

MDDC HOMES PDG MEETING 26th SEPTEMBER 2023

Paul Elstone - A local resident and council taxpayer.
My questions relate to Agenda Item 6 - Medium Term Financial Plan.

Question 1

At the Cabinet Meeting of the 19th September 2023 the Cabinet Member for Finance said the following and in response to a question from a Member of the Public

Quote:

“ It is currently estimated that the soft closure of the 3 Rivers will be delivered during the remainder of the financial year 2023/24 and therefore previous impairment provision and any further write-off considerations will be completed in the current year”.

“Therefore, no impact will need to be carried forward to future budgets in the Council’s Medium Term Financial Plan”.

Unquote:

Can the S151 Officer please confirm that he fully concurs with this statement ?

Yes

Question 2

When preparing the MDDC Budget for Years 2023 – 2024 an impairment of £790,000 was provisioned for. This against 3 Rivers bad debt. That an additional impairment of £4.5 million for 3 Rivers bad debt was only added in June 2023 and 3 months after the 2023 - 2024 budget was approved by Full Council.

It is on public record that the Council S151 Officer anticipates a loss of around one third of the total loan amount to 3 Rivers As the loan amount stated is £21.3 million this is currently a loss of over £7 million.

Given these numbers can it be fully explained how a budgeted impairment amount of just £790,000 can cover a loss of over £7 million and rising, and that no 3 Rivers bad debt will be carried forward to following years?

The financial regulations require any impairment be included in full in the year in which it is deemed necessary for the impairment to be actioned. Therefore, it is not a cost that is budgeted for. This regulation has changed since the previous £790k impairment which was written down over a 5 year period – with 2023/24 being the final year.

A further £4.5m impairment was included within the 2022/23 accounts. Any remaining impairment following the decision to soft close the company will be included within the year is crystallises, and is expected to be 2023/24.

Question 3

Finance Appendix 2 of your papers reference HRA Medium Financial Plan 2024 to 2029 Assumptions Point 9 says the following. “ relating to impairment to be charged to HRA in 2023/24”. Please can you tell me what is the full amount of this impairment?

As outlined in answer to Q2, the relevant impairment will be made within 2023/24 and will not form a part of the HRA budget. At the current time, the level impairment is not known as there are many different determinables that require greater clarity at this time.

Question 4

What exactly it is the impairment for?

The sunk costs of Post Hill following the Cabinet decision to pause the development.

Question 5

Is it anything to do with 3 Rivers or Post Hill ?

See Q4 above.