



COUNCIL CABINET 13 JANUARY 2004

Report of the Director of Finance

Pride Park - Financial Position update

RECOMMENDATION

- 1.1 To note the probable outturn position for 2003/04.
- 1.2 To note the projected overall financial position for the Pride Park project

REASON FOR RECOMMENDATIONS

2. To inform the Cabinet of the probable financial position in 2003/04, and the financial implications after completion of the Pride Park project.

SUPPORTING INFORMATION

- 3.1 Since the beginning of the Pride Park project, the Council has supported the cash flow of the project up to the value of approximately £2.0m. As at the end of 2002/03, the cumulative deficit of income over expenditure for the whole project stood at approximately £1.8m, which represents primarily the use of corporate capital receipts in 1996/97 and 1997/98. The cumulative deficit position also includes grant received via the East Midlands Development Agency (EMDA) totalling approximately £1.9m, which currently, must be repaid.
- 3.2 Other than any minor works arising from the finalisation of the Roundhouse, project works are expected to be completed during the current financial year. Final expenditure, including any claims relating to the construction of the Wilmorton Link Road is forecast to be approximately £2.3m. These costs relate mainly to the completion of reclamation works and the waste repository.
- 3.3 Additional sales and retention monies are expected to generate capital receipts of £2.7m in 2003/04. Whilst no further material expenditure is expected to be incurred in future years, remaining land sales will continue to be finalised. Additional capital receipts of up to £2.1m are forecast in 2004/05 and beyond.

OTHER OPTIONS CONSIDERED

4. Not applicable.

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Background papers:	General Monitoring working papers
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

- 1.1 The forecast expenditure programme for 2003/04 is £2.3m. Together with capital receipts forecast in 2003/04 of £2.7m, will create a surplus for the year of £0.3m.
- 1.2 Further land sales in 2004/05 and beyond are expected to generate additional capital receipts of approximately £3.0m
- 1.3 The cumulative future financial position before repayment of EMDA funds is forecast as follows:
- | | |
|--------------------------------------|-----------|
| Cumulative deficit to 2002/03 | £1.8m |
| 2003/04 surplus | £0.3m |
| Remaining land sales 2004/05 onwards | £2.1m |
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Net surplus |
£0.6m |
- 1.4 Negotiations will continue with EMDA with regard to the future use of their grant monies, however the conditions of the original grant claimed from them in 2000/01, require repayment where sale proceeds exceed those anticipated originally. There are also clawback arrangements under the original City Challenge conditions, but these are not expected to impact.
- 1.5 Assuming repayment of the EMDA grant, the net position will be a deficit of £1.4m, which in effect would result in the Council receiving a repayment of approximately £0.6m against its original £2.0m 'loan' to the project.

Legal

2. None

Personnel

3. None

Corporate Themes and Priorities

4. The project satisfies the City Council's priorities of - **Improving The Physical Environment Of Our City And Streets**, and **Enhancing the economic vitality of our City to produce more business and jobs**