

**CABINET**  
**26 OCTOBER 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 12<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 September 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 expected to be completed on by the 31/10/21. This will see the project deliver a 16.6% return.
- 2.4 St Georges Court, Tiverton – 39 market flats/houses – work on site continues and estimated completion is still on schedule for May 2022.
- 2.5 Bampton – 9 market houses – all pre-construction work has been completed and start on site commenced 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. In addition, recent bids have been made for other potential developments.

### Financial Overview

- 2.8 In 2021/22 the Company has borrowed an additional £2.279m for further project payments and to fund working capital commitments. During the same period 3Rivers has paid the Council £1.209m from sales receipts and £0.268m to cover interest payments and 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:

- All of the actions/recommendations are now substantially complete
- We have recently received the final “wrap up” report from Anthony Collins Solicitors
- Regular meetings continue to be held with the 3R Finance Director and the Deputy Chief Executive/S151.

### **4.0 Conclusion**

4.1 The company continues to provide the Council with its annual review of delivery/performance for 2021/22 at bi-monthly intervals to Cabinet meetings and the annual Business Plan will be on the agenda for the November Cabinet meeting.

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Circulation of the report: Leadership Team and Cabinet