

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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