

## 19. Members Allowances

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

	2007/08 £m	2008/09 £m
<b>Members Allowances</b>	<b>1.0</b>	<b>1.0</b>

## 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

	2007/08 £m	2008/09 £m
Fees payable to external auditor;		
- annual audit	0.2	0.2
- statutory inspection	0.1	0
- certification of grant claims *	0	0
<b>Total</b>	<b>0.3</b>	<b>0.2</b>

\* Grant claims continue to be accounted for on the basis of actual payments in year, rather than an estimation of costs relating to 2008/09 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 £6.7m (2007/08 £3.6m) which is invested on behalf of ESPO and £2.0m (2007/08 £2.1m) on behalf of residents in care homes.

### 23. Debtors

	31 March 2008 £m	31 March 2009 £m
<b>Long Term Debtors (amounts falling due after one year)</b>		
Outstanding debt relating to transferred services (e.g. Unitary Authority, Higher Education establishments, Police, ESPO)	52.1	49.6
Interest on investments	0	0
Accommodation charges at Elderly Persons Homes	2.3	3.6
Car loans to employees	0	0.1
Other long term debtors	0.6	0.6
<b>Total</b>	<b>55.0</b>	<b>53.9</b>

	31 March 2008 £m	31 March 2009 £m
<b>Current Debtors</b>		
Sundry debtors	38.0	40.4
Government departments:		
HM Revenue & Customs	5.2	4.3
Other government departments	1.1	0.3
Less: Provision for bad debts	(0.8)	(0.8)
<b>Total</b>	<b>43.5</b>	<b>44.2</b>

### 24. Stocks and work in progress

	31 March 2008 £m	31 March 2009 £m
<b>Stocks</b>		
Highways	0.7	0.9
Children & Young People's Service	0	0.2
Other Services	0.2	0.2
Sub Total	0.9	1.3
<b>Work in Progress</b>		
Highways	0	0.1
<b>Total</b>	<b>0.9</b>	<b>1.4</b>

## 25. Cash

	31 March 2008 £m	31 March 2009 £m
Net Cash balance at year end:		
School & Imprest Accounts	4.3	4.3
Main bank accounts	(9.0)	(8.7)
<b>Cash in Hand / (Cash Overdrawn)</b>	<b>(4.7)</b>	<b>(4.4)</b>

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 £0.8m (2007/08 £0.3m)

## 26. Creditors

	31 March 2008 £m	31 March 2009 £m
Sundry creditors	61.7	74.3
Government departments:		
HM Revenue & Customs	6.1	6.3
Other government departments	12.6	9.9
<b>Total</b>	<b>80.4</b>	<b>90.5</b>

## 27. Provisions - movements during the year

	Balance at 31 March 2008	Income arising during the year	Expenditure and Adjustments during the year	Balance at 31 March 2009
	£m	£m	£m	£m
Insurance	3.7	2.0	(2.0)	3.7
Severance Costs	0.7	0.2	(0.6)	0.3
Leased Car	0.6	1.3	(1.3)	0.6
Adult Social Care Mental Health Refunds	0.1	0.1	0	0.2
Property Maintenance (CMF)	0	4.3	(4.3)	0
Other	0.3	0.4	(0.2)	0.5
<b>Total</b>	<b>5.4</b>	<b>8.3</b>	<b>(8.4)</b>	<b>5.3</b>

### **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 2009 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 31/03/2009 and the expenditure will be incurred in 2009/10.

### **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**

	2007/08 £m	2008/09 £m
Balance brought forward	10.6	11.4
Income and interest received not yet applied to finance expenditure	0.8	0.3
<b>Balance at 31 March</b>	<b>11.4</b>	<b>11.7</b>

**29. Movement in reserves**

**a) General County Fund**

The balance of the fund as at 31 March 2009, £33.5m (2007/08 £38.0m), contains the following earmarked sums:

	2007/08 £m	2008/09 £m
Delegated Funding for Schools	23.8	21.0
Carry forward of underspendings across other services	5.1	3.3
Carry forward of resources for funding of Capital	0.1	0.1
<b>Earmarked Reserves as at 31 March</b>	<b>29.0</b>	<b>24.4</b>

Thus, the uncommitted balance is restricted to £9.1m (2007/08 £9.0m).

**b) Cash Backed Reserves**

Reserve	Balance 1 April 2008 £m	Net Movement in Year £m	Balance 31 March 2009 £m
Other Revenue Reserves	53.8	(1.1)	52.7
County Fund	38.0	(4.5)	33.5
Capital Receipts Unapplied	1.8	(0.3)	1.5
Other Capital Reserves	0.1	0	0.1
<b>Total</b>	<b>93.7</b>	<b>(5.9)</b>	<b>87.8</b>

c) *Non-cash backed reserves*

<b>Reserve</b>	<b>Balance 1 April 2008</b>	<b>Net Movement in Year</b>	<b>Balance 31 March 2009</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital Adjustment Account	457.4	(25.0)	432.4
Revaluation Reserve	51.6	34.2	85.8
Financial Instruments Adjustment Account	(6.4)	(0.2)	(6.6)
Pension Reserve	(139.6)	(169.2)	(308.8)
<b>Total</b>	<b>363.0</b>	<b>(160.2)</b>	<b>202.8</b>

d) *Details of other revenue earmarked reserves*

	Balance at 31 March 2008 £m	Appropriations		Balance at 31 March 2009 £m
		From Revenue £m	To Revenue £m	
Insurance	7.2	0.6	(0.1)	7.7
Renewals of vehicles and equipment	6.6	1.5	(1.0)	7.1
Corporate Severance	1.9	0.2	(0.6)	1.5
Adult & Social Care				
Developments	2.0	1.4	(0.7)	2.7
PCT Monies	7.0		(4.0)	3.0
Area Based Grant (former Local Area Agreement)	1.3	3.9	(0.9)	4.3
Industrial properties trading	1.9	0.1	(1.4)	0.6
Central Maintenance Fund	1.0	0.3	0	1.3
Eco Town	0.5	0	(0.1)	0.4
Shared Services	0	0.2	0	0.2
Change Management				
- Organisational Change	10.1	1.5	(3.1)	8.5
- Invest to save	0	6.1	0	6.1
Children and Young People's Service				
- Sure Start	2.8	0	(1.3)	1.5
- Dedicated Schools Grant	1.3	1.9	(1.2)	2.0
- BSF/ Melton & Vale of Belvoir Review	0.9	0.4	(0.5)	0.8
Highways & Waste Management				
- Waste Strategy Implementation				
revenue	5.4	1.0	(5.3)	1.1
capital	0.7	0	0	0.7
- Highways Maintenance	0.2	0	(0.2)	0
- Civil Parking Enforcement	0.2	0.1	(0.2)	0.1
- Advanced Design/ Major Projects	0.3	0	(0.3)	0
- Commuted Sums	0.6	0.2	0	0.8
- Youth Initiatives Fund	0	0.5	0	0.5
Shire Grants	0.7	0	(0.2)	0.5
Other	1.2	0.5	(0.4)	1.3
<b>TOTAL</b>	<b>53.8</b>	<b>20.4</b>	<b>(21.5)</b>	<b>52.7</b>

*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***

Payment by primary care trust relating to learning disabilities service.

### ***Area Based Grant (former 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).

### ***Shared Services***

To fund preparatory costs of the proposed shared services arrangements with other County Councils.

### ***Children and Young People's 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) The anticipated short term deficits on parking enforcement.
- (b) 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.

## **30. Leases**

### **a) Amounts paid to lessors**

Finance lease rentals paid to lessors in the year totalled £0.1m (2007/08 £0.1m). Lease rentals paid to lessors during the year in respect of operating leases for vehicles and equipment totalled £2.0m (2007/08 £2.5m).

### **b) Amounts received from lessees**

Lease rentals on council owned buildings received from lessees during the year in respect of operating leases totalled £1.8m (2007/08 £1.7m).

### **c) Leased Assets**

As at 31 March 2009, the County Council has a total commitment to meet finance lease payments of £0.2m (2007/08 £0.3m), and operating lease rental payments of £2.8m (2007/08 £3.6m).

The County Council has a liability to make payments for the following leases during 2009/10:

	<b>Finance Leases £m</b>	<b>Operating Leases £m</b>
<b>Leases which expire:</b>		
Within 1 year	0	0.6
2 to 5 years	0.1	1.0
Over 5 years	0	0
<b>Total</b>	<b>0.1</b>	<b>1.6</b>

### 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) The County Council is currently in litigation about the community use of school premises. An award of costs against the County Council could involve a sum in excess of £4m, but the probability of this is considered to be low.
- d) 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.

	<b>Deductible per Claim £</b>
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 £0.5m to £0.8m to reflect the actual balance as at 31<sup>st</sup> March 2008.

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:

<b>TRUST FUNDS</b>	<b>Balance at 31 March 2008 £m</b>	<b>Income £m</b>	<b>Expenditure £m</b>	<b>Balance at 31 March 2009 £m</b>
Kibworth High School Endowment	0.2	0	0	0.2
Bradgate Park & Swithland Wood Charity *	0.8	0.7	0.9	0.6
Others	0.2	0	0	0.2
<b>Total Trust Funds</b>	<b>1.2</b>	<b>0.7</b>	<b>0.9</b>	<b>1.0</b>

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

### 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 2008/09 a net surplus of £0.7m (2007/08 £0.9m surplus) was reported on, net service income of £16.6m (2007/08 £14.9m). Turnover between LCC and ESPO totalled £137.3m (2007/08 £82.2m) 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 £0.5m (2007/8 £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 2008/09 the estimated turnover is £33.0m (2007/8 actual turnover £32.3m).

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.

- c)** The County Council and Leicester City Council each own 50% of the company Leicester Shire Connexions Service Limited. The company provides free advice and support for 13-19 year olds (young people with learning difficulties and/or disabilities can use the service up to the age of 25) with education, training, careers, jobs, health, money, drugs, relationships, benefits, housing and the law.

Control of the company passed to Leicestershire County Council and Leicester City Council on 1 April 2008 following the statutory requirement to move the service to local authority control.

During 2008/09 the draft accounts report a breakeven position on the income and expenditure account. The company's net assets at the end of 2008/9 were £0.37m.

A copy of Connexions statement of accounts is available from Connexions, 6 Millstone Lane, Leicester LE1 5JN.

- d)** The County Council is a member of the East Midlands Broadband Consortia (EMBC), a limited company owned by eight member local authorities in the East Midlands. EMBC provide the National Education Network for schools in the East Midlands through a safe and secure educational broadband connection. During 2008/9 the estimated deficit on the income and expenditure account is £0.2m. Total liabilities for the company are estimated at £0.2m.

A copy of EMBC's statement of accounts is available from EMBC, 4 Prospect Court, Courteenhall Road, Blisworth, Northamptonshire, NN7 3DG.

### 36. Revenue Cash from Specific Government Grants

	2007/08		2008/09	
		£m		£m
Children and Young People's Service – Dept for Children, Schools and Families				
School Standards	18.3		18.5	
Dedicated Schools Grant	313.5		325.3	
Sure Start	0		9.4	
Standards Fund	22.1		31.4	
Local Area Agreement	11.6		0	
Learning & Skills Council	44.1		45.6	
Mental Illness	0.5		0.1	
Asylum Seekers	0.7		1.4	
		410.8		431.7
Highways – Dept of Transport				
Rural Bus	0.9		1.0	
Waste Disposal (Various) - Defra	0.6		0	
		1.5		1.0
Adult Social Care – Dept of Health				
Workstep Scheme	0.5		0.5	
Supporting People	7.2		6.6	
Carers Grant *	1.6		0	
Mental Health	1.4		0	
Preserved Rights *	2.5		0	
Access & Systems Capacity *	5.7		0	
Partnership for Older People *	2.4		0	
Social Care Reform	0		0.8	
Delayed Discharges	1.0		0	
		22.3		7.9
Corporate				
Local Authority Business Growth Incentive **		0.5		0
GOEM Funding		2.5		2.3
Other		5.9		4.5
<b>Total</b>		<b>443.5</b>		<b>447.4</b>

\* Specific revenue grant in 2007/8, but for 2008/9 onwards included within the Area Based Grant as a general government grant.

\*\* Local Authority Business Growth Incentive grant is now shown as a general government grant within note 39.

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

	2007/8 £m	2007/8 £m	2008/9 £m	2008/9 £m
<b>Deficit for the year</b>		13.9		41.0
<b>Non cash transactions</b>				
Movement on provisions	1.8		0.1	
Movement on pensions (FRS17)	(0.7)		(7.1)	
Depreciation of fixed assets and impairment	(65.1)		(69.3)	
Release of Grants deferred	16.1		21.9	
Other items	1.8		2.1	
		(46.5)		(52.3)
<b>Revenue items on an accruals basis</b>				
Change in creditors	(3.9)		(10.1)	
Change in debtors	8.7		2.3	
Change in long term debtors	(5.0)		(1.2)	
Change in other current assets	(2.3)		5.9	
Change in other current liabilities	(6.5)		(2.4)	
Change in stocks and work in progress	(0.1)		0.5	
Change in landfill allowances	(3.9)		0.0	
		(13.0)		(5.0)
<b>Items classified elsewhere in the statement</b>				
Servicing of finance		(8.5)	(6.8)	
Principal repayment on transferred debt		(2.6)	(2.5)	(9.3)
<b>Net cash inflow from revenue activities</b>		<b>(56.7)</b>		<b>(25.6)</b>

**38. Analysis of changes in Net Debt**

	Balance 31 March 2008 £m	Balance 31 March 2009 £m	Cash Movements In Year £m
<b>Movement in cash</b>			
Cash overdrawn	(4.7)	(4.4)	0.3
<b>Financing</b>			
Borrowing repayable on demand or within 1 year	(0.7)	(35.0)	(34.3)
Long term borrowing repayable after 1 year	(370.5)	(333.2)	37.3
<b>Management of Liquid Resources</b>			
Investments	169.2	151.4	(17.8)

**39. General Government Grants**

	2007/8 £m	2008/9 £m
Revenue Support Grant	(11.5)	(11.3)
Local Authority Business Growth Incentive Scheme	(1.5)	(0.4)
Area Based Grant	0	(21.9)
<b>Total</b>	<b>(13.0)</b>	<b>(33.6)</b>