



Leicester
City Council

CABINET

22nd APRIL 2003

TRADING ORGANISATIONS – 2003/2004 BUDGETS

REPORT OF THE CHIEF FINANCE OFFICER

1. PURPOSE OF THE REPORT.

- 1.1 In accordance with Finance Procedure Rules, budgets for trading organisations are submitted to Cabinet for approval.
- 1.2 This report details all the council's trading organisations and the 2003/2004 budgets for Cabinet to approve. The report also outlines policies in respect of the use of any retained surpluses of the trading organisation.
- 1.3 The consequences of these budgets are fully reflected in the General Fund and the HRA budgets which the Council has already approved.

2. SUMMARY OF THE REPORT.

- 2.1 Trading organisations are services provided to users on a basis other than a straightforward recharge of cost, such as a quoted price or a schedule of rates. The Council operates a number of trading organisations and these are listed in Appendix A.
- 2.2 Prior to the beginning of each year, the relevant director sets a budget for each trading organisation in accordance with a time scale and guidance given by the Chief Finance Officer.
- 2.3 The budget shall be set to ensure that the trading organisation breaks even (i.e. neither makes a loss nor aims to charge clients more than the cost of its activities). There are specific exceptions to this (e.g. where Cabinet specifies a different target). Appendix A details the estimated turnover for each trading unit. Service departments will be charged in accordance with agreements for services provided by each trading unit.
- 2.4 Directors responsible for trading organisations shall ensure that each organisation achieves its budgeted return. It is possible for surpluses to be achieved where demand varies and/or external work commissioned. Section 4 sets out departmental policies relating to any such surpluses.

3. **RECOMMENDATIONS TO CABINET**

3.1 The Cabinet is recommended to:

(1) Approve the 2003/2004 budgets for the trading organisations;

(2) Note the action proposed on policies in respect of the use of any retained surpluses.

4. **POLICIES IN RESPECT OF RETAINED SURPLUSES.**

TRADER	POLICY FOR THE USE OF RETAINED SURPLUSES
<ul style="list-style-type: none"> ▪ City Landscapes ▪ Housing Maintenance DSO ▪ Resources, Access & Diversity Department – all Trading Units ▪ Environment, Regeneration and Development Department – all Trading Units 	<p>To be reinvested into the service</p> <p>To be used as a revenue contribution to capital spending. This has already been approved by Cabinet as part of the Housing Capital Programme 2003/04. It will help meet the governments decent homes target</p> <p>The department reviews any generated surpluses on an individual basis. The relevant trading unit must provide a business case to the Corporate Director setting out the intended purpose for any retained surplus, which would generally focus on reinvestment into the service. These are submitted to Cabinet for approval as part of the outturn.</p> <p>The department reviews the use of any surplus when considering the departmental outturn position. Each unit must provide a business case for the proposed use of such surpluses, which is approved by Cabinet as part of the outturn.</p>

5. **FINANCIAL AND LEGAL IMPLICATIONS**

5.1 This report is concerned solely with financial issues.

6. **OTHER IMPLICATIONS**

<u>Other implications</u>	<u>Yes/No</u>	<u>Paragraph referred</u>
Equal Opportunities	No	-
Policy	No	-
Sustainable and Environmental	No	-
Crime and Disorder	No	-
Human Rights Act	No	-
Elderly/People on Low Income	No	-
Consultation with departments	Yes	-

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DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)