

Bolsover District Council

Council

13th July 2016

Joint Venture – Limited Liability Partnership (LLP) Board Appointments

Report of Councillor Ann Syrett, Portfolio Member

This report is public

Purpose of the Report

In February 2016, Executive approved the creation of a separate trading company with Woodhead Regeneration Ltd, to deliver residential and commercial developments on both Council and privately owned land. The driver for creating the company is to stimulate economic growth by delivering housing and commercial developments. In order to progress the creation of the Company the council will need to nominate two board members and provide £50,000 of core funding.

1 Report Details

The JVC Proposal

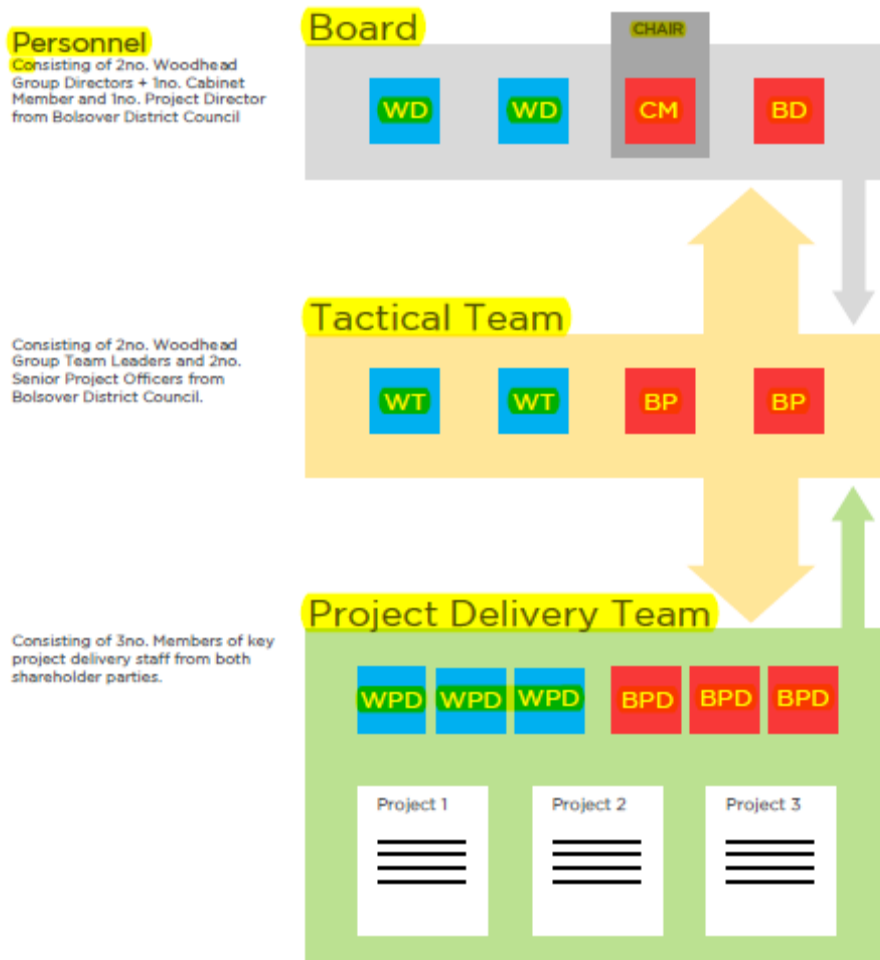
- 1.1 Woodhead Regeneration Limited is part of the Woodhead Group, the ultimate Holdings Company, Robert Woodhead (Holdings) Ltd was incorporated in 1983. Woodhead Regeneration Limited was set up in 2014 to bring forward the groups own developments for market sale as well as land & works opportunities with public sector partners, thus expanding the scope of the business beyond simply construction.
- 1.2 Following the February 2016 Executive, the CEO, Executive Director Operations, Assistant Director of Property and Estates and Commercial Property and Development Manager, along with legal services, have been working together to develop the terms of a Joint Venture Company which can deliver the corporate aims of both parties. A summary of the key points are detailed below.

Key Principals of the JVC:

- The company will operate on a commercial basis.
- A company structure will allow tax transparency and will enable each party to deal with their own tax matters in their usual way.
- The JVC will deliver multiple sites across (but not limited to) Bolsover District.
- Equal controlling interests in the company (50:50) with unanimity required for all decisions on key commercial and constitutional matters.

Governance and Administration

- BDC will own 50% of the shares in the JVC, which will be a Limited Liability Partnership (LLP).
- 1.3 The JVC board structure will have equal representation, with £50,000 initial capital commitment from each partner required to buy shares in the company. Each party will nominate two directors to manage the company. It is suggested that the Directors from BDC would be made up of a serving Cabinet Member and a senior officer with experience in delivering development projects. The Chairperson for the company would be the Member Director from BDC, but they will not have a casting vote. Woodhead Regeneration Ltd has indicated that their two directors will be David Woodhead and Leo Woodhead.
- Both parties have equal controlling interests (50:50) and are able to enter into additional JVC arrangements with new parties at a later date or indeed add new parties in due course if the existing JVC parties agree to do so. A fee structure for new parties would need to be considered.
 - All decisions will be reached by full agreement of the board. The role of the JVC has been left relatively wide ranging and unspecific at the outset. The JVC board will consider business plans relating to specific schemes which are brought before it, on the basis of the commercial merits of each particular scheme. Where such business plans require a financial or other contribution from the Council such contributions will be subject to the usual Council approval processes.
- 1.4 The board members nominated from BDC will need to undergo relevant training to ensure they fully understand the roles, responsibilities and implications of sitting as a board member and any potential conflicts this may give rise to in relation to their duties as elected Members and council officers. This training is likely to be provided by Freeths LLP, the solicitors who have supported the Council in work to develop an appropriate company structure.
- 1.5 The diagram below outlines the structure of the company, which will be split into three areas, Board level – where strategic decisions are made. Tactical Team – where business case formulated and Project delivery team. At this point in time it is necessary to agree who will be undertaking the roles at the board level. The tactical team and project delivery team will be made up of officers who currently work on those aspects of work during their current roles.



2 Conclusions and Reasons for Recommendation

- 2.1 In order to create the JVC Company, two board members from Bolsover District Council need to be nominated. This will allow the company to be set up and will enable BDC to take a direct and active lead in the development of residential and commercial development across the district. A Joint Venture Company with a development partner will greatly assist in delivering corporate aims. Setting a company up in its own right does not deliver anything, however once established it is a vehicle which can assist in delivering the aims of the Corporate Plan and more specifically the Growth Strategy.

3 Consultation and Equality Impact

There are no consultation or equality issues arising directly from this report.

4 Alternative Options and Reasons for Rejection

The main alternative would be to decide against establishing the company. Given the potential contribution the company can make to achieving the Council's corporate priorities that is not considered to be an appropriate option.

5 Implications

5.1 Finance and Risk Implications

At this stage the only direct financial implication is the recommendation that an amount of £50,000 from the Council is approved to provide initial funding to the company. As outlined previously in the report the company will operate on strictly commercial lines with each project supported by a detailed business plan. Given that the company has no funding of its own any projects will require external financial support which will help ensure that the company operates to agreed budgets and financial plans. Given that a key principle of the company is to help drive the growth agenda it is considered appropriate that the start up capital required of £50,000 is funded from the Transformation Reserve.

In order to ensure that risks are minimised the Council has worked with Freeths to ensure that appropriate legal arrangements are in place. The Council will only invest further resources into the JV on the basis that such funding will be utilised to progress work for which there is a robust Business Plan in place.

In respect of the initial investment of £50,000, together with the utilisation of staffing resources to progress the work on the JV officers have continued with this work on the basis that we are confident that a number of appropriate schemes for the JV to progress have been identified. It is considered unlikely that once the JV is set up that it will be unable to progress priority schemes.

5.2 Legal Implications including Data Protection

Significant legal resource (Internal and External) have been used to draft and agree legal documentation to support the development of a JVC. Freeths LLP have been providing advice in this matter in order to ensure that all reasonable steps have been taken to protect the Council's interests in this matter.

It is intended that Legal Services will support the JVC in property related matters once established.

5.3 Human Resources Implications

The JVC board will include Members and Officers who are nominated to be Directors of the Joint Venture Company. Whilst employed by BDC the nominated Members or Director will have Director Responsibilities to the JVC. The nominated Members/Officers should have relevant expertise to effectively contribute and to protect BDC's interests in the JVC.

No staff will be transferred in to the JVC from either party, therefore no TUPE liabilities exist. However, some officers may be giving advice to the JVC in relation to valuations, land issues etc, it is therefore important that processes and safeguards is put in place to ensure staff have the relevant authority, qualifications and insurance to undertake such work.

6 Recommendations

- 6.1 That the Chief Executive is given delegated power, in consultation with the Leader of the Council, to choose and appoint one Cabinet Member and one officer to serve as Directors on the JVC board with WRL Woodhead Regeneration Ltd.
- 6.2 The Assistant Director of Property and Estates is given delegated authority within the existing policy and budgetary framework to take any necessary steps to set up the JV company and to ensure that the Council is in a position to operate as an effective JV partner.
- 6.3 That Council agrees to provide an allocation of £50,000 from the Transformation Reserve in order to provide the funding necessary to establish the Joint Venture company.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	All wards
Links to Corporate Plan priorities or Policy Framework	Links to all Corporate Priorities

8 Document Information

Appendix No	Title
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Assistant Director – Property And Estates	01246 242223