



Thameswey Limited  
Business Plan 2020

Covering the period 2020-2023

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## 1. Introduction

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- 1.1 This Business Plan sets out the proposed arrangements for delivering the Thameswey Group's activities for the next year and seeks to define the strategic direction for the Group.
- 1.2 The business plan aims to ensure that the focus of activity within the Group is aligned with the shareholder, Woking Borough Council. This business plan reflects the Board's views on the medium- and long-term objectives for the Group.
- 1.3 This business plan refreshes the Business Plan approved in 2018 and reflects the activity and challenges over the last year. This plan also aims to draw out potential business development opportunities for the Group which it intends to investigate over the plan period. Not all will come to fruition and other opportunities may arise during the plan period, but it provides greater transparency of the company thinking on direction of travel. The Plan also highlights the focus on compliance and efficiency within the group.

## 2. Executive Summary of Plan

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- 2.1 The key points of this plan are summarised below:
  - The Plan summarises the key activity and priorities for each subsidiary company;
  - At TL level the company will focus on Environmental Projects in support of the Council's 2050 Strategy including sponsoring research.
  - The Group, led by TL, will carry out a compliance review during this plan period to ensure that appropriate process and plans are in place given the rapid expansion of the group in the last plan period (a period of consolidation);
  - The Group will strengthen its branding and communications including promoting the 20<sup>th</sup> Anniversary of Thameswey in 2019;
  - The Group will continue to consolidate companies.

## 3. Group Purpose and Structure

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### Group Purpose

- 3.1 The Council established Thameswey Limited (TL) in 1999 to make long-term energy and environmental project investments in support of what subsequently became the Council's Climate Change Strategy. In 2004 the company's remit was extended to include provision of affordable homes in support of the Council's Housing Strategy. In 2008 the company's remit was further extended to take forward redevelopment proposals for parts of the Borough.
- 3.2 Following the adoption of the Councils 'Woking 2050 Strategy' the Group has used the main strategic goals of the Strategy as its purpose:
  - Protect and enhance the quality of the natural environment;
  - Promote the wise use of resources and conserve biodiversity;
  - Deliver a built environment which is developed sustainably, meets local needs and enables the local economy to prosper;
  - Prepare and adapt to the socio-economic, environmental and demographic changes of the future.
- 3.3 In effect to work towards enabling the development of 'sustainable communities'.

## Structure

**3.4** Thameswey Limited (TL) is wholly owned (100%) by Woking Borough Council (WBC). TL acts as the holding company of the Thameswey Group.

**3.5** The Thameswey Group subsidiaries and company ownership are shown below:

Company Name	Abbreviation	Ownership Structure
Thameswey Energy Limited	TEL	TL
Thameswey Central Milton Keynes Limited	TCMK	TEL
Thameswey Housing Limited	THL	TL
Thameswey Guest Houses Limited	TGHL	THL
Thameswey Sustainable Communities Limited	TSCL	TL
Thameswey Maintenance Services Limited	TMSL	TL
Thameswey Developments Limited	TDL	TL
Rutland (Woking)Limited	RWL	50% TDL 50% Rutland Properties Limited
Rutland Woking (Residential) Limited	RWR	50% THL 50% Rutland (Woking) Limited
Rutland Woking (Carhouse Lane) Limited	RWCL	50% TDL 50% Rutland Properties Limited

**3.6** During the business plan period, directors of the joint venture companies are reviewing the structure to ensure it meets future business requirements.

**3.7** All of the wholly owned companies listed above are supported by Thameswey, staff currently are either employed in TSCL or TMSL, as set out in the appendices, however during the business plan period, staff will also be employed by THL to facilitate VAT efficiency.

## 4. Group Directors

**4.1** All directors of the subsidiary companies, with the exception of the Rutland companies are also Directors of Thameswey Limited. The Directors are:

Barry Maunders	Independent Director
Terry Price	Independent Director
William Prescott	Independent Director
Cllr David Bittleston	Councillor Director
Cllr Ayesha Azad	Councillor Director
Cllr Colin Kemp	Councillor Director
Cllr Debbie Harlow	Councillor Director
Peter Bryant	Officer Director
Douglas Spinks	Officer Director
Ray Morgan	Officer Director
Louise Strongitharm	Officer Director

## 5. Achievements since last Business Plan

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- 5.1** The Group has started to scale up capacity, through its subsidiaries, to deliver the significant number of development projects being progressed by THL and TDL, to support the increased focus on self-delivery of services and the major programme of the Sheerwater Redevelopment. The Group has also successfully rolled out a new Website, launched the Earn Your Deposit Scheme within THL, delivered the first phase of power infrastructure to the Victoria Square development and boosted its Environmental Project capacity.

## 6. Group Operational Priorities

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- 6.1** There are a number of operational priorities which will need to be addressed at a Group level over the coming plan period.

### People Strategy and Capacity

- 6.2** The growth of Thameswey's housing portfolio has presented opportunities to expand the services offered by TSCL to support THL through self-delivery of tenant services. The expansion of the offer to THL has also led to the opportunity to co-ordinate these services with energy billing, energy efficiency and fuel poverty advice through a single integrated customer services team in TSCL. The implementation of the new PEX and ISTA database systems has further driven this integration which will continue over the business plan period. These changes will necessitate expansion of personnel in the Group and also personal development/training of existing staff to maximise capacity both within the customer services and housing teams. While initially these will be employed via TSCL during the course of this business plan a number of employees will be moved and/or employed via THL as it will be more tax efficient for the group regarding VAT.
- 6.3** With the proposed closure of TMSL during the business plan period and the shift in operational activity to TEL, TCMK and TSCL the group will need to ensure that there are appropriate skills to deliver the increased challenges and demands of the expanded activity within the group. This will include extra engineering capacity to help deliver Poole Road and other main infrastructure projects as well as new facilities management staffing and processes to support self-delivery.

### Marketing and Branding Strategy

- 6.4** There are a number of opportunities to provide improved marketing and communications across the Thameswey group and the development of this capacity within TSCL will be a priority for the group as a whole over the plan period. This is of particular importance to the Group given the significantly higher media profile the Group will have as part of the ongoing developments of TDL and THL but also the increased communication needs with residents presented by self-delivery of management services. This will involve a repositioning of the Thameswey brand and the development of a communication strategy to effectively communicate to Thameswey existing stakeholders including improvements to the website of the group. The first phase of this communication approach was the implementation of new websites in 2018, improved published media, including Thameswey 20<sup>th</sup> Anniversary headings in 2019. During this plan period a significant focus will be on the development of new THL property including the Sheerwater/Canalside development.

### Funding Strategy

- 6.5** WBC provides funding to Thameswey Group companies. In order to recognise the lending risk, a premium is applied to loans which results in a benefit to WBC. The premium is calculated as a margin on the interest rate WBC pays to the Public Works Loan Board (PWLb).

**6.6** Subject to the approval of the business plans, the benefit to the Council Taxpayers in the Borough during 2020 will be £2,650,877, which is equivalent to £63.14 at Band D.

Appendix 2 shows a breakdown of the WBC income from loan margins.

Appendix 3 shows the share structure of Thameswey

**6.7** In 2018 TGHL paid a dividend via TL to WBC of £40,000. A further dividend is under review for 2019, depending on occupancy levels.

**6.8** Inter-company loans can be provided as per below:

- Thameswey Ltd can loan to any 100% owned Group Company
- Thameswey Housing Ltd to Thameswey Guest Housing Ltd and Thameswey Developments Ltd
- Thameswey Energy to Thameswey Central Milton Keynes Ltd, Thameswey Solar Ltd & Thameswey Developments Ltd
- Thameswey Developments to Thameswey Ltd

## Environmental Project Delivery

**6.9** The TSCL Environmental Projects Team will continue to deliver the Action Surrey project with partner Local Authorities to source grant funding and deliver energy efficiency services and advice to residents. In addition, a greater focus will be made on promoting environmental and sustainability projects and technology to Woking residents. This will involve a greater level of research and demonstration projects, with a particular focus on renewable technologies and wider habitat creation, using funding raised through development profit from TDL and project funding from investment in the energy companies (TEL/TCMK).

**6.10** The research element of the environmental projects will be informed by working closely with academic researchers and other business partners to identify best practice and future trends which can be applied locally for Woking. Initially this work will look at the new Canalside development and proposed development at Brookwood Lye to see if the habitat creation, water and waste management and renewable energy can be improved beyond the current levels with a view on the UK Government objective of zero carbon development.

**6.11** The use of this funding will be informed by the Climate Change Working Group of the Council and the 2050 strategy. The team will also look to directly deliver sustainable technology programmes previously proposed to be delivered via TMSL to bring the Group's environmental activities together under TSCL and help the Group address the Council's declared 'climate emergency' objective of carbon neutrality by 2030.

## Consolidation of Companies

**6.12** During the business plan period the Group will complete the consolidation of TSL. Further consolidation is under review.

## 7. Group Opportunities and Business Development

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### Direct Service Provision – Residential Services and Facility Management

- 7.1** The current residential stock held by THL is increasing and has passed a threshold where the running management costs to the group are of a sufficient scale to be cost effective to deliver the letting and property management service in house. Although a greater part of letting activity is now delivered through the on-line environment there is still a face to face component. This is increased within the tenancy profile of Thameswey Housing compared to the general population due to the vulnerable nature of a proportion of THL tenants. Therefore, THL has commenced development of its own letting service which will be rolled out over the remainder of 2019 and early 2020. This will reduce the reliance of the group on external agents as the majority of property will be managed in house. Where specialist services are required it is proposed that these are still provided by external specialist providers, including working with the Council's Family Support Programme and Independent Living service so not all of THL stock will be managed in house.
- 7.2** Linked to this roll out is the need to develop a wider Facilities Management (FM) role within the Group. This will be built from the merger of TMSL staff into TSCL and cover the need to provide services to our residential portfolio. With the introduction of new larger developments there will be a need to provide wider FM services than previously offered, for example waste management in large blocks, concierge services and wider cleaning and grounds maintenance contract management.

### Wider Residential Offer

- 7.3** During the course of the business plan the Group will look to deliver, via TDL, THL and TGHL a wide spectrum of residential property to ensure that the Group can meet as wide a need as possible in support of the Woking 2050 Strategy. This will include the development of specialist accommodation, for example supported accommodation and 'eco-dwellings'. The move to a wider offer may also cover looking for property opportunities in a wider area of operation outside the traditional 30-minute commute. This will be focused on the provision of specialist accommodation where opportunities are not available more locally.

### New Energy Connections

- 7.4** TEL will increase the connected load in Woking town centre and optimise the performance of its existing primary plant in Victoria Way. The company will work with TDL and TSCL on the development of a new Woking Energy Centre at Poole Road to service Victoria Square and the additional developments planned in the town.
- 7.5** New connection prospects for TCMK include sites near the energy centre include Palmer Capital's proposal for a residential block on land at Aubrey Place. Planning consent for a new hotel on adjoining land ('Building 1200') is has been issued and the building is expected to come online during the business plan period. Milton Keynes Council and its development arm (MKDP) are in discussions for a new university to be located on the B4 land in central Milton Keynes. Currently contact has been made with a number of consortia bidding to deliver the project and it is hoped that this will lead to a large future connection during the course of this business plan period.

### Energy Delivery Model

- 7.6** The Group will look at alternative structures for energy delivery to allow continued expansion of TEL and TCMK within the current UK regulatory framework.

## 8. Planned Major Developments

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- 8.1** Following an undertaking by the Leader of the Council to Full Council Thameswey have been required to list future Major Developments (as defined by the Local Planning Authority) which the Group plans to deliver prior to planning submission to ensure Councillors of Woking Borough Council who are not Board members are aware.
- 8.2** At the time of writing this Business Plan the only major development proposed by the Group which is not currently in the process of being determined by the LPA is the former nursery (Coblans) on Brookwood Lye Road.

## 9. Group Financial Highlights

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- 9.1** During 2018, refreshed statutory guidance for the provision of Share Capital, results in the requirement to write down over a 20-year period, the impact is that Share capital is more expensive than the current model can support. Therefore, during this plan period it is not intended to increase share capital as part of the funding structure. During this plan period, the group will continue to work with WBC, as its funder, on alternative funding structures to address the medium-term cash flow risk of removing share capital.
- 9.2** THL business plan proposes additional funding to cover interest costs of £5M for the year 2023, at a margin to WBC of 1.5%, over the PWLB certainty rate. During the plan period THL intends to continue to take advantage of long term borrowing for projects where the interest rates are favourable.
- 9.3** Sheerwater funding has been agreed for pre-planning totalling £5M, the leisure centre totalling £26M, and purple phase totalling £48.4M.
- 9.4** THL has the facility to purchase Sheerwater properties within the Red Line regeneration scheme, properties will be rented on a short-term basis, or boarded dependant on specific requirements for each property.
- 9.5** The summary below, identifies capital expenditure during the business plan period:
- TEL £25M; including Poole Road and Energy Connections;
  - TCMK £2.5M in energy connections and capital refurbishments;
  - THL £262M, including Sheerwater of £87M, standalone developments of £140M, and street properties of £35M. Prior to the final business plan, it is expected additional Sheerwater expenditure will be agreed for development post purple stage
  - Fleet Replacement in TCMK, TMSL and TEL £75K
  - TSCL £95K, including IT equipment, office furniture and equipment. The fit-out costs for Poole Road office space have been excluded until more detail is known.

## 10. Group Benefits to Woking Community

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- 10.1** The Thameswey group contributes financially towards the Borough in other ways including:
- Interest premium for 2020 is £2.65M
  - WBC charges TL £10,000 per annum for use of its Trademark
  - THL pays ground rent for middle walk flats to WBC
  - TGHM rebate to WBC of £40,000 for 2018
  - Office Rents and NNDR for office and commercial space £60K



**10.2 Non - Financial Benefits to WBC**

- Carbon dioxide emission savings
- Assisting WBC in Climate Change strategy
- Delivering borough redevelopment projects

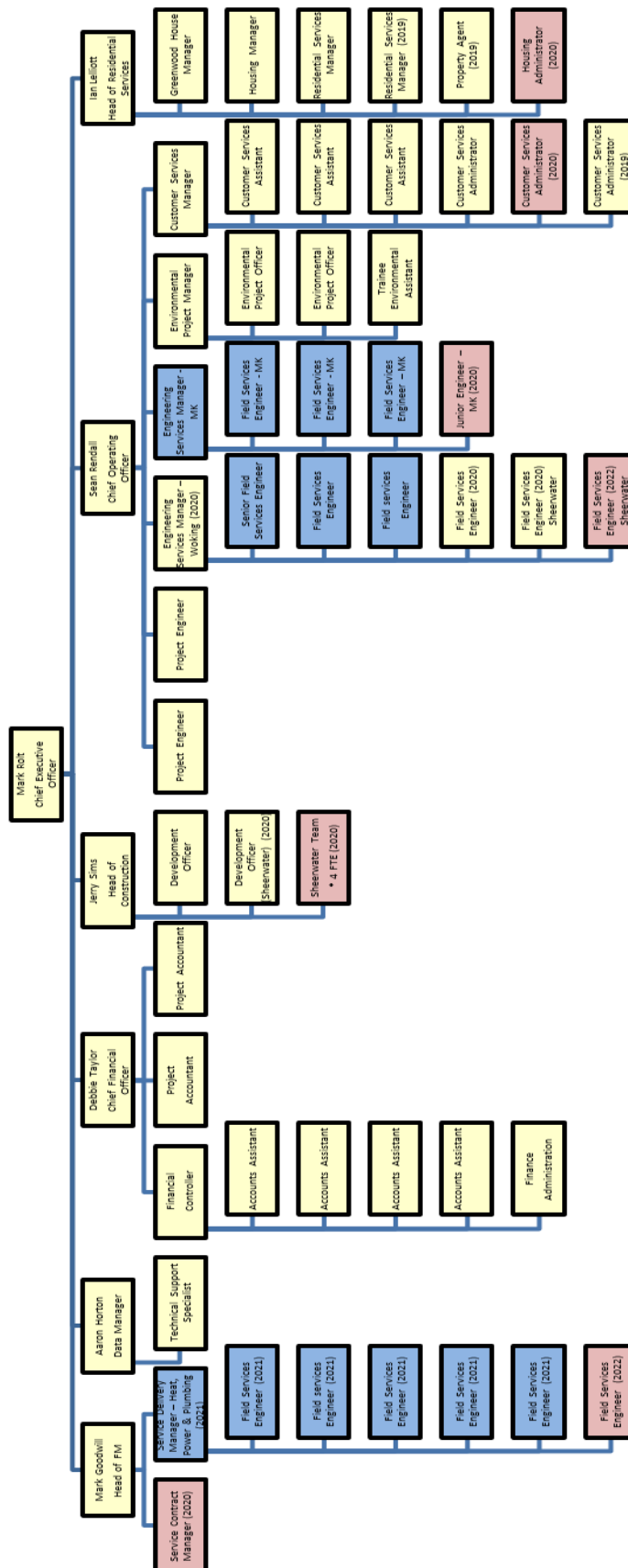
**11. Group Requests for Council Approval**

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**11.1** This business plan outlines the headlines for the 2020 Group Business Plans. More detail in the individual activities are provided within the individual company business plans. However, in aggregate the following requests are made to Council:

- That the Council approve the 2020 submitted Business Plans for all the Group Companies;
- That the Council note the potential wider operational area for THL to provide specialist accommodation where it cannot be provided locally;
- That the Council approve the simplification and consolidation of the Group structure;
- THL funding for cashflow in 2023 of £5M
- TCMK funding for 2023 of £3.5M

## Appendix 1: Organisational Chart



Key:

YELLOW – Current Staff

BLUE – Staff transfers from TMSL

PINK – New Posts During Business Plan Period

