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Meeting **Constitution Committee**

Date/Time **Friday, 29 June 2007 at 3.30 pm**

Location **Guthlaxton Committee Room, County Hall, Glenfield**

Officer to contact **Miss R. Palmer (Tel: 0116 265 6098)**

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Membership

(Chairman)

Mr. S. J. Galton CC	Dr. M. O'Callaghan CC
Mr. D. R. Parsons CC	Prof. M. E. Preston CC
Mr. N. J. Rushton CC	

AGENDA

<u>Item</u>	<u>Report by</u>	<u>Marked</u>
3. Appointment of Deputy Chairman for the period ending with the date of the Annual Meeting of the County Council in 2008.		
4. Question Time.		
5. Questions asked under Standing Order 7(3) and 7(5).		
6. To advise of any other items which the Chairman has decided to take as urgent.		
7. Declarations of interest.		
8. Statement of Accounts for 2006/07.	Director of Corporate Resources	B
9. Members' Allowances 2006/2007.	Chief Executive	C
10. Any other items which the Chairman has decided to take as urgent.		
10. Any other items which the Chairman has decided to take as urgent.		



Minutes of a meeting of the Constitution Committee held at County Hall, Glenfield on Thursday, 8 March 2007.

PRESENT

Mr. N. J. Rushton CC (in the Chair)

Mr. S. J. Galton CC
Dr. M. O'Callaghan CC

Mr. A. M. Kershaw CC
Prof. M. E. Preston CC

22. Minutes.

The minutes of the meeting held on 24 November 2006 were taken as read, confirmed and signed.

23. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

24. Questions asked under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

25. Urgent Items.

There were no urgent items for consideration.

26. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

All members of the Committee declared a personal non prejudicial interest in the report on Members' Allowances (minute 27 below).

27. Report of the Independent Remuneration Panel on Members' Allowances.

The Committee considered a report of the Chief Executive presenting the report of the Independent Remuneration Panel on Members' Allowances. A copy of the report marked 'B' is filed with these minutes.

The Committee was advised that the Panel was not obliged to adopt the recommendations put forward but it did have 'to have regard to the Panel's views'. If therefore the Council wished to adopt a scheme which was substantially different from either the present scheme or that now recommended, it was suggested that it would be appropriate to invite the Panel's views beforehand.

Dr O'Callaghan expressed disappointment with the Panel's report. In particular, he argued that the proposed removal of the special responsibility allowances payable to Spokesmen of Scrutiny Committees would have the effect of devaluing the scrutiny function. He also repeated his opinion that Cabinet Support Members should not be entitled to receive a special responsibility allowance.

Mr Galton commented that he shared these views.

Other members spoke in favour of adopting the recommendation being put forward by the Panel.

The Chief Executive commented on the difficult role the Panel had in advising on matters where there was disagreement across the party groups and stressed that it was not part of the Panel's remit to comment on how the Council should organise its political management structure. Neither should the Panel be expected to resolve matters of structure through its recommendations.

It was moved by Mr Rushton and seconded by Prof Preston:-

"That the County Council be recommended to approve the recommendations as set out in the report of the Independent Remuneration Panel on Members' Allowances."

The motion was put and carried, three members voting for the motion and two against.

(Dr M O'Callaghan CC and Mr S Galton CC asked that their names be recorded as having voted against the motion).

28. Proposed Amendments to the Constitution - Employment Related Matters.

The Committee considered a report of the Chief Executive recommending changes to the Constitution in respect of proposed new arrangements for elected member involvement in disputes between trade unions and management and proposed changes to the officer Employment Procedure Rules. A copy of the report marked 'C' is filed with these minutes.

RESOLVED:

That the County Council be recommended:-

(a) to add the following to the list of panels contained in Section E of Part 3 of the Constitution concerning Responsibility for Functions:-

"(m) Disputes Panel: to consider oral representations from unions and management when negotiations at officer level have failed to reach agreement (following written submissions) and to make recommendations to the Employment Committee or Cabinet, or both, as appropriate."

- (b) to adopt the revised Officer Employment Procedure Rules (Part 4H of the Constitution) as set out in the Appendix to the report.

9.30 - 10.10 am
08 March 2007

CHAIRMAN

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B**CONSTITUTION COMMITTEE – 29TH JUNE 2007****REPORT OF THE DIRECTOR OF RESOURCES****STATEMENT OF ACCOUNTS FOR 2006/07****PURPOSE**

1. The purpose of this report is to present the 2006/07 statement of accounts for approval and inform the Committee of the key issues within the accounts.

BACKGROUND

2. The Accounts and Audit regulations 2003 require all authorities to approve their accounts by the end of June following the end of the financial year.
3. The format of the statement of accounts is largely dictated by the Accounting Code of Practice on Local Authority Accounts.
4. The accounts should be published by 30th September with the auditor's certificate or opinion as required by the Accounts and Audit regulations. This is expected in early September. The accounts will be on deposit for public inspection from 9th July to 3rd August 2007.

ISSUES

5. These accounts include an internal control statement that is signed by the Chief Executive and Leader. This statement sets out the purpose of the system of internal control, how it operates in the County Council and how its effectiveness has been reviewed. This statement was considered by the Corporate Governance Committee on 16th May 2007 and the Committee approved the statement and the method used to evidence it.
6. The accounts essentially show the revenue outturn in a common format as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA). There are some significant changes to the presentation. The main changes are:
 - The replacement of the revenue account with a Generally Accepted Accounting Practice (UK GAAP) compliant income and expenditure account. The objective of GAAP compliance is that all UK companies and public sector organisations prepare their accounts in a similar format. This income and expenditure account shows a small deficit of £0.7m which means that on this accounting basis the resources consumed including depreciation and an estimate of pension costs are slightly more than the income generated by the County Council.

- The inclusion of a statement that reconciles the income and expenditure account balance with the county fund called the 'Movement in the County Fund'. This is included because statute prevents some of the costs included in the income and expenditure account impacting on council tax such as some of the pension costs and depreciation.
 - The inclusion of a new statement 'The statement of total gains and losses'. This is detailed on page 11 and shows a £103m increase in the council's net worth. This is mainly due to the improved net valuation of the pension fund and fixed assets.
 - The overall format of the notes to the accounts have also changed.
7. A report setting out the revenue budget outturn was considered by Cabinet on 27th June 2007 and will be considered by Scrutiny on 18th July 2007. The main balance sheet and revenue account issues are set out below.

Income and Expenditure Account

8. The Service classification within the Income and Expenditure Account is presented in line with CIPFA's Best Value Accounting Code of Practice and thus is not comparable to the format of the council budget. In addition, service expenditure includes capital charges and other 'below the line' items such as central support costs, thus preventing a direct comparison with the revenue outturn reported to Cabinet and Scrutiny.
9. The explanatory foreword explains the outturn in the context of the council's budget. In summary the County Council underspent by a net £6.4m after allowing for carry forwards (the gross underspend was £10.3m). The revenue account does include a number of significant financial transactions. These are summarised below:
- (i) The Cabinet agreed a financial arrangement with the Leicestershire and Rutland Primary Care Trust (PCT) on 5th March. The aim of the arrangement was to assist with the PCT's recovery plan. The accounts reflect this transaction which had three elements. Firstly, the payment of capital grant of £2.35m from the PCT to the County Council for health related capital schemes. Secondly, the payment of £2.25m revenue grant to the PCT to be used to meet Medium Term Corporate Strategy health priorities. Thirdly, the agreement of a new phasing arrangement for the revenue contributions to the learning disability pooled budget. This increased the County Council contribution in 2006/7 by £3m and reduced the contribution by a corresponding amount in 2007/8.
 - (ii) The Adult Social Care (ASC) outturn reflects the agreement of the relevant PCT contribution to the pooled budget referred to above. However, this is offset by the use of unringfenced grant income. The balance of this income (£2.3m) has been transferred to earmarked reserves. (See (12) below.) The unringfenced grant income relates mainly to an ASC access and systems grant that was received in 2004/5 and 2005/6. This grant was awarded to develop Community Care Services and help prevent hospital admissions. However, lower than anticipated costs of implementing initiatives funded through this grant has resulted in an underspend on the grant. As the ASC

has three stars and as a result greater flexibility in terms of grant income it is now possible to utilise this non recurrent underspend against grant income to fund other services.

- (iii) A significant element (£1.7m) of the Children and Young People's underspend of £2.4m reflects the steps taken by the Authority to minimise the underspending on LAA grant funding that is subject to claw back arrangements by Central Government.
- (iv) Early retirement costs that were previously spread over up to five years have been funded in full in 2006/7. This has resulted in expenditure of £1.6m but will generate efficiency savings of circa £0.24m over the next four years.
- (v) In 2004/5 a provision of £4.5m was established to meet the expected costs arising from the loss of an industrial tribunal following the introduction of job evaluation. As detailed in a Member Information Service report the actual costs were lower. The balance of £4.1m has been released to the revenue account.

Balance Sheet

Reserves

10. The balance on the County fund has increased from £7.4m in 2005/06 to £8.5m as at the end of 2006/07, assuming all carry forwards of underspend are approved. The policy on the county fund has been to maintain balances in line with the inherent risks faced by the County Council. The required level of reserves is kept under review during the year and a more formal assessment is undertaken at the time the budget is set. The policy will be to continue to maintain a level of county fund consistent with the overall financial environment and the level of the county fund is currently within the target range of 2 to 3% of net expenditure (excluding schools).
11. The County Council approved the MTFs on 21st February 2007. The key aim of the strategy is to ensure that the Authority has the appropriate resources in place to fund key service improvements and demands over the next few years. The strategy includes the establishment of earmarked reserves and the allocation of ongoing revenue budget and capital resources for key priorities. This outturn provides a further opportunity to develop this approach with the establishment of reserves to meet future pressures.
12. Overall earmarked cash backed revenue revenues (excluding schools) have increased from £18.3m in 2005/06 to £35.2m at the end of 2006/7. This is mainly as a result of the creation of new reserves and the addition to existing reserves. The main reserves are:
 - Waste strategy implementation. The waste underspend (£2.4m) and resources for capital (£0.75m) has been allocated to this reserve.
 - Building schools for the future. The Melton and Vale of Belvoir review is expected to cost c£45m (capital). There will also be some associated revenue costs. Once BSF is introduced further pump priming will be required. To meet initial costs a £0.7m reserve has been established.

- Reconfiguration of services. Under the change management banner the Authority is in the process of making major changes to the way services are delivered. This includes areas such as the highways efficiency review, customer first and shared services. With increasing focus on efficiency this reconfiguration will continue and accelerate. With many of these projects significant up front investment is required. This will include severance costs, project management and ICT. The change management reserves of £4.1m is forecast to be spent by 2009/10. The severance reserve is £2.75m.
 - LAA General Sure Start – A reserve of £1.75m has been established to assist in meeting costs of implementing the Children’s Centres Programme. See 9 (iii) above.
 - Adult Social Care – A reserve of £2.3m has been established to pump prime invest to save projects including self directed care, developing new ways of working including the learning disability pooled budgets for commissioning and integrated provision and further development of direct payments, particularly for day care services. The balance of £0.8m will be used to address ASC demand and costs pressures in future years.
 - A contribution of £0.25m is being made to an equal pay reserve. In addition a further £0.25m will be contributed from the job evaluation reserve established to meet the cost of job evaluation appeals as this reserve is no longer required. The equal pay reserve will be available to meet any costs arising from the ongoing equal pay audit.
13. Other reserves were also established as part of the MTFs in February. These include:
- Highway maintenance
 - Civil parking enforcement
 - Advanced design/major highway projects
14. Reserves are held for other reasons, including:-
- Insurance reserve – To meet future claims to enable the Council to meet the excesses not covered by external insurers. Insurance companies usually impose excess levels on their cover. Accepting higher levels of excess based on past claims experience has proved to be more cost effective than paying higher premiums for greater insurance cover. These are currently £500,000 per claim on buildings and £150,000 on public and employer’s liability. The latter in particular can involve claims requiring legal judgements that take a number of years to settle.
 - Renewals – To enable services to plan and finance an effective programme of vehicle and equipment replacement. These reserves are a mechanism to smooth expenditure on asset replacement so that a sensible replacement programme can be achieved.

- Carry forward of underspend - Some services commit expenditure to projects, but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources. Examples of this type of reserve are Central Maintenance Fund, Shire Grants and dedicated schools grant.
15. Schools balances have reduced from £20.57m in 2005/06 to £20.1m at the end of 2006/7.

Provisions

16. In overall terms the level of provisions reduced from £12.5m in 2005/06 to £7.2m at 31st March 2007. The main reasons for the movement is referred to in 9(v) above and relates to the settlement of the job evaluation Industrial Tribunal. The largest provisions relate to:
- Insurance (£3.2m) for outstanding and unsettled claims.
 - Landfill allowances (£2.5m). The government has issued allowances to all local authorities that in effect are required to enable waste to be land filled. In 2006/07 it is anticipated that £2.5m of the allowances will be utilised and a provision has been created to reflect this.

Pension Assets And Liabilities

17. These accounts include both a summary of the County Council's pension fund and a detailed County Council pensions balance sheet note as required under Financial Reporting Standard 17.
18. The last available actuarial valuation of the pension fund showed that at 31st March 2004 the fund's assets covered 87% of its liabilities. Whilst this was a significant reduction on the fully funded position of 2001 it did not come as a surprise given the disappointing returns in equity markets in the intervening three years although the funding level was the best of all County Council pension funds. The deficit position of 2004 was addressed by putting in place a 20-year deficit recovery plan which included significant increases in employer's contributions for many employers.
19. An actuarial valuation is in the process of being carried out, based on the position of the Pension Fund at 31st March 2007, and the results of this are expected in November. There is no doubt that the funding level has increased substantially due to the high investment returns achieved in the intervening period (assets have increased from £1.39bn to £2.18bn in the three years), and is likely to be close to 100%. Whilst this is unlikely to allow a reduction in employers' contribution rates, it does mean that the magnitude of any future rises will probably be less than was previously expected.
20. The FRS17 note indicates that, for the County Council, pension liabilities exceed the pension fund assets at 31st March 2006 by £153m. This net liability is a significant improvement on the £210m liability in 2005/06. The main reasons for the improved position are a change to the discount rate used to calculate the pension liability. There has also been a higher than anticipated increase in the value of pension fund assets.

21. The FRS 17 valuation methodology is more volatile and will always show a higher liability than the actuarial valuation as it assumes a lower rate of future investment return. Effectively FRS 17 makes no allowance for the anticipated higher long term return that the fund is expected to make on equities.

EQUAL OPPORTUNITIES IMPLICATIONS

None.

RECOMMENDATIONS

The Committee is recommended to approve the Statement of Accounts for 2006/07.

CIRCULATION UNDER SENSITIVE ISSUES PROCEDURE

None.

BACKGROUND PAPERS

None.

OFFICER TO CONTACT

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Constitution Cttee/CDT/DJP/Statement of Accounts 29.06.07

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Copies of the Statement of Accounts and a large print version, are available from the Financial Services Division, Corporate Resources Department, Leicestershire County Council, County Hall, Glenfield, Leicester LE3 8RB. Tel: Leicester (0116) 2657643 or (0116) 3057643. Alternatively, the accounts can be viewed on the County Council's website by visiting www.leics.gov.uk.

Explanatory Foreword

Introduction

This document sets out the published statement of accounts of the Authority for 2006/07.

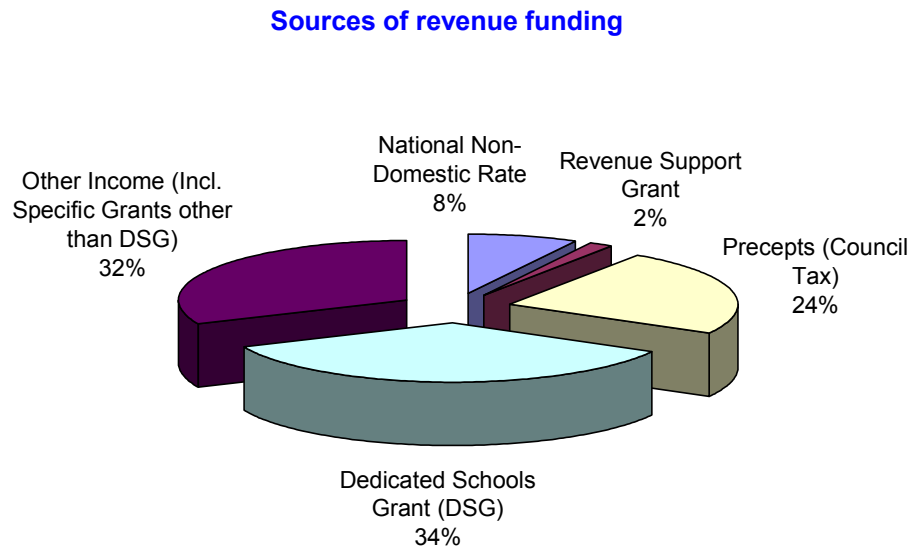
This foreword gives a brief summary of the overall financial position of the County Council, sets out how the County Council's budget is spent and financed and explains the purpose of the financial statements that are contained within the accounts.

Income and expenditure

The following three charts show where the Council's revenue funding comes from, what services it provides and what the revenue money was spent on.

- **Sources of revenue funding**

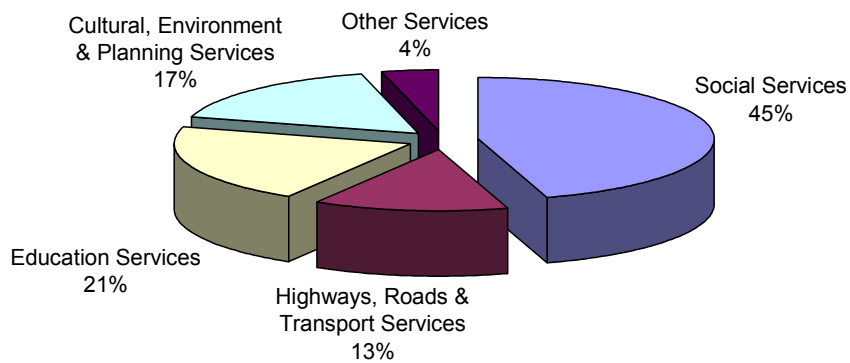
The chart below details the main sources of revenue funding received by the County Council.



▫ **Cost of services (net of specific grants including DSG)**

The above revenue funding is used to finance the various services provided by the County Council shown below:

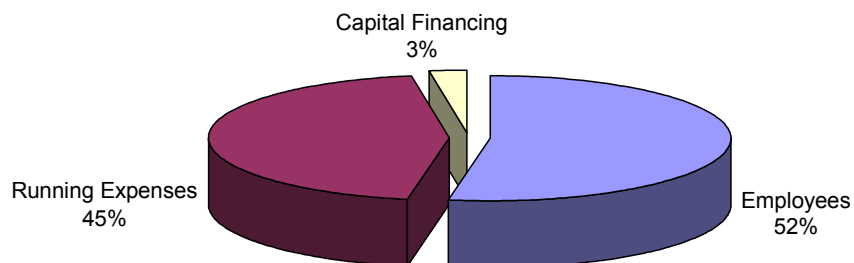
Cost of services (net of specific grants including DSG)



▫ **What the money was spent on**

The County Council services are made up of employee costs, running expenses including costs of premises, transport, supplies and services, third party payments etc., and capital financing which includes the cost of borrowing (interest and repayments). These are shown below.

What the money was spent on



Review of the Year - Income and expenditure

In overall terms the County Council underspent against the original budget by £6.4m net of carry forwards (£10.3m gross). The significant underspends against the updated budget are set out below:-

Underspends

- Children & Young People (£3.2m)

The underspend mainly reflects the steps taken by the Authority to minimise underspending in the Local Area Agreement (LAA) grant funding that is subject to claw back arrangements by Central Government. Within education, staff vacancies particularly within human resources and school improvement & performance resulted in underspends in these areas. The main underspends in relation to children's social care were within residential care mainly as a result of additional income and foster care due to lower than anticipated number of placements. There were offsetting overspends in some areas including premature retirement costs as a result of increased numbers of redundancies and legal expenses relating to children's social care cases.

- Adult Social Care (£2.4m)

The residential care for older people budget along with the residential care budget for adults with physical disabilities underspent mainly as a result of increased income and reduced demand. In addition, the IT equipment budget underspent as a result of slippage in the electronic social care records project and the independent home care and meal service budgets underspent as a result of demand and a reduction in contract price. These underspends were partially offset by overspends on transport, mainly due to increased demand and direct payments, due to increased take up.

- Waste Disposal (£2.4m)

This was mainly due to the growth in waste tonnage being lower than anticipated, slippage on waste strategy projects and lower than expected disposal costs for fridges, tyres and electrical equipment.

- Bank and Other Interest (£2.3m)

This is a result of higher than forecast cash balances.

- Passenger Transport Unit (£1.1m)

The main underspend related to the achievement of efficiency savings arising from the review of the operation of mainstream, special educational need and contracted public bus services.

Other

- Two other significant financial transactions were entered into by the County Council that were not reflected in the original budget. Firstly, the Council agreed a final package of £5.2m to assist the Leicestershire & Rutland Primary Care Trust. The County Council will recoup the funding from the PCT in the financial year 2007/08. Secondly, to achieve efficiency savings early retirement costs of £1.6m that were previously spread over five years have been funded in full in 2006/07.

Readers of the accounts should note that the underspend reported in the explanatory foreword cannot be directly compared to that reported in the income and expenditure account. This is because the financial accounts comply with various reporting standards whereas the management accounts are compiled on slightly different basis. The key differences relate to the way in which reserves, provisions and carry forwards have been reported.

Review of the Year - Capital

In 2006/07 the County Council spent £77.048m on capital projects. The table below shows the main areas of expenditure.

Department	Outturn £000
Children & Young People's	43,606
Highways, Transportation and Waste Management	25,468
Adult Social Care	1,187
Community Services (Libraries, Museums, Country Parks, Regeneration)	3,157
Resources (ICT, County Farms, Access for the Disabled, Risk Management)	1,561
Chief Executive (Various Grants for Rural Services)	118
Corporate (Change Management)	1,249
Other Capital Items	702
Total	<u>77,048</u>

The above expenditure was financed through several sources, the details of which appear in disclosure note 11.

The Council's long term borrowings, used to finance the purchase of assets were £362m at 31st March 2007. The book value of assets was £844m.

The most significant items of expenditure are set out below. Some of these projects represent work in progress and will be completed within the next two years.

	£000
Schools	
<i>Replacement of High Schools</i>	
□ Coalville Castle Rock	1,404
□ Wigston Bushloe	3,083
□ Oadby Gartree	8,369
□ Shepshed	8,121
□ Enderby Brockington – Contribution to replacement aided school	700
Other	
□ Hinckley Area Special School / Dorothy Goodman Special School	2,218
□ Coalville Warren Hills – Children's Centre	407
□ Loughborough Cobden – Children's Centre	845
Highways & Transport	
□ Melton Junction Improvement	391
□ Desford Junction Improvement	253
□ Quorn Bridge	273
□ A6 Quorn to Loughborough – Major resurfacing	992
Waste Management	
□ Oadby Household Waste & Recycling Site	1,303

Future Prospects

The relatively low increases in Central Government funding along with the objective to deliver reasonable council tax increases, means that the County Council will operate within a very tight financial environment over the medium term. Although Central Government has calculated that the 'like for like' increase in formula grant is 2.7% in 2007/08 the cash increase in 2007/08 is only 0.8%. It is unlikely that the 2007 comprehensive spending review will improve the outlook in later years, particularly given the recent announcement on the efficiency savings requirement.

The main demand and cost pressures over the medium term are within Adult Social Care and Waste Management. In Adult Social Care they relate to learning disabilities, home care and residential and nursing placements. The main pressure in Waste Management relates to landfill tax and recycling costs. Other pressures include capital financing and pension costs. In addition the Council continues to invest in service reconfiguration to both improve services and generate efficiency savings.

The County Council, to balance the medium term financial position and at the same time delivering reasonable council tax increases and investment in service improvements, will need to deliver significant savings. These will be generated from a combination of efficiency, disinvestment from lower priority services and increased charges.

The Corporate Strategy priorities have been factored into the financial plan. The most significant financial investments are likely to be in waste, learning disability services, children's services, and libraries.

The medium term financial strategy (MTFS) was approved by the County Council in February and it will be updated following the publication of the Comprehensive Spending Review 2007. This strategy sets out in more detail the medium term financial outlook and is available on the County Council's website at www.leics.gov.uk.

Changes in Accounting Policies

Under the 2006 CIPFA SORP there has been the following change to accounting policies:

- The notional interest element of capital charges is no longer required to be charged to the income and expenditure account.

Due to this change the 2005/6 comparative figures in the Income and Expenditure account have been restated.

Contents of the Statement of Accounts

Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

□ ***Statement of Movement on the General County Fund Balance***

Shows the adjustments to the Income and Expenditure Account for statutory accounting requirements, to align with the accounting basis by which the authority set its council tax level.

□ ***Statement of Total Recognised Gains and Losses***

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in net worth. In addition to the surplus generated on the income and expenditure account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

□ ***Balance Sheet***

Sets out the financial position of the County Council on 31st March 2007. It incorporates all the funds of the Authority, both capital and revenue, with the exception of the Pension Fund and Trust Funds.

□ ***Cash Flow Statement***

Gives a summary of the inflows and outflows of cash arising from transactions with third parties during the financial year. Internal transfers are thus excluded from expenditure and income.

□ ***Pension Fund***

Shows the annual results of the Leicestershire County Council administered Local Government Pension Fund for Leicestershire covering both County Council employees and those of District Councils and other admitted bodies.

Date of Authorisation of Accounts

The accounts were authorised for issue **XX** *September 2007*, by the Director of Resources. This was the last date when events after the balance sheet date have been considered.

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Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2005/06			2006/07		
Restated Net Expenditure £000		Note / Ref	Gross Expenditure £000	Income £000	Net Expenditure £000
	CONTINUING SERVICES				
340,661	Education Services	2	558,333	(500,345)	57,988
118,884	Social Services		191,291	(64,621)	126,670
37,077	Highways, Roads & Transport Services		52,760	(15,318)	37,442
42,112	Cultural, Environmental & Planning Services	3	63,329	(16,928)	46,401
1,214	Central Services to the Public		1,727	(545)	1,182
460	Courts Services		405	(16)	389
89	Housing Services		193	(65)	128
6,244	Corporate and Democratic Core		11,208	(4,944)	6,264
1,043	Non Distributed Cost		3,059	(105)	2,954
547,784	NET COST OF SERVICES		882,305	(602,887)	279,418
	OTHER ITEMS				
236	Flood defence levies				248
(462)	Net (surplus)/deficit on trading a/c's	4			(518)
18,833	Interest payable				19,806
(5,239)	Interest and investment income				(6,989)
2,100	Pensions – Interest cost & expected return on assets	5			(2,400)
(5,545)	Principal & Interest on transferred debt				(5,617)
557,707	NET OPERATING EXPENDITURE				283,948
(191,022)	Precepts on District Councils				(201,048)
(188,473)	Distribution from Non-Domestic Rates				(66,423)
(166,422)	Revenue Support Grant	2			(12,822)
(585)	Surplus on Collection Funds				(738)
(570)	Local Authority Business Growth Incentive Scheme				(2,232)
10,635	DEFICIT FOR THE YEAR	A			685

Statement of Movement on the General County Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General County Fund Balance shows whether the Council has over or under spent against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for the future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General County Fund Balance.

2005/6 £000		Note / Ref	2006/7 £000
10,635	Deficit for the year on the Income and Expenditure Account	A	685
(11,228)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	B	981
(593)	(Increase) / Decrease in General County Fund Balance for the year		1,666
(33,762)	General County Fund Balance brought forward		(34,355)
(34,355)	General County Fund Balance carried forward	C	(32,689)

Analysis of the movement on the General County Fund Balance for the year between the amount generally available to the authority and the net amount held by schools under locally management schemes.

2005/6 £000		Note /Ref	2006/7 £000
(20,130)	Amount of General County Fund Balance held by schools under local management schemes		(19,771)
(6,800)	Amount of General County Fund set aside for other earmarked sums		(4,439)
(7,425)	Amount of General County Fund generally available for new expenditure		(8,479)
(34,355)	Total General County Fund Balance	C	(32,689)

Note of reconciling items for the Statement of Movement on General County Fund Balance

2005/6 £000		Note / Ref	2006/7 £000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General County Fund Balance for the year		
(39)	Amortisation of intangible fixed assets	6	(167)
(16,209)	Depreciation and impairment of fixed assets	6	(18,579)
(8,314)	Deferred charges treated as revenue expenditure in accordance with the SORP, but which are classified as capital expenditure by statute	10	(4,429)
775	Government Grants Deferred amortisation	13	923
0	Net gain / (loss) on sale of fixed assets		0
(6,398)	Net charges made for retirement benefits in accordance with FRS 17		(7,170)
(30,185)			(29,422)
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General County Fund Balance for the year		
11,798	Statutory provision for repayment of debt		13,399
1,187	Capital expenditure charged in-year to the General Fund Balance		206
12,985			13,605
	Transfers to or from the General County Fund Balance that are required to be taken into account when determining the Movement on the General County Fund Balance for the year		
5,972	Net transfer to earmarked reserves		16,798
(11,228)	Net additional amount required to be charged to the General County Fund Balance for the year	B	981

Statement of Total Recognised Gains and Losses

This Statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2005/6 £000		Note / Ref	2006/7 £000
10,635	(Surplus) / Deficit for the year on the Income and Expenditure Account	A	685
(54,008)	Surplus arising on revaluation of fixed assets	6	(39,272)
4,602	Actuarial (gains) / losses on the pension fund assets and liabilities	5	(64,170)
10,740	Other gains / losses required to be included in the STRGL		(643)
(28,031)	Total recognised (gains) / losses for the year		(103,400)

Balance Sheet as at 31 March 2007

31 March 2006 £000		Note	31 March 2007 £000	
798	FIXED ASSETS Intangible Assets	6-12		631
596,899	Tangible Assets Land and buildings		632,784	
3,609	Vehicles, plant & equipment		3,910	
155,856	Infrastructure		171,139	
9,966	Community assets		11,231	
766,330				819,064
3,301	Non-Operational Assets Investment properties		3,101	
5,704	Assets under construction		18,751	
3,016	Surplus assets, held for disposal		3,131	
12,021				24,983
40,000	Long term investments	22		65,000
59,138	Long term debtors	23		56,510
5,913	Net deferred premiums / discounts on early repayment of debt	24		3,874
884,200	Total Long Term Assets			970,062
	CURRENT ASSETS			
3,738	Intangible current assets		3,892	
777	Stocks and work in progress	25	998	
38,006	Debtors	23	38,315	
4,248	Other current assets		8,153	
106,995	Short term investments	22	76,615	
153,764				127,973
	CURRENT LIABILITIES			
(650)	Borrowing repayable on demand or within 12 months	28	(650)	
(74,111)	Creditors	27	(78,587)	
(1,549)	Cash overdrawn	26	(5,462)	
(12,304)	Receipts in advance		(12,258)	
(88,614)				(96,957)
65,150	Net Current Assets			31,016
949,350				1,001,078
	LONG TERM LIABILITIES			
(361,729)	Long term borrowing	28	(361,144)	
(387)	Deferred liabilities	32	(336)	
(12,532)	Provisions	29	(7,236)	
(52,195)	Grants and contributions deferred	13	(60,820)	
(209,700)	Defined benefit pension scheme	5	(152,700)	
(7,660)	Capital contributions unapplied	30	(10,575)	
(2,358)	Capital receipts unapplied	31	(2,078)	
(646,561)				(594,889)
302,789	Net Assets			406,189

31 March 2006 £000		Note	31 March 2007 £000	
	FINANCED BY			
297,208	Fixed asset restatement account	31		310,365
161,743	Capital financing account	31		179,160
(209,700)	Pension reserve	31		(152,700)
142	Other capital reserves			142
19,041	Revenue reserves	31		36,533
26,930	County fund: Earmarked sums	31	24,210	
7,425	Uncommitted balance	31	8,479	32,689
302,789				406,189

The net worth of the authority as at 31st March 2006 has been amended from £359.089m to £302.789m to comply with SORP 2006. Capital Contributions Unapplied and Capital Receipts Unapplied have now moved to Long Term Liabilities in the top half of the balance sheet.

Cash Flow Statement

2005/06 £000		Note	2006/07		
			£000	£000	£000
	Revenue Activities				
	Cash outflows:				
439,926	Cash paid to and on behalf of employees		459,853		
290,096	Other operating costs		338,535		
730,022				798,388	
	Cash inflows:				
(191,022)	Precepts on district councils		(201,048)		
(188,473)	Non-domestic rate income		(66,423)		
(165,299)	Revenue support grant		(12,822)		
(115,347)	Other government grants	38	(424,068)		
(101,848)	Cash received for goods and services		(126,333)		
(3,825)	Other revenue cash income		(4,091)		
(765,814)				(834,785)	
(35,792)	Revenue activities cash inflow	39			(36,397)
	Return on Investments and Servicing of Finance				
	Cash outflows:				
19,641	Interest paid		21,606		
(479)	Premiums paid/discounts received		(1,918)		
131	Lease rentals		134		
19,293				19,822	
	Cash inflows:				
(9,721)	Interest received			(9,571)	
9,572					10,251
	Capital Activities				
	Cash outflows:				
81,486	Purchase of fixed assets		71,263		
8,889	Other capital cash payments		5,878		
90,375				77,141	
	Cash inflows:				
(3,813)	Sale of fixed assets		(4,640)		
(19,909)	Capital grants received		(29,735)		
(6,893)	Other capital contributions		(7,912)		
(30,615)				(42,287)	
59,760					34,854
33,540	Net cash (inflow)/ outflow before Financing				8,708
	Management of Liquid Resources				
40,991	Net change in investments	40			(5,380)
	Financing				
	Cash outflows:				
36,024	Repayments of amounts borrowed			100,185	
	Cash inflows:				
(108,142)	New loans raised			(99,600)	
(72,118)					585
2,413	(Increase)/Decrease in Cash	40			3,913

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Notes to the Accounts

1. Income and Expenditure Account comparative figures for 2005/06

Statement showing a comparison between the Income and Expenditure account for 2005/6 with the corresponding consolidated revenue account disclosed in the 2005/6 Statement of Accounts.

	Consolidated Revenue Account in 2005/06 Statement of Accounts £000s	Removal of capital financing charges £000s	Relocation of gov. grants deferred credits £000s	Interest on transferred debt £000s	Income and Expenditure Account 2005/06 comparatives £000s
Education Services	359,543	(18,347)	(534)		340,661
Social Services	119,774	(882)	(8)		118,884
Highways, Roads and Transport Services	44,350	(7,110)	(163)		37,077
Cultural, Environmental & Planning Services	44,166	(1,986)	(70)		42,112
Central Services to the Public	1,230	(16)			1,214
Courts Services	460				460
Housing Services	105	(16)			89
Corporate & Democratic Core	6,692	(447)			6,244
Non Distributed Cost	1,043				1,043
Net Cost of Services	577,363	(28,804)	(775)	0	547,784
Asset management revenue account / Interest payable and similar charges	(14,282)	28,953	775	3,387	18,833
Flood defence levies	236				236
Net (surplus) / deficit on trading a/c's	(313)	(149)			(462)
Interest and investment income	(5,239)				(5,239)
Pensions – Interest cost & expected return on assets	2,100				2,100
Principal & Interest on transferred debt	(2,158)			(3,387)	(5,545)
Net Operating Expenditure	557,707	0	0	0	557,707

2. **Dedicated Schools Grant**

For 2006/07, the arrangements for government support for funding of schools changed. Previously funds were provided as part of the authority's overall Revenue Support Grant. In 2006/7 the authority has received a specific grant – the Dedicated Schools Grant (DSG) from the DfES. The Education service outturn in the Income and Expenditure Account has been credited with £298m that would previously have been treated as part of the Revenue Support Grant in corporate income. The difference in Education spending between 2005/06 and 2006/07 is largely related to this change.

DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget. The schools budget includes elements for a restricted range of services provided on an authority-wide basis and for the individual schools budget, which is divided into a budget share for each school. Over and underspends on the two elements are required to be accounted for separately. The council is able to supplement the schools budget from its own resource.

Details of the deployment of DSG receivable for 2006/07 are as follows:

	Schools Budget Funded by DSG		
	Central Exp £000	Individual Schools Budget £000	Total £000
Original grant allocation to school budget for the current year in the authority's budget	33,209	265,217	298,426
Adjustment to finalised grant allocation	(379)	0	(379)
DSG receivable for the year	32,830	265,217	298,047
Actual expenditure for the year	(32,099)	(266,073)	(298,172)
(Over)/underspend for the year	731	(856)	(125)
Planned top-up funding of individual schools budget from authority's resources	0	75	75
Use of schools balances b/fwd	0	0	0
(Over)/underspend from prior year	858	20,929	21,787
(Over)/underspend c/fwd	1,589	20,148	21,737

3. East Midlands Regional Assembly

East Midlands Regional Assembly (EMRA) is one of eight regional assemblies in England outside London. It was launched in 1999 and comprises 111 Members, with 2/3 being representatives of the region's local authorities, and 1/3 nominations from the wider social, environmental and business community.

The Regional Assembly has three main roles:

- Scrutiny of the East Midlands Development Agency (EMDA)
- Coordination and Regeneration of Regional Policies
- Undertaking the role of the Regional Housing, Planning and Transport Advisory Body

EMRA separated from the East Midlands Local Government Association with effect from 1st April 2006 and the County Council became employer and accountable body with effect from that date.

The accounts for EMRA are included within the Income and Expenditure Account under the heading of Cultural, Environmental & Planning Services.

Income and Expenditure

	2006/07 £000
Income	(2,488)
Transfer From Reserve	(91)
Expenditure	2,579
(Surplus)/Deficit	0

Current Service pension costs under FRS17 are excluded from the expenditure above, but total £33,045.

4. Trading accounts

Operations

During the year the authority operated two separate accounts, which undertake trading activities of a material nature.

a) Leicestershire Highways

Leicestershire Highways is a business unit of the Highways, Transportation and Waste Management Department and its principal activities cover the maintenance and improvement of principal and county roads, the maintenance and erection of street lighting and the operation and maintenance of vehicles and plant.

b) County Catering

The Leicestershire County Catering Service provides a catering service to staff within County Hall.

Income and Expenditure

	Leicester- shire Highways £000	County Catering £000	TOTAL £000
Income	(28,111)	(1,039)	(29,150)
Expenditure	27,577	1,055	28,632
(Surplus)/Deficit in 2006/07	(534)	16	(518)
(Surplus)/Deficit in 2005/06	(450)	(12)	(462)

In order to satisfy the requirements of competition, recharges for all work done by a trading operation in competition with the private sector have been priced to include a cost of capital recovery. The SORP does not permit charges for cost of capital to be debited to trading accounts. If the cost of capital had been charged to Leicestershire Highways the surplus would have been £400k

The County Catering service owns no fixed assets, therefore their accounts remain as above.

5. Pensions - Revenue Costs

a) Local Government Pension Scheme

The cost of retirement benefits in the Net Cost of Services represents the cost of benefits earned during the year and past service costs which represent the estimated liability of discretionary benefits awarded in year, by the employer. The charge to Council Tax is based, however, upon the employers contribution paid in year to the Pension Fund, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General County Fund.

The following transactions have been made in the Income and Expenditure Account.

	2005/06 £000	2006/07 £000
Net Cost of Services		
current service cost	25,100	33,700
past service cost	500	2,900
Net Operating Expenditure		
interest cost	40,900	44,900
expected return on assets	(38,800)	(47,300)
Statement of Movement in the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	(6,398)	(7,170)
	21,302	27,030
Actual amount charged against the General Fund		
Balance for Pensions in the year		
Employers contributions	18,817	24,364
Unfunded benefits	2,485	2,666
	21,302	27,030

b) Pension Assets and Liabilities

The underlying assets and liabilities of the County Council at 31st March are as follows:

	31 March 2006 £000	31 March 2007 £000
Share of assets in County Council Fund	695,000	769,400
Estimated liabilities in County Council Fund		
Funded Benefits	(865,600)	(881,000)
Unfunded Benefits	(39,100)	(41,100)
Net pensions liability	(209,700)	(152,700)

The liability shows the underlying commitment that the authority has in the long run to pay retirement benefits. This liability of £152.7m has a substantial impact on the net worth of the authority as recorded in the balance sheet. Statutory arrangements, for funding the deficit will result in the deficit being made good by increased contributions by the employer over the remaining working life of employees as assessed by the actuary.

The FRS17 figures above incorporate staff of the Eastern Shires Purchasing Organisation (ESPO) whose staff are employed by Leicestershire County Council but whose costs are excluded from these accounts.

The significant reduction in the deficit has arisen from improved investment returns and an increase in the discount rate applied to liabilities.

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories:

	Long-term rate of return expected	31 March 2006 £000	Long-term rate of return expected	31 March 2007 £000
Equity investments	7.4%	509,500	7.8%	546,900
Bonds	4.6%	104,700	4.9%	129,500
Property	5.5%	60,100	5.8%	65,800
Cash	4.6%	20,700	4.9%	27,200
		695,000		769,400

Liabilities of the fund have been based on the following assumptions

	31 March 2006	31 March 2007
Rate of inflation	3.1%	3.2%
Rate of increases in salaries	4.6%	4.7%
Rate of increase in pensions	3.1%	3.2%
Proportion of employees opting to take a commuted lump sum	0.0%	25.0%
Rate for discounting scheme liabilities	4.9%	5.4%

The movement in the pension deficit for the year to 31 March 2007 is as follows:

	31 March 2006 £000	31 March 2007 £000
Net (deficit) at beginning of year	(203,460)	(209,700)
Adjustment to opening balance		
Magistrates Courts Pension deficit transferred to HM Court Service	4,760	0
<i>Movement in year</i>		
Current service costs	(25,100)	(33,700)
Contributions	21,302	27,030
Past service costs	(300)	(700)
Impact of settlements and curtailments	(200)	(2,200)
Net return on assets	(2,100)	2,400
Actuarial (loss)/gain	(4,602)	64,170
Net deficit at end of year	(209,700)	(152,700)

c) Movement on the Pensions Reserve

The actuarial gains/losses identified as movements on the Pensions Reserve for the last five years are analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities.

	2002/03		2003/04		2004/05		2005/06		2006/07	
	£000	%	£000	%	£000	%	£000	%	£000	%
Difference between the expected and actual return on assets	(133,666)	(32.9)	76,630	15.0	19,270	3.4	96,200	13.8	14,000	1.8
Difference between actuarial assumptions about liabilities and actual experience	(268)	(0.3)	(2,180)	(0.3)	16,204	2.1	(902)	(0.1)	(2,330)	(0.2)
Changes in the demographic and financial assumptions used to estimate liabilities					(124,970)	(16.2)	(99,900)	(11.0)	52,500	5.7
Gain / (Loss)	(133,934)		74,450		(89,496)		(4,602)		64,170	

d) Teachers and Lecturer

In 2006/07 the County Council paid £23.812m (2005/06 £22.673m) to the Teachers Pensions Agency in respect of teachers' pension costs, which represents 13.65% (2005/06 13.5%) of teachers' pensionable pay. In addition, the County Council is responsible for all pension payments relating to pension enhancements for added years service it has awarded together with the related increases. In 2006/07 these amounted to £1.8m (2005/06 £1.564m), representing 0.95% (2005/06 0.84%) of pensionable pay.

6. *Movement of fixed assets during the year*

	Intangible Assets (Software Licences) £000	Land and Buildings £000	Vehicles Plant & Equipment £000	Infrastructure £000	Community Assets £000	Non Operational Assets £000	Total £000
Net Book value as at 31 March 2006	798	596,899	3,609	155,856	9,966	12,021	779,149
Revaluations & restatements	0	37,232	26	0	797	1,218	39,273
Additions	305	28,621	5,496	19,727	468	16,553	71,170
Disposals	0	(2,332)	0	0	0	0	(2,332)
Transfers between asset categories	0	4,809	0	0	0	(4,809)	0
Impairment	0	0	0	0	0	0	0
Expenditure not increasing value	(305)	(19,233)	(4,247)	0	0	0	(23,785)
Book value as at 31 March 2007	798	645,996	4,884	175,583	11,231	24,983	863,475
Less: Depreciation this year	(167)	(13,160)	(974)	(4,444)	0	0	(18,745)
Less: Writing down leased assets	0	(52)	0	0	0	0	(52)
Net book value as at 31 March 2007	631	632,784	3,910	171,139	11,231	24,983	844,678

The table below breaks down the non-operational assets.

	Non-Operational Assets			Total £000
	Investment Properties £000	Assets Under Construction £000	Assets held for Disposal £000	
Net Book value as at 31 March 2006	3,301	5,704	3,016	12,021
Revaluations and restatements	(291)	0	1,509	1,218
Additions	0	16,553	0	16,553
Disposals	0	0	0	0
Transfers between asset categories	91	(3,506)	(1,394)	(4,809)
Impairment	0	0	0	0
Expenditure not increasing value	0	0	0	0
Net book value as at 31 March 2007	3,101	18,751	3,131	24,983

7. Valuations of fixed assets carried at current value

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The basis for valuation is set out in the statement of accounting policies in note 4. These values differ from note 6 above as these represent the gross values of the Fixed Assets as at the last revaluation whereas note 6 includes depreciation.

	Land and Buildings £000	Infra-Structure £000	Community Assets £000	Vehicles, Plant & Equipment £000	Non-Operational Assets £000	Total £000
Valued at historical cost	0	177,763	11,756	4,185	0	193,704
Valued at current value in:						
Current Year	320,159	0	0	0	3,021	323,180
Previous Years	310,938	0	0	0	3,211	314,149
Total	631,097	177,763	11,756	4,185	6,232	831,033

8. *Details of assets owned by the County Council*

	31 March 2006	31 March 2007
Land		
This figure excludes highways land	4,612 ha	4,597 ha
Number of properties held by services – Education (incl Voluntary Aided & Controlled)		
Nursery school	1	1
Primary schools	226	225
Secondary schools (excl 4 foundation schools)	50	50
Special schools	6	7
Outdoor pursuits centres	3	3
Teachers centres	1	1
Free standing youth and community centres	5	9
Client and Technical Support offices and depots	8	8
Common playing fields	1	1
Social Services		
Children's homes and hostels	3	3
Homes for the elderly	10	10
Homes for adults with learning difficulties	6	5
Homes for the recovering mentally ill	1	1
Day nurseries and family centres	3	3
Day centres for people with learning difficulties	5	5
Day centres for the physically handicapped	2	2
Local offices	4	4
Highways & Transport		
Principal and other roads	4,294 km	4,306 km
Highways/DLO depots	9	8
Waste Disposal		
Household refuse & recycling sites and transfer stations (domestic and trade)	14	14
Other Properties		
County Hall	1	1
Administrative offices	5	5
Castle House	1	1
County Farms	85	83
School Caretakers' Houses	62	54
Properties acquired in advance of future developments and properties awaiting disposal	72	78
Industrial units	228	226
Travellers sites	2	2
Community Assets		
Country Parks	18	17
Libraries and Information		
Libraries	52	52
Heritage Services		
Museums	3	3
Record Office	1	1
Resources Centre	1	1
Regulatory Services		
Offices for the Registration of Births, Deaths and Marriages	3	3

9. *Foundation, church and other schools*

Foundation schools remain vested in the Governing Bodies of the individual Foundation School, therefore these assets have not been included in the balance sheet. In this authority, there are four Foundation Schools with a fixed asset valuation of £26.980m as at 31st March 2007 (2005/6 £15.140m). The main reason for the significant increase this year is due to the rebuild of Bushloe High School, Wigston.

Church and other schools, which are not owned by the authority have not been included in the balance sheet, and therefore no capital charges will have been applied to the accounts.

10. *Deferred charges*

	2005/06 £000	2006/07 £000
Balance at 31 March	0	0
Gross Expenditure	8,889	5,878*
Income received	(574)	(1,448)
Amount charged to Income and Expenditure Account	(8,315)	(4,430)
Amount written off to Capital Financing Account	0	0
Balance at 31 March	0	0

* includes capital expenditure of £2.94m on the replacement of a foundation school.

11. Financing of capital expenditure on fixed assets and deferred charges during the year

	2005/06 £000	2006/07 £000
Total Capital Expenditure	88,686	77,048
Financed by:		
Usable Capital Receipts	(5,967)	(5,968)
Government Grants & Contributions from external bodies	(28,140)	(33,057)
Reserves	(345)	(514)
Revenue Funding	(1,187)	(206)
Balance representing borrowing requirement	53,047	37,303
Opening Capital Financing Requirement	286,227	325,864
Add: Borrowing Requirement	53,047	37,303
Less: Minimum Revenue Provision	(11,798)	(13,399)
Other Movements	(1,612)	(201)
Closing Capital Financing Requirement	325,864	349,567
Increase in underlying need to borrow:		
Supported by government financial assistance	46,617	26,808
Unsupported by government financial assistance	6,430	10,495

12. Capital commitments

The County Council allocates and controls its available resources for capital expenditure via a rolling three year capital programme. The extent to which expenditure will be incurred in future years for schemes in the various annual programmes is as follows:

	2007/08 £000	2008/09 and later £000
2006/07 and earlier year schemes	20,470	17,794

Major contracts entered into during 2006/07 and earlier, where significant payments remain to be made to contractors, include:

	£000
Schools	
Oadby Gartree High – Replacement	3,592
Shepshed High – Replacement	2,098
Hinckley Dorothy Goodman – Adaptations to Special School	162
Community Services	
Bosworth Battlefield Visitor Centre	463
Mountsorrel Library	582
Braunstone Library	485

13. Grants and contributions deferred

	2005/06 £000	2006/07 £000
Balance at 31 March	43,504	52,195
Transfer of Magistrates Courts assets to HMCS	(1,627)	0
Grants and contributions received to finance capital expenditure	25,697	36,517
Transfer from Capital Contributions unapplied	2,443	(3,460)
Write off to Capital Financing Account – income received on assets not increasing value	(16,472)	(22,060)
Release to Income & Expenditure Account	(775)	(923)
Income relating to expenditure on Deferred Charges	(575)	(1,449)
Balance at 31 March	52,195	60,820

14. Publicity

Section 5 of the Local Government Act 1986 requires the Authority to maintain a separate account of expenditure on a wide range of publicity activities.

This expenditure is included within service totals and is given below:

	2005/06 £000	2006/07 £000
Staff advertising	1,438	1,237
Other advertising	289	244
Public relations	360	426
Other publicity (including tourism)	1,087	1,188
Total	3,174	3,095

15. Agency work

The County Council acts as agent to the various Primary Care Trusts in the County for the payment of the nursing care element of accommodation charges in care homes. Payments reimbursed total £3.3m (2005/06 £3.2m).

16. Local Authorities Goods and Services Act 1970

The Council provides services to other local authorities and public bodies under the Local Authorities (Goods and Services) Act 1970. The services provided consist of financial, forestry and arboriculture, agricultural planning appraisals and caretaking. The organisations to whom these activities are provided, together with the income generated, are listed below. Charges for these services are set at a level to ensure the full recovery of cost.

	2005/06 £000	2006/07 £000
Services to Leicestershire Police Authority	11	0
Services to Combined Fire Authority	97	101
Services to Probation Board	92	88
Property Services to other bodies	155	173
Total	355	362

The Council also administers the Concessionary Travel Fees Scheme for areas covered by the Leicester City Council and the District Councils in Leicestershire for which income and expenditure is shown below:

	2005/06 £000	2006/07 £000
Income	(1,751)	(7,288)
Expenditure	1,751	7,322
Net Cost	0	34

17. Pooled Budgets

The Council's Adult and Social Care department participates in two pooled budget arrangements with health authorities as set out below:

- The supply of aids for daily living with Leicester City Council, Rutland County Council and the six primary care trusts. Leicester City West P.C.T acts as the host authority. This authority contributed £0.716m (2005/06 £0.624m) to the pool.
- The provision of services for adults with learning difficulties, commenced in December 2005. The other members of the pool are the four County primary care trusts and Rutland County Council. This authority acts as host to the arrangement.

The memorandum account shows total expenditure of £46.297m and gross income of £45.411m. The overspend will be recovered from the various partners. The County Council's share of this overspend is £549,000 which has been incorporated in the accounts.

18. Officers Emoluments

The number of employees (including teachers) whose remuneration, excluding pension contributions was £50,000 or more in bands of £10,000 is detailed below, together with last year's comparative figures:

Remuneration Band	Number of Employees 2005/06	Number of Employees 2006/07
£50,000 - £59,999	78	97
£60,000 - £69,999	38	43
£70,000 - £79,999	7	8
£80,000 - £89,999	6	5
£90,000 - £99,999	4	6
£100,000 - £109,999	1	3
£110,000 - £119,999	0	2
£120,000 - £129,999	0	0
£130,000 - £139,999	1	1
Total	135	165

19. Members Allowances

Amounts were paid to members of the County Council as follows:

	2005/06 £000	2006/07 £000
Members Allowances	735	767

20. Related Party Transactions

Details of the total Government grants received are shown in the Cash Flow Statement. The employers contribution paid to the Pension Fund are shown in note 5. Interests in consortia and other organisations is disclosed in note 37.

From the information currently available, no members of the council or senior officers have undertaken any material related party transactions requiring disclosure.

21. Audit Costs

	2005/06 £000	2006/07 £000
Fees payable to external auditor;		
- annual audit	190	192
- statutory inspection	10	11
- certification of grant claims *	71	40
Total	271	243

* Grant claims continue to be accounted for on the basis of actual payments in year, rather than an estimation of costs relating to 2006/07 grant claims.

22. Investments

Surplus cash balances are mainly invested in short term deposits with a range of banks and other financial institutions. Included within this amount is £3.049m (2005/06 £3.884m) which is invested on behalf of ESPO and £2.152m (2005/06 £1.605m) on behalf of residents in care homes.

23. Debtors

	31 March 2006 £000	31 March 2007 £000
Long Term Debtors (amounts falling due after one year)		
Outstanding debt relating to transferred services (e.g. Unitary Authority, Higher Education establishments, Police, ESPO)	57,174	54,613
Accommodation charges at Elderly Persons Homes	2,068	2,069
Car loans to employees	87	49
Other long term debtors	67	69
Less: Provision for bad debts	(258)	(290)
Total	59,138	56,510

	31 March 2006 £000	31 March 2007 £000
Current Debtors		
Sundry debtors	34,449	34,746
Government departments:		
Customs and Excise	3,535	3,137
Other government departments	790	1,041
Less: Provision for bad debts	(768)	(609)
Total	38,006	38,315

24. Net deferred premium / discounts on early repayment of debt

This represents the premiums payable/ discounts received upon the premature repayment of debt. This sum is charged to the revenue account in line with the policy described in Note 15 of the Statement of Accounting Policies and Estimation Techniques.

	2005/06 £000	2006/07 £000
Deferred premium	6,818	6,086
Deferred discounts	(180)	(173)
Net Balance at 31 March bought forward	6,638	5,913
In year:		
Premiums paid	0	1,699
Discount received	0	(3,617)
Income received from third parties	(479)	0
Amounts charged to revenue account	(246)	(121)
Balance at 31 March	5,913	3,874
Deferred premium	6,086	7,447
Deferred discounts	(173)	(3,573)
	5,913	3,874

25. Stocks and work in progress

	31 March 2006 £000	31 March 2007 £000
Stocks		
Highways	440	791
Client and Technical Support Service	90	41
Museums	24	43
Catering	52	53
Other items	55	57
Sub Total	661	985
Work in Progress		
Highways	116	13
Total	777	998

26. Cash

	31 March 2006 £000	31 March 2007 £000
Net Cash balance at year end: School & Imprest Accounts Main bank accounts	5,223 (6,772)	4,211 (9,673)
Cash in Hand / (Cash Overdrawn)	(1,549)	(5,462)

Although the balance sheet shows an overdrawn position this is not reflected at the bank due to un-presented cheques and intra account transfers.

27. Creditors

	31 March 2006 £000	31 March 2007 £000
Sundry creditors Government departments: Inland Revenue Other government departments	56,809 5,558 11,744	61,828 5,761 10,998
Total	74,111	78,587

28. Long term borrowing

	Total Outstanding at 31 March	
	2006 £000	2007 £000
Lender Public Works Loan Board Banks and building societies	289,279 72,450	288,844 72,300
Total	361,729	361,144
Analysis of maturity of these loans: Maturing -		
Between 1 and 2 years	650	650
Between 2 and 5 years	1,800	1,650
Between 5 and 10 years	22,500	2,500
Between 10 and 15 years	4,500	4,500
More than 15 years	332,279	351,844
Total	361,729	361,144

29. Provisions - Movements during the year

	Balance at 31 March 2006	Excess Repayed to I & E Account	Income	Expend- iture	Balance at 31 March 2007
	£000	£000	£000	£000	£000
Insurance	3,155	0	1,913	(1,394)	3,674
Landfill Allowances	2,992	(53)	2,530	(2,939)	2,530
Leased Car	433	0	1,322	(1,082)	673
Social Services Mental Health Refunds	249	0	0	(91)	157
Employment Tribunal	4,500	(4,068)	0	(361)	71
Other	170	0	286	(325)	131
RSG Amending Reports	673	0	0	(673)	0
Education Restructuring	360	0	0	(360)	0
Total	12,532	(4,121)	6,051	(7,225)	7,236

Insurance

The insurance policies held by the County Council require a significant level of self insurance, the level of this being recommended by independent advisers. The monies set aside for self insurance are split between a provision representing outstanding, unsettled claims at 31 March 2007 and a reserve to meet future claims. The provision is expected to be used within the next seven years.

Landfill Allowances

See accounting policies note 18 for details of the Landfill Allowance Trading Scheme (LATS).

Leased Cars

Sum to match costs to the benefits that departments receive from the leasing arrangement as actual payments are geared towards the last year of the agreement.

Adult and Social Care Mental Health: Refunds

Provides for refunds to people with mental health difficulties, who have been charged for residential and nursing care, for which a legal judgement has been made to repay the levy charged.

Employment Tribunal

The provision created in 2005/06 was based upon a 'worst case' scenario. The main settlement with the trade unions ultimately proved to be significantly less than this sum, thus the excess provision has been returned to the Income and Expenditure Account

30. Capital contributions unapplied

	2005/06 £000	2006/07 £000
Balance at 31 March	9,572	7,660
Less sums applied to finance capital expenditure incurred	(630)	0
Less sums received reclassified as creditors	(1,282)	0
Income and interest received not yet applied to finance expenditure	0	2,915
Balance at 31 March	7,660	10,575

31. Movement in Reserves**a) General County Fund**

The balance of the fund as at 31 March 2007, £32.689m (2005/06 £34.355m), contains the following earmarked sums:

	2005/06 £000	2006/07 £000
Delegated Funding for Schools	20,574	19,771
Other Education establishments with devolved budgets	(444)	0
Carry forward of underspendings across other services	6,668	4,307
Carry forward of resources for funding of Capital	132	132
Earmarked Reserves as at 31 March	26,930	24,210

Thus, the uncommitted balance is restricted to £8.479m (2005/06 £7.425m).

b) Cash Backed Reserves

Reserve	Balance 1 April 2006 £000s	Net Move- ment in Year £000s	Balance 31 March 2007 £000s
Capital Receipts Unapplied	2,358	(280)	2,078
County Fund	34,355	(1,666)	32,689
Other Revenue Reserves	19,041	17,492	36,533
Total	55,754	15,546	71,300

c) Non-Cash backed reserves

Reserve	Balance 1 April 2006 £000s	Net Move- ment in Year £000s	Balance 31 March 2007 £000s
Fixed Asset Restatement Account	297,208	13,157	310,365
Capital Financing Account	161,743	17,417	179,160
Pension Reserve	(209,700)	57,000	(152,700)
Total	249,251	87,574	336,825

d) *Details of other revenue earmarked reserves*

	Balance at 31 March 2006 £000	Appropriations		Balance at 31 March 2007 £000
		From Revenue £000	To Revenue / Capital £000	
Insurance	6,007	600	(237)	6,370
Renewals of vehicles and equipment	4,957	786	(1,157)	4,586
Organisational Change	695	3,468	(57)	4,106
Corporate Severance	500	2,250	0	2,750
Adult & Social Care				
Developments	0	2,251	0	2,251
Local Area Agreement	1,650	0	(428)	1,222
Industrial properties trading	1,390	592	(300)	1,682
Central Maintenance Fund	905	144	0	1,049
Children's and Young				
Persons Service				
- Sure Start	0	1,752	0	1,752
- Dedicated Schools Grant	0	1,589	0	1,589
- BSF/ Melton & Vale of Belvoir Review	0	670	0	670
Highways & Waste Management				
- Waste Strategy Implementation				
revenue	0	2,435	0	2,435
capital	0	750	0	750
- Highways Maintenance	0	500	0	500
- Civil Parking Enforcement	0	400	0	400
- Advanced Design/ Major Projects	0	450	0	450
- Commuted Sums	226	198	(4)	420
- Concessionary Travel	500	0	(129)	371
Shire Grants	678	96	(165)	609
Equal Pay	0	500	0	500
Job Evaluation Appeals	250	0	(250)	0
Other	537	287	(116)	708
Sub Total	18,295	19,718	(2,843)	35,170
Non Cash				
Waste Disposal – Landfill Allowances	746	706	(89)	1,363
TOTAL	19,041	20,424	(2,932)	36,533

The net movement on revenue reserves does not equal the amount shown as 'transfers to / from revenue reserves' in the consolidated revenue account due to the method of accounting for self-insurance and the financing of capital expenditure.

Renewal of Vehicles and Equipment

Resources for the funding of replacement vehicles and equipment.

Organisational Change

A programme consisting initially of 4 strands to improve services by delivering efficiency savings, improve public access to information and services, implement the creation of new departments for Children's and Adult Services whilst supporting the development of the workforces to deliver quality services.

Corporate Severance

Finance to fund potential restructuring costs as the authority reconfigures services to achieve efficiency savings.

Adult and Social Care

Unapplied grants are to be utilised to fund one off 'pump priming' initiatives, invest to save projects and provide a resource to finance potential risks affecting the service.

Local Area Agreement

Finance to achieve targets within the local area agreement. The original reserve of £1.65m will be utilised over three years (2006/7 to 2008/9).

Industrial Properties

Surpluses arising on the provision of Industrial Properties are credited to this reserve which will be used to finance future capital and revenue expenditure, including development of the Industrial Estate.

Property – Central Maintenance Fund

Provides for landlord repairs to the majority of the Council's establishments. A rolling programme of works can thus be undertaken which spans financial years. The balance represents uncompleted orders.

Children's and Young Persons Services

The non delegated dedicated schools grant will be ring fenced for schools, the other reserves provide resources to:

- a) assist in meeting significant revenue costs of implementing changed schooling arrangements within part of the county.
- b) finance underspending arising from delays to the expanded children's centres and extended schools programmes

Waste Strategy

Resources have been set aside from underspending to finance the implementation of a county wide waste strategy to increase recycling and reduce landfill.

Highways

Resources have been set aside to;

- (a) Provide for the advance design of potential major highway improvement schemes that will be subject to government approval.
- (b) The introduction of parking enforcement, in conjunction with district councils throughout the county during the summer of 2007.
- (c) Support to the introduction of county-wide free concessionary travel, the balance will be used in 2007/8.
- (d) Transitional funding for highway maintenance.
- (e) Finance the future replacement of street lighting, street furniture and traffic signals funded from income from developers.

Shire Grants

Grants awarded to statutory and voluntary organisations that remain to be claimed by the recipients.

Equal Pay

Resources to meet any costs arising from an equal pay audit.

Waste Disposal - Landfill Allowances

See accounting policies note 18.

A notional surplus within the revenue account of £1,363,000 derived from two years unused allowances have been transferred to this non cash backed reserve.

32. Leases**a) Leased Assets**

The council has a liability to make payments for the following leases during 2007/08:

	Finance Leases £000	Operating Leases £000
Leases which expire:		
Within 1 year	0	236
2 to 5 years	0	1,919
Over 5 years	52	16
Total	52	2,171

As at 31 March 2006, the County Council has a total commitment to meet finance lease payments of £0.336m (2005/06 £0.387m), and operating lease rental payments of £3.896m (2005/06 £4.179m).

b) Amounts paid to lessors

Finance lease rentals paid to lessors in the year totalled £134,000 (2005/06 £131,000). Lease rentals paid to lessors during the year in respect of operating leases for vehicles and equipment totalled £2.632m (2005/06 £2.311m).

c) Amounts received from lessees

Lease rentals on council owned buildings received from lessees during the year in respect of operating leases totalled £1.798m (2005/06 £1.859m).

33. Contingent Liabilities

- a) Municipal Mutual Insurance Limited, the County Council's former insurers, ceased writing insurance business in September 1992. They have made a scheme of arrangements with creditors in the event of the company becoming insolvent. Claims are currently being paid in full and it is hoped that the Company's assets will enable all liabilities to be met. It should be noted that there is a contingent liability if the County Council is: a) unable to recover all of the outstanding claims in ensuing years, b) if a clawback arrangement has to be implemented.
- b) Independent Insurance Company Limited, the County Council's liability insurers for the period 1 November 1993 to 31 October 1998, went into provisional liquidation in June 2001. Claims to date, for this period have been financed from the Councils insurance reserve, however, further claims may arise in the future.
- c) Projects that have been awarded lottery funds; if the assets provided are withdrawn from public use before the end of the agreed term, repayment of grant may be necessary.

34. Self Insurance

Provisions and reserves are operated to meet the self-insured deductibles for the following policies, however, stop loss insurance applies to fire and public/employers' liability policies.

	Deductible per Claim £
Fire	500,000
Public/Employers' liability	150,000
Fidelity guarantee	100,000
Motor	500

Apart from Museums, the Authority has no general insurance cover for the theft of contents from buildings. Similarly the Authority has no insurance cover against storm damage, floods, burst pipes, malicious damage, impact, earthquake and accidental damage or money. Schools, however, have the option to join a group self insurance scheme to cover the above risks.

35. Trust funds (excluded from the balance sheet)

The County Council acts as trustee and/or administrator for approximately 20 prize funds, endowments, scholarships and bequests. The original bequests are invested in either the Council's trust fund pooling scheme or in a range of other direct external investments.

Trustees are nominated by Leicestershire County Council, Leicester City Council and the National Trust to the Bradgate Park and Swithland Wood charity. This is the largest Trust the County Council is involved with, and due to the timing of the production of Leicestershire County Council's Statement of Accounts, the figures shown below are compiled on an estimated basis. Therefore the opening balance has been revised from £517,000 to £622,000 to reflect the actual balance as at 31st March 2006.

To the extent that income from these investments has not been utilised for prizes etc., the surplus funds are invested in short term deposits with various financial institutions.

Under regulations issued under the Charities Act 1993, trust fund accounts where annual income exceeds £10,000, require an independent examination.

The main trust funds are as follows:

TRUST FUNDS	Balance at 31 March 2006 £000	Income £000	Expend- iture £000	Balance at 31 March 2007 £000
Ashby Upper School Mary Smith Bequest *	48.8	2.8	3.0	48.6
Barrow-on-Soar Humphrey Perkins Endowment	17.5	1.0	0.1	18.4
Longwill Bequest No. 2	28.1	1.7	0	29.8
Kibworth High School Endowment	184.9	17.9	12.2	190.6
Melton Schools - Longwill Bequest No.1	13.3	1.5	0	14.8
Loughborough Art & Technical Colleges: Thomson Trust	20.9	1.4	0	22.3
Loughborough Technical School **	272.0	13.4	0	285.4
Lutterworth Upper School Endowments	9.5	0.9	0	10.4
Nailstone Primary School Maynards Charity *	18.8	1.0	1.4	18.4
Bradgate Park & Swithland Wood Charity *	622.0	501.0	708.0	415.0
Others	43.3	3.9	2.2	45.0
Total Trust Funds	1,279.1	546.5	726.9	1,098.7

* Not sole trustee. The authority administers the funds and is represented on the board of trustees.

** Management and custodianship of a new trust to be created will transfer to Loughborough College in 2007/08 financial year.

36. Euro Costs

Following the introduction of the Euro on 1 January 1999, it is unlikely that any significant costs will be incurred prior to a decision being made regarding United Kingdom membership of the Euro.

37. Interests in Consortia and Other Organisations

- a)** The County Council is a member of the Eastern Shires Purchasing Organisation (ESPO) involved in the negotiation of contracts for supplies to its members and the provision of a central warehouse for the supply of items in common use. During 2006/07 a net surplus of £0.4m (2005/06 £1.0m deficit) was reported on income, net of cost of sales, of £13.7m (2005/06 £13.0m). Turnover between LCC and ESPO totalled £63.5m (2005/06 £60.5m) in respect of stores issues, direct orders and period contracts.

The County Council has entered into a borrowing arrangement on behalf of the constituent members of the consortium to finance the provision of a new warehouse and integrated offices. The County Council in effect owns approximately one seventh of ESPO assets and liabilities, however these are not included the County Council's balance sheet.

A copy of ESPO's statement of accounts is available from ESPO, Barnsdale Way, Grove Park, Enderby, Leicester. LE19 1ES. Telephone 0116 265 7878.

- b)** The County Council is a constituent member of Leicester, Leicestershire and Rutland Combined Fire Authority. During 2006/07 the estimated turnover is £31.1m (2005/6 actual turnover £30.3m).

A copy of the Fire Service statement of accounts is available from Leicester, Leicestershire and Rutland Combined Fire Authority, Service Headquarter at Anstey Firth, Leicester Road, Glenfield, Leicester. LE3 8HD. Telephone 0116 287 2241.

38. Revenue Cash from specific Government Grants

	2005/06		2006/07	
	£000		£000	
Chief Executives – Home Office Drug Intervention & Young People’s Substance Misuse PSA Performance Reward		879 0	899 1,629	2,528
Education – Dept for Education & Skills School Standards Dedicated Schools Sure Start Standards Fund Teachers Salary Transitional Support Learning & Skills Council Children’s Fund		11,819 0 0 19,445 11,748 1,856 39,875 0	14,990 298,047 5,831 23,443 0 0 40,970 877	384,158
Highways – Dept of Transport Rural Bus Waste Disposal - Various Detrunking		888 0 0	910 1,084 964	2,958
GOEM Funding		0		2,197
Social Services – Dept of Health Workstep Scheme Supporting People Carers Grant Mental Health Residential Allowance Preserved Rights Access & Systems Capacity Delayed Discharges Mental Illness Safeguarding Children National Training Strategy		0 7,160 1,656 1,200 1,867 3,084 5,660 983 629 770 883	548 7,114 1,642 1,245 0 2,654 5,326 987 502 0 855	20,873
Corporate Local Authority Business Growth Incentive		0		2,232
Other		4,945		9,122
Total		115,347		424,068

39. Reconciliation of the deficit on the Income and Expenditure Account to revenue activities cash flow

	£000	£000
Deficit for the year		685
Non cash transactions		
Movement on provisions	5,296	
Movement on pensions (FRS17)	(7,170)	
Depreciation of fixed assets and impairment	(18,746)	
Deferred Charges written off to revenue and other non cash items	1,460	
		(22,080)
Items in revenue activities excluded from I & E		
School loan principal repayment	(78)	(78)
Revenue items on an accruals basis		
Change in creditors	(4,975)	
Change in debtors	(2,109)	
Change in long term debtors	(2,628)	
Change in other current assets	3,905	
Change in other current liabilities	474	
Change in stocks and work in progress	221	
		(5,112)
Items classified elsewhere in the statement servicing of finance		(9,812)
Net cash inflow from revenue activities		(36,397)

40. Analysis of changes in Net Debt

	Balance 31 March 2006 £000	Balance 31 March 2007 £000	Cash Movements In Year £000
Movement in cash			
Cash overdrawn	(1,549)	(5,462)	(3,913)
Financing			
Borrowing repayable on demand or within 1 year	(650)	(650)	0
Long term borrowing repayable after 1 year	(361,729)	(361,144)	585
Management of Liquid Resources			
Investments	146,995	141,615	(5,380)

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Statement of Responsibilities for the Statement of Accounts

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Director of Resources,
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets,
- approve the statement of accounts.

These accounts were approved at a meeting of the Constitution Committee on 29th June 2007.

**D R PARSONS
LEADER OF THE COUNTY COUNCIL AND CHAIRMAN OF THE CONSTITUTION COMMITTEE**

DATE:

THE DIRECTOR OF RESOURCES' RESPONSIBILITIES

The Director of Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Director of Resources has:

- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that were reasonable and prudent,
- complied with the Code of Practice,
- kept proper accounting records which were up to date,
- taken reasonable steps for the prevention and detection of fraud and other irregularity.

I certify that the Statement of Accounts has been prepared in accordance with proper practices and presents fairly the financial position of the County Council and its income and expenditure for the year ended 31st March 2007.

**B ROBERTS
DIRECTOR OF RESOURCES**

DATE:

Statement of Assurance on Corporate Governance and on the System of Internal Control 2006/07

1. SCOPE OF RESPONSIBILITY

Leicestershire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Leicestershire County Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

2. CODE OF CORPORATE GOVERNANCE

The Council approved and adopted a Code of Corporate Governance on 13 May 2003 which is consistent with the principles and requirements set out in the CIPFA/SOLACE Framework – Corporate Governance in Local Government: A Keystone for Community Governance. A copy of the Code is on the Council's website at www.leics.gov.uk or can be obtained from the Public Relations Unit at County Hall. The Code reflects the Council's commitment to comply with the underlying principles of: Openness and Inclusivity, Integrity and Accountability and is framed around five dimensions:

- a) Community focus
- b) Service delivery arrangements
- c) Structures and processes
- d) Risk Management and Internal Control
- e) Standards and conduct

3. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts.

4. THE INTERNAL CONTROL ENVIRONMENT

The Council sets out its objectives through the Medium Term Corporate Strategy, which is developed in consultation with the Leicestershire Local Strategic Partnership and its Community Strategy. Linked to this are Service Plans, Medium Term Financial Plans, the Local Area Agreement, the Council's Annual Plan and Action Plans arising from efficiency reviews and external inspection reports.

The Council's Constitution provides the framework for its decision making processes and sets out the detailed procedures and codes of conduct by which Members and officers operate to achieve Council objectives.

Under the Constitution a Leader and Cabinet form the decision-making Executive. Their decisions must be in line with Council objectives, and are subject to examination by a number of overview and scrutiny committees. Meetings are open to the public except where confidential or exempt matters are being disclosed. Key decisions to be taken by the Executive are published in the Authority's Forward Plan and reports and background papers are available on the County Council website at www.leics.gov.uk.

A Corporate Governance Committee was established during 2005. This committee promotes and maintains high standards in relation to the operation of the Council's Code of Corporate Governance, including ensuring that an adequate risk management framework and associated control environment is in place and that the Authority's financial and non financial performance is properly monitored. Members of the Corporate Governance Committee also need to satisfy themselves that the County Council's Statement of Accounts and those relating to the Leicestershire Pension Fund have been prepared in accordance with best practice. Minutes of Corporate Governance Committee meetings are available on the County Council website at www.leics.gov.uk.

The County Solicitor is the designated Monitoring Officer with responsibility for ensuring the lawfulness of decisions taken by the Council, Cabinet, its committees and officers, providing support and advice on the maintenance of ethical standards and advising the Council's Standards Committee.

As Chief Financial Officer, the Director of Corporate Resources is responsible for the proper administration of the Council's financial affairs. The Director has also developed the policy statement on risk management and corporate risk management strategy through the operation of a corporate risk management group. This group represents the interests and views of all departments and is responsible for embedding risk identification and assessment in service and project planning using an agreed methodology, as well as ensuring that all major risks encountered by the Council are identified, assessed and responded to at an appropriate level. Guidance has been issued and training in assessing, managing and monitoring risks has been provided to appropriate staff. Departmental and corporate risk registers are maintained.

To ensure the economical, effective and efficient use of resources, and for securing continuous improvement in the way functions are exercised, the Council has established a performance management framework. This framework requires each Department to produce annual service plans setting out their objectives and targets in relation to Council policy priorities. These plans form the basis of the Council's Annual Plan, which summarises progress against targets and sets out proposed improvements in performance and service standards. Progress against the Council's priorities is monitored and reported to Members on a regular basis. A process of identifying individual employee targets and development needs linked to departmental objectives has been established, with some areas gaining the Investors in People (IIP) accreditation.

The system of internal financial control is based on a framework of regular management information, financial procedure rules and standard financial instructions, administration arrangements (including segregation of duties), management supervision and a system of delegation and accountability.

5. REVIEW OF EFFECTIVENESS

Leicestershire County Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Authority who in performing their statutory roles have responsibility for the development and maintenance of the internal control environment. The review process is also routinely informed by the work of the Scrutiny Committees within the Authority as well as comments made by the external auditors and other review agencies and inspectorates.

The Chief Executive has a duty to monitor and review the operation of the Constitution and the Monitoring Officer (County Solicitor) has a duty to report to Cabinet on matters which could be considered as unlawful or give rise to maladministration. As part of this process the Monitoring Officer ensures an annual assessment of the Authority's compliance with the Code of Corporate Governance is undertaken. During 2006/07, the Council's Head of Internal Audit carried out an audit of the corporate governance arrangements of the Authority as a whole and also in relation to a specific department to examine how these arrangements are implemented at department level. He concluded that substantial assurance could be given in relation to the corporate governance controls guarding against material risk. He did however identify some areas for improvement and made recommendations which are the subject of an action plan. The major recommendations have already been implemented and other improvements will be implemented during 2007/08.

The Chief Executive conducted the annual review of the Constitution during the year which led to the County Council at its meeting on 21 September 2006 agreeing a number of changes on the recommendation of the Constitution Committee. Changes were also made to the Constitution at the meetings of the Council on 24 May 2006 (to give effect to changes in the structure of scrutiny bodies), 6 December 2006 (in relation to the establishment of the Community Engagement Scrutiny Committee) and 21 March 2007 (in respect of employment matters, particularly the Officer Employment Procedure Rules).

Overview and Scrutiny Committees support the work of the Executive and the Council as a whole, by producing reports and recommendations, which advise the Executive and the Council on its policies, budget and service delivery. Decisions by the Cabinet are monitored by these committees who have the facility to examine them in detail. In the case of 'key decisions' they are able to 'call in' the decision which means that implementation is delayed to enable the Scrutiny Committee's views to be considered by the Cabinet.

The Corporate Governance Committee plays a key role in monitoring and reviewing the effectiveness of the system of internal control by promoting and maintaining high standards within the Authority in relation to the operation of the Council's Code of Governance. This includes monitoring the effectiveness of officer arrangements for ensuring an adequate internal control environment and combating fraud and corruption and ensuring that an adequate risk management framework and associated control environment is in place. The Corporate Governance Committee considers the findings of the review of the effectiveness of the system of internal control and approves the Statement on Internal Control. The Committee also considers the findings of the annual review into the effectiveness of the system of internal audit.

The effectiveness of the Council's internal controls is examined in detail through the work of the Internal Audit section of the Corporate Resources Department. The section's four-year strategic plan is based on an assessment process that focuses resources on higher risk areas and meets the professional standards required by CIPFA. From this an annual audit plan is produced. Audit findings are reported to the relevant Chief Officer and Service Manager, together with recommendations for improvement and agreed action plans. Checks are undertaken by Internal Audit to ensure agreed major recommendations have been implemented. Regular progress reports on the work of the Internal Audit section, including high importance recommendations from specific audits, are reported to the Corporate Governance Committee.

A review into the effectiveness of the system of internal audit was undertaken during 2006/07. This review considered performance in a range of areas in order to produce a self assessment of the quality of internal audit arrangements within the Council. Overall the review concluded that the Council's system of internal audit is effective. The Corporate Governance Committee considered the findings of this review and supported the review's conclusion.

Based on evidence from planned audits and any special investigations, the Chief Internal Auditor reports each year to the Director of Corporate Resources and to members of the Council on any major weaknesses that have been identified in the internal controls examined and highlights where important improvements are considered necessary. The Director of Corporate Resources reviews this information along with other relevant information such as budget monitoring reports and departmental assurance statements in compiling this statement. The work of Internal Audit and the wider financial aspects of corporate governance and performance management are examined each year by the Council's external auditors.

Formal assurance is provided by departmental Chief Officers that the policies and procedures are being applied in the initiation, development and delivery of service plans. Where gaps have been identified, action plans have been drafted and responsibility for implementation assigned.

Risk management is undertaken as part of the normal service planning and project management process. The Corporate Risk Management Group, through the Director of Corporate Resources, reports progress on mitigating the risks in the corporate risk register to the Corporate Governance Committee on a regular basis. Regular performance monitoring reports are also brought to the Cabinet showing progress against the Council's Annual Plan, the Local Area Agreement and the Medium Term Corporate Strategy.

Further assurance is provided by regular reports produced by independent review bodies including the Audit Commission, Commission for Social Care Inspection, Ofsted etc.

As part of the Audit Commission's Comprehensive Performance Assessment, the Council achieved a 4 star overall performance in 2006. In addition, the Council was judged to be 'improving well' under the framework for assessing the 'Direction of Travel'.

6. SIGNIFICANT INTERNAL CONTROL ISSUES

The reviews of the effectiveness of the system of internal control undertaken by both Internal and External Audit have advised that the Council's overall financial management and corporate governance arrangements are sound and that arrangements for the collection and reporting of performance information is satisfactory.

The review of the system of internal control that has been undertaken in order to produce this statement has highlighted a number of minor internal controls issues that require attention and action is being taken to address these issues. There are no significant internal control issues to highlight for 2006/07. Future risks have been identified and action will be taken during 2007/08 to monitor and mitigate these risks.

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Authority, the Executive, the Corporate Governance Committee and Scrutiny Committee, and note the steps in place to ensure continuous improvement of the system of internal control.

John Sinnott
Chief Executive

David Parsons
Leader of the Council and
Chairman of the Constitution Committee

Statement of Accounting Policies and Estimation Techniques

1. General principles

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the UK 2006 - A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). These accounts are maintained on an historical cost basis, subject to the revaluation and depreciation of certain categories of asset where values are based on current cost.

2. Provisions

The County Council has established a number of provisions to meet liabilities which are expected to arise in future years but are of uncertain timing or amounts.

Details of these provisions are shown in note 29.

Such provisions are charged to the appropriate service when created. Payments when eventually made are charged directly to that provision.

3. Reserves

The council sets aside resources for future policy purposes. These are created by appropriating amounts from the income and expenditure account after Net Operating Expenditure. When expenditure to be financed from a reserve is incurred this is charged to the appropriate service in that year. A withdrawal from the reserve is then made in order to avoid a net charge against council tax.

a) Revenue

The General County Fund balance represents a working balance derived from past savings disclosed in the income and expenditure account or budgeted contributions. This balance incorporates both school balances, which as a result of legislation are retained by each individual school, and underspends on services that have been approved for carry forward to the following year.

In addition a number of earmarked revenue reserves are maintained for future expenditure which fall outside the definition of a provision. Details of these reserves are shown in note 31.

b) Capital

In accordance with standard accounting practice for local authorities two non cash backed Capital reserves exist as part of the system of capital accounting. These are:

i) Fixed Asset Restatement Account

This reserve represents the movement arising on the revaluation of fixed assets.

ii) Capital Financing Account

This reserve represents amounts set aside from revenue resources, and capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

4. Fixed assets

All expenditure on the acquisition and/or improvement of land, buildings, roads, bridges, plant and major purchases of equipment is capitalised on an accruals basis provided that these assets yield a benefit to the Authority for a period of more than one year. However, some relatively minor items may be financed from revenue.

Fixed assets are valued on the basis recommended by the SORP and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS).

The basis of valuation of the various categories of assets is as follows:

- **Intangible Assets** cover the purchase of software licences and valuation is based on depreciated historical cost for all assets with an original cost in excess of £10,000.
- **Land and operational buildings** are included in the balance sheet at open market value for existing use or, where because of the specialised nature this could not be assessed (there being no market for such an asset), at depreciated replacement cost.

Valuation is carried out on a selective on-going basis such that all assets are revalued at least once every five years, and on completion of a capital scheme above £50,000. The valuation is carried out by various Chartered Surveyors in the Property Services Division of the Resources Department. Asset lives have been reviewed and standardised, and over the next 4 year revaluation programme will be updated within the Asset Register.

The current asset values used in the accounts are based on a certificate issued by the Council's Head of Property Services Division as at 1 April 2006. Additions since that date are either included in the accounts at their cost of acquisition (if above £50,000), or written off to the fixed asset restatement account if the actual expenditure does not increase the asset valuation.

- **Infrastructure assets** are valued on the basis of depreciated historical cost.
- **Community assets** are assets that the authority is likely to keep in perpetuity for the benefit of local people, e.g. country parks and reclaimed land. Such assets are valued at nominal values for assets acquired prior to 1994 and historical cost thereafter.
- **Non-operational assets** cover investment properties, assets surplus to service requirements and assets under construction or refurbishment. Valuation of investment properties and assets surplus to requirements is based on open market value whilst valuation of assets under construction is based on actual payments made to date.
- **Vehicles, plant, furniture and equipment;** valuation is based on depreciated historical cost for all assets with an original cost in excess of £10,000, with the exception of Leicestershire Highways who occasionally capitalise an asset under £10,000.

5. Leased Assets and Deferred Purchase Arrangements

Assets acquired under finance leases are reflected in the appropriate category of fixed asset, together with a deferred liability to pay future rentals. In addition assets financed by a deferred purchase arrangement are similarly reflected in fixed assets, with the liability to the merchant bank included in long term borrowings.

Rentals payable under operating leases are charged directly to income and expenditure account.

6. Deferred charges

Deferred charges represent expenditure which may be properly capitalised but which does not represent tangible fixed assets. The County Council operates a policy of charging 100% of such expenditure to service income and expenditure accounts.

7. Basis of charges for capital

Depreciation is chargeable to all services in the income and expenditure account, which utilise assets in the delivery of that service.

a) Depreciation

Buildings are depreciated over their remaining useful economic lives as assessed by the property valuer, with no allowance for a residual value. No depreciation charge is made for the majority of land, community assets or assets under construction or refurbishment.

Where assets suffer impairment, then dependent upon the reason for that impairment, an accelerated depreciation charge may be made to the income and expenditure account.

Where depreciation is provided for, assets are depreciated using the straight line method over the following periods:

- **Intangible Assets** – up to 5 years
- **Buildings** - varies from asset to asset (the remaining useful economic life of each asset is reviewed at the same time as the revaluation is completed).
- **Infrastructure** - 40 years.
- **Vehicles, plant, furniture and equipment** - estimated useful life (averaging around 5 years).

No depreciation is charged in the year of acquisition, whereas a full year's depreciation is charged in the year of disposal, with the exception of Leicestershire Highways trading account, where a half a year's charge for depreciation for vehicles, plant and equipment is made in the year of acquisition.

b) Interest Charges

Under the 2006 CIPFA SORP, notional interest charges are no longer required. To compare 2006/7 to 2005/6 accounts, notional interest charges have been removed from the 2005/6 comparative figures in the Income and expenditure Account.

c) Assets acquired under Finance Leases

Service income and expenditure accounts are charged with actual rentals paid to leasing companies.

8. Capital receipts

Proceeds from the sale of assets (if over £10,000) are credited to the usable capital receipts reserve. All such receipts are available to the authority to enhance its programme of capital expenditure or to reduce external borrowing. Receipts so used are transferred to the capital financing account. The extent to which receipts have not been utilised at year end are reflected in the balance sheet as capital receipts unapplied.

The County Council is unable to comply with FRS 3, as legislation on the use of capital receipts by local authorities does not permit gains or losses on the sale of fixed assets to be credited to the income and expenditure account.

9. Basis of debtors/creditors included in the accounts

The income and expenditure accounts of the County Council are maintained on an accruals basis. Thus, sums due to or amounts owing by the Council in respect of goods and services rendered but not paid for at 31 March are included in the accounts. The exceptions to this policy are as follows:

- a) Payments covering a period, e.g. fuel, telephone, rent, are brought into account in the year they become due and are not apportioned over the years to which they may relate.
- b) Interest on staff car loans for the whole period of the loan is taken to the income and expenditure account when the loan is granted.
- c) Provisions for doubtful debts are maintained for certain categories of income by individual departments.

10. Government grants

Government grants are accounted for on an accruals basis. Revenue grants has been credited to the appropriate service income and expenditure account, whilst the majority of capital grants are credited to the government grants and contributions deferred account. Amounts are then released from this account to a) offset any depreciation, calculated on the basis of average useful life, on assets financed from such resources, b) reflect expenditure incurred that does not increase asset values.

The release of government grants to match depreciation is now credited to services, rather than to the asset management revenue account which is no longer in operation.

11. Stocks and work in progress

Stock accounts are normally only maintained for certain specified major items; other immaterial stocks, e.g. cleaning materials, books and stationery, are fully charged to income and expenditure in the year of purchase. Stocks are valued at cost price with allowance for obsolescent or slow moving stocks where material, with the exception of Leicestershire Highways and Catering trading accounts where stock is valued at average cost, and Central Print which use last price. Work in progress is shown at cost price.

12. Allocation of support service costs

The expenditure of the various services include a charge for all support services provided by the central departments of the Authority, other than the direct cost of councillors and their support and non distributed costs both of which are disclosed separately in the income and expenditure account, as corporate and democratic core.

These charges are based upon various methods of allocation including staff time and volume of transactions. Office accommodation costs are based on floor areas occupied.

13. Pension Schemes

The County Council participates in two pension schemes for employees in particular services. All the schemes provide members with defined benefits related to pay and service. The schemes are as follows:

▫ Teachers

This is an unfunded scheme administered by the Teachers Pensions Agency (TPA) on behalf of the Department for Education and Skills.

▫ Other employees

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. This is a funded scheme with employees and employers paying contributions into the fund calculated at a level intended to balance liabilities with investment assets.

Note: In Leicestershire the Local Government Pension Scheme is administered by Leicestershire County Council and the Pension Fund accounts are included later in this booklet.

14. Pension costs

▫ **Teachers**

Accounting for this scheme follows that of a defined contribution scheme and thus there is no reflection of assets and liabilities in the County Council's accounts. The pension cost charged to the accounts is the contribution rate set by the TPA on the basis of a notional fund.

▫ **Other Employees**

As a defined benefit scheme accounting arrangements follow the requirements of FRS17 on Retirement Benefits, which requires the disclosure of the estimated pension liability in the balance sheet whilst charges to the income and expenditure account are based upon the cost of benefits earned by employees in that year as assessed by an actuary.

The liabilities of the scheme are calculated, by the actuary, Hymans Robertson, on the 'projected unit method' based on assumptions of mortality rates, employee turnover and estimates of future earnings. These liabilities are discounted, based upon high quality corporate bond interest rates pertaining at the end of each financial year. Changes in this interest rate can result in considerable fluctuation in the overall liability, year on year.

The components of the assets of the fund are shown at fair value, principally the market value of the investments.

The extent to which the costs of benefits earned differs to employers contributions paid in accordance with statutory regulations is reflected by a transfer to or from a Pension Reserve to ensure that these accounting arrangements do not impact on the levels of local taxation.

Since 2004/5 any new additional retirement benefits awarded to former employees within the local government pension scheme are subject to a one off payment from the income and expenditure account to the pension fund. Actual cash payments being charged to the pension fund. Payments of such benefits awarded prior to this date continue to be charged to the income and expenditure account.

The capitalised cost of early retirements for employees with unreduced benefits is charged to services over a period of up to 5 years.

15. Premiums and discounts arising from premature repayment of external loans

The authority continuously reviews existing external loans and interest rates being paid, and has the option of restructuring or refinancing this debt.

Premiums and discounts arising from premature repayments of debt arising in 2006/07 are charged to the income and expenditure account over the lesser of the remaining period of the loan(s) being repaid or a maximum of 25 years. All outstanding premiums arising from earlier periods are being charged to income and expenditure account over 25 years.

16. VAT

VAT incorporated in the income and expenditure account is limited to irrecoverable sums.

17. Developer Contributions

Income received towards public sector infrastructure that is required to be spent within a certain period of time has now been reclassified in the balance sheet as creditors.

18. Waste Disposal- Landfill Allowance Trading Scheme (LATS)

Introduced in 2005/06 in order to provide financial incentives to reduce the amount of biodegradable municipal waste sent to landfill.

Annual allowances (in terms of tonnages) are allocated free of charge by the Department of Environment, Food, and Rural Affairs (DEFRA) to waste disposal authorities. If the actual waste tonnage exceeds that allowance the local authority either buys additional allowances from authorities with a surplus or incurs a penalty payable to DEFRA. Surplus allowances can be carried forward or sold to other waste disposal authorities.

The interim accounting arrangements that apply in 2006/07 are based upon the fact that the actual usage of landfill will not be known until after the completion of the annual accounts. As such they comprise the creation of an intangible current asset based on allowances issued valued at average market price, coupled with a provision based on the estimated usage at the same average market price. The income and expenditure account includes as grant income the above valuation of the allowance whilst the estimated usage of the allowances has been shown as expenditure. As allowances issued currently exceed usage the resultant surplus has been appropriated to a reserve.

Pension Fund

Introduction

1. Under Local Government Pension Scheme Regulations the County Council is required to maintain a Pension Fund for certain categories of its employees together with the majority of employees of District Councils and other bodies that were formerly under the control of Local Authorities.

In addition, certain other bodies are eligible to join if the County Council agrees, and a number of voluntary/charitable bodies have obtained membership in this way. Membership of the scheme is optional for all employees, although a written election not to join must be made if employees wish to remain outside the scheme. Teachers, Firefighters and Police Officers all have their own schemes.

Details of the other admitted and scheduled bodies in the Fund are shown in note 5.

There were 30,912 contributors to the Fund at 31st March 2007 and 15,414 of pensions were in payment.

2. Actuarial Position:

- a) Local Government Pension Funds, in common with other pension funds in both public and private sectors, have periodic valuations to assess the extent to which assets accumulated are adequate to meet future liabilities. To ensure that the fund remains financially sound to meet benefit payments, the actuary recommends the rate of employer contributions on an individual employer basis for each employing body in the fund on a triennial basis.

The Council's actuary, Hymans Robertson and Co. completed the latest valuation, as at 31st March 2004. The change in contribution rates resulting from the actuarial valuation as at 31st March 2004 were effective from 1st April 2005. This review resulted in a requirement for the common contribution rate of employer's contributions to increase from 215% to 250% of an employee's contribution. This increase is being phased in over a period of up to four years commencing in 2005/06 and to be completed in the 2008/09 financial year, although the rate set as being payable in the final year (for those employers using a four year phasing period) will ultimately be superseded by the outcome of the 31st March 2007 valuation. This common rate for all employers is adjusted to reflect the individual circumstances of different employing bodies.

- b) The valuation method adopted by the actuary is the projected unit valuation method which is consistent with the aim of achieving a 100% funding level. This assesses the cost of benefits accruing to existing members during the year following the valuation, allowing for future salary increases.
- c) The 2004 valuation revealed that the Fund's assets which at 31 March 2004 were valued at £1,391 million, were sufficient to meet approximately 87% of the liabilities accrued up to that date. Assets were valued at their market value.

d) The key financial assumptions adopted for this valuation are as follows:

Financial Assumptions	Mar 2004 % p. a. Nominal	Mar 2004 % p. a. Real
Minimum Risk rate of return	4.7%	1.8%
Investment Return:		
Equities	6.7%	3.8%
Bonds (50% gilt 50% corporates)	4.9%	2.0%
Discount Rate (75% equities, 25% bonds)	6.3%	3.4%
Pay increases	4.4%	1.5%
Price Inflation/Pension Increases	2.9%	0.0%

The nominal rate is the actual return and the real return takes into account inflation.

- e) In order to value both those liabilities which have accrued at the valuation date and those accruing in respect of future service, it has been assumed that the Fund's assets are invested in a portfolio consisting of 75% equities and 25% bonds.
3. The average total employers rate during 2006/07 was approximately 236% (227% 2005/06) of the employees' rate. Thus for an employee paying 6% of earnings, the employer on average will pay 14.1% (13.62% 2005/06).
 4. The County Council has delegated the management of the Fund to its Pension Fund Management Board, which consists of nine voting members and five non-voting staff representatives. The voting members are split into five County Council members, two from Leicester City Council and one each representing the District Councils and De Montfort/Loughborough Universities. The Board receives investment advice from Hymans Robertson and meets quarterly to consider relevant issues.
 5. List of admitted and scheduled bodies:

The Pension Fund contributors include Blaby District Council, Charnwood Borough Council, Connexions Leicester Shire, De Montfort University, Harborough District Council, Hinckley & Bosworth Borough Council, Leicester City Council, Leicester, Leicestershire and Rutland Combined Fire Authority, Leicestershire Constabulary, Leicestershire County Council, Leicestershire & Rutland Probation Board, Loughborough University, Melton Borough Council, North West Leicestershire District Council, Oadby & Wigston Borough Council, Rutland County Council, Colleges of Further Education and Sixth Form Colleges consisting of Brooksby Melton College, Gateway Sixth Form College, Leicester College, Loughborough College, Regent College, Samworth Academy, South Leicestershire College, Stephenson College, Wyggeston QE1 College, Parish and Town Councils consisting of Anstey, Ashby, Braunstone, Broughton Astley, Countesthorpe, Glen Parva, Leicester Forest East, Lutterworth, Oakham, Ravenstone with Snibston, Shepshed, Sileby, Syston, Thurmaston, Whetstone other employers consisting of Apetito Ltd, Bradgate Park Trust, Collegia Care, Jeakins Wear, Leicester and County Mission for the Deaf, Leicester Money Advice, Leicestershire Promotions, Local Government East Midlands, National Youth Agency, Rushcliffe Care, SLM Community Leisure, Spire Homes, VISTA, and Voluntary Action Leicester.

Fund Account for the Year Ended 31 March 2006

2005/06 £000		Notes	2006/07 £000	
	Contributions and Benefits			
93,204	Contributions Receivable	3	104,541	
14,393	Transfers in	4	11,661	
107,597			116,202	
(59,908)	Benefits payable	5	(69,794)	
(16,509)	Leavers	6	(23,161)	
(997)	Administration Expenses	7	(1,197)	
(77,414)			(94,152)	
30,183	Net additions from dealings with members			22,050
	Returns on investments			
36,992	Investment income	8	50,972	
352,649	Change in market value of investments	9	128,487	
(4,029)	Investment management expenses	11	(6,421)	
385,612	Net returns on investments			173,038
415,795	Net increase in the fund during the year			195,088
1,568,844	Net assets of the scheme At 1 April			1,984,639
1,984,639	At 31 March			2,179,727

Net Assets Statement for the year ended 31 March 2007

2005/06 £000		Notes	2006/07 £000
	Investments	9	
85,169	Fixed interest securities		128,980
788,413	Equities		1,223,453
14,846	Index-linked securities		65,025
923,317	Pooled investment vehicles		606,591
96,105	Properties	12	95,275
67,309	Cash deposits and equivalents		60,752
7,281	Other investment balances		(3,871)
1,982,440			2,176,205
2,199	Current Assets and Liabilities	13	3,522
1,984,639	Net Assets of the Fund at 31 March		2,179,727

Notes to the Accounts

1. Basis of Preparation

The financial statements have been prepared in accordance with the main recommendations of the Pension SORP (Financial Reports of Pension Schemes) and follow the 2006 Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Council. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position on the Scheme, which does take account of such obligations, is set out in the Actuary's Report.

2. Accounting policies

The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the financial statements:

Investments

Equities traded through the Stock Exchange Electronic Trading Service (SETS) are valued on the basis of the latest mid market price. Other quoted investments are valued on the basis of the mid-market value quoted on the relevant stock market.

Pooled investment vehicles are valued at the average of the bid and offer prices provided by the relevant fund managers, which reflect the market value of the underlying investments.

Private equity valuations are based on the latest available valuations of the managers (31st December 2006), adjusted for any cash and exchange rate movements in the final quarter.

The value of fixed interest investments in the Scheme's investment portfolio excludes interest earned but not paid over at the Scheme year end, which is included separately within accrued investment income.

Property investments are stated at open market value based on an independent valuation.

Investment Income

Income from equities is accounted for on the date stocks are quoted ex-dividend. Income from overseas investments is recorded net of any withholding tax.

Income from fixed interest and index-linked securities, cash and short-term deposits is accounted for on an accruals basis.

Income from other investments is accounted for on an accruals basis.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated at a rate that is relevant at the time of the receipt of the income or the exchange rate at the year end, whichever comes first.

Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

Normal contributions, both from the members and from employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from the employer are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.

Additional payments for early retirements relate to the actuarially assessed extra cost to the Fund of employing bodies allowing their members to retire in advance of normal retirement age. These costs are reimbursed to the Fund by employing bodies.

Benefits payable

Under the rules of the Scheme, members receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement.

Other benefits are accounted for on the date the member leaves the scheme or on Death.

Transfers to and from other schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They take account of transfers where the trustees of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty.

Other Expenses

Administration and investment management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT.

Employee expenses have been charged to the Fund on a time basis. Office expenses and other overheads have also been charged.

3. Contributions Receivable

	2005/06 £000	2006/07 £000
Employers		
Normal	62,397	68,731
Voluntary Additional	0	676
Advanced payments for early retirements	2,636	5,424
Members		
Normal	27,522	29,123
Additional voluntary contributions	649	587
Total	93,204	104,541

Additional payments for early retirements are paid by employers to reimburse the Pension Fund for the cost to the Fund of employees who are allowed to retire before their normal retirement age. Purchase of additional benefits by members allows extra service to be credited on top of any service earned via employment.

4. Transfers In

	2005/06 £000	2006/07 £000
Individual transfers in from other schemes	14,393	11,661
Total	14,393	11,661

5. Benefits Payable

	2005/06 £000	2006/07 £000
Pensions	48,646	51,968
Lump sum retirement benefit	9,542	16,426
Lump sum death benefit	1,722	1,402
Net Benefits recharged	(2)	(2)
Total	59,908	69,794

It is not possible to split benefits payable between the administering authority, scheduled and admitted bodies as is required by the Statement of Recommended Practice.

6. Payments to and on account of leavers

	2005/06 £000	2006/07 £000
Refunds to members leaving scheme	182	61
Payments for members joining state scheme	75	(6)
Individual transfers to other schemes	16,252	11,189
Group transfers to other schemes	0	11,917
Total	16,509	23,161

7. Administration Expenses

	2005/06 £000	2006/07 £000
Administration and processing	866	1,005
Actuarial fees	14	64
Legal and other professional fees	45	47
Computer system costs	72	81
Total	997	1,197

8. Investment Income

	2005/06 £000	2006/07 £000
Income from fixed interest securities	3,901	5,699
Dividends from equities	20,232	32,141
Income from index-linked securities	343	1,180
Income from pooled investment vehicles	3,387	2,070
Net rents from properties	6,443	6,241
Interest on cash or cash equivalents	2,673	3,370
Net Currency Profit / (Loss)	(85)	68
Securities Lending Commission	10	161
Underwriting Commission	12	14
Insurance Commission	28	22
Commission Recapture	48	6
Total	36,992	50,972

9. *Investments*

	Value at 1 April 2006 £000	Purchases at Cost £000	Sales Proceeds £000	Change In Market Value £000	Value at 31 March 2007 £000
Fixed interest securities	85,169	321,403	(268,933)	(8,659)	128,980
Equities	788,413	912,461	(532,216)	54,795	1,223,453
Index-linked securities	14,846	165,778	(116,159)	560	65,025
Pooled investment vehicles	923,317	153,849	(499,837)	29,262	606,591
Properties	96,105	148	(7,813)	6,835	95,275
Cash & cash equivalents	67,309	0	(52,251)	45,694	60,752
Other investment balances	7,281	0	(11,152)	0	(3,871)
Total	1,982,440	1,553,639	(1,488,361)	128,487	2,176,205

The change in the value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

10. *Analysis of Investments*

	2005/06 £000	2006/07 £000
Fixed interest securities		
UK public sector quoted	32,985	51,772
Overseas public sector	52,184	77,208
	85,169	128,980
Equities		
UK quoted	524,299	764,023
Overseas quoted	264,114	459,430
	788,413	1,223,453
Index Linked Securities		
UK quoted	14,846	65,025
Unitised Funds		
Property Funds	80,360	98,178
Unit Trust – Other	842,957	508,413
	923,317	606,591
Properties		
UK	96,105	95,275
Cash & Cash Equivalent		
Sterling Denominated	67,309	60,752
Other Investment Balances	7,281	(3,871)
Total Investments	1,982,440	2,176,205

11. *Investment Management Expenses*

	2005/06 £000	2006/07 £000
Administration, management and custody	3,978	6,319
Performance measurement services	8	10
Other advisory fees	43	92
Total	4,029	6,421

12. Property Investments

	31 March 2006 £000	31 March 2007 £000
Freehold	76,675	74,630
Long Leasehold (over 50 years unexpired)	9,470	10,260
Short Leasehold (under 50 years unexpired)	9,960	10,385
Total	96,105	95,275

All properties, except the Fund's farm investment, were valued on an open market basis by Nigel Holroyd of Colliers Capital UK Limited at 31st March 2007. The Fund's farm was valued on an open market basis by Andrew Coombe of Leicestershire County Council. Both valuers are Associates of the Royal Institute of Chartered Surveyors.

13. Current Assets & Liabilities

	2005/06 £000	2006/07 £000
Contributions due from employers	4,528	4,086
Cash Balances	66	118
Other Debtors	112	403
Due from/(to) Leicestershire County Council	(926)	1,186
Fund Management Fees Outstanding	(986)	(1,830)
Fund Management Fee rebate outstanding	0	0
Other Creditors	(595)	(441)
Total	2,199	3,522

14. *Analysis of Investments by Manager*

The Fund employs external investment managers to manage all of its investments apart from an amount of cash and a farm property, which are managed by Leicestershire County Council. This structure ensures that the total Fund performance is not overly influenced by the performance of any one manager.

The market value of investments in the hands of each manager is shown in the table below :-

	At 31 st March 2006 £000	At 31 st March 2007 £000
<i>Investment Manager</i>		
UBS Global Asset Management	644,535	723,634
Barclays Global Investors	404,856	8
Capital International	364,800	381,117
Standard Life Investments	217,137	323,009
Goldman Sachs	0	298,706
Morley Fund Management	170,738	240,915
Colliers Capital UK	117,750	134,821
Adams Street Partners	31,741	49,960
Catapult Venture Managers	784	1,399
Internally Managed and Currency Managers	30,099	22,636
Total	1,982,440	2,176,205

15. *Custody of Assets*

All of the Fund's assets are held by external custodians and are therefore not at risk from the financial failure of any of the Fund's investment managers. The custodian used is dependent on the type of asset and the portfolio to which the asset belongs.

16. *Related Party Transactions*

From the information currently available there were no material transactions with related parties in 2006/07 that require disclosure under FRS8.

17. *Contingent Liabilities*

When a member has left the Pension Fund before accruing sufficient service to qualify for a benefit from the scheme, they may choose either a refund of contributions or a transfer value covering the value of the benefits gained whilst they were a scheme member. There are a significant number of these leavers who have not taken either of these options and as their ultimate choice is unknown, it is not possible to reliably estimate a liability. The impact of these 'frozen refunds' has, however, been considered in the calculation of the actuarial liabilities of the fund.

If all of these individuals choose to take a refund of contributions the cost to the Fund will be around £853,000, although the statutory requirement of the Fund to pay interest to some members would increase this figure. Should all of the members opt to transfer to another scheme the cost will be considerably higher.

18. Contractual Commitments

At 31st March 2007, the Fund had the following contractual commitments:-

- a) Undrawn commitments totalling \$115,299,100 equal to £58,785,581 to fifteen different pooled private equity funds managed by Adams Street Partners (31st March 2006 £68,948,200 to twelve different funds).
- b) Undrawn commitment of £5,484,000 to two private equity funds managed by Catapult Venture Managers (31st March 2006 £3,216,000 to the fund).

19. Securities lending

Following a change of custodian, the Fund ceased securities lending and had no stock on loan at 31st March 2006. Lending recommenced in April 2006 and at 31st March 2007 the value of securities on loan was £76.7m, backed by collateral valued at £85.3m.

20. Additional Voluntary Contributions (AVC's)

The Fund has an arrangement with Prudential whereby additional contributions can be paid to them for investment, with the intention that the accumulated value will be used to purchase additional retirement benefits.

21. Compliance Statement

Income and other taxes

The Fund has been able to gain either total or partial relief from local taxation on the Fund's investment income from eligible countries. The Fund is exempt from UK Capital Gains and Corporation tax.

Self-investment

There has been no material employer related investment in 2006/07 or 2005/06.

Calculation of transfer values

There are no discretionary benefits included in the calculation of transfer values.

Pension Increase

All pensions increases are made in accordance with the Pensions Increase (Review) Order 1997.

Changes to LGPS

All changes to LGPS are made via the issue of Statutory Instruments by Central Government.

Statement of Investment Principles

A statement of investment principles has been agreed by the Pension Fund Management Board. A copy is available on request from the investments section of the County Council at the following address: Room 139, Corporate Resources Department, County Hall, Glenfield, Leicester, LE3 8RB.

Glossary of Terms

AGENCY

The provision of a service by an authority on behalf of another authority which is legally responsible for providing that service. The authority providing the service in the first instance is reimbursed by the responsible authority.

BUILDING SCHOOLS FOR THE FUTURE (BSF)

A government investment in improving schools aiming to rebuild or renew every secondary school in England in the next ten to fifteen years.

CAPITAL RECEIPTS

Income from the sale of capital assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

CAPITAL RESERVE

An internal reserve of the Council which is used to generate monies for financing capital expenditure thus avoiding the need to borrow externally.

COLLECTION FUND

The fund administered by each authority collecting Council Tax (district councils in shire areas). The County Council precepts on these funds to finance its net expenditure after taking into account other sources of income, e.g. Government Grants, National Non-Domestic Rate income and charges for services.

CORPORATE & DEMOCRATIC CORE

Consists of costs of democratic representation and corporate management.

CREDITORS

Amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made by the end of the financial year.

DEBTORS

Amounts due to the Authority but unpaid at the end of the financial year.

DEFERRED CHARGES

Capital expenditure incurred not resulting in an asset to the authority e.g. Grants to village halls.

EMOLUMENTS

All sums paid to an employee, including expenses, allowances, and redundancy payments chargeable to UK income tax and the monetary value of any other benefits received other than in cash. Pension contributions payable by either employers or employees are excluded.

FINANCIAL REPORTING STANDARD (FRS)

A statement of common accounting practice, devised by the Accounting Standards Board (itself a division of the Financial Reporting Council), which is applicable to the majority of large organisations, both public and private sector.

GENERAL COUNTY FUND

The main revenue fund of the County Council. Precept income, National Non-Domestic Rate income and government grants are paid into the fund, from which the cost of providing services is met.

IMPAIRMENT

A loss in the value of a fixed asset, arising from physical damage such as a major fire or a significant reduction in market value.

INCOME & EXPENDITURE ACCOUNT

A summary of the resources generated and consumed by the authority in the year.

INFRASTRUCTURE

The network of roads, bridges, sewers, lighting etc.

INTANGIBLE ASSET

Non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights (e.g. purchased software licences)

LEASING

A method of financing the acquisition of assets, notably equipment, vehicles, plant, etc.

There are two forms of lease:

- a) A finance lease involves payment by the lessee (the user) of the full cost of the asset together with a return on the finance provided by the lessor, usually payable over the anticipated life of the asset.
- b) An operating lease involves the payment of a rental by a lessee for a period, which is normally less than the useful economic life of the asset.

LOCAL AREA AGREEMENT (LAA)

A three year agreement that sets out the priorities of a local area in certain policy fields as agreed with central government and other partners within that area, represented by local authorities and other, largely public sector bodies, within the local strategic partnership. The County Council will act as the accountable body for the LAA in Leicestershire.

LONG TERM BORROWING

Loans raised to finance capital spending which have still to be repaid.

NON DISTRIBUTED COSTS

Costs which comprise pension scheme past service costs, settlements and curtailments.

NON-OPERATIONAL ASSETS

Assets held by the Authority but not directly used for the provision of services, e.g. assets surplus to requirements, commercial properties, and assets under construction.

PRECEPTS

The income which the County Council requires from the collection funds of the district councils.

PROVISION

An amount set aside for any liabilities or losses of uncertain timing or amounts that have been incurred.

PUBLIC WORKS LOAN BOARD (PWLB)

A government body from which local authorities may raise long term loans, usually at advantageous interest rates.

REVENUE SUPPORT GRANT (RSG)

Grant paid by the Government in respect of general local authority expenditure.

RECHARGE

The transfer of costs from one service account to another.

RESERVE

An amount set aside for purposes falling outside the definition of a provision.

REVENUE FUNDING OF CAPITAL

The financing of capital expenditure by a direct contribution from revenue.

REVENUE

Expenditure that the County Council incurs on the day to day running costs of its services including salaries and wages, running expenses of premises and vehicles as well as the annual payment of capital charges. The expenditure is financed from charges for services, government grants and income from Council Tax and National Non-Domestic Rates.

SERVICE LEVEL AGREEMENT (SLA)

An agreement between users and providers of support services which specifies the service to be provided and the charge to be made.

SPECIFIC GRANTS

Grants paid by the Government for a particular service, e.g. School Standards Grant, Supporting People.

STATEMENT OF STANDARD ACCOUNTING PRACTICE (SSAP)

A statement of common accounting practice, devised by the Accounting Standards Board (itself a division of the Financial Reporting Council), which is applicable to the majority of large organisations, both public and private sector. SSAP's are being progressively replaced by Financial Reporting Standards.

STATEMENT OF THE MOVEMENT ON THE GENERAL FUND BALANCE

A reconciliation showing how the balance of resources generated/ consumed in the year links in with statutory requirements for raising council tax.

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

Demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/ deficit and to other unrealized gains and losses.

TRUST FUNDS

Funds administered by the County Council for such purposes as charities, prizes and specific projects.

C



CONSTITUTION COMMITTEE – 29 JUNE 2007

MEMBERS' ALLOWANCES 2006/2007

REPORT OF THE CHIEF EXECUTIVE

Purpose

1. The purpose of this report is to inform the Committee of the action taken to publicise the level of payments on members' allowances for 2006/2007 (Appendix A).

Background

2. Under the Local Authorities (Members' Allowances) (England) Regulations 2003 the County Council is required to publish details of its allowances scheme and payments made under it "as soon as reasonably practicable after the end of the year." This has been a requirement for some years and it has been the County Council's practice to publish the schedule of payments with the minutes of this Committee. Copies of the schedule are normally circulated - first to relevant members of the Council and a few days later to the media.
3. A letter was therefore sent to elected members and former members with the attached schedule on 14 June, 2007 and details sent to the media subsequently.

Recommendations

4. That the action taken by the Chief Executive to publicise the level of payments on members' allowances in 2006/07 be noted and that the details be published with the minutes of this meeting in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003.

Circulation under Sensitive Issues Procedure.

None.

Background Papers

None.

Officer to Contact

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☎ 0116 265 6034, Email dpitt@leics.gov.uk

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Members Allowances and Payments 2006-07

APPENDIX A

	Basic	Special Responsibility Allowance	Co-optees' Allowance	Transport	Mileage	Subsistence	TOTAL
	£	£		£	£	£	£
Bown DR	7,140.00	5,052.00	0.00	0.00	258.33	0.00	12,450.33
Bill DC	7,140.00	0.00	0.00	0.00	68.91	6.65	7,215.56
Brown NJ	7,140.00	6,732.00	0.00	0.00	0.00	0.00	13,872.00
Boutler GA	7,140.00	5,616.00	0.00	0.00	0.00	0.00	12,756.00
Bailey AD	7,140.00	4,476.00	0.00	0.00	261.05	0.00	11,877.05
Callis P	7,140.00	0.00	0.00	0.00	0.00	0.00	7,140.00
Camamile R	7,140.00	8,724.00	0.00	0.00	814.57	79.80	16,758.37
Caple MJ	0.00	0.00	1,166.64	0.00	0.00	0.00	1,166.64
Charlesworth MH	7,140.00	0.00	0.00	0.00	234.62	0.00	7,374.62
Clayfield P	7,140.00	842.00	0.00	0.00	0.00	0.00	7,982.00
Coxon JG	7,140.00	5,652.00	0.00	0.00	686.78	4.51	13,483.29
Dickinson JA	7,140.00	1,842.00	0.00	0.00	74.19	0.00	9,056.19
Fraser R	7,140.00	6,732.00	0.00	0.00	0.00	0.00	13,872.00
Feltham RK	7,140.00	17,952.00	0.00	0.00	835.94	148.10	26,076.04
Galton SJ	7,140.00	16,333.00	0.00	0.00	538.39	0.00	24,011.39
Garner B	7,140.00	1,200.00	0.00	0.00	0.00	0.00	8,340.00
Gamble DA	7,140.00	842.00	0.00	0.00	0.00	0.00	7,982.00
Griffiths M	7,140.00	6,732.00	0.00	0.00	0.00	0.00	13,872.00
Hyde PA	7,140.00	4,398.00	0.00	0.00	323.57	0.00	11,861.57
Hunt M	7,140.00	0.00	0.00	69.95	9.71	9.60	7,229.26
Harley PS	7,140.00	0.00	0.00	0.00	0.00	0.00	7,140.00
Hart GA	7,140.00	8,724.00	0.00	0.00	1948.86	31.48	17,844.34
Hill S	7,140.00	0.00	0.00	0.00	899.26	18.90	8,058.16
Houseman DW	7,140.00	5,876.00	0.00	0.00	0.00	0.00	13,016.00
Jones MT	7,140.00	5,052.00	0.00	0.00	154.09	0.00	12,346.09
Jennings D	7,140.00	3,696.00	0.00	15.90	652.96	43.50	11,548.36
Kershaw AM	7,140.00	17,952.00	0.00	0.00	531.42	67.20	25,690.62
Legrys JK	7,140.00	0.00	0.00	39.00	719.51	0.00	7,898.51
Lewis PG	7,140.00	0.00	0.00	3.80	597.58	25.90	7,767.28
Liquorish W	7,140.00	1,200.00	0.00	0.00	250.94	0.00	8,590.94
Moore JS	7,140.00	1,000.00	0.00	0.00	734.17	0.00	8,874.17
Natzel AP	7,140.00	1,200.00	0.00	0.00	823.13	3.32	9,166.45
Newton ME	7,140.00	1,122.00	0.00	120.02	0.00	51.85	8,433.87
Ould ID	7,140.00	18,326.00	0.00	1792.20	3506.54	44.67	30,809.41
O'Callaghan M	7,140.00	18,224.04	0.00	0.00	0.00	0.00	25,364.04
Osborne PC	7,140.00	12,336.00	0.00	0.00	0.00	0.00	19,476.00
Orson JT	7,140.00	0.00	0.00	0.00	526.75	0.00	7,666.75
Perkins GH	7,140.00	0.00	0.00	0.00	46.61	6.65	7,193.26
Parsons DR	7,140.00	33,648.00	0.00	12.00	228.77	351.82	41,380.59
Preston ME	7,140.00	18,516.00	0.00	0.00	754.75	92.55	26,503.30
Page MB	7,140.00	8,724.00	0.00	0.00	263.37	179.55	16,306.92
Pearson HM	0.00	0.00	500.00	0.00	0.00	0.00	500.00
Pendleton LA	7,140.00	17,952.00	0.00	40.00	1041.41	8.86	26,182.27
Page R	7,140.00	842.00	0.00	86.10	874.40	0.00	8,942.50
Rhodes JB	7,140.00	17,952.00	0.00	358.75	1556.13	20.32	27,027.20
Roffey PA	7,140.00	1,200.00	0.00	0.00	132.07	0.00	8,472.07
Rushton NJ	7,140.00	19,822.00	0.00	0.00	2172.99	25.19	29,160.18

Members Allowances and Payments 2006-07

Sheahan SD	7,140.00	6,540.00	0.00	0.00	0.00	0.00	13,680.00
Sherwin ML	7,140.00	200.00	0.00	0.00	646.38	0.00	7,986.38
Sprason DA	7,140.00	17,952.00	0.00	31.60	422.68	301.57	25,847.85
Stanley CA	7,140.00	1,206.00	0.00	0.00	153.82	0.00	8,499.82
Snartt ED	7,140.00	6,532.00	0.00	0.00	0.00	0.00	13,672.00
Shepherd RJ	7,140.00	2,733.00	0.00	0.00	721.74	0.00	10,594.74
Stork NA	7,140.00	0.00	0.00	0.00	0.00	0.00	7,140.00
White EF	7,140.00	17,952.00	0.00	99.00	2061.11	222.30	27,474.41
Wilson RM	7,140.00	842.00	0.00	0.00	0.00	0.00	7,982.00
Wright DO	7,140.00	4,210.00	0.00	0.00	87.01	0.00	11,437.01
TOTAL	392,700.00	364,656.04	1,666.64	2,668.32	26,614.51	1,744.29	790,049.80