

UPDATE ON THE THAMESWEY BUSINESS PLANS

Executive Summary

The Council established the ThamesWey Group of Companies to assist in the delivery of the Council's strategic priorities. The ThamesWey Companies deliver their activity in line with approved business plans which are normally approved for a rolling three year period.

As the Council embarks on a period of Strategic Review, change and improvement, it is timely and necessary for a review to be undertaken of the purpose of each Company both now and in the future. This is particularly relevant as the ThamesWey Business plans are based around the Council's strategic priorities and policies.

Under the Council's new company governance arrangement, the Shareholder Advisory Group (SAG) has considered the draft Business Plan and requested further exploration of a number of options to minimise risk and improving financial performance (particularly reducing peak debt). In light of this, the ThamesWey Business Plan will require further work prior to being re-considered by the Board and presented to Executive and Council for approval in February 2023.

Recommendations

The Executive is requested to:

RESOLVE That

the update on the ThamesWey Business Plan 2023 – 2026 be noted.

Reasons for Decision

Reason: To update the Executive on the positive progress being made on the ThamesWey Business Plan, aligning it with the priorities set out in the Woking for All Strategy.

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

Background Papers: None.

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Date Published: 30 November 2022

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1.0 Introduction

- 1.1 The Council established the ThamesWey Group of Companies to assist in the delivery of the Council's strategic priorities. In establishing the Companies, the Council took a long term view on investment in infrastructure with a view to securing benefit for the residents of the Borough and supporting the Council's economic development and housing strategies. The parent company, ThamesWey Ltd, is wholly owned by the Council.
- 1.2 The ThamesWey Companies deliver their activity in line with approved business plans which are normally approved for a rolling three year period. The 2020 Business Plans for the individual companies were approved by Council in December 2019. These covered the following companies:
 - ThamesWey Limited (Group Plan)
 - ThamesWey Energy Limited
 - ThamesWey Central Milton Keynes Limited
 - ThamesWey Housing Limited (including ThamesWey Guest Houses Limited)
 - ThamesWey Developments Limited
 - ThamesWey Maintenance Services Limited
 - ThamesWey Sustainable Communities Limited
- 1.3 The Business Plans are normally reviewed and agreed annually by the respective ThamesWey boards. These Business Plans are then presented to the Executive and Council for approval in advance of the company financial year and incorporated into the Council's budget setting processes. The ThamesWey Group Business Plan 2020 covered the period 2020-2023 and was carried forward to 2021 and 2022 in light of the Covid-19 pandemic (as were all Council Service Plans).

2.0 Business Planning Process

- 2.1 As the Council embarks on a period of Strategic Review, change and improvement, including its Fit for the Future Programme, Medium Term Financial Strategy (MTFS) and new "Woking for All" Strategy, it is timely and necessary for a review to be undertaken of the purpose of each Company both now and in the future. This is particularly relevant as the ThamesWey Business plans are based around the Council's strategic priorities and policies.
- 2.2 The Council is the major (but not sole) funder of the Group Companies either by way of loans made to the companies on which interest is payable, grant funding, or through the purchase of share capital.
- 2.3 Section 3 (Corporate Strategy) below highlights the additional priority commitments and actions within the Woking for All Strategy 2022-2025 that were established by the new administration and agreed by Council at its meeting on 21st July 2022. These specific priority commitments established key considerations for what the Shareholder Advisory Group needed to take into account when reviewing the ThamesWey business plans.
- 2.4 The additional priority commitments at section 3 equally align with issues subsequently raised by the minister within the Department for Levelling Up Housing and Communities in his letter to the Leader of the Council on 18th October 2022 which accepts the strategic regeneration ambitions of the Council but raises expectations (concerns) about:

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- Needs to be sustainable
- Needs to have proportionality (Debt and funding arrangements)
- Needs to recognise and address financial risk

The details of this letter have already been made public and brought to the attention of all Councillors.

- 2.5 In addition to the above, role of the Council was, and is, to initiate; stimulate and create the foundations and conditions for economic and social regeneration – an exit / stage beyond full Council ownership of assets and regeneration vehicles was always envisaged whilst not being explicit about when this should be considered.
- 2.6 In July 2022, the Council approved new company governance arrangements. These included establishing a Shareholder Advisory Group (SAG), operating in the role of a company management committee, to perform the shareholder function on behalf of the Council across all owned or affiliated companies. The role of this group is to provide the necessary oversight from a shareholder's perspective that the parameters, policies and boundaries that the shareholder has established for the company are being adhered to.
- 2.7 A consolidated ThamesWey Business Plan (covering all of the Group companies) has been drafted and approved by the Board for 2023 – 2026 to reflect the Council's Fit for the Future programme and Working for All strategic priorities. This was due to go to Full Council on 1 December 2022 for approval.
- 2.8 However, when the Shareholder Advisory Group (SAG) considered the Business Plan, it requested further exploration of a number of options to minimise risk and improving financial performance (particularly reducing peak debt), including:
- Revisiting assumed loan margins for some of the Group companies.
 - Exploring alternative sources of finance and potential equity investment.
 - Further consideration to the approach to ThamesWey Central Milton Keynes (TCMK).
 - Reviewing some of the base assumptions and scope for the Sheerwater regeneration project, including the compensation to the Housing Revenue Account (HRA) for costs incurred in delivering the project.
 - Exploring housing association involvement in delivering the Sheerwater regeneration.
- 2.9 In light of the requests made by SAG, the ThamesWey Business Plan will require further work prior to being re-considered by the Board. The ThamesWey Business Plan is now due to be presented to Executive and Council for approval in February 2023.

3.0 Corporate Strategy

- 3.1 The ThamesWey Group of Companies were set up with the specific remit of supporting the Council's strategic objectives. In particular, the Companies support the provision of high quality affordable and key worker homes; transforming Sheerwater; promoting and investing in low carbon energy supply across the Borough and creating high-quality built environments fit for the future. The objectives of the companies accord with the Council's Working for All Strategy.
- 3.2 The Council's strategy for Council Investment to stimulate local growth; borough wide social and economic transformational change and delivering the local priorities of social and

affordable housing regeneration and town centre regenerated vibrancy, remain and is a constant through the current and previous business planning periods.

- 3.3 Whilst there has been a change in the Council's administration in 2022, the priorities of the incoming administration have been established through the Woking for All Corporate Strategy. Of particular relevance are the priority commitments and actions, extracted below, relating to being a High Performing and a financially responsible council with sustainable and affordable plans.

A high performing council

A financially responsible council with sustainable and affordable plans

Ensure that affordability, financial control and delivery of value for money are embedded in how the Council conducts its business

Additional priority commitments

- Get the Council's finances under control – this is our first priority
- Consider new approaches to increase income
- Make decisions in an open and transparent way

Actions

- Work constructively with the Department for Levelling Up, Housing and Communities (DLUHC) to deliver plans for a sustainable budget and directly address the concerns the Government has about the Council's levels of debt and exposure to financial risk
- Deliver clearer and more transparent financial performance reporting through to meetings of the Council
- Seek greater leverage of private sector and market investment into Woking to enhance the economic vitality of the borough and maximise the benefit that Woking communities experience from this investment

A high performing council

Develop and strengthen strategic and financial planning and performance and risk management

Additional priority commitments

- Review the financial model used to fund council owned companies
- Get expert opinion to advise on the financial sustainability of the Council's investments into companies

Actions

- Review all council investments and set clear performance targets for the returns these investments need to provide for the Council and the borough

4.0 Implications

Finance and Risk

- 4.1 The ThamesWey Business Plan 2023-2026 will set out the financial requirements of the Group and the risks and sensitivities within the plans.
- 4.2 The Shareholder Advisory Group (SAG) has requested that further options be explored prior to submitting the Business Plan to Council for approval with the aims of minimising risks and improving financial performance.

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Equalities and Human Resources

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

Legal

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

5.0 Engagement and Consultation

- 5.1 The ThamesWey Business Plan for 2023 – 2026 will be closely aligned with the Council's Woking for All Strategy, which was developed following extensive engagement and consultation with residents and other stakeholders.

REPORT ENDS