

CABINET
8 JUNE 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 with 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 9th 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 3 Rivers 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 April 2021.

Current Projects

- 2.3 The Orchard, Halberton – 4 semi-detached market houses and a barn conversion – three of the semis are now sold and occupied with the fourth under offer. A full asking price offer has also been received for the barn. It is anticipated both sales will be completed by the end of June.
- 2.4 St Georges Court, Tiverton – 39 market flats/houses – work on site continues, with brickwork and roofs to be completed by the Autumn. Estimated completion still on schedule for May 2022.
- 2.5 Bampton – 9 market houses - pre-construction work is progressing well and start on site estimated for July 2021.

Rental properties

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

Future Schemes

- 2.7 The company is currently considering two new developments; a medium sized development of mixed units and the development of the former Park Road, Tiverton nursery site following successful award of tender.

Financial Overview

- 2.8 Two sales at The Orchard, Halberton are expected this month.
- 2.8.1 During April the Company borrowed an additional £87k for further payments on the St George's Court project and to cover working capital commitments. The Council was paid £800k relating to sale proceeds from The Orchard, Halberton and Threwstones, Tiverton.

Project and Company Risk Analysis

2.9 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:

- The two Cabinet ambassadors continue to hold detailed monthly progress meetings on all aspects of company activities.
- The shareholder agreement is to be considered at this meeting of the Cabinet (separate item).
- Regular meetings continue to be held with the 3R Finance Director and the Deputy Chief Executive/S151.

4.0 Conclusion

4.1 The company will provide the Council with its annual review of delivery/performance for 2020/21 to the July Cabinet meeting.

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Circulation of the report: Leadership Team and Cabinet