

CABINET
7 JANUARY 2021

3 Rivers Developments Limited - Performance Update

Cabinet Members: Councillor Bob Evans – Cabinet member for Housing & Property Services and Councillor Andrew Moore – Cabinet member for Finance

Responsible Officers: Chief Executive – Stephen Walford

Reason for Report: To provide Cabinet an update on current project performance and any key risks.

RECOMMENDATION: That Cabinet note the update report on current performance and key risks.

Relationship to Corporate Plan: 3 Rivers Developments Limited's (3Rivers) primary objective is to generate future returns in order to grow the business and to recycle monies made back to the Council to mitigate some of the cuts in Government funding.

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.

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: 3Rivers 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 This is now the 4th in a series of monthly updates on the progress of 3 Rivers since the recommendations made by the Cabinet at its meeting on the 13 July 2020. This report continues to provide the Council with a regular update on company performance, including associated risks and also gives a progress update on the recommendations made at the aforementioned Cabinet meeting.

2.0 Company Update

2.1 Attached to this report is the company update provided by the Directors of 3Rivers Developments Limited for Cabinet's consideration. In order to provide members and the public more insight into the company's operations this report continues with the process of including an overarching part 1 summary of activities and a detailed part 2 report from the company.

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

2.3 Current Projects

2.3.1 The Orchard, Halberton – 4 semi-detached market houses and a barn conversion - the 4 semis are virtually complete and 1 offer has been accepted with another offer subject to their sale. Work has just started on the new barn and is estimated to be completed by May 2021.

2.3.2 St Georges Court, Tiverton – 39 market flats/houses – work is progressing, with the main podium deck estimated to be completed by the end of the first week in January 2021. Estimated completion of the whole project is planned for March 2022.

2.4 Rental properties

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

2.5 Future Schemes

2.5.1 At the October Cabinet meeting a recommendation was made to advance the company £1.4m in order to provide sufficient working capital and undertake project recommencement and necessary due diligence on the 4 previously identified projects to progress actions for the remainder of the financial year. This work is ongoing.

2.6 Financial Overview

2.6.1 No sales have been made (completed) since the last update. However, the company has now accepted an offer on one unit and has received another subject to their sale on the Halberton project.

2.7 Project and Company Risk Analysis

2.7.1 This information is provided within the company report and reflects on changing markets, land availability, changes to the prevailing economic position, etc.

3.0 Progress on Cabinet Recommendations

3.1 Since the last Cabinet report the following actions have been progressed:

- Offer letters have been sent out to the two new Directors
- The two Cabinet ambassadors continue to hold detailed monthly progress meetings on all aspects of company activities.
- Quotes for additional internal and external audit work have been received.
- A funding decision flow chart has been drafted
- Work on the revised Shareholder agreement is still progressing.

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. Further progress will be provided at future Cabinet meetings.

4.0 Conclusion

4.1 Members will be aware the Company is working towards providing an updated Business Plan for Council consideration at the Cabinet meeting in February 2021.

Contact for more information: Stephen Walford, Chief Executive
(swalford@middevon.gov.uk)

Circulation of the report: Leadership Team and Cabinet