,573
Amortisation of Grant	4,785	5,053	5,053	5,053	5,053
<b>Operating Profit/(loss)</b>	<b>82,570</b>	<b>108,511</b>	<b>116,069</b>	<b>121,782</b>	<b>127,657</b>
Finance Income	23	57	37	21	43
Finance Costs	95,753	87,684	78,848	70,487	63,579
<b>Profit/(Loss) Before Tax</b>	<b>(13,160)</b>	<b>20,884</b>	<b>37,258</b>	<b>51,317</b>	<b>64,120</b>
Corporation Tax	12,919	0	0	0	0
<b>Profit/(Loss) after Tax</b>	<b>(26,079)</b>	<b>20,884</b>	<b>37,258</b>	<b>51,317</b>	<b>64,120</b>

**Appendix 3: Balance Sheet Forecast**

	2017	2018	2019	2020	2021
	Actual	Forecast	Budget	Budget	Budget
<b>FIXED ASSETS</b>					
PV Installation	2,689,046	2,610,826	2,532,605	2,454,385	2,376,165
Management of Install	80,882	78,529	76,176	73,824	71,471
	2,769,928	2,689,355	2,608,782	2,528,209	2,447,636
<b>LONG TERM INVESTMENTS</b>					
	0	0	0	0	0
<b>CURRENT ASSETS</b>					
Trade Debtors	(394)	4,554	4,673	4,795	4,920
Other Debtors	0	0	0	0	0
VAT Refund	0	0	0	0	0
Accrued Income	26,088	24,482	25,120	25,776	26,449
Corporation Tax	(23,251)	(23,251)	(23,251)	(23,251)	(23,251)
Prepayments	400	452	464	476	488
Other Group Debtors	1	1	1	1	1
Bank Account	141,561	92,879	51,735	106,288	72,687
	144,405	99,118	58,742	114,084	81,295
<b>CURRENT LIABILITIES</b>					
Trade Creditors	4,970	8,282	9,032	9,802	10,593
Other Creditors	0	0	0	0	0
VAT Liability	125	208	227	247	267
Accrued Expenses	29,695	27,550	25,275	23,875	21,315
	34,790	36,041	34,534	33,923	32,174
<b>NET CURRENT ASSETS</b>					
	<b>109,615</b>	<b>63,077</b>	<b>24,208</b>	<b>80,161</b>	<b>49,121</b>
<b>LONG TERM LIABILITIES</b>					
WBC Loan	1,532,338	1,389,396	1,237,749	1,166,866	996,186
Grant - 40 years	166,725	161,672	156,618	151,565	146,512
	1,699,063	1,551,068	1,394,367	1,318,431	1,142,698
<b>NET TOTAL ASSETS</b>					
	<b>1,180,480</b>	<b>1,201,364</b>	<b>1,238,622</b>	<b>1,289,939</b>	<b>1,354,059</b>
<b>CAPITAL &amp; RESERVES</b>					
Share Capital	1,182,688	1,182,688	1,182,688	1,182,688	1,182,688
Asset Revaluation Reserve	0	0	0	0	0
P&L Account brought fwd	23,872	(2,208)	18,677	55,935	107,251
Profit/(Loss) YTD	(26,079)	20,884	37,258	51,317	64,120
	<b>1,180,480</b>	<b>1,201,365</b>	<b>1,238,623</b>	<b>1,289,939</b>	<b>1,354,059</b>

## Appendix 4: Cash Flow Forecast

	2017	2018	2019	2020	2021
	Actual	Forecast	Budget	Budget	Budget
	2017	2018	2019	2020	2021
	£	£	£	£	£
<b>Operating Activities</b>					
Profit/(Loss) Before Financing	82,570	108,511	116,069	121,782	127,657
(Increase)/Decrease in Debtors	18,229	(3,395)	(768)	(789)	(811)
Increase/(Decrease) in Creditors	(4,973)	1,251	(1,506)	(611)	(1,749)
Add Back: Depreciation / Less Amortisation	75,498	75,520	75,520	75,520	75,520
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>171,324</b>	<b>181,887</b>	<b>189,314</b>	<b>195,901</b>	<b>200,616</b>
<b>Investing Activities</b>					
(Purchase)/Disposal of investments	0	0	0	0	0
(Purchase)/Disposal of fixed assets	(14,226)	0	0	0	0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(14,226)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing Activities</b>					
Increase in Share Capital	0	0	0	0	0
Interest Received	23	57	37	21	43
Interest Paid	(95,753)	(87,684)	(78,848)	(70,487)	(63,579)
Loan/Grant Received	10,726	0	0	90,000	0
Repayment of Loans	(134,737)	(142,942)	(151,647)	(160,883)	(170,680)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(219,741)</b>	<b>(230,569)</b>	<b>(230,458)</b>	<b>(141,349)</b>	<b>(234,217)</b>
<b>Taxation</b>					
Corporation Tax	0	0	0	0	0
<b>NET CASH INFLOW/(OUTFLOW) OF CASH</b>	<b>(62,643)</b>	<b>(48,682)</b>	<b>(41,144)</b>	<b>54,553</b>	<b>(33,601)</b>
Cash Balance @ Beginning of Period	204,205	141,562	92,879	51,735	106,288
Cash Balance @ End of Period	141,562	92,879	51,735	106,288	72,687



COUNCIL – 6 DECEMBER 2018

## POLLING DISTRICT AND POLLING PLACE REVIEW 2018

### Executive Summary

The Council is required to review its Parliamentary polling districts and polling places before 31 January 2020.

The Council carried out a review in October and November of the existing arrangements and invited comments and proposals for alternative arrangements.

Prior to the start of the review, Officers noted the majority of the existing arrangements were suitable and they would not be proposing any changes. Officers would be focussing attention on the St John's West polling district, with the view to identifying an alternative polling place to The Oaktree Infant School.

After investigating the hire and set up of temporary cabins for the polling district, Officers consider that this would not be a sustainable alternative provision for a polling place to using the school. However, Officers believe that there is still scope for a permanent community facility to be developed within the area that could be used for election and the wider community at other times of the year and will work on proposals for this in 2019.

### Recommendations

The Council is requested to:

#### RESOLVE that

- (i) The existing arrangements for the following polling districts and their designated polling places be continued:

- A1 – West Byfleet
- A2 – Byfleet
- B1 – Town Centre
- B2 – Town Centre North
- B3 – Walton Road
- B4 – Sheerwater
- B5 – Board School Road
- B6 – Woodham
- C2 – Goldsworth Central
- C3 – Goldsworth East
- D1 – Brookwood
- D2 – Brookwood South
- D3 – Mayford
- D4 – Barnsbury
- D5 – Sutton Green
- E1 – Westfield
- E2 – Kingfield
- E3 – Shackleford Road
- E4 – Old Woking
- E5 – Gresham Park
- F1 – Horsell West
- F2 – Horsell South
- F3 – Horsell East
- G1 – Knaphill West
- G2 – Knaphill South
- G3 – Knaphill East
- G4 – Knaphill North
- H1 – Mount Hermon West
- H2 – Mount Hermon East
- J1 – Maybury
- J2 – Maybury North
- J3 – Pyrford
- J4 – Pyrford North
- K1 – St John's West
- K2 – St John's Central
- K3 – St John's East

## Polling District and Polling Place Review 2018

- (ii) The Goldsworth West polling district (C1) be amended to remove properties at Brockhill;
- (iii) A new polling district 'Brockhill (C4)' be created for all properties at Brockhill, with the designated polling place of the Goldsworth Park Guides and Scouts Headquarters; and
- (iv) Officers develop proposals for a permanent community facility within the St John's West polling district.

**The Council has the authority to determine the recommendations set out above.**

**Background Papers:** None.

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**Contact Person:** Charlotte Griffiths, Electoral Services Manager  
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**Date Published:** 28 November 2018

### 1.0 Introduction

- 1.1 Under the Electoral Registration and Administration Act 2013, each local authority is required to review its Parliamentary polling districts and polling places every five years, with all councils having to review their arrangements between 1 October 2018 and 31 January 2020.
- 1.2 The Council commenced its review on 1 October 2018. This report sets out the results of the consultation and the proposals for the future arrangements for polling districts and polling places in the Borough.

### 2.0 Consultation Framework

- 2.1 The initial consultation period commenced on 1 October 2018. Details of the existing polling district arrangements and polling places used for elections were published on the Council's website and were available to view at Woking Library, West Byfleet Library and Byfleet Library.
- 2.2 A public notice was published on 1 October 2018 which set out the arrangements for the review, including the deadlines for comments on the existing scheme and on any proposed revisions. Local electors were invited to make representations regarding the current and proposed schemes. The deadline for comments on the existing scheme was 26 October 2018.
- 2.3 In carrying out the review, the Council consulted the Returning Officer who administers elections in Woking, (the Acting Returning Officer (ARO) at Parliamentary Elections) and sought representations from persons or organisations with particular expertise with regard to access to premises and/or facilities for persons who have different forms of disabilities. A full list of the consultees is set out at Appendix 1.
- 2.4 The following people/organisations were also contacted to obtain their views:
  - Woking Borough Councillors;
  - Surrey County Councillors for Woking;
  - MP for Woking;
  - MEPs for the South East Region;
  - Local constituency political parties; and
  - Other representative local groups.
- 2.5 The ARO's comments regarding the existing scheme are set out at Appendix 2 and a summary of the other representations received are set out at Appendix 3.
- 2.6 Revised proposals were published on 29 October 2018 and the deadline for comments on any proposed changes was 26 November 2018.

### 3.0 Comments on the existing scheme

#### Woking Access Group

- 3.1 Comments were received regarding access into buildings which did not have electronic doors. This issue will be picked up at polling station staff training.
- 3.2 A second issue regarding the support available for electors with disabilities within polling stations was raised. More information has been put on the Council's website regarding different formats of information and assistance options available within the polling station, and for voting in general.

- 3.3 A further suggestion was made in relation to the provision of lifts to polling stations. This option will be explored further by Officers.

### Brockhill

- 3.4 Representations were received at a recent election that electors at Brockhill would find it easier to vote at the Goldsworth Park Guide and Scouts Headquarters, rather than the designated polling place for their polling district (Goldsworth West). This can be accommodated through the creation of a new polling district, as these electors will be in a different County Electoral Division to the rest of the electors using the Goldsworth Park Guide and Scouts Headquarters.
- 3.5 No comments were received regarding this proposal to create a new polling district for Brockhill, and designate its polling place as the Goldsworth Park Guides and Scouts Headquarters.

### Other Comments

- 3.6 Comments were also received in support of the arrangements for the Town Centre North, Mount Hermon West and Sutton Green polling districts.

## **4.0 St John's West/ The Oaktree School**

- 4.1 Before the review commenced, Officers identified that alternative arrangements for the St John's West polling district would be investigated, to identify a suitable polling place for the area. Under the existing scheme, Oaktree Infant School is the designated polling place for the polling district, and is effectively the only school in the Borough where the main school is used as a polling place (a separate building to the main school is used at Barnsbury Primary School).
- 4.2 Comments were received from 17 parents and the Headteacher of the school supporting an alternative venue for use as a polling place (a summary of these comments is set out at Appendix 3).
- 4.3 Officers investigated the following different options for the St John's West polling district:
- identifying alternative polling place arrangements for the existing polling district;
  - the use of a temporary cabin as the polling place for the existing polling district; and
  - splitting the existing polling district to create two new polling districts and using a temporary cabin for each new polling district.

### Alternative polling places

- 4.4 Officers previously investigated the possibility of using the communal room within Sutton Avenue sheltered housing scheme. This room is available for the use of residents, and location, size, facilities and access arrangements reflect this and as such would not be suitable as a polling place for the polling district.
- 4.5 The communal room at the Nightingale Court supported housing scheme, which was previously used as a polling place, was also considered. Again, the access and location of this venue previously caused a number of issues for electors and therefore this was discounted.
- 4.6 Another proposal that was considered was to move all electors within the polling district to the St John's Central polling district, and vote at St John's Memorial Hall. Whilst this building is larger and could accommodate additional polling stations, this would not be as convenient



and accessible for electors living in the existing St John's West polling district, particularly those with limited mobility.

### Use of temporary cabins

- 4.7 Other than the schools in the polling district, there is a lack of suitable community facilities that could be used as polling places. With this in mind, Officers investigated the hire of temporary cabins to be used as polling places.
- 4.8 Given the electorate of the existing polling district, Officers considered it more practical to split the existing polling district into two, to identify two smaller locations for a temporary cabin, rather than requiring one large area, to accommodate a cabin which could accommodate two polling stations.
- 4.9 The Hermitage Road was used as a natural boundary, and it was proposed that a new polling district to the North (St John's North) and to the south (St John's South) be created. Electors living in the streets to the east of the Crematorium would be allocated to the existing St John's Central polling district and would vote at St John's Memorial Hall, to reduce the electorate requiring temporary facilities further.
- 4.10 The Chief Executive, the Deputy Chief Executive and the Electoral Services Manager visited the polling district to identify possible locations. The car park at the Sutton Avenue sheltered housing was identified as one possible location for St John's South. Areas on Hermitage Road and Inkerman Road were identified as possible locations for St John's North, however none of these sites were suitable. The car park at Wickes was explored as an option but was not available for this purpose.
- 4.11 Different options for the cabin hire were investigated, to ensure there would be suitable facilities for all electors, and also for polling station staff working there. Cabins were available to hire, with a minimum hire period of at least one week. Each cabin could be set up with facilities for the polling station staff, but there would be additional charges for ramps, lighting, heating and plumbing. The hire of cabins without any internal facilities for polling station staff was discounted.
- 4.12 As the cabins would need to be set up on a bespoke basis prior to the election, rather than being delivered complete, Officers considered that the logistics and resources required to set up the cabins was not justifiable, nor would this be sustainable in the long term.
- 4.13 With this in mind, Officers feel that there is no suitable alternative presently to the use of the school as a polling place for the polling district. In 2018, Officers worked with the Headteacher to keep the school open whilst using one classroom as a polling place. Suitable safeguarding measures for the pupils were put in place, and whilst this arrangement was not ideal, it did enable the school to remain open, to the benefit of pupils (and parents).
- 4.14 Looking to the future, however, it is proposed that options for permanent community facilities for the area should be developed, which can be used as polling places, and be open to the community at other times of the year.
- 4.15 It is proposed that Officers draw up plans to be reported back to Council in 2019, although unfortunately this will not be in time for the 2019 elections.

## **5.0 Proposed Polling District and Polling Place Scheme**

- 5.1 In view of the situation with the Oaktree Infant School, it is proposed that no changes be made to the St John's West polling district, and that Officers draw up plans for a permanent facility in the area and report back in 2019.

## Polling District and Polling Place Review 2018

- 5.2 A new polling district of 'Brockhill' should be created and the designated polling place be Goldsworth Park Guides and Scouts Headquarters.
- 5.3 No other changes should be made to the existing polling district and polling place scheme.
- 5.4 If the proposed changes are agreed, all changes to polling districts will be incorporated in the revised Register of Electors. The changes to polling places will take effect from 1 February 2019.

### 6.0 Publication of Results

- 6.1 Following consideration by Council, the outcome of the review will be published on the Council's website. The following information will also be available to view.
- all information correspondence sent to the Acting Returning Officer in connection with the review;
  - all correspondence sent to any person whom the authority thinks has particular expertise in relation to access to premises or facilities for persons who have different forms of disability;
  - all representations made by any person in connection with the review;
  - the minutes of any meeting held by the authority to consider any revision to the designation of polling districts or polling places within its area as a result of the review;
  - the details of the designation of polling districts or polling places within its area as a result of the review;
  - the reasons for the final decision regarding every polling district and polling place; and
  - the details of the places where the results of the review have been published.
- 6.2 A public notice will be published, advising where the information can be viewed.
- 6.3 All electors affected by the changes will be contacted, advising them of their new polling arrangements. Local constituency parties will also be sent a copy of the new arrangements.

### 7.0 Implications

#### Financial

- 7.1 One additional poll clerk may be required at County Council elections, if the Brockhill polling district is adopted. This will incur staffing costs of around £180 (poll clerk fee, training and travel costs).
- 7.2 Any plans for permanent community facilities in the St John's West polling district will be costed and reported to Council separately.

#### Human Resource/Training and Development

- 7.3 Additional training will be required for County Elections for the polling station staff at the Goldsworth Park Guides and Scouts Headquarters.

#### Community Safety

- 7.4 Conducting this review will ensure that all electors have reasonable facilities for voting in the Borough as are practicable.

Risk Management

- 7.5 Agreeing the outcomes of this review will ensure that the Council fulfils its duties as part of the Electoral Registration and Administration Act 2013.

Sustainability

- 7.6 As part of the consultation exercise, individual electors, local organisations and community groups, local organisations were contacted to contribute their views and suggestions on the voting arrangements in the Borough.

Equalities

- 7.7 The outcome of this review will ensure that all polling stations and voting facilities are accessible for electors with disabilities.

Safeguarding

- 7.8 The Council will continue to work with The Oaktree Infant School, if the school wishes to remain open, to ensure suitable safeguarding arrangements are in place to protect the pupils at the school.

**8.0 Conclusions**

- 8.1 This review has been carried out in accordance with the requirements set out in the Electoral Registration and Administration Act 2013, with the aim of ensuring that all electors in the Borough have as reasonable facilities for voting as are practicable.
- 8.2 In most cases, the existing arrangements in the Borough are still suitable and no changes are proposed.
- 8.3 Unfortunately, no suitable alternative arrangement has been identified for the St John's West polling district. Officers acknowledge the frustration that this causes staff and parents of pupils of The Oaktree Infant School. As there are no other suitable facilities in the area, the options available for polling places were limited, and upon closer investigation temporary cabins were not a sustainable alternative.
- 8.4 Officers will develop proposals for a permanent community facility in the polling district which will be a sustainable, long term alternative to using the school.

REPORT ENDS



**Review of Polling Districts and Polling Places 2018  
Consultees**

The following individuals and organisations were contacted as part of the polling district and polling place review:

- All Woking Borough Council Councillors
- All Surrey County Councillors for Woking
- Member of Parliament for Woking County Constituency
- Members of European Parliament for the South East Region
- Local Political Parties
  - Woking Conservative Party
  - Woking Green Party
  - Woking Labour Party
  - Woking Liberal Democrats
  - Woking UK Independence Party
  - UK Community
- Local Disability Groups
  - Surrey Disabled People's Partnership
  - Surrey Coalition of Disabled People
  - LinkAble
  - Sight for Surrey
  - Surrey Action for Carers
  - SeeAbility
  - North Surrey Disability Empowerment Network
  - North West Surrey Valuing People Group
- Residents Associations
  - Brookwood RA
  - Byfleet, West Byfleet and Pyrford RA
  - Hockering RA
  - Hook Heath RA
  - Horsell RA
  - Knaphill RA
  - Mayford Village society
  - St John's Village Society
  - Westfield Common RA



**Comments from the Acting Returning Officer for the Woking County Constituency on the Existing Polling District and Polling Place Arrangements as at 1 October 2018**

<b>Polling District</b>	<b>Polling Place</b>	<b>Comments</b>	<b>Proposal</b>
<b>A1 – West Byfleet</b>	St Johns Cornerstone Centre	There are parking facilities on site, with designated disabled parking bays. The entrance, which is accessible for all electors, is at the back of the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here for West Byfleet and the one polling station for Pyrford North. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place.
<b>A2 - Byfleet</b>	Byfleet Village Hall	There is on site parking with dedicated disabled parking spaces. The building is accessible for disabled electors and there is adequate room and sufficient equipment (tables and chairs) to accommodate the three polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place.
<b>B1 – Town Centre</b>	The Lightbox	This venue is a shared polling place with B2 (Town Centre North) polling district. There is parking on site, with allocated spaces for disabled drivers, and disabled access into the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place.
<b>B2 – Town Centre North</b>	The Lightbox	This venue is a shared polling place with B1 (Town Centre) polling district. There is parking on site, with allocated spaces for disabled drivers, and disabled access into the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place.
<b>B3 - Walton Road</b>	Red Cross Centre, Walton Road	There is parking on site, with allocated spaces for disabled drivers, and disabled access into the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place.

**Polling District and Polling Place Review 2018**

<b>B4 - Sheerwater</b>	Parkview Centre for the Community	There are parking facilities on site with designated disabled parking spaces. The building is accessible for all electors. There is sufficient equipment (tables and chairs) to accommodate the two polling stations located here. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place.
<b>B5 - Board School Road</b>	St John Ambulance Centre, Wesco Court	There are parking facilities on site with designated disabled parking spaces. The building is accessible for all electors. There is sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place.
<b>B6 - Woodham</b>	Woodham Parish Hall	There are on site parking facilities at this venue. The building is accessible for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place.
<b>C1 - Goldsworth West</b>	The TS Dianthus Building,	<p>There are parking facilities on site and the building is accessible for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are used on polling day. No problems have been reported by Presiding Officers.</p> <p>Representations were previously received that electors at Brockhill would find it easier to vote at the Goldsworth Park Guide and Scouts HQ. A new polling district would be required to accommodate these electors, as these electors would be in a different County Electoral Division to the rest of the electors using the polling station.</p> <p>There would a negligible impact on electors using the Goldsworth Park Guide and Scouts HQ polling station if this were arranged.</p>	<p>I support the continued use of this venue as a polling place.</p> <p>I support the creation of an additional polling district for Brockhill, with the designated polling place being the Goldsworth Park Guide and Scouts HQ.</p>
<b>C2 - Goldsworth Central</b>	Goldsworth Park Guides and Scouts HQ	There is on site parking and disabled access to the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station will be erected on polling day. No problems have been reported by Presiding Officers. No change is recommended for this polling place.	I support the continued use of this venue as a polling place.



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<b>C3- Goldsworth East</b>	Salvation Army Community Church	There is on site parking and disabled access to the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers. No other venues in the polling district have been identified.	I support the continued use of this venue as a polling place.
<b>D1 - Brookwood</b>	Brookwood Memorial Hall	There is on site parking, with dedicated bays for disabled drivers. The building is centrally located in Brookwood and is accessible for all electors. The Council has contributed in the past to improvements to pedestrian access and provision of lighting to access the building. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place.
<b>D2 - Brookwood South</b>	Mayford Village Hall	This venue is a shared polling place with the D3 (Mayford) polling district. There is on site parking and dedicated bays for disabled drivers. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. No problems have been reported by the Presiding Officer.	I support the continued use of this venue as a polling place.
<b>D3 - Mayford</b>	Mayford Village Hall	This venue is a shared polling place with the D2 (Brookwood South) polling district. There is on site parking and dedicated bays for disabled drivers. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. No problems have been reported by the Presiding Officer.	I support the continued use of this venue as a polling place.
<b>D4 - Hook Heath</b>	Woking Lawn Tennis and Croquet Club	This building has adequate access for disabled electors. Although there is limited on-site parking at this venue, there is plenty of on-street parking outside the venue. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day. There is often difficulty with mobile phone reception, which can make contact with the polling station team difficult. No alternative venue in the polling district has been identified.	I support the continued use of this venue as a polling place.
<b>D5 - Barnsbury</b>	'Buddies' Annex, Barnsbury Primary School.	There is allocated parking at this site and the building is accessible for all electors. There is adequate room and sufficient equipment to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place.

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<b>D6 - Sutton Green</b>	Sutton Green Village Hall	There is on site parking and disabled access to the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers. No other venues in the polling district have been identified.	I support the continued use of this venue as a polling place.
<b>E1 – Westfield</b>	The Moorcroft Centre	There are parking facilities on site, including dedicated disabled parking. The building is accessible inside for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place
<b>E2 - Kingfield</b>	The Meadows Sports Pavilion	This venue has been used since 2007 and is shared with the E3 (Shackleford Road) polling district. There are parking facilities on site, and there is disabled access to the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place
<b>E3 – Shackleford Road</b>	The Meadows Sports Pavilion	This venue is shared with E2 (Kingfield) Polling District. . There are parking facilities on site, and there is disabled access to the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place
<b>E4- Old Woking</b>	St Peters Church	This venue is a shared polling place with the E5 (Gresham Park) polling district. There are parking facilities on site, and the building is accessible for all electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day. No other alternative venues have been identified within the polling district.	I support the continued use of this venue as a polling place
<b>E5 – Gresham Park</b>	St Peters Church	This venue is a shared polling place with the E4 (Old Woking) polling district. There are parking facilities on site, and the building is accessible for all electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day. No other alternative venues have been identified within the polling district.	I support the continued use of this venue as a polling place

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<b>F1- Horsell West</b>	Horsell Evangelical Church	This venue has on-site parking facilities and is accessible for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. A temporary sign to direct electors to the polling station is used on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place
<b>F2 –Horsell South</b>	Trinity Methodist Church	This venue is a shared polling place with F3 (Horsell East) polling district. There are parking facilities on site, including dedicated disabled parking. The building is accessible for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. Although this venue is not in the polling district, no other suitable venues have been identified. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place
<b>F3 – Horsell East</b>	Trinity Methodist Church	This venue is a shared polling place with F2 (Horsell South) polling district. There are parking facilities on site, including dedicated disabled parking. The building is accessible for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers. Although this venue is not in the polling district, no other suitable venues have been identified.	I support the continued use of this venue as a polling place
<b>G1 - Knaphill West</b>	The Vyne	This venue is a shared polling place with G2 (Knaphill South) polling district. There are parking facilities on site, including dedicated disabled parking. The building is accessible inside for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers. No change is recommended for this polling place.	I support the continued use of this venue as a polling place

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<p><b>G2 - Knaphill South</b></p>	<p>Knaphill Scouts HQ</p>	<p>This venue is a shared polling place with G1 (Knaphill West) polling district. There are parking facilities at the site and the building is accessible for disabled electors. There is adequate room and is accessible for all electors. There is sufficient equipment to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No other alternative venues have been identified within the polling district.</p> <p>Reports of congestion on the access road to the car park have been made previously. Arrangements were put in place in May 2018 to improve the access arrangements.</p>	<p>I support the continued use of this venue as a polling place</p>
<p><b>G3 – Knaphill East</b></p>	<p>Knaphill Scout HQ</p>	<p>This venue is a shared polling place with G4 (Knaphill North) polling district. There are parking facilities on site and the building is accessible for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No other alternative venues have been identified within the polling district.</p> <p>Reports of congestion on the access road to the car park have been made previously. Arrangements were put in place in May 2018 to improve the access arrangements.</p>	<p>I support the continued use of this venue as a polling place</p>
<p><b>G4 – Knaphill North</b></p>	<p>Knaphill Scout HQ</p>	<p>This venue is a shared polling place with G3 (Knaphill East) polling district. There are parking facilities on site and the building is accessible for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. Although this building as it is located on a steep hill, and the pedestrian access is not separated from vehicle traffic, no problems have been reported by Presiding Officers.</p> <p>Reports of congestion on the access road to the car park have been made previously. Arrangements were put in place in May 2018 to improve the access arrangements.</p>	<p>I support the continued use of this venue as a polling place</p>

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<b>H1 - Mount Hermon West</b>	St Mary of Bethany Church Hall	There is on site parking and the building is accessible for disabled electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place
<b>H2 - Mount Hermon East</b>	St Dunstons Church Hall	This venue has been used since 2007. The venue is accessible for disabled electors and has plenty of on site parking. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place
<b>J1 - Maybury</b>	Alpha Road Community Hall	This venue is a shared polling place with the J2 (Maybury) polling district. This building is accessible to all electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station located here. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place
<b>J2 - Maybury South</b>	Alpha Road Community Hall	This venue is a shared polling place with the J1 (Maybury South) polling district. This building is accessible to all electors. There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station located here. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place
<b>J3- Pyrford</b>	Pyrford Village War Memorial Hall	There is on site parking, with allocated disabled parking bays. There is disabled access to the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place
<b>J4 - Pyrford North</b>	St Johns Cornerstone Centre	This venue is a shared polling place with the A1 (West Byfleet) polling district. There are parking facilities on site, with designated disabled parking bays. The entrance, which is accessible for all electors, is at the back of the building. There is adequate room and sufficient equipment (tables and chairs) to accommodate the three polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place

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<b>K1 – St John’s West</b>	The Oaktree Infant School	I support the proposal to identify alternative polling arrangements for this polling district. Any other venue must be accessible for all electors.	I support the proposal to change this polling place
<b>K2 – St John’s Central</b>	St Johns Memorial Hall	This venue is accessible for disabled electors. There are parking facilities outside the venue. There is adequate room and sufficient equipment (tables and chairs) to accommodate the two polling stations that are located here. Temporary signs directing electors to the polling station are erected on polling day. No problems have been reported by Presiding Officers.	I support the continued use of this venue as a polling place
<b>K3 – St John’s East</b>	Al-Asr Education and Community Centre	There is limited parking at the site, however, arrangements are made with Parking Services not to enforce on-street parking restrictions in the vicinity of the polling place to enable electors to cast their vote.  There is adequate room and sufficient equipment (tables and chairs) to accommodate the polling station. Temporary signs directing electors to the polling station are erected on polling day.	I support the continued use of this venue as a polling place

## Polling District and Polling Place Review 2018

### Summary of Consultation Responses

Proposal	Response
Oaktree Infant School	<p>Seventeen responses were received regarding the use of the Oaktree Infant School, including from parents of pupils at the school and the Headteacher.</p> <p>A summary of the responses is set out below:</p> <ul style="list-style-type: none"> <li>• It causes unnecessary disruption to the education of children if the school closes.</li> <li>• Adverse impact on parents if the school is closed for polling day, with parents using leave or having to pay for additional childcare to cover the missed days.</li> <li>• There is a disruption to the school day if a section of the school is kept open as a polling station, to ensure the children are kept safe at all times.</li> <li>• Safeguarding issues due to increased number of visitors to School and safety issues due to high volume of traffic around the School.</li> <li>• Insufficient parking and access to the school as Gorsewood Road is busy with traffic.</li> <li>• Other suggested polling stations are St John's Memorial Hall, pubs/shops and superstore car parks.</li> <li>• New community facilities are required in the area.</li> <li>• Prime importance should be given to find alternative arrangements and School should not be used as a polling station in future.</li> </ul>
Lightbox - Town Centre Polling District	Three representations received in support of using The Lightbox as the polling place for the Town Centre polling district.
Mount Hermon Ward	Comments received supporting the proposal.
Sutton Green Village Hall – Sutton Green	Comments received supporting the proposal.
General Comments	<p>Woking Access Group submitted the following comments:</p> <p>The main point I would like to make is the difficulties encountered by disabled people when visiting their local polling stations.</p> <p>Entering the front door is a big problem unless there are automatically operated doors.</p> <p>Often there is nobody there to open the manual doors and I have been left waiting outside waiting until another member of the public wishes to enter.</p> <p>Having worked for the council in the past, I know this problem will affect most polling stations.</p> <p>It would be extremely helpful to ensure staff working on that day are aware of this problem and that somebody is at the front door to help people in.</p> <p>Please could the Council clarify the arrangements in place for enabling all</p>

People with disabilities to Vote and put it on the website and on the polling the revised consultation document:

For example: A low - level polling booth Are any height adjustable? Cost?

How presiding officers can assist

Voting information available in different formats. The link to the Electoral commission report in 2017 maybe be a useful source of information.

[https://www.electoralcommission.org.uk/\\_\\_data/assets/pdf\\_file/0008/237194/Accessibility-report-call-for-evidence.pdf](https://www.electoralcommission.org.uk/__data/assets/pdf_file/0008/237194/Accessibility-report-call-for-evidence.pdf)

The Council may be aware of the report? Has it considered the points raised? If so, how will the Council address the issues in Woking? If not, why? Are there any issues we can help with?

Idea

Lifts to Polling Stations by Bustler? Not everyone can use a car to the polling station. Does Bustler still take electric wheelchairs?

How does this compare cost wise with the issuing of postal votes? Has this option ever been considered?



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