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All Members

Contact: **Andrew Seaman**
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6 February 2023

Dear Member

Cabinet – 7 February 2023

I am now able to enclose, for consideration at the 7 February 2023 meeting of the Cabinet, the following supplementary information in respect of agenda item 4 that was unavailable when the agenda was published.

Item 4 – Minutes of the previous meeting

- Cabinet Minutes – 31 January 2023 (Pages 3 – 5)

Sincerely
Andrew Seaman
Member Services Manager

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **CABINET** held on 31 January 2023 at 10.00 am

Present Councillors

C J Eginton (Vice Chairman, in the Chair),
Mrs C P Daw, D J Knowles, S J Penny and
C R Slade

Apologies Councillor(s)

R M Deed and R J Chesterton

Also Present Councillor(s)

E J Berry, J Buczkowski, S J Clist, Mrs C, Collis L J
Cruwys, R J Dolley, B Holdman, F W Letch, R F Radford,
R L Stanley, B G J Warren

Also Present Officer(s):

Stephen Walford (Chief Executive), Andrew Jarrett (Deputy
Chief Executive (S151)), Jill May (Director of Business
Improvement and Operations), Maria De Leiburne (District
Solicitor and Monitoring Officer) and Andrew Seaman
(Member Services Manager)

118. **APOLOGIES**

Apologies were received from Councillors RM Deed and RJ Chesterton.

119. **PUBLIC QUESTION TIME**

The following questions were received from members of the public:

Paul Elstone:

Question 1

The Grant Thornton external auditor report published on the 12th January 2023 states that: increased disclosures are required in the 3 Rivers Subsidiary Accounts. Also that the Final Audit Report of the 3 Rivers internal auditors - has not been received. Any regulated and responsible Lender would require at least 2 years fully audited reports before making lending decisions. Why are MDDC Cabinet considering approving any Plans for future projects today without having this final audit report available?

Question 2

Section 3.10 of the MDDC Financial Statement Year 21/22 states under borrowing that MDDC has loans of over £35 million from the public loans work board. The report before you states that MDDC is currently owed £17.6 Million by 3 Rivers. Your own Council is recommending you do not approve the 3 Rivers business plans but get independent legal and financial advice to explore options. Aren't Cabinet worried that approving a business plans against the advice of the Council and plans

that will require further substantial loans to 3 Rivers. That these loans will put further pressure on MDDC finances?

Question 3

It is known that 3 Rivers paid £2.75 million in 2019 for land at Knowle Lane Cullompton. A previous outline planning application on this land was objected to by both Cullompton Town Council and MDDC. Any permission has now lapsed. Is a development on this land included in the 3 Rivers submitted Business Plan?

Question 4

The Deputy Chief Executive said at the Full Council meeting 2 weeks ago that 3 Rivers are expecting to lose £1.6 million on the St Georges Court development. He also said that this loss was known to MDDC Cabinet Members several months ago.

A) Why was this information kept secret from the MDDC electorate?

B) Have 3 Rivers told MDDC Cabinet that they are expecting a loss on the current Bampton development as well?

The Deputy Leader thanked the resident for their questions and noted that a written answer would be provided.

The Deputy Leader read aloud a question from Nick Quinn:

A Revised (v5) 3 Rivers Business Plan 2023-2028 was circulated, as a supplementary Agenda Item, for this Extraordinary Cabinet Meeting. This was sent out on 27 January 2023, for the meeting today - on 31 January 2023. Two working days is a very short time for proper consideration of a Business Case which, presumably, will require an investment running into Millions of pounds. My question is: Why is this late issue Business Case being considered by the Cabinet without the input of Scrutiny Committee or, especially, Audit Committee – who are the Committee tasked with evaluation of Risk?

The Deputy Leader thanked the resident for their questions and noted that a written answer would be provided.

120. **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT**

Cllr R L Stanley declared a Disclosable Pecuniary Interest in that he was a Director of the 3 Rivers Development Company Ltd. And from this it was inferred that should any discussion ensue he would need to leave the meeting.

121. **3 RIVERS DEVELOPMENTS LIMITED - BUSINESS PLAN 2023-2028 AND ASSOCIATED BUSINESS CASES**

The Cabinet received a *report from the Deputy Chief Executive which asked Members to review the business plan of 3 Rivers Developments Ltd. As well as 2 business cases for a second development scheme at Bampton and a business case for a 6 unit residential development scheme in Tiverton which were included in the 3 River's Developments Ltd recent Business Plan.

The Deputy Leader indicated that discussion with regard to the next item, may require the Cabinet to pass the following resolution to exclude the press and public

having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Cabinet would need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

THEREFORE it was **RESOLVED**: That, in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for item 6 for the reason set out below:

- Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person including the authority holding that information).

(Proposed by the Deputy Leader, Chairman)

Clarification was sought as to whether the business before Cabinet was valid. The District Solicitor & Monitoring Officer reassured those present that it was legitimate for the contents of item 4 on the agenda to be discussed by Cabinet.

The meeting then returned to open session.

It was therefore **RESOLVED** that:

1. Approve the new 3 River Developments Ltd business plan dated 27 January 2023.
2. Approve the business case for Bampton 2, 5 levels.
3. Approve case for Park Road and accept the revised increased unconditional offer made within the business plan dated 27 January 2023.
4. Continues to fund 3 Rivers Developments Ltd in line with the business plan dated 27 January 2023 Which is proposed to generate £900k gross interest received in 2023/24 which are already included in the Council draft 2023/24 general fund budget.
5. To continue with the due-diligence process agreed by Scrutiny, Audit Committee, Cabinet and Full Council that requires a detailed business case to be reviewed and approved by Cabinet for any development in excess of £1m.
6. Instruct external financial and legal advice should a different scope or direction be considered.

(Proposed by Cllr C J Eginton and seconded by Cllr S J Penny)

Reason for Decision: As stated in the report as well as following recommendations from Full Council.

Note: *report previously circulated and attached to the minutes

(The meeting ended at 11.24 am)

CHAIRMAN

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