

# **Watford Borough Council: Establishing A Joint Venture and a Trading Company**

**Presentation to Overview & Scrutiny Committee  
19<sup>th</sup> January 2017**

**Alan Gough  
Head of Community & Customer Services**



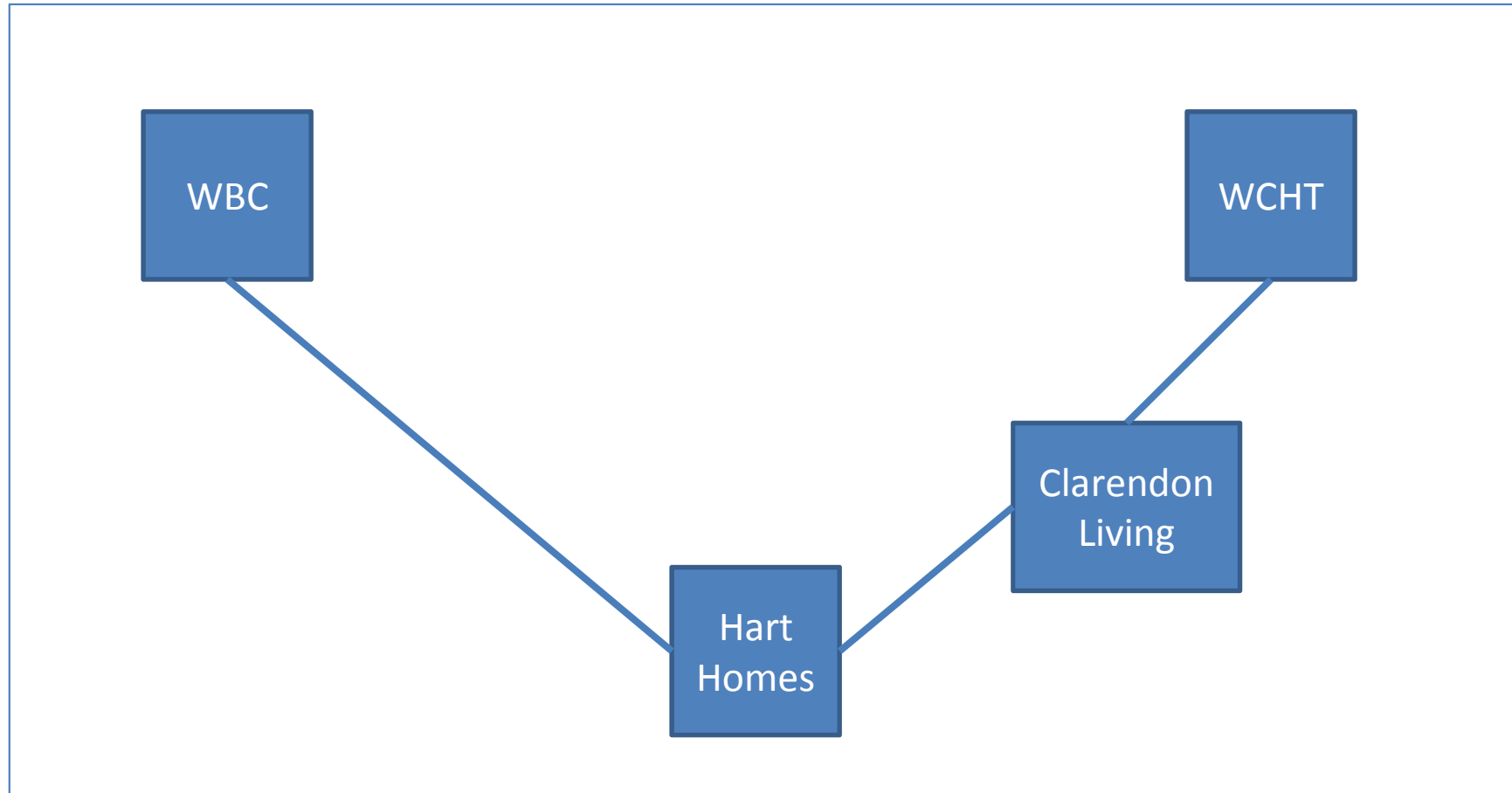
# The drivers for a Joint Venture

- WBC and WCHT both want to see more affordable homes delivered
- WBC and WCHT both need to respond to government policy in relation to funding
- WBC and WCHT both have land holdings that can yield additionally through 'marriage value'
- A WBC / WCHT Joint Venture provides a platform for the above to improve the housing situation and provide income and capital receipts

# The evolving landscape

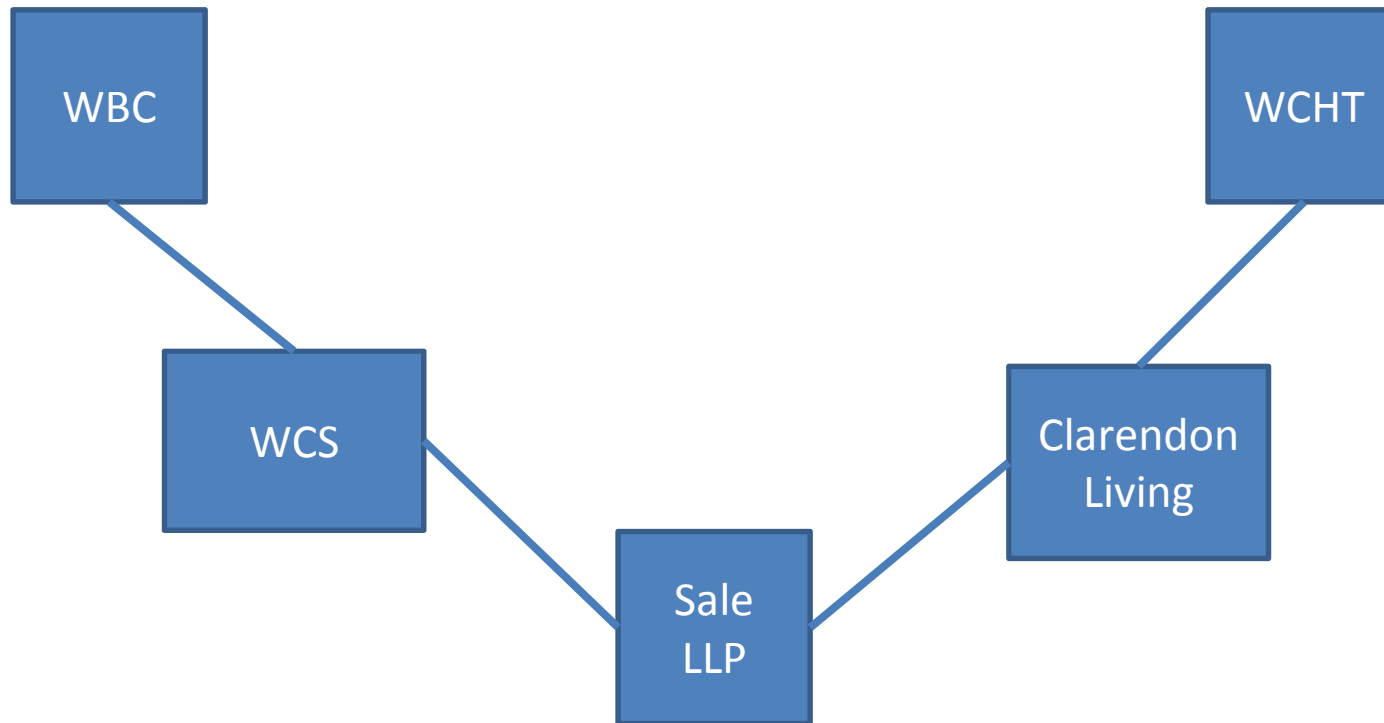
- Build homes for rent and sale
- WBC as a trading entity
- 3 entities required:
  - A trading arm for WBC (Watford Commercial Services Ltd)
  - A property holding company (Hart Homes(Watford) Ltd)
  - A property development vehicle (Sale LLP)

# Company Structure – Hart Homes (Watford) Ltd



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# Structure – Sale LLP (Limited Liability Partnership)



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# Harts Homes & Sale LLP - Relationship

## Hart Homes

- Holds property for rental both affordable and market.
- Instructs Sale LLP to undertake developments for it
- Provides company secretariat services

## Sale LLP

- Develops land for both market sale and rent
- Acts as developer for Hart Homes



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# WBC & Harts Homes & Sale LLP - Relationship

## WBC & Hart Homes

- Has 50% shareholding
- Appoints 2 directors
- Receives 50% of profit

## WBC & Sale LLP

- Interest via WCS (100% shareholding)
- WCS member
- 50% Profits go to WCS who can distribute them on to WBC



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# WCHT & Harts Homes & Sale LLP - Relationship

## WCHT & Hart Homes

- WCHT 50% shareholder via Clarendon Living (100% shareholding)
- Clarendon appoints 2 directors
- Clarendon receives 50% of profit
- WCHT/Clarendon provide secretariat and management services for a fee

## WCHT & Sale LLP

- Interest via Clarendon Living (100% shareholding)
- Clarendon a member
- 50% profits go to Clarendon
- WCHT/Clarendon provide development management services for a fee.



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## The 3 entities

- Intention for Hart Homes to hold property for the long term as rented, whereas Sale LLP has a potentially shorter life span as it is primarily a developer
- WBC cannot enter a LLP set up for purely commercial purposes
- LLP's don't pay corporation tax they pass profits up to their members who are taxed according to their legal status on any profit.

# **Directors & Board Members**

## **Hart Homes**

For WBC Jo Wagstaffe and Alan Gough.

For Clarendon Living Tina Barnard and Paul Richmond

## **WCS**

Bob Watson and Alan Gough

(Nick Fenwick to be added)

## **Sale LLP**

For Clarendon Living Tina Barnard and Paul Richmond

For WCS Bob Watson and Alan Gough



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# The Benefits for WBC - Hart Homes (Watford) Ltd

- More affordable homes for rent
- Addressing the current temporary accommodation situation
- Increase availability of rented homes in Watford and surrounding areas
- Generate additional income streams to enhance the core objectives of WBC



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# The Benefits for WBC – Sale LLP

- Increase supply of homes for sale in Watford and surrounding areas
- Generate additional income streams to enhance the core objectives of WBC



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# The Benefits for WBC – WCS Ltd

- Increase supply of homes for sale and rent in Watford and surrounding areas – affordable and market
- Generate additional income streams to enhance the core objectives of WBC
- Trading vehicle for other WBC commercial activity



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**ANY  
QUESTIONS ?**



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