

CABINET
4 MARCH 2021

3 Rivers Developments Limited - Performance Update

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

Responsible Officers: Deputy Chief Executive – Andrew Jarrett

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 6th 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 commercial 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 January 2021, which is the last full financial month of company accounting information.

Current Projects

- 2.3 The Orchard, Halberton – 4 semi-detached market houses and a barn conversion - the 4 semis are complete and 3 offers have been accepted. Work is well under way on the new barn and is estimated to be completed by the end of May 2021.
- 2.4 St Georges Court, Tiverton – 39 market flats/houses – work is ongoing, with the main podium deck now completed. Estimated completion of the whole project is planned for March 2022.

Rental properties

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

Future Schemes

- 2.6 The company is currently considering a medium sized development which is likely to be a mixed unit site.

Financial Overview

- 2.7 No sales have been made since the last update. However, the company has now accepted 3 offers on the Halberton project. It is anticipated the final unit will be sold before the end of March.

Project and Company Risk Analysis

- 2.8 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:

- As the new Finance Director is now in post and registered with the company formally at Companies House the previous Director has now officially resigned from the Company.
- The two Cabinet ambassadors continue to hold detailed monthly progress meetings on all aspects of company activities.
- Work on the revised Shareholder agreement is still progressing and nearing a point at which it can be reviewed by Cabinet. We have received feedback/comments from 3Rivers for consideration, but further feedback has been invited. The articles of association will need to be refreshed in line with the revised shareholder agreement to bring forward as a complete package. Work is now underway on that document.

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 At the previous Cabinet meeting the company's Business Plan was approved which includes a wide range of mixed projects that should see increased delivery of housing units, which in turn will result in further financial benefit to the Council during 2021/22 and onwards.

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Circulation of the report: Leadership Team and Cabinet