

CABINET

1 FEBRUARY 2022

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 13th update report (excluding the detailed update provided as part of the Business Plan reviewed by Cabinet at its meeting on the 30/11/21) 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.

2.1.1 Since the last performance update received by this committee the company regrets to inform the Council that it has received the resignation of its Finance Director. Steps are already well advanced in attempting to fill to this key vacancy.

2.2 Below shows a brief overview of project progress and any associated issues as at the end of December 2021.

Current Projects

2.3 St Georges Court, Tiverton – 39 market flats/houses – work on site progresses well and estimated completion is still on schedule for May 2022. Discussions are in progress with marketing agents which will include an updated valuation estimate.

2.5 Bampton – 9 market houses – groundworks now well advanced and only lost 2 weeks on delivery schedule due to adverse weather.

Rental properties

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

Future Schemes

2.7 Detailed planning discussions are now well advanced for a large site in Cullompton and a medium sized one in Tiverton. In addition there are a number of offers for new projects that are in progress and the company will update the Council as soon as it is in a position to do so.

Financial Overview

2.8 In 2021/22 the Company has now borrowed an additional £3.268m 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 £0.414m 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 A final report produced by Anthony Collins Solicitors was received in November 2021 which provides commentary on the full scope of their work including an update on all 33 of the recommendations. This report is subject to a part 2 restriction due to it containing some legally privileged information.

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.

Contact for more information: Andrew Jarrett, Deputy Chief Executive (S151)
(ajarrett@midddevon.gov.uk)

Circulation of the report: Leadership Team and Cabinet