
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM:	7
DATE OF MEETING:	14th OCTOBER 2004	CATEGORY:	RECOMMENDED
REPORT FROM:	CHIEF FINANCE OFFICER	OPEN	
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC:	u/ks/finance briefings/ covering report
SUBJECT:	MEMBERS FINANCE BRIEFING – SEPTEMBER/OCTOBER 2004	REF:	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:	FM08

1.0 Recommendations

- 1.1 That consideration be given in principle to funding the cost of office alterations from the projected under spend on the General Fund in 2004/05, subject to detailed costing being approved and up to a maximum of £40,000.
- 1.2 That consideration be given to the contribution requested for the "Get Active in the Forest Project" (**page 8 of the briefing**).
- 1.3 That £20,000 be transferred from the Private Sector Housing capital allocation to the Heritage Economic Regeneration Scheme to fund a joint initiative (**page 8 of the briefing**).
- 1.4 That negotiations continue and the Council's legal position be established, regarding reimbursement of additional costs pending the opening of the new tipping facility.

2.0 Purpose of Report

- 2.1 To report the latest Members Finance Briefing and to highlight issues for further consideration.

3.0 Executive Summary

- 3.1 The detailed briefing is attached as an addendum to the report. Some issues are highlighted below, as they need further consideration and may require additional funding to be approved.

Office Alterations

- 3.2 Following the recent senior management restructure, revised office plans are currently out for consultation. Detailed costings are also being evaluated, but indications suggest that this could total **up to £40,000**.

- 3.3 The briefing indicates a projected under spending on the General Fund for 2004/05 of around £154,000. A proportion of this could be used to fund alterations, as was the case with the health and safety works at the Depot earlier in the year. This has been accommodated within this under spending.
- 3.4 Members are asked to consider setting-aside a further £40,000 from the under spend to meet the cost of office alterations.

Get Active in the Forest Project

- 3.5 Details of this project were reported to Housing and Community Services Committee in July 2004. This project is seen as integral to the development of Rosliston Forestry Centre and is set to lever in over £1m of external funding. Consequently, a request is being made for a **Council contribution of £30,000** towards the capital costs of the project for this year 2004/05.
- 3.6 It should be noted that the second phase of the project (2005/06) will require a further contribution of £80,000. In addition, there will be on going revenue costs associated with the project. These will be relatively minor until 2007/08, when the Council will be expected to contribute around £15,000 per year.
- 3.7 However, the draft business plan currently being formulated for Rosliston shows that the current deficit being incurred for the site totaling around £50,000 per year, could reduce to break-even by 2007/08. This is based on the implementation of this particular project.

Opening of new Tipping Facility

- 3.8 This continues to give cause for concern. Latest indications suggest that the new facility will not be available until April 2006, a further year's delay. In addition, there is no confirmation that any of the additional costs the Council is currently incurring by using an alternative site will be reimbursed.
- 3.9 It is estimated that the additional costs that are currently being incurred would total around **£3/4m by April 2006**. Except for a contingency amount of £120,000 earmarked from the overall under spending on the General Fund last year, no other provision has been made in the Council's financial projections. It has been assumed, as originally indicated to the Council, that a substantial amount of the additional costs would be reimbursed.
- 3.10 Clearly, with the amounts involved this could have an adverse impact on the Council's financial strategy. In particular, it would reduce general fund revenue balances to **below £1/2m by March 2007**, which is under the prudent minimum amount allowed by the Council's external auditors.
- 3.11 Therefore, negotiations and action should continue, including the establishment of the Council's legal position. In addition, the costs currently being incurred should be closely examined to review the scope for any reduction, for example, in financing the cost of refuse vehicles.

4.0 Financial Implications

- 4.1 As detailed in the report

5.0 Corporate Implications

5.1 It is important for the Council to maintain an on-going appreciation of the Council's financial position and the factors that are having an impact upon it.

6.0 Community Implications

6.1 As above

7.0 Background Papers - None

