

**CABINET**  
**31 AUGUST 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 (s151) – 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 11<sup>th</sup> update report on the progress of 3 Rivers since the recommendations made by the Cabinet at its meeting on the 13 July 2020 and is now following the revised pattern of bi-monthly reporting. 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 – all 4 semi-detached market houses and the barn conversion have now been sold and the additional car parking spaces are currently under offer. This will see the project deliver a 16.6% return, which is slightly higher than previous company projections.
- 2.4 St Georges Court, Tiverton – 39 market flats/houses – work on site continues and 11 members attended an all members invite to a hosted tour event held on the 20/7/21. Estimated completion still on schedule for May 2022.
- 2.5 Bampton – 9 market houses – all pre-construction work is now substantially complete and start on site is on target for August 2021.

### Rental properties

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

### Future Schemes

- 2.7 The company is in the process of working up planning applications for a large site in Cullompton and a medium sized one in Tiverton.

### Financial Overview

- 2.8 Additional sales receipts from the final 2 sales from The Orchard, Halberton are expected this month.
- 2.8.1 In 2021/22 the Company has borrowed an additional £1.588m for further project payments and to fund working capital commitments. During the same period 3Rivers has paid the Council £1.075m from sales receipts and to cover recharges for services rendered/recharged by the Council.

## 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 new shareholder agreement, loan agreement and articles of association have been formally agreed by 3R
- Anthony Collins Solicitors are finalising their report to confirm all the necessary improvement actions have been completed.
- 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 continue to provide the Council with its annual review of delivery/performance for 2021/22 at bi-monthly intervals to Cabinet meetings.

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Circulation of the report: Leadership Team and Cabinet