

EXECUTIVE - 23 NOVEMBER 2017

## THAMESWEY BUSINESS PLANS 2018

### 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 2016 and prior years are available on the Group's website (<http://www.thamesweygroup.co.uk/thameswey-group-companies/>) and the results were consolidated into the Council's accounts which have been approved by the Council at its meeting on September 2017.

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.

A proposed Dividend Policy identifies that, should it be adopted, 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 2016 the Thameswey Group saved 3,897 tonnes of carbon dioxide emissions through the generation of energy across its sites. A further 509 tonnes was saved through the installation of energy efficiency measures in homes across Surrey via Action Surrey. The aggregate CO<sub>2</sub> savings of 4,406 tonnes in 2016 compares with the 4,841 tonnes saved in 2015. The reduction in net benefit, despite increased production and increased activity, is 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 460 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.

The forecast benefit to Council Tax taxpayers in the Borough during 2017 is £2.032m, which is equivalent to circa £50 at Band D. The forecast benefit for 2018 is £2.7m, which is equivalent to circa £65 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 2016/17.

### 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 and TMSL both rent premises from WBC for their offices/workshop 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 Barry Maunders as an Independent Director for TGHL;
- Appoint Councillor Kemp as a Councillor Director of TGHL and TL;
- WBC to provide TEL with leases for occupation of
  - Format house
  - 9 & 9a Poole Road
  - Construction lease for Poole Road car park
  - Board School Road car park;
- THL – Funding for the period of April 2020 to December 2021 of £75M to fund additional affordable homes, and £10M to service the debt. That future funding of £5M per annum is built into Council financial strategies for long term debt servicing within THL;
- TDL to be granted approval to draw down loans on behalf of TEL to fund Poole Road energy station; and
- TCMK – Additional funding for 2020 and 2021 funding of £5,020,000 (previous business plan included finance up to 2019).

The requests from the Thameswey Group are supported by Council Officers and are incorporated in the recommendations set out below and in the Draft Council Investment Programme to be considered later in the Agenda.

## Reasons for Decision

To recommend to Council the approval of the Business Plans for each of the Thamesway Group companies.

## Recommendations

The Executive is requested to:

### **RECOMMEND to Council That**

- i) the Business Plans for the Thamesway Group of Companies be approved;**
- ii) Barry Maunders be appointed as an Independent Director of Thamesway Guest Houses Limited;**
- iii) Councillor Colin Kemp as Portfolio Holder for Housing, be appointed as a Councillor Director of Thamesway Guest Houses Limited and Thamesway Limited;**
- iv) Thamesway Energy Limited be granted leases or licenses on appropriate commercial terms of:**
  - a. a Lease of 9 & 9a Poole Road, Format House and adjoining land for the construction, subject to Planning Consent, of the Poole Road Energy Station accommodation;**
  - b. a Licence to occupy the Poole Road car park for the purpose of the construction of the Poole Road Energy Station;**
  - c. a Lease of part of the Board School Road car park for the installation of its local electricity network and connection to the North Road UK Power networks sub stations;**
- v) Thamesway Developments Limited be authorised to draw down Loans on behalf of Thamesway Energy Limited to finance the construction of the Poole Road energy station;**
- vi) an increased Loan Facility of £75M be allocated to Thamesway Housing Limited for the period of April 2020 to December 2021 to finance additional affordable homes, and £10M 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**
- vii) extension of the Loan Facility for Thamesway Central Milton Keynes Limited for 2020 and 2021 in the aggregate sum of £5,020,000.**

<b>This item will need to be dealt with by way of a recommendation to the Council.</b>
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## Background Papers:

Previous Thamesway Business Plans and Statutory Accounts and Reports.  
Sustainability Impact Assessment  
Equalities Impact Assessment

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REPORT ENDS

EXE17-073

**APPENDICES**

## Equality Impact Assessment

The purpose of this assessment is to improve the work of the Council by making sure that it does not discriminate against any individual or group and that, where possible, it promotes equality. The Council has a legal duty to comply with equalities legislation and this template enables you to consider the impact (positive or negative) a strategy, policy, project or service may have upon the protected groups.

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) <b>THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS</b>
		Eliminate discrimination	Advance equality	Good relations			
<b>Gender</b>	Men					X	
	Women					X	
<b>Gender Reassignment</b>						X	
<b>Race</b>	White					X	
	Mixed/Multiple ethnic groups					X	
	Asian/Asian British					X	
	Black/African/Caribbean/Black British					X	
	Gypsies / travellers					X	
	Other ethnic group					X	

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) <b>THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS</b>
		Eliminate discrimination	Advance equality	Good relations			
<b>Disability</b>	Physical					X	
	Sensory					X	
	Learning Difficulties					X	
	Mental Health					X	
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					X	
<b>Age</b>	Older people (50+)					X	
	Younger people (16 - 25)					X	
<b>Religion or Belief</b>	Faith Groups					X	
<b>Pregnancy &amp; maternity</b>						X	
<b>Marriage &amp; Civil Partnership</b>						X	
<b>Socio-economic Background</b>						X	

The purpose of the Equality Impact Assessment is to improve the work of the Council by making sure it does not discriminate against any individual or group and that, where possible, it promotes equality. The assessment is quick and straightforward to undertake but it is an important step to make sure that individuals and teams think carefully about the likely impact of their work on people in Woking and take action to improve strategies, policies, services and projects, where appropriate. Further details and guidance on completing the form are [available](#).



## Sustainability Impact Assessment

Officers preparing a committee report are required to complete a Sustainability Impact Assessment. Sustainability is one of the Council's 'cross-cutting themes' and the Council has made a corporate commitment to address the social, economic and environmental effects of activities across Business Units. The purpose of this Impact Assessment is to record any positive or negative impacts this decision, project or programme is likely to have on each of the Council's Sustainability Themes. For assistance with completing the Impact Assessment, please refer to the instructions below. Further details and guidance on completing the form are [available](#).

<b>Theme (Potential impacts of the project)</b>	<b>Positive Impact</b>	<b>Negative Impact</b>	<b>No specific impact</b>	<b>What will the impact be? If the impact is negative, how can it be mitigated? (action)</b>
Use of energy, water, minerals and materials	X			The Thamesway Group is established to make a positive impact on the environment of Woking, the provision of homes and increased economic activity. The lines marked X reflect those areas included in the Business Plans of the Companies.
Waste generation / sustainable waste management	X			
Pollution to air, land and water	X			
Factors that contribute to Climate Change	X			
Protection of and access to the natural environment			X	
Travel choices that do not rely on the car			X	
A strong, diverse and sustainable local economy	X			
Meet local needs locally	X			
Opportunities for education and information			X	
Provision of appropriate and sustainable housing	X			
Personal safety and reduced fear of crime			X	
Equality in health and good health			X	
Access to cultural and leisure facilities			X	
Social inclusion / engage and consult communities			X	
Equal opportunities for the whole community			X	
Contribute to Woking's pride of place	X			