



Leicester
City Council

Cabinet

25 March 2002

2001/02 BASIC CREDIT APPROVAL TRADING

Report of the Chief Financial Officer

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to recommend that the council offer to trade up to £3m of its' Basic Credit Approval (BCA) with another local authority or authorities for 2001/02, in order to reduce revenue expenditure in 2001/02 and 2002/03.

2 SUMMARY

- 2.1 As cabinet will recall, a more comprehensive capital monitoring procedure was established for 2001/02, with the results regularly reported to Directors' Board and Cabinet.
- 2.2 The Period 8 projected outturn was reported to Cabinet at £64.363 million. This includes estimated slippage of £11.05m from 2001/02 into 2002/03, a significant part of which is to be funded from corporate resources.
- 2.3 Also, the capital receipts target for 2001/02 has been met. £5.8 million has already been realised, with the possibility of further receipts this financial year, compared to the target of £4.755 million.
- 2.4 It is therefore anticipated that the council will have a cashflow surplus of corporate resources for the end of the current financial year. As a result there is an opportunity (but no necessity) to trade some of the Council's Basic Credit Approval with another local authority or authorities.
- 2.5 Any trading of resources would be on the basis of simultaneous repayment in 2002/03, so there would be no loss of funding to the council. Such trading enables the Council to "save" 4% of the value of the traded BCA in 2001/02. (Although in reality this merely reduces the amount of borrowing we have to repay this year). We would also make a real saving of an estimated £24,000 in both 2001/02 and 2002/03 through increased government grant. It is estimated that if £3m was traded, this would result in

a total saving of £168,000 (£144,000 in 2001/02 and £24,000 in 2002/03), which would boost reserves.

- 2.6 Members are asked to note that any exchange with another authority is only a paper transaction, and that no money changes hands.

3 RECOMMENDATIONS

3.1 Cabinet is asked to:

- i) Delegate to the Chief Financial Officer the power to trade up to £3m of the authority's BCA in 2001/02, in exchange for credit approval in 2002/03.
- ii) Give the Chief Financial Officer authority to make such trades in future years if it is financially advantageous to the Council.

4. FINANCIAL and LEGAL IMPLICATIONS

4.1 This report is concerned solely with financial issues.

4.2 Other implications

| OTHER IMPLICATIONS | YES/NO | Paragraph Within Supporting information | References |
|-------------------------------|--------|---|------------|
| Equal Opportunities | NO | | |
| Policy | NO | | |
| Sustainable and Environmental | NO | | |
| Crime and Disorder | NO | | |
| Human Rights Act | NO | | |
| Elderly/People on Low Income | NO | | |

5. Background Papers – Local Government Act 1972

5.1 2001/02 Capital programme monitoring Period 8. Report to Cabinet 25/2/02

6. Consultations

6.1 None specific regarding this report, but all departments were consulted regarding capital monitoring, and provided explanations on their spending programme.

7. Report Author/ Officer to contact:

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