

**CABINET**  
**1 OCTOBER 2020**

**3 Rivers Developments Limited - Update**

**Cabinet Member:** Councillor Bob Evans - Housing & Property  
Councillor Andrew Moore – Finance

**Responsible Officer:** Chief Executive – Stephen Walford

**Reason for Report:** To provide Cabinet with an update on current project performance, emerging risks and progress with recommendations emanating from the Cabinet report of the 9 July 2020.

**RECOMMENDATION:** That Cabinet note the update report on current performance, risks and progress on recommendations.

**Financial Implications:** The Council has a duty to obtain value for money. All financial interactions between the Council and 3Rivers are carried out at commercially evidenced rates and subject to individual loan agreements.

**Budget and Policy Framework:**

**Legal Implications:** None to this report, however this report is prepared in accordance with the Shareholder Agreement, Company's Memorandum and Articles of Association and currently Approved Business Plan.

**Risk Assessment:** Detailed within the report.

**Equality impact assessment:** No equality issues identified for this report.

**Impact on climate change:** 3 Rivers is a commercial organisation and where deliverable sustainable options are available they are utilised, however, as a commercial organisation it is acknowledged that where there is a significant cost differential and what the market will sustain, that this plays heavily in the choices made.

## **1.0 Introduction**

1.1 In order to ensure regular progress reports are provided to members prior to agreeing a more formulaic quarterly reporting process, due to commence from quarter beginning the 1 October 2020, it is felt helpful to deliver a brief update since the last Cabinet report which was considered on the 3 September 2020.

1.2 Since the previous meeting of Cabinet, two new Cabinet ambassadors have been appointed to oversee all activities of the Council's property development company and ensure progress on all the recommendations that have been previously agreed. It has been decided that this Cabinet function will be performed by Cllr Bob Evans and Cllr Andrew Moore, based on the Portfolios they have responsibility for. It is currently envisaged that these two members

will also act as a necessary member interface to help foster a more transparent communication process between both parties. In due course the shareholder agreement will be updated to reflect the revised way in which Cabinet wishes to exert its oversight and management of this relationship.

## 2.0 Company Project Update

2.1 A detailed company update report was provided by the Directors of 3 Rivers Developments Limited for Cabinet's consideration at its meeting on the 3 September 2020.

2.2 Below shows a brief overview of project progress since this report and any associated issues as at the end of August, which is the last full financial month of company accounting information.

### 2.2.1 Current Projects

**Threwstones, Tiverton** – 3 market houses - scheme completed – all 3 units have been sold.

**The Orchard, Halberton** – 4 semi-detached market houses and a barn conversion - the 4 semis are now substantially completed and a reasonable level of interest already being shown. There are some ongoing planning issues with regard to the barn that requires resolution and may well delay project completion until May/June 2021.

**St George's Court, Tiverton** – 39 market flats/houses – work was suspended on 25/3/20 due to Covid19 and the site saw a soft re-opening on 14/9/20 with a small number of contractors back on site. Full scheme reopening is due to commence from 21/9/20 and a revised project timetable is expected by the 25/9/20.

### 2.2.2 Rental properties

**Banksia Close/Cemetery Lodge, Tiverton** – all rental payments up to date.

### 2.2.3 Future Schemes

Any proactive site searches or exploration has been temporarily suspended. However, for members' information the updated position on the three sites that were previously in-train are as follows:

**Bampton** – planning application submitted in January 2020 for a medium sized market housing development – no further progress.

**Knowle Lane, Cullompton** – site purchased for circa 70 properties (mix still to be determined) – no further progress per instruction.

**Post Hill, Tiverton** – included within last approved Business Plan – initial works undertaken for a planning application – no further progress per instruction.

#### 2.2.4 Financial Overview

The company has effectively been in operational lockdown over the past few months with only minimal levels of overhead costs being incurred. However, sale receipts of £987.5k from all the Threwstones units have been achieved.

### **3.0 Progress on Cabinet Recommendations**

3.1 Since the last Cabinet report the council has:

- Commissioned and received all of the necessary loan agreements from Anthony Collins Solicitors, which includes the associated securities. These are currently being reviewed by both parties.
- Drafted job descriptions and person specifications for the 2 additional Director roles. The structure of the appointments panel is being considered.
- The necessary release for seconded staff has been put in place.

3.2 Most if not all of the other recommendations are either a work in progress or are conditional upon a prior action being completed. A comprehensive update will be provided at the next Cabinet meeting.

### **4.0 Conclusion**

4.1 Moving forward with 3 Rivers Development Limited necessitates a number of key governance and financial changes and also provides the Council with the opportunity to reflect on how it supports its development company moving forward. A revised Shareholder Agreement will be required in order to reflect what the Council wants to set as its key operational and delivery requirements that it will then use to measure future performance by.

4.2 Part of these new changes will include a more regular reporting process by the company back to the Council, where as much information as commercially practicable will be in part 1 (unrestricted) reports. In addition, the Company has been asked to provide an interim business plan in order to deliver current projects until the end of the financial year. Thereafter, it will return to the usual (annual) Business Plan submission to Cabinet in February in order to comply with the Council's annual budget setting and treasury management timetables.

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Circulation of the report: Cabinet and Leadership Team