

Report for: Cabinet

Date of Meeting:	5 March 2024
Subject:	3 Rivers Development Ltd – Soft closure progress update
Cabinet Member:	Cllrs Luke Taylor, Leader and James Buczkowski, Finance
Responsible Officer:	Andrew Jarrett, Deputy Chief Executive (S151)
Exempt:	Appendix 1
Wards Affected:	All
Enclosures:	Appendix 1

Section 1 – Summary and Recommendation(s)

This report gives a progress update on the timetable and further actions required to enable the soft closure of 3 Rivers Development Ltd.

Recommendation(s):

- 1. That the Cabinet note the progress and milestones achieved and those that will be completed by 31/3/24.**
- 2. That Cabinet resolve to dissolve the Company by way of Voluntary Strike off.**
- 3. That Cabinet resolve to the disapplication of the requirement under the Articles of Association/Shareholder (Governance) Agreement to have three Directors, and that there be one Director in post for the purpose of dissolving the Company after the 31/3/24.**

4. The Cabinet Member for Finance be given delegated authority on behalf of the Shareholder to sign the final resolution(s) to close the company.

1.0 Introduction/Background

1.1 A decision to 'soft close' 3 Rivers Development Ltd was made by the Cabinet at its meeting on the 29/8/23. This meeting also gave delegated authority to the Deputy Chief Executive (S151) and the Cabinet Member for Finance to complete all necessary actions to deliver this outcome.

2.0 Soft closure progress update

2.1 At the aforementioned meeting of the Cabinet it was confirmed that updates on this closure process would be provided to the membership. A number of Council meetings have received both formal and verbal updates on this process. This report attempts to summarise the current position by providing updates from both a financial and operational perspective.

2.2 After the Cabinet's decision to soft close the company a closedown plan was drafted and agreed between officers of the Council and Directors of the company.

2.3 A small working group of Council Officers and 3R Directors meet on a weekly basis to track progress and deal with any pertinent issues as and when they occur. The group is working to ensure that all trading activities, as well as outstanding asset and liabilities transfers are completed by 31/3/24. Officers in this group have continued to secure external advice as required.

2.4 In order to reassure members the following activities/tasks are being actively progressed. A summary of these key actions are provided below.

Key actions

- All trading activities completed - on track by 31/3/24
- All assets/holdings transferred to the Council (Knowle Lane, Park Nursery expenditure, working capital, Banksia, car parking spaces) - on track by 31/3/24
- Purchase of St Georges Court by HRA - on track by 31/3/24
- Haddon Heights – 2 units sold, 2 in progress, with 5 remaining units being transferred to the Council before 31/3/24
- Transfer of the management of assets on behalf of the General Fund will be transferred to a new external management company.

3.0 Financial Update

- 3.1 An overview financial position was provided within the latest budget monitoring report provided to Cabinet at its meeting on the 6/2/24, as a part 2 (commercially sensitive) appendix. This has been attached to this report to show members our latest loss projection and how it could be funded, without resulting to any short term financing difficulties (i.e. utilising previous budget underspends and transferring some funds from previously agreed ear marked reserves). This appendix shows a projected loss of circa £5.1m and remains the most up to date projection and is based on a number of final estimates and asset valuations/sales.
- 3.2 Clearly, as further decisions are taken and sales are progressed this position will change. However, we are confident that these projections are materially accurate based on current factors, but further updates will be provided as and when available.

4.0 Revision required to Company Shareholder Agreement and Articles of Association

- 4.1 In order to deliver a 3 month solvent soft closure of the company we will still legally require to have at least 1 Director in situ. To comply with this we will need to revise the current arrangements of the Shareholder(Governance) Agreement and Articles of Association in order to reduce the agreed number of Directors from 3 to 1. It is imperative that during this 3 month voluntary strike off period that no trading activities can take place. The recommendations within this report are subject to the final Company Act resolution and detailed arrangements. As part of this we will need the Cabinet Member for Finance to be given delegated authority on behalf of the Shareholder to sign off the final resolution(s) in due course.
- 4.2 This decision is purely to enable the company to finalise any remaining transactions (remaining invoices/payments), HMRC returns, close the 2023/24 accounts and deal with any outstanding company filing requirements for Companies House.

5.0 Conclusion

- 5.1 The above update and recommendations will demonstrate and deliver a solvent soft closure of 3 Rivers Development Ltd.

Financial Implications – Included within the report and appendix 1

Legal Implications – To ensure the company is closed in accordance with the Companies Act 2006.

Risk Assessment – Some remaining sale values and other costs have been estimated and therefore may be subject to change.

Impact on Climate Change – None

Equalities Impact Assessment – None

Relationship to Corporate Plan – Closing the company in an orderly/compliant fashion will minimise any further financial losses will enable the Council to move greater focus to the delivery of its Corporate Plan.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Section 151

Date: 22 Feb 2024

Statutory Officer: Maria de Leiburne

Agreed on behalf of the Monitoring Officer

Date: 26 Feb 2024

Chief Officer: Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

Date: 22 Feb 2024

Performance and risk: Steve Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 22 Feb 2024

Cabinet member notified: yes

Section 4 - Contact Details and Background Papers

Contact: Andrew Jarrett, Deputy Chief Executive (S151)

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Background papers: None