

CABINET
3 JANUARY 2023

3 Rivers Developments Limited – Project Appraisal (5 Levels, Bampton)

Cabinet Members: Councillor Bob Deed – Leader
Councillor Clive Egerton – Deputy Leader

Responsible Officers: Deputy Chief Executive (S151) – Andrew Jarrett

Reason for Report: To provide Cabinet with a business case for a second development scheme at Bampton which is included in the company's recent Business Plan.

RECOMMENDATION: That Cabinet approves the company's business case for 5 Levels, Bampton development.

Relationship to Corporate Plan: 3 Rivers Developments Limited's (3Rivers) key aims are 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, increase the level and quality of housing units within the District and look to help regenerate sites/areas in need of assistance.

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. An overall project GDV return of 9.7% has been estimated and interest payments to the Council would form part of the overall estimate of £900k already included in the 2023/24 draft budget.

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 The Cabinet are considering as part of this agenda the updated Business Plan 2023/24 from 3Rivers Development Ltd. Included within that plan is an estimated amount for this project. It was also agreed at Cabinet in July 2020 that any development with an estimated build cost in excess of £1m must be

brought to Cabinet for consideration. This consideration would include a detailed business case report from the company.

2.0 Business Case - Bampton

- 2.1 Attached to this report is the confidential company business case for a residential development of 9 market houses in Bampton. This overall appraisal includes estimates regarding: scheme build costs, contingency sums, sales predictions, overall project returns, risk issues, etc. As members can see from the attached report, all project costs and revenues have been produced with the benefit of assistance from professional organisations operating with local market knowledge/experience.
- 2.2 The Council's Deputy Chief Executive (S151) has reviewed the company's business case and all the attached paperwork and is assured that all estimated project costs and potential receipts have been produced to the best of the company's ability and has utilised external advice where appropriate.
- 2.3 The business case estimates a potential return of 9.7% GDV and would deliver interest payments which form part of the aggregate budgeted sum of £900k currently included in the 2023/24 draft budget.

3.0 Conclusion

- 3.1 Members will be aware that this project is included in the company's business plan for 2023/24.

Contact for more information: Andrew Jarrett, Deputy Chief Executive (S151)

Circulation of the report: Leadership Team and Cabinet