Leicester
City Council

CABINET **26ᵗʰ APRIL 2004**

TRADING ORGANISATIONS – 2004/2005 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 councils trading organisations and their 2004/2005 budgets. The report also outlines policies in respect of the use of any retained surpluses of the trading organisation.

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 detailed further 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). Appendix A details the estimated overall expenditure for each trading unit. Service departments will be charged in accordance with existing agreements for services provided by each trading unit.

2.4   Directors responsible for trading organisations shall ensure that each organisation achieves it 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 2004/2005 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
▪ Housing Maintenance DSO	To be used as a revenue contribution to capital spending. This has already been approved by Cabinet as part of the Housing Capital Programme 2004/05.
▪ Resources, Access & Diversity Department – all Trading Units	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.
▪ Regeneration and Culture – all Trading Units	The current policy is that the departments' share of any surpluses is credited to the Development Fund (which was inherited from the former Commercial Services Department). This policy, in tandem with the future treatment of some traded services, is currently under review.

5.   FINANCIAL AND LEGAL IMPLICATIONS

5.1   This report is concerned solely with financial issues.

6.   OTHER IMPLICATIONS

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

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DECISION STATUS

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

Trading Services	2004/2005 Expenditure £
Resources Access & Diversity Department	
I.C.T. Services	5,858,200
Legal Services	3,465,500
Job Shop	126,700
Postroom (incl. Franked Mail)	525,800
Standby Register	152,900
Customer Accounts	574,600
Cashiers	540,100
Creativity Works	2,668,800
Design & Maintenance	3,500,000
Regeneration and Culture Department	
City Catering	6,577,500
Citywide Cleaning	2,146,000
City Highways	6,342,500
City Cleansing	5,235,100
City Transport	11,945,010
Civil Engineering	1,415,031
City Landscapes	6,376,900

**The above budgets represent charges made "above the
line" in Service Department budgets.**

Trading Services	2004/2005 Expenditure £
Housing Department	
Housing Maintenance	21,770,900

**The above budget represents the total operational
expenditure for Housing Maintenance.**