

Written response to a Question for Audit 23/03/2020 –from Nick Quinn (Local Resident)

Question from Mr Quinn:

My question concerns: Agenda Item 9 – Performance and Risk. Risk Report Appendix 6, contains a ‘risk’ which I believe should be removed. That risk is: SPV 3 Rivers Reputational Impact - That 3 Rivers reputation is damaged by the actions of the council, etc.

I believe the wording of this risk is designed to muzzle any Councillor who wishes to express genuine concerns about the performance and actions of this Company - or the way this Council interacts with it. This Company was set up by the Council to “make profits which would feed in to the revenue streams of the Council and mitigate the cuts in Government funding”. Unfortunately the Company is not doing this. The Company has only paid the Council one (partial) loan repayment; a VAT refund; service recharges and interest on Council loans. No profits! This is a Council owned Company, being loaned public money. Of course there will be public interest and scrutiny, especially when: = The published Company Accounts have never shown any profits; = Potential losses caused impairments to be put in the Council’s Accounts; = Council money loaned to the Company was unsecured - until recently; = Independent reviews of the Company led to 39 secret recommendations; = Company figures given to two Council Committees were inconsistent. The reputation of the whole Council is at stake. Councillors must be allowed to ask questions, to ensure the Nolan Principles of Integrity, Objectivity, Accountability, Openness, and Honesty are maintained. The reputation of any Company is built on consistently delivering a good quality product, on-time and on-price. A good reputation for this Company will only be achieved by the Directors actually delivering on their business plans - not by gagging Councillors.

My question is: Will Audit Committee please remove, or ask for the removal of, this restrictive ‘reputational’ risk from this risk list? Thank you.

.....

Response from the Cabinet Member for Finance, Cllr Andrew Moore:

It is correct that 3RDL was set up to make profit to mitigate cuts in funding and that it has not made a profit. The original business plan anticipated that it would take time to make sufficient return from early developments to offset start-up costs: it is therefore no surprise that it has yet to make a profit. It should be noted that the Council receives regular net interest from loans to the company. It is incorrect to state that there has only been one partial loan repayment, with further repayments following recent property sales. The business is very much a going-concern, achieving positive benefit to the Council.

The business is rightly the subject of Council scrutiny. The Section 151 Officer and the 2 current Cabinet Members responsible are very actively engaged with 3RDL. The past 6 months has seen their vigorous progression of independent audit recommendations (of which there are 33, not 39) to improve control of the business.

It is completely incorrect to suggest that Councillors are being muzzled / gagged / not allowed to ask questions. Members can publicly challenge the Members responsible about 3RDL at Audit Committee, Scrutiny Committee, Cabinet, Council and even Planning Committee. The latest

Business Plan was given particular focus by Members, and additional pre-Scrutiny was employed on the most recent Business Case. Questions outside public forums are also addressed. Such challenge is unparalleled.

The risk in question is intended to reflect the in-public use of inaccurate or incomplete information by Councillors, either innocently or deliberately, which may result in commercial damage to the business and consequently to the Council's interests. This is undoubtedly an active risk. Even at the Audit Committee on 23 March 2021 a misleading statement about the business was made that could potentially harm its reputation. The risk is not restrictive unless it is to give Members proper pause for thought when it comes to ill-informed or deliberately misleading public statements about the business.



Additional response from the Chairman of the Audit Committee, Cllr Stuart Penny:

Having seen Cllr Moore's response I do not believe that Members are being prevented from speaking. It is my experience that Members are in fact very vocal with their opinions on 3RD. This is a genuine risk that needs to be considered and monitored, therefore I see no need to remove, or ask for the removal of, this risk from the risk register.