

**CABINET**  
**5 APRIL 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 and ratifies the company's decision to appoint Simpkins Edwards as their external auditors.

**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 14<sup>th</sup> 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.
- 2.2 In the last performance update received by this committee the company informed the Council that it had received the resignation of its Finance Director (FD). We have now been informed of the successful appointment to this role and more is included in a separate report to this Committee.
- 2.3 In addition to this new director appointment, the company has also notified us that they have now managed to secure external auditors. As this is a reserved matter, the Cabinet is required to agree the appointment of Simpkins Edwards, Exeter as the company's external auditors.
- 2.4 Below shows a brief overview of project progress and any associated issues as at the end of February 2022.

### Current Projects

- 2.5 St Georges Court, Tiverton – 39 market flats/houses – work on site progresses well and estimated completion is still on schedule for May 2022. Discussions have been progressed with marketing agents and a revised revenue/costing schedule has been included as part of the part 2 papers.
- 2.6 Bampton – 9 market houses – groundworks now well advanced, including progress on the retaining walls. 4 weeks have been lost to the delivery schedule due to adverse weather.

### Rental properties

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

### Future Schemes

- 2.8 Detailed planning discussions are continuing on 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

2.9 In 2021/22 the Company has now borrowed an additional £4.100m 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

2.10 This information is provided within the company report and reflects on changing markets, land availability, changes to the prevailing economic position, etc.

### **3.0 Conclusion**

3.1 The company continues to provide the Council with its annual review of delivery/performance for 2021/22 at bi-monthly intervals to Cabinet meetings.

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Circulation of the Leadership Team and Cabinet report: