



Thameswey Maintenance Services Limited
Business Plan 2020

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1. Introduction

- 1.1 This business plan sets out the proposed strategies for Thameswey Maintenance Services Limited's contribution towards delivering the Thameswey Group companies' activities for the next year.
- 1.2 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 has been 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.
- 1.3 As the Thameswey group has developed the demand for this service has changed to include demands for environmental activity in support of other Thameswey companies, wider facilities management and project management support.

2. Executive Summary of Plan

- 2.1 The key points of this plan are summarised below:
 - In line with the Board decision in March 2019 TMSL will cease to be a separate operating entity at the end of 2020, when the remaining activity will transfer to TSCL.
 - The operational activity in support of the Thameswey primary energy infrastructure has been transferred to TEL and TCMK during 2019.
 - During 2020 TMSL will focus on ensuring it has appropriate capacity and contracts in place to support the wider Facilities Management and Environmental roles of the group while maintaining existing TMSL contract obligations.

3. Company Description

Board of Directors

- 3.1 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.

<ul style="list-style-type: none"> • Barry Maunders • Cllr Ayesha Azad • Ray Morgan • Peter Bryant 	<ul style="list-style-type: none"> Independent Director (Chairman) Councillor Director Officer Director Officer Director
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Financial Requirements

- 3.2 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.
- 3.3 This business plan sets out the financial requirements of TMSL during the plan period.

Significant Assets

- 3.4 At the end of 2018 TMSL vacated the Monument Way Depot which had been its largest asset previously. The financial impact of this was written down in 2018.
- 3.5 Assets held by the company are split into two main categories, vehicles and tools / engineering equipment. TMSL adopted a new Computer Aided Facilities management (CAFM) system in 2016.
- 3.6 The company has transport resources for its current requirements, during the business plan period the intention is to move these to TSCL and where cost and operationally effective change the remaining fleet to electric vehicles.

4. Current Business Position

Structure of TMSL

- 4.1 During early 2019 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.
- 4.2 At the beginning of 2019 the General Manager of TMSL transferred out of TMSL into TSCL to reflect the wider remit and the direction of travel of TMSL. In the middle of 2019 the maintenance responsibility at Milton Keynes and the staff responsible for delivering it transferred out of TMSL. The responsibility moved to TCMK and the relevant staff transferred to TSCL. This process removed the need to recharge all the materials via TMSL to TCMK reducing administration and costs in TSCL and TCMK. In the third quarter 2019 the same process is to take place with the primary energy plant in Woking whereby the responsibility will rest with TEL to maintain and upgrade the primary energy plant in Woking and the staff will move to TSCL. This means that by the end of 2019 and the commencement of this business plan no responsibility and staff associated with the maintenance and operation of Thameswey primary energy plant will rest with TMSL.
- 4.3 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 housed through the Housing Revenue Account. TMSL also 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.
- 4.4 At the end of 2019 the company had a staff compliment of 7 permanent employees with 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 will be reviewed over the next business plan period to ensure TMSL has the capacity to deliver on its contract obligations listed above, the increased demand on its maintenance services created by an expanding THL stock and the wider facilities management role, while generating sufficient income to maintain the business.
- 4.5 The staff structure for this business plan is attached in Appendix 1.

Achievements Since Last Business Plan

- 4.6 TMSL has been successful in delivering the maintenance contract for the 73 communal plant rooms to carry out a regular maintenance regime for WBC and reactive call out for TSG.
- 4.7 TMSL has made significant progress on improving the environmental impact of its vehicle fleet. Progress has been made on replacing the most polluting vehicles and two electric vans have been added to the fleet.
- 4.8 Work has continued on installing appropriate electrical infrastructure for Victoria Square and Peacocks energising new substations.
- 4.9 TMSL has also project managed and helped deliver the upgrade of the chiller network in Woking for TEL, including the temporary provision of supplies during the upgrade work.
- 4.10 TMSL implemented new Health and Safety, training and absence management software over the last period. Working with TSCL this was then rolled out across the group and is now used by all Thameswey employees, greatly improving absence and training records.

5. Business Opportunities 2020

Opportunities

- 5.1 The significant opportunity for TMSL during this business plan is the increased demand on its services providing maintenance of energy infrastructure (including renewable) and gas checks which will arise from THL stock increases. The move to a wider facilities management service will also be driven by significant increases in the THL stock. During 2020 TMSL will need to scale up to meet this demand and ensure that both existing and new employees have the appropriate skills to deliver these new service demands. The activity, and staff, will then transfer to be delivered out of TSCL.
- 5.2 The new demands on TSCL will require the existing staff to be trained in installation and maintenance of low carbon energy technology as this is being increasingly installed in THL stock. This will include heat pump technology as well as solar arrays and importantly Heat Interface Units which are being installed in many new THL units.
- 5.3 New office and residential developments in Woking area have led to new connections to the Victoria Way heat, cooling and power networks which will come online in this business plan period. This will provide opportunities for TMSL to maintain the third party owned main secondary and network backup plant within these buildings subject to the commercial offer of TMSL. After this business plan additional customers are likely to be connected to the new Poole Road infrastructure once it is complete. This will give a significant opportunity for the current commercial gas engineering capacity with TMSL to expand the business (which will then transfer into TSCL by the end of 2020).
- 5.4 While it is linked to the points above and will be mainly delivered once TMSL activity has transferred to TSCL after this business plan the delivery of FM services will be a major opportunity going forward. Both Harrington Place (which will be released within this business plan period) and more significantly Sheerwater, will require active delivery of waste management, water hygiene, SUDS management, security, concierge and general FM services which will all require delivery through TMSL prior to the activity and staff moving to TSCL.

Sources of Revenue

- 5.5 From 2016 TMSL 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 continue this split within the

business plan and will be working with WBC and the Thameswey group companies to deliver a range of works to their communal boiler and other group activities and have been confirmed as supplier of choice for the Group.

Operational Plan

- 5.6 During 2020 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. The installation of new meters to the council communal heating plant rooms as part of the ongoing refurbishment project will also be linked to this project and activity.
- 5.7 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 also provide engineering support and maintenance to other group projects such as Environmental Projects delivered by TSCL. TMSL will look to provide these services from its current and future planned resources.
- 5.8 TMSL currently provide planned programmed maintenance to 73 communal boiler sites to WBC. This contract renewed in April 2019 and TMSL will continue to deliver this function and the TSG reactive work during 2020. It is understood WBC may review the arrangements for the period commencing April 2021.
- 5.9 TMSL will work with WBC on the rolling programme of refurbishing the Council's communal boiler sites in addition to the general and planned maintenance programmes. This refurbishment programme, referred to as the 'R-gen' programme will deliver the upgrade of 3 sites within the period of this business plan.

6. Financial Plan

Operational Costs

- 6.1 Employment costs are significant for TMSL (as only one of two companies in the Thameswey Group of companies with employees). Staff numbers fluctuate depending on workload and resource requirements. Numbers are continually reviewed in order to balance the business needs and operating costs. In 2020 the management costs of TMSL will be reviewed to more closely reflect the wider group role that is played by its staff especially following the transfer of staff to TSCL associated with the primary energy plant in 2019.

Capital Investment

- 6.2 As TMSL is a service orientated company it has a relatively low requirement for capital expenditure. During 2020 it is expected two vans will be replaced.

Finance Structure and Shareholder Return

- 6.3 TMSL is financed by share capital of £660,000 from Thameswey Limited.
- 6.4 This business plan does not require any additional loans or finance.
- 6.5 No specific return on investment has been set for the company.

- 6.6 Over the business plan period the shareholder funds are expected to exceed the share capital of £660,000.

Profit and Loss Account

- 6.7 During 2020 the revenue will reduce and business is expected to breakeven as the internal Thameswey energy functions have been moved to TEL and TCMK.
- 6.8 Taxation charges in 2018 reflect group allocation of tax payable upon consolidation.
- 6.9 At the end of 2020 TMSL will cease to operate under a separate entity, and the staff will transition to TSCL.

Appendix 2 shows the Profit and Loss Account

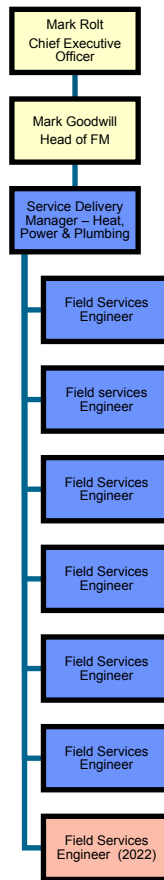
Balance Sheet and Cash Flow

Appendix 3 shows the Balance Sheet and Cash flow

Assumptions and Critical Factors in the Budget

- 6.10 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 scope to improve upon the level of activity as the economy recovers and THL stock comes online.

Appendix 1: Organisation Chart



Employed by TSCL
Additional Post
Employed by TMSL

Appendix 2: Profit and Loss Account

	2018	2019	2020
	Actual	Forecast	Budget
Turnover	2,177,735	1,411,665	690,000
Direct Project Costs	1,291,231	779,511	333,000
Direct Labour Costs	342,590	343,045	231,778
	-		
Cost of Sales	1,633,821	1,122,556	564,778
Gross profit/(loss)	543,914	289,109	125,222
<i>GP% of Turnover</i>	25.0%	20.5%	18.1%
Indirect Costs			
Vehicles & Travel	44,774	28,128	6,000
Indirect Labour Costs	166,791	66,235	37,084
Recruitment Fees		4,080	4,080
Other Staff Costs	37,468	42,329	10,800
Tools and Equipment	3,543	2,999	6,000
Telecommunications	8,440	14,086	3,600
Printing/Stationery/Post	5,145	5,624	0
Computer Costs	17,439	15,790	0
Rent / Rates / Utilities	57,599	4,476	0
Insurance	25,338	19,497	9,600
Group Admin Exp	36,883	41,391	12,000
Non-exec Directors			
Remuneration	4,282	4,283	4,296
Audit Fees	8,000	8,652	6,000
Other Prof Fees	470	774	0
Bad Debts		0	0
Bank Charges	318	262	200
Subscriptions/ Registrations	5,742	3,023	0
Total	422,232	261,628	99,660
EBITDA	121,682	27,481	25,562
Depreciation	57,139	19,711	23,461
Finance Income	285	745	745
Taxation	23,174	0	0
Profit/(Loss) After Tax	41,654	8,515	2,847

Appendix 3: Balance Sheet and Cash Flow

	2018 Actual £	2019 Forecast £	2020 Plan £
FIXED ASSETS			
Motor Vehicles	15,310	44,392	39,226
Office Refurbishment	0	0	0
Tools & Equipment	11,336	11,336	11,792
	26,646	55,728	51,018
CURRENT ASSETS			
Trade Debtors	539,718	86,250	87,975
Accrued Income	16,555	28,750	29,325
Prepayments	19,481	20,455	21,478
Parts in Stock	24,073	24,554	25,046
3rd Party Stock	97,309	99,255	101,240
Bank Account / Cash in Hand	318,624	743,776	753,538
	1,015,760	1,003,040	1,018,602
CURRENT LIABILITIES			
Trade Creditors	183,473	187,142	190,885
Accrued Expenses	34,257	34,942	35,641
3rd Party Stock	104,456	106,545	108,676
VAT Payable	70,178	71,582	73,013
	392,364	400,211	408,216
NET CURRENT ASSETS	623,396	602,829	610,386
NET TOTAL ASSETS	650,042	658,557	661,404
CAPITAL & RESERVES			
Share Capital	660,000	660,000	660,000
P&L Account brought fwd	31,696	(9,958)	(1,443)
Profit	(41,654)	8,515	2,847
	650,042	658,557	661,404

CASHFLOW

	2019	2020
Operating Activities		
Operating Profit/(Loss)	8,515	2,847
(Increase)/Decrease in Debtors	437,871	(5,799)
Increase/(Decrease) in Creditors	7,847	8,004
Add Back: Depreciation / Less Amortisation	19,711	23,461
NET CASH FLOW FROM OPERATING ACTIVITIES	473,944	28,512
Investing Activities		
(Purchase)/Disposal of fixed assets	(49,538)	(19,495)
NET CASH FLOW FROM INVESTING ACTIVITIES	(49,538)	(19,495)
Financing Activities		
Increase in Share Capital	0	0
Interest Received	745	745
Loans	0	0
Increase/(Decrease) in Loans	0	0
NET CASH FLOW FROM FINANCING ACTIVITIES	745	745
NET CASH INFLOW/(OUTFLOW) OF CASH	425,152	9,762
Cash Balance @ Beginning of Period	318,624	743,776
Cash Balance @ End of Period	743,776	753,538

