



Building a better
working world

Comprehensive Statement – Member Briefing

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

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

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