Right to Buy Capital

14 July 2026

THREE RIVERS DISTRICT COUNCIL

Full Council
14 July 2026

PART I

Right to Buy Receipts

(DoF)

1 Summary

1.1 Three Rivers District Council receives Right to Buy Receipts as part of the Large Scale Voluntary Stock Transfer Arrangement under which the Council's previous housing stock was transferred to Thrive Homes Ltd in 2008.

1.2 With the merger of Thrive Homes with Watford Community Homes to form Chime, this position has been reviewed to protect the investment in housing within the Three Rivers District Council area.

2 Recommendation

2.1 That:

Full Council give delegated authority to the Director of Finance in consultation with the Deputy Leader (as Lead Member for Resources) to enter into a Deed of Variation to the original stock transfer agreement:

a) To transfer future RTB receipts, originally paid to Three Rivers District Council directly into Three Rivers Homes Limited.

b) To require these receipts to be used for the provision of housing within the area covered by Three Rivers District Council.

c) That the council receive an equivalent, non-voting, equity stake in Three Rivers Homes.

d) To make any associated changes to Three Rivers Homes Articles of Association or shareholder arrangements to put the deed of variation into effect.

Report prepared by: Alison Betts, Director of Finance

3 Details

3.1 The Council completed the transfer of its housing stock to Thrive Homes Ltd on 19 March 2008. This agreement included a Right to Buy Sharing Agreement giving the Council a share of RTB sale proceeds following transfer until 2038. The equivalent agreement between Watford Borough Council and Watford Community Homes was for a much shorter period and is coming to an end.

3.2 The value of Right to Buy Receipts to the council over the last five years is a follows:

	2021/22	2022/23	2023/24	2024/25	2025/26
RTB Receipts (£)	196,916	1,455,461	522,075	1,683,693	693,652

The actual value of receipts is affected by both the housing market and changes in Right to Buy legislation.

3.3 With the merger of Thrive Homes with Watford Community Homes to form Chime, this position has been reviewed to protect the investment in housing within the Three Rivers District Council area and the pipeline of projects within Three Rivers Homes Ltd from any disruption caused by Local Government Reorganisation. To achieve this it is proposed to transfer the Right to Buy receipts into the Three Rivers Homes Ltd for provision of housing within Three Rivers District Council area in return for an equivalent equity investment for the Council in the company.

3.4 Legal advice has been sought to ensure that the RTB sharing receipts (under the Thrive LSVT Agreement) continue to be used in the Three Rivers district for new housing. This can be achieved this in practice by irrevocably committing these receipts to Three Rivers Homes Limited, which is the jointly-owned share company between WCHT and TRDC. They are to be treated as member capital contribution which is non-repayable except in the winding up of Three Rivers Homes Limited, the sale of Three Rivers Homes Limited or if the two shareholders agree to do so.

3.5 Three Rivers Homes Limited currently has a share capital comprising 1,200,002 shares designated as 510,001 A ordinary shares and 510,001 B ordinary shares. All of the A shares and the B shares carry one vote apiece. Therefore as long as WCHT and the Council hold an equal number of A and B shares, their voting rights (and their entitlement to share in any profits) remain equal. The Articles for Three Rivers Homes Limited provide for the 2 classes of shares to rank equally in all respects (including voting and profits).

3.6 The suggested mechanism to entrench the Right to Buy receipt arrangements is:

3.7 A Deed of Variation to the existing JV Shareholders' Agreement between Three Rivers Homes Limited, Clarendon Living and TRDC is produced to reflect the injection of new capital by TRDC and amendments to Three Rivers Homes' Articles of Association to create a new class of non-voting, preference shares to be issued to TRDC in return for the RTB receipts each year, redeemable in limited circumstances set out above.

4 Options and Reasons for Recommendations

4.1 The proposed recommendations allow the Director of Finance, in consultation with the lead member, to work with Chime and Three Rivers Homes Ltd to put in place the necessary legal framework to put into effect the arrangements.

5 Policy/Budget Reference and Implications

5.1 The financing of the approved Capital Programme would need to be updated to reflect this change.

6 Financial Implications

6.1 The recommendations in this report would result in capital receipts from Right to Buy sales of former Thrive stock being paid directly into Three Rivers Homes Ltd and therefore not being available to Three Rivers District Council or its successor council as general capital receipts. The currently approved capital expenditure programme could still be delivered with this change in receipts.

6.2 There would be some minimal cost for the Council's share of putting in place the legal documentation which can be met from within existing budgets.

7 Legal Implications

7.1 The proposal will require a deed of variation to the Stock Transfer Agreement and associated changes to Three Rivers Homes Ltd Articles of Association and Shareholder arrangements.

7.2 Three Rivers Homes Ltd Board has agreed in principle to the arrangement.

7.3 External legal advice will be used to draft the legal changes required.

8 Staffing Implications

8.1 none.

9 Customer Services Centre Implications

9.1 none.

10 Communications and Website Implications

10.1 none.

11 Equal Opportunities

11.1 None. Any additional housing allocations arising from the provision of additional housing would be dealt with through nomination agreements in line with the Council's housing policies.

12 Public Health, Environmental and Community Safety Implications

12.1 None specific.

13 Risk and Health & Safety Implications

13.1 Risk and Health and Safety implications for delivery of any housing and the investment in Three Rivers Homes Ltd would be dealt with under existing Council and Three Rivers Homes Ltd arrangements.

13.2 The specific risks associated with the proposals are set out below.

Nature of Risk	**Consequence**	**Suggested Control Measures**	**Response** *(tolerate, treat terminate, transfer)*	**Risk Rating** *(likelihood and impact)*
Right to Buy Receipts continue to be treated as general capital resources.	Investment is no longer ring-fenced to the area of the Stock Transfer. Capital	Transfer of Receipts into Three Rivers Homes Ltd. Receipts ringfenced to Three Rivers	Treat	3

	Receipts are used for other purposes.	area.		
The Council loses the benefit of Right to Buy Receipts	The equivalent value to the receipts is lost to the Council.	Non-voting equity investment is received to the value of the receipts. The Council. The Council retains voting rights in Three Rivers Homes.	Treat	3
Capital Programme is impacted by loss of Receipts.	Schemes do not progress because of a lack of capital resources.	RTB receipts vary by year and changes in financing can be managed within current budgets.	Tolerate	3
Pipeline for Three Rivers Homes is slowed due to transition to new unitary authorities.	Schemes stall and company becomes inactive due to lack of projects.	Capital investment resources provided independently of individual council decisions.	Treat	3
Capacity of organisation to deliver proposals.	The council does not have capacity to deliver the recommendations.	External legal support will be used to deliver the changes. Use of existing legal advisers with detailed knowledge of JV.	Treat	3

13.3 The above risks are scored using the matrix below. The council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood scores 6 or less.

Likelihood **Very Likely ------------------**	**Low** **4**	**High** **8**	**Very High** **12**	**Very High** **16**
	Low **3**	**Medium** **6**	**High** **9**	**Very High** **12**

	Low **2**	**Low** **4**	**Medium** **6**	**High** **8**
	Low **1**	**Low** **2**	**Low** **3**	**Low** **4**
	Impact **Low ---▶ Unacceptable**			

Impact Score	**Likelihood Score**
4 (Catastrophic)	4 (Very Likely (≥80%))
3 (Critical)	3 (Likely (21-79%))
2 (Significant)	2 (Unlikely (6-20%))
1 (Marginal)	1 (Remote (≤5%))

13.4 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of the management of operational risks is reviewed by the Audit Committee annually.

Background Papers

Large Scale Voluntary Stock Transfer Agreement.

APPENDICES

none

THREE RIVERS
DISTRICT COUNCIL