

Minute 118 – Public Question Time

Questions from 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?

Answer:

In assessing the company's business plan(s), the Cabinet has considered comments/feedback from the Audit Committee, Scrutiny and Full Council and its professional officers. It has also reviewed numerous financial reports, including agreed and draft company accounts made available, since the inception of the company. The recent meeting of the Audit Committee you refer to, discussed the 2 proposed amendments to the company's accounts and agreed that these would be reflected in the overall Council's consolidated accounts that were formally approved at the aforementioned meeting.

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?

Answer:

The Cabinet considered these comments in reaching its decision and clearly weighed up the risk vs reward implications of further investment in the company. They also considered the £0.9m gross interest receipts that had been included in the draft 2023/24 General Budget that would be received from the company based on their final revised business plan.

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?

Answer:

The revised business plan that was considered did include the phased build out of the Knowle Lane site.

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?

Answer:

This information is restricted due to its commercially sensitive nature.

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

Answer:

This would appear to be an unsubstantiated comment. The Council, through the regular reporting mechanisms, has received recent updates confirming that this project is proceeding roughly to estimated timetable and to original profit margins.

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?

Answer:

Business plans have been reviewed/considered at recent meetings of the Audit Committee, Scrutiny, Full Council and Cabinet. In order to meet our Committee deadlines and the Council's budgetary timetable and at Full Council's instruction an urgent meeting of the Cabinet was convened to reflect on Full Council's recommendations and then make a final resolution.