

MDDC CABINET MEETING 19th SEPTEMBER 2023

QUESTIONS: PAUL ELSTONE - A local resident and council taxpayer.

Question 1

My first question relates to the Minutes of the last meeting and the promise to provide written answers to my questions. These have not been provided. Can the Leader tell me what has happened to them?

Question answered at the meeting – the response has been published.

My remaining questions relate to Agenda Item 5 – Medium Term Financial Term Update and associated papers.

Question 2

There appears to be no reference to the windfall £3 million leisure services VAT refund in the financial forecast. Has this substantial VAT refund already been incorporated in the forecasting figures or is this still to be done ?

The MTFP is a forward looking 5 year financial projection looking at the Council's position from 2024/25 onwards. The VAT refund was accounted for within the 2022/23 financial year.

Question 3

There is no clear evidence that the 3 Rivers bad debt has been included in any short or medium term financial forecasting. Bad debt currently anticipated at more than £7 million and increasing by an estimated £125,000 per month, this when interest and overhead liabilities are factored in. Has the 3 Rivers bad debt provision been made and if so where is it shown in the papers ?

Impairment of loans have already been made in the Council's accounts in the financial years 2020/21 and 2022/23. Further revisions to these amounts will be made during 2023/24 now key decisions have been made relating to the future of the company. It is currently anticipated that this review will be undertaken in the current financial year and therefore no provision is included in the forward looking MTFP report.

Question 4

The Cabinet Member for Finance is reported as saying Quote: *"that no money from Council Tax has been used to support the St Georges Court build"*. Unquote:

The S151 Officer has been reported as saying that no loans were taken out to fund 3 Rivers. Therefore who funded the St Georges Court build and who holds the bad debt liability ?

Councils receive their funding from a number of sources, not just from Council Tax. This includes: Government funding and grants, retained business rates, income from fees/charges, etc.

All Council funding of 3Rivers has come from temporary cash flow treasury lending. Now the Council has resolved to soft close the company, any associated bad debt will ultimately be a liability of the Council and decisions will need to be taken as to how this is ultimately funded.

Question 5

If Council Tax Payers have not funded St Georges Court then in my business environment and by implication then the same Council Tax Payers have no liabilities for the substantial bad debt. That there should be no reduction in the MDDC Council services resulting. If this statement is not correct can a full explanation be given ?

During 2023/24 the Council will need to make a number of financial decisions on how to fund the estimated losses from its wholly owned property development company. This will be affected by the final quantum of the loss once all of the current assets are disposed of and all potential liabilities are crystallised.