

REPORT OF THE SHAREHOLDER LIASON SERVICE

Executive Summary

This is the second report of the shareholder liaison service to the Shareholder Executive Committee (SEC). The Shareholder Liaison Service (SLS) comprises officers for Commercial, Financial and Governance. The team reports into the Strategic Director, Corporate Resources.

The function of the Committee is to: -

Hold the companies to account for delivery of the Business Plan and, in particular, the company's performance:

- in financial matters
- against the social goals of the company as set out in the company's Objects, Business Case or Business Plan; and
- against the values of the Council.

Evaluate and monitor:

- the financial and social returns on investment (be that shareholding, loans, or direct investment); and
- risks and opportunities including those arising from joint ventures or new opportunities.

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

EFS requirement	Reflected in the report and wider activity
<p>a) <i>a robust asset disposal plan to the satisfaction of Commissioners and Government. This must be underpinned by a detailed assessment of options considering the associated risks and benefits, and a review of the Council's companies' financial positions including detailed cashflows, within three months unless otherwise agreed by Commissioners</i></p>	<ul style="list-style-type: none"> - Reporting requirements of the Companies' Governance Framework - Interpath advisory and assurance work - Business plan requirements - Lender Board
<p>a) <i>A strict debt reduction plan to the satisfaction of Commissioners and Government, linked to the options appraisal and agreed asset disposal plan;</i></p>	<ul style="list-style-type: none"> - Lender board - Interpath work

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	<ul style="list-style-type: none">- Asset disposal options and business cases required as part of the companies' business plans
b) <i>Robust commercial governance and assurance frameworks to the satisfaction of Commissioners and Government to ensure effective decision-making and risk mitigation, and to facilitate an orderly and timely exit from the Council's commercial arrangements with its companies</i>	<ul style="list-style-type: none">- Implementation of the Companies' Governance Framework- Operation of the Commercial Governance Board- Appointment of new company chairs and NEDs- Amendment of Part 6 of the constitution- Creation and operation of the SEC

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

- Annual Business plan for ThamesWey Limited
- Monthly requirements relating to business records for Victoria Square and ThamesWey.

The monthly information is summarised and reviewed in a part II report to the committee.

The Annual business Plan for ThamesWey Limited is summarised in this report, with a recommendation that it is approved by the Shareholder as the principle set of objectives and activities the ThamesWey companies will undertake over the current financial year.

Recommendations

The Committee is requested to:

RESOLVE That

- (i) the report be received.

Reasons for Decision

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

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

Background Papers: ThamesWey Limited Business plan summary 2024/25 attached as appendix 1

Reporting Person: Shareholder Liaison Service

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

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

Portfolio Holder: Councillor Ann-Marie Barker
Email: cllrann-marie.barker@woking.gov.uk

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1.0 Introduction

- 1.1 The company business plan is summarised at appendix 1. The plan covers the period from 1st April 2024 to 31st of March 2025
- 1.2 The plan addresses the following:
 - Five Key Objectives –
 1. *To maximise sustainable net income for distribution and asset value*
 2. *To ensure its residential offer is high quality and supports the local economy by providing a strong, well managed private rented sector offer including at an intermediate and affordable rent level*
 3. *To complete existing construction activities in Canalside within programme and budget to provide new residential and commercial space for the local community*
 4. *To contribute to the Woking 2050 Strategy through the generation and promotion of low carbon and district energy*
 5. *To develop and have approved by the Shareholder, Entity Business Cases articulating the future direction of the Group and entity contributions to paying down Shareholder debt*
 - Milton Keynes District Energy Network – *engage with Milton Keynes Council's energy from waste tender, continue the Market offer process review existing contracts and growth sites.*
 - Woking Energy Network – *Progress the heat Network Improvement Project, installation of additional low carbon plant, pilot heat network zoning with the Council and the Department for Energy Security and Net Zero, proactively acquire new connections in Woking Town Centre.*
 - Residential business – *review of rental structures and operating costs, disposal of non-core assets, completion of the canal-side development, obtaining planning consent for Brookwood Lye development site, expand customer satisfaction surveys.*
 - Corporate activities – *development of the new Board, directors, and reporting. Progress actions plan for ISO:14001 environmental management certification, develop business cases for the residential and energy assets.*
 - Finance and Risk – *refresh finance, risk and performance reporting systems, accelerate production of monthly management accounts, progress financial assurance activities and agreed repayments of debt to the Council.*
- 1.3 The plan recognises the three distinct activities of the group, being residential, and energy networks in Woking town centre and Milton Keynes Central and sets out the detailed activities to be undertaken in the current business plan year. The activities are expected to improve the financial and operational performance of the business and the resultant value of the assets in the ThamesWey companies.
- 1.4 A detailed profit and loss account and cash flow forecast is set out for each trading company in the group, with a consolidation of the same for the overall group. This provides the council with the ability to understand the performance of the individual companies and will be further developed to support a sustainable level of debt repayments to the Council.
- 1.5 The plan considers the key risks to the business in the areas of finance, inflation and staffing and the proposed mitigations.

2.0 Recommendations

- 2.1 It is recommended that, elsewhere on the agenda, the SEC approves the business plan subject to assurance that the plan will be further developed over the next two months to provide the Council with detail on the planned timescale and measurable outcomes for the activities set out in the current plan.

REPORT ENDS