

19. *Members Allowances*

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

	2006/07 £m	2007/08 £m
Members Allowances	0.9	1.0

Allowances for 2006/7 have been amended to include all expenses and associated overhead costs meet by the authority.

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 is shown in note 4. Interests in consortia and other organisations are disclosed in note 35.

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*

	2006/07 £m	2007/08 £m
Fees payable to external auditor;		
- annual audit	0.2	0.2
- statutory inspection	0	0.1
- certification of grant claims *	0	0
Total	0.2	0.3

* Grant claims continue to be accounted for on the basis of actual payments in year, rather than an estimation of costs relating to 2007/08 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 £3.6m (2006/07 £3.0m) which is invested on behalf of ESPO and £2.1m (2006/07 £2.2m) on behalf of residents in care homes.

23. Debtors

	31 March 2007 £m	31 March 2008 £m
Long Term Debtors (amounts falling due after one year)		
Outstanding debt relating to transferred services (e.g. Unitary Authority, Higher Education establishments, Police, ESPO)	54.6	52.1
Interest on investments	3.5	0
Accommodation charges at Elderly Persons Homes	2.0	2.3
Car loans to employees	0.1	0
Other long term debtors	0.1	0.6
Less: Provision for bad debts	(0.3)	0
Total	60.0	55.0

	31 March 2007 £m	31 March 2008 £m
Current Debtors		
Sundry debtors	31.3	38.0
Government departments:		
HM Revenue & Customs	3.1	5.2
Other government departments	0.5	1.1
Less: Provision for bad debts	(0.6)	(0.8)
Total	34.3	43.5

24. Stocks and work in progress

	31 March 2007 £m	31 March 2008 £m
Stocks		
Highways	0.8	0.7
Other items	0.2	0.2
Sub Total	1.0	0.9
Work in Progress		
Highways	0	0
Total	1.0	0.9

25. Cash

	31 March 2007 £m	31 March 2008 £m
Net Cash balance at year end:		
School & Imprest Accounts	4.2	4.3
Main bank accounts	(9.7)	(9.0)
Cash in Hand / (Cash Overdrawn)	(5.5)	(4.7)

Although the balance sheet shows an overdrawn position this is not reflected at the bank due to unpresented cheques and intra account transfers. These figures include uninvested cash held on behalf of residents in Care Homes £0.3m (2006/07 £0.2m)

26. Creditors

	31 March 2007 £m	31 March 2008 £m
Sundry creditors	61.1	62.1
Government departments:		
HM Revenue & Customs	5.8	6.1
Other government departments	11.0	12.6
Total	77.9	80.8

27. Provisions - Movements during the year

	Balance at 31 March 2007	Income arising during the year	Expenditure and Adjustments during the year	Balance at 31 March 2008
	£m	£m	£m	£m
Insurance	3.7	1.8	(1.8)	3.7
Severance Costs	0	0.7	0	0.7
Leased Car	0.7	1.1	(1.2)	0.6
Social Services Mental Health Refunds	0.1	0	0	0.1
Landfill Allowances	2.5	0	(2.5)	0
Employment Tribunal	0.1	0	(0.1)	0
Other	0.1	0.4	(0.2)	0.3
Total	7.2	4.0	(5.8)	5.4

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 2008 and a reserve to meet future claims. The provision is expected to be used within the next seven years.

Severance Costs

Provision for redundancy costs and capitalised costs of early payment of pension entitlement where redundancy was approved before 31/03/2008 and the expenditure will be incurred in 2008/09.

Landfill Allowances

See accounting policies note 18 for details of the Landfill Allowance Trading Scheme (LATS). In view of the limited trade of allowances between authorities in 2007/8 the estimated value of all unused allowances as at 31/3/2008 has been set at nil.

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.

28. Capital contributions unapplied

	2006/07 £m	2007/08 £m
Balance brought forward	7.7	10.6
Income and interest received not yet applied to finance expenditure	2.9	0.8
Balance at 31 March	10.6	11.4

29. Movement in Reserves

a) General County Fund

The balance of the fund as at 31 March 2008, £38.0m (2006/07 £32.7m), contains the following earmarked sums:

	2006/07 £m	2007/08 £m
Delegated Funding for Schools	19.8	23.8
Carry forward of underspendings across other services	4.3	5.1
Carry forward of resources for funding of Capital	0.1	0.1
Earmarked Reserves as at 31 March	24.2	29.0

Thus, the uncommitted balance is restricted to £9.0m (2006/07 £8.5m).

b) Cash Backed Reserves

Reserve	Balance 1 April 2007 £m	Net Movement in Year £m	Balance 31 March 2008 £m
Other Revenue Reserves	36.5	17.3	53.8
County Fund	32.7	5.3	38.0
Capital Receipts Unapplied	2.1	(0.3)	1.8
Other Capital Reserves	0.2	(0.1)	0.1
Total	71.5	22.2	93.7

c) *Non-Cash backed reserves*

Reserve	Balance 1 April 2007	Net Movement in Year	Balance 31 March 2008
	£m	£m	£m
Capital Adjustment Account	489.5	(32.1)	457.4
Revaluation Reserve	0	51.6	51.6
Financial Instruments Adjustment Account	(5.9)	(0.5)	(6.4)
Pension Reserve	(152.7)	13.1	(139.6)
Total	330.9	32.1	363.0

d) *Details of other revenue earmarked reserves*

	Balance at 31 March 2007 £m	Appropriations		Balance at 31 March 2008 £m
		From Revenue £m	To Revenue / Capital £m	
Insurance	6.4	1.2	(0.4)	7.2
Renewals of vehicles and equipment	4.6	2.3	(0.3)	6.6
Organisational Change	4.1	6.0	0	10.1
Corporate Severance	2.8	0	(0.9)	1.9
Adult & Social Care				
Developments	2.3	0	(0.3)	2.0
PCT Monies	0	7.0	0	7.0
Local Area Agreement	1.2	0.1	0	1.3
Industrial properties trading	1.7	0.2	0	1.9
Central Maintenance Fund	1.0	0	0	1.0
Eco Town	0	0.5	0	0.5
Children's and Young				
People Service				
- Sure Start	1.8	1.0	0	2.8
- Dedicated Schools Grant	1.6	0	(0.3)	1.3
- BSF/ Melton & Vale of Belvoir Review	0.7	0.2	0	0.9
Highways & Waste Management				
- Waste Strategy Implementation				
revenue	2.4	3.0	0	5.4
capital	0.7	0	0	0.7
- Highways Maintenance	0.5	0	(0.3)	0.2
- Civil Parking Enforcement	0.4	0	(0.2)	0.2
- Advanced Design/ Major Projects	0.4	0	(0.1)	0.3
- Commuted Sums	0.4	0.2	0	0.6
- Concessionary Travel	0.4	0	0	0.4
Shire Grants	0.6	0.1	0	0.7
Equal Pay	0.5	0	(0.5)	0
Other	0.7	0.2	(0.1)	0.8
Sub Total	35.2	22.0	(3.4)	53.8
Non Cash				
Waste Disposal – Landfill Allowances	1.3	0	(1.3)	0
TOTAL	36.5	22	(4.7)	53.8

Renewal of Vehicles and Equipment

Resources for the funding of replacement vehicles and equipment.

Organisational Change

A programme of projects to deliver efficiency savings and service improvements across the authority.

Corporate Severance

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

Adult 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.

PCT Monies

Advance payment by primary care trust to learning disabilities service.

Local Area Agreement

Finance to achieve targets within the local area agreement.

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.

Eco Towns

To fund consultation on the proposed eco town at Pennbury (Stoughton).

Children's and Young People 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 anticipated short term deficits on parking enforcement.
- (c) Transitional funding for highway maintenance.
- (d) 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.

Waste Disposal - Landfill Allowances

See accounting policies note 18.

30. Leases

a) Leased Assets

The council has a liability to make payments for the following leases during 2008/09:

	Finance Leases £m	Operating Leases £m
Leases which expire:		
Within 1 year	0	0.9
2 to 5 years	0	1.3
Over 5 years	0.1	0
Total	0.1	2.2

As at 31 March 2008, the County Council has a total commitment to meet finance lease payments of £0.3m (2006/07 £0.3m), and operating lease rental payments of £3.6m (2006/07 £3.9m).

b) Amounts paid to lessors

Finance lease rentals paid to lessors in the year totalled £0.1m (2006/07 £0.1m). Lease rentals paid to lessors during the year in respect of operating leases for vehicles and equipment totalled £2.5m (2006/07 £2.6m).

c) Amounts received from lessees

Lease rentals on council owned buildings received from lessees during the year in respect of operating leases totalled £1.7m (2006/07 £1.8m).

31. 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 Council's 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.

32. 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 apart from the County Hall complex 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.

33. 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 £0.4m to £0.6m to reflect the actual balance as at 31st March 2007.

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 2007 £m	Income £m	Expenditure £m	Balance at 31 March 2008 £m
Kibworth High School Endowment	0.2	0	0	0.2
Loughborough Art & Technical Colleges: Loughborough Technical School **	0.3	0	0.3	0
Bradgate Park & Swithland Wood Charity *	0.6	0.7	0.8	0.5
Others	0.2	0	0	0.2
Total Trust Funds	1.3	0.7	1.1	0.9

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

** Management and custodianship has been transferred to Loughborough College in 2007/08.

34. 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.

35. *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 2007/08 a net surplus of £0.9m (2006/07 £0.4m deficit) was reported on, net service income of £14.9m (2006/07 £13.7m). Turnover between LCC and ESPO totalled £82.2m (2006/07 £64.2m) in respect of stores issues, direct orders, period contracts and strategic 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 (net sum £0.5m), 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 2007/08 the estimated turnover is £32.3m (2006/7 actual turnover £31.1m).

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.

36. Revenue Cash from specific Government Grants

	2006/07		2007/08	
	£m		£m	
Children's and Young People's Service – Dept for Children, Schools and Families				
School Standards	15.0		18.3	
Dedicated Schools	298.1		313.5	
Sure Start	5.8		0	
Standards Fund	23.4		22.1	
Local Area Agreement	0		11.6	
Learning & Skills Council	41.0		44.1	
Mental Illness	0.5		0.5	
National Training Strategy	0.9		0	
Children's Fund	0.9		0	
		385.6		410.1
Highways – Dept of Transport				
Rural Bus	0.9		0.9	
Detrunking	1.0		0	
Waste Disposal (Various) - Defra	1.1		0.6	
		3.0		1.5
GOEM Funding		2.2		2.5
Adult Social Care – Dept of Health				
Workstep Scheme	0.6		0.5	
Supporting People	7.1		7.2	
Carers Grant	1.6		1.6	
Mental Health	1.2		1.4	
Preserved Rights	2.7		2.5	
Access & Systems Capacity	5.3		5.7	
Partnership for Older People	0		2.4	
Delayed Discharges	1.0		1.0	
		19.5		22.3
Corporate				
Local Authority Business Growth Incentive		2.2		0.5
Other		11.6		6.6
Total		424.1		443.5

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

	2006/7 £m	2006/7 £m	2007/8 £m	2007/8 £m
Deficit for the year		1.9		5.2
Non cash transactions				
Movement on provisions	5.3		1.8	
Movement on pensions FRS17)	(7.1)		(0.7)	
Depreciation of fixed assets and impairment	(42.6)		(59.0)	
Deferred Charges written off to revenue	17.8		(1.9)	
Release of Grants deferred			16.1	
Other items	(0.1)		1.5	
		(26.7)		(42.2)
Revenue items on an accruals basis				
Change in creditors	(4.2)		(4.3)	
Change in debtors	(2.7)		8.7	
Change in long term debtors	0.8		(5.0)	
Change in other current	3.8		(2.3)	
Change in other current liabilities	0.5		(6.1)	
Change in stocks and work in progress	0.2		(0.1)	
Change in landfill allowances			(3.9)	
		(1.6)		(13.0)
Items classified elsewhere in the statement servicing of finance		(9.8)		(8.5)
Net cash inflow from revenue activities		(36.2)		(58.5)

38. Analysis of changes in Net Debt

	Balance 31 March 2007 £m	Balance 31 March 2008 £m	Cash Movements In Year £m
Movement in cash			
Cash overdrawn	(5.5)	(4.7)	0.8
Financing			
Borrowing repayable on demand or within 1 year	(0.7)	(0.7)	0
Long term borrowing repayable after 1 year	(361.1)	(370.5)	9.4
Management of Liquid Resources			
Investments	141.6	169.2	27.6

39. Local Area Agreements (LAA)

The council is a participant in an LAA – a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007/08, the LAA has completed the second year of its three-year agreement.

The purpose of the LAA is:

- To form an agreement between a diverse selection of public bodies with the aim of delivering improved public services for everyone in Leicestershire.
- To agree specific outcomes and targets that will be achieved each year for the three years of the agreement.
- To improve the effectiveness and efficiency of public services in Leicestershire by pooling and aligning funding streams.

The LAA partners are:

- Local government bodies consisting of Leicestershire County Council, the seven district councils of Leicestershire and the Leicestershire and Rutland Association of Parish and Local Councils.
- Community protection authorities – Leicestershire Police Authority, Leicester, Leicestershire and Rutland Combined Fire Authority and the Probation Service.
- Health bodies – Representatives from the National Health Service.
- Community / Other Partnerships – Leicestershire Cultural Strategy Forum, Leicestershire Ethnic Minorities Partnership, Leicestershire Rural Partnership, Leicester Racial Equality Council, Community Safety Programme Board, Children and Young Persons' Strategic Partnership for Leicestershire, Jobcentre Plus, Enable (Environment for a Better Leicestershire), Connexions, Active Together Sport England and Faith communities via the Board of Social Responsibility.

- Further and Higher Education bodies – Leicestershire Learning and Skills Council, Leicestershire and Leicester City, Loughborough University and a representative for the Chamber of Commerce and Skills for Enterprise.
- Representative of the district councils for Voluntary Service.

Leicestershire County Council acts as the accountable body for the LAA and is responsible for managing the distribution of grant paid by the Government Office to the partners involved. The council does not determine which bodies are due payments – this is determined by the partnership (Leicestershire Together) in line with the targets agreed with the Government Office. In this context, the council acts as an agent to the partnership and has therefore not recognised the full amount of LAA Grant in its financial statements, but only that part to be spent by the council in providing services.

The total amount of LAA Grant received by the LSP in 2007/08 is £19.7m. The council received £13.6m of this total to fund its own services.

As accountable body, the council is potentially responsible for repaying to the Government any element of grant that is found to have been misused by its partners. Systems are in place that are designed to limit the possibility that this will happen. It has not been necessary to recognise any contingent liabilities for possible repayments and no provisions have been made for any such eventuality.