



**T e n d r i n g**  
**District Council**

## **ANNUAL SUMMARY FINANCIAL INFORMATION** **2007/08**

### **Introduction**

The annual production of the full Statement of Accounts is a statutory requirement for local authorities and is intended to give various people and organisations a detailed explanation of the financial position of the council as at the 31<sup>st</sup> of March of the relevant year. Also the introduction to the accounts provides a background to the accounting concepts and treatment of various financial issues along with any significant matters that occurred during the year.

However this annual summary is intended to give quick and easy access to the information contained in the full Statement of Accounts and includes brief explanations of important financial information about the Council. The full Statement of Accounts is available on the Council's website at the following address:  
<http://www.tendringdc.gov.uk/NR/ronlyres/40CE757C-4913-4D9C-8984-EFC43EBE80D6/0/StatementofAccounts200708Audited.pdf>

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### **Significant Matters Arising During the Year**

- **Asset Revaluations** – During the year various assets were subject to revaluations either as part of a desktop review, full revaluation process or as part of other required accounting processes. For 2007/08 the surplus arising on the revaluation of fixed assets is £10.292 million.
- **Pension Liability** - Overall there is a pension liability attributable to the Council of £36.856 million (£23.983 million for 2006/07) as at 31 March 2008. However this overall liability is being recognised in real terms through a contribution made by the Council to the Pension Fund each year which aims to close this funding gap in the longer term
- **Impairment of Assets** - Where the value of assets has decreased during 2007/08, the difference between the old and new values has been 'written-off' as impairment during the year. The impairment charges within the income

and expenditure account for 2007/08 total £20.366m (£4.481m for the General Fund and £15.885 million for the HRA) There is no overall impact on the Council's 'bottom line' as the amounts are reversed out so there is no overall impact on council tax or housing rents.

- **Asset Disposals and Acquisitions** - Although there were no significant gains or disposals in 2007/08, a land sale was completed with income received of £180,000 along with an exchange arrangement taking place in the year for a Public Convenience which had a value of £280,000.
- **Project Tendring** - In April 2008 the Council set up a Local Authority Controlled Company - Tendring Regeneration Limited, to deliver it's major regeneration projects under the banner of Project Tendring. Project Tendring is a wide ranging approach to regeneration in the Tendring District. The Company, trading under the name INTend, is a Non Profit Distributing Organisation limited by Guarantee whose objectives are to assist, promote, encourage develop and secure the regeneration in the social, physical and economic environment of Tendring.

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## Summary Financial Information

Within the full Statement of Accounts there are 8 main statements produced:

- Income and Expenditure Account
- Statement of Movement on the General Fund Balance
- Statement of Total Recognised Gains and Losses
- Balance Sheet
- Cashflow Statement
- Housing Revenue Account Income and Expenditure Account
- Statement of Movement of the Housing Revenue Account Balance
- Collection Fund Income and Expenditure Account

These statements are organised into 'core' and 'supplementary' statements - A summary of the key information contained in these statements is as follows:

## 1) THE COUNCIL'S INCOME AND EXPENDITURE (*Income and Expenditure Account*)

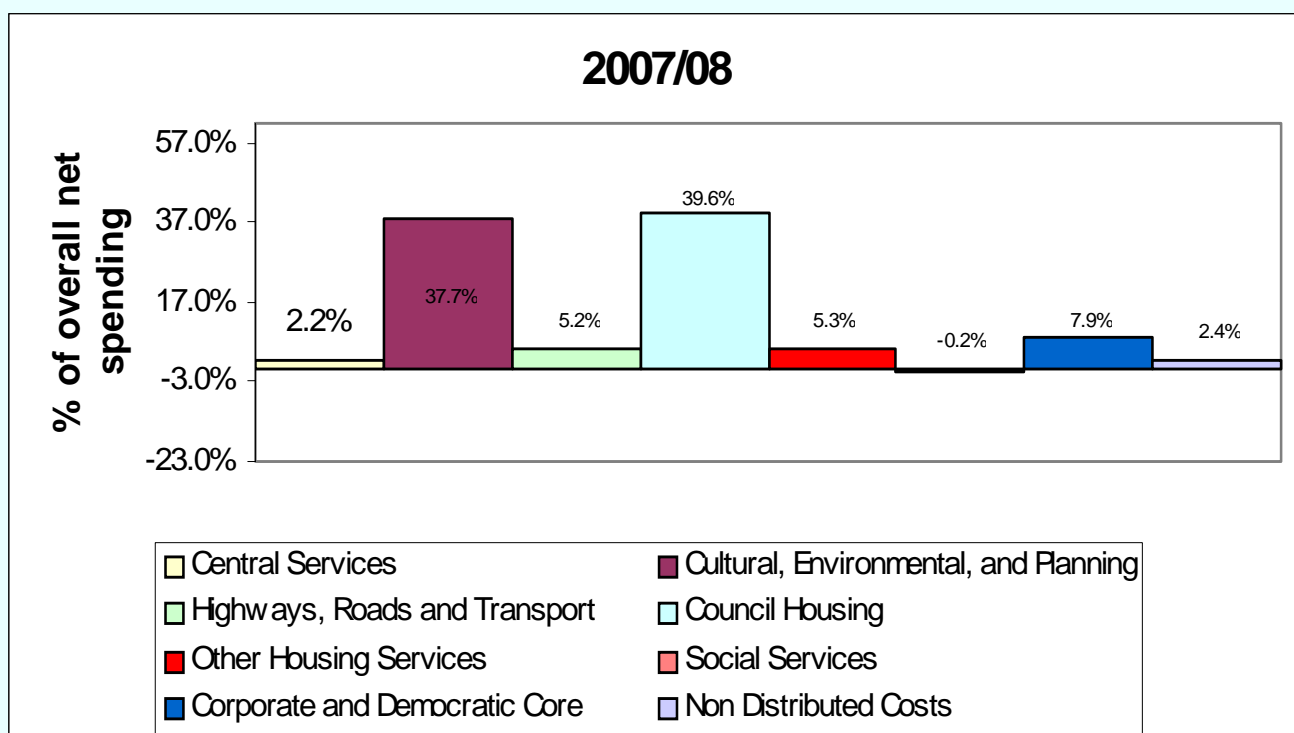
This brings together all of the Council's revenue activities for the year, including the costs and income associated with the Council as landlord for over 3,000 properties in the district. Revenue activity mainly covers the day to day running costs and income of the Council rather than investments in for example buildings and vehicles which is classified as capital activity.

This statement shows how much was spent for various service areas, after applying relevant fees and charges and also shows the amount of money that is required from central government and local taxpayers to fund the revenue activities undertaken for the year. A brief summary including comparisons with the previous year is as follows:

Service Expenditure	Net Expenditure 2006/07	Net Expenditure 2007/08
Central Services	£0.664 million	£0.871 million
Cultural, Environmental, and Planning	£11.739 million	£14.751 million
Highways, Roads and Transport	£1.181 million	£2.025 million
Council Housing	(£0.528 million)	£15.474 million)
Other Housing Services	£1.296 million	£2.075 million
Social Services	(£0.097 million)	(£0.094 million)
Corporate and Democratic Core	£2.949 million	£3.087 million
Costs not distributed across services	£0.021 million)	£0.926 million
<b>Total on Services</b>	<b>£17.225 million</b>	<b>£39.115 million</b>
*Other Accounting and Financial Adjustments	£3.676 million	(£17.459 million)
<b>TOTAL OPERATING EXPENDITURE</b>	<b>£20.901 million</b>	<b>£21.656 million</b>

*\*This includes items such as parish precept payments, gains or losses on asset disposals, interest payable, interest receivable on our investments, transfers to reserves, other gains and losses, pension scheme transactions, gains and losses on assets disposed of along with the reversal of impairment losses. Some of these transactions are included in the statement titled 'Statement of Movement on the General Fund Balance' within the full Statement of Accounts.*

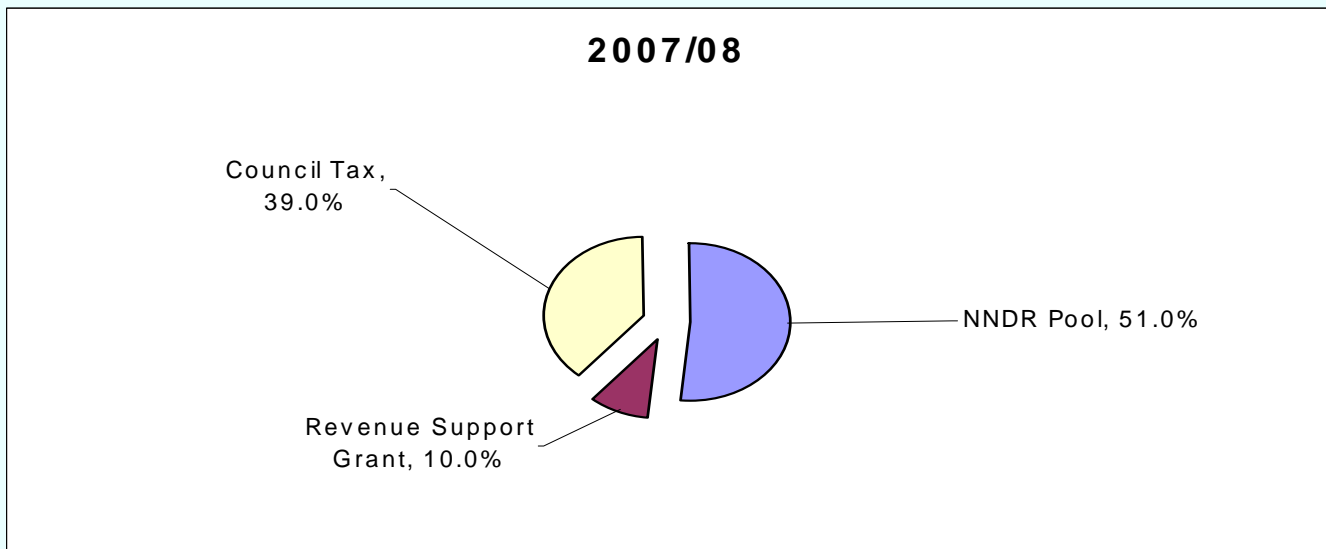
Analysis of net service expenditure expressed as a % of overall total on services for 2007/08 is as follows:



The funding the Council receives to support this level of operating expenditure is summarised below:

	2006/07	2007/08
Government Grant (Revenue Support Grant)	£2.715 million	£2.175 million
Distribution from National Non-Domestic Rate Pool (NNDRP)	£10.273 million	£11.107 million
Council Tax (includes a small surplus from Previous year)	£7.925 million	£8.371 million
<b>TOTAL FUNDING</b>	<b>£20.913 million</b>	<b>£21.653 million</b>

Analysis of income as % of total funding for 2007/08 is as follows:



**For 2007/08, total expenditure marginally exceeded total funding by £3,000.**

*This small deficit has been met from the Council's uncommitted reserve which is a reserve that supports the Council budgets in future years or to meet the costs arising from unforeseen events that are unable to be funded elsewhere. Following this adjustment the uncommitted reserve stands at **£3.9 million at the 31<sup>st</sup> March 2008** built up from net surpluses from previous years.*

*The Council also incurs gains and losses that are not included in the figures above such as the gain from the increase in the value of the Council's assets. These are shown separately in a statement titled 'STATEMENT OF RECOGNISED GAINS AND LOSSES' within the full Statement of Accounts. For 2007/08 there was an overall loss of £21.370 million which was mainly due to the change in the pension liability previously mentioned.*

## **2) THE COUNCIL'S ASSETS AND LIABILITIES (Balance Sheet)**

This brings together all of the information regarding the Council's assets and liabilities into one statement including those associated with the Council's activities as landlord for over 3,000 properties in the district. It is separated into various sections which are summarised as follows:

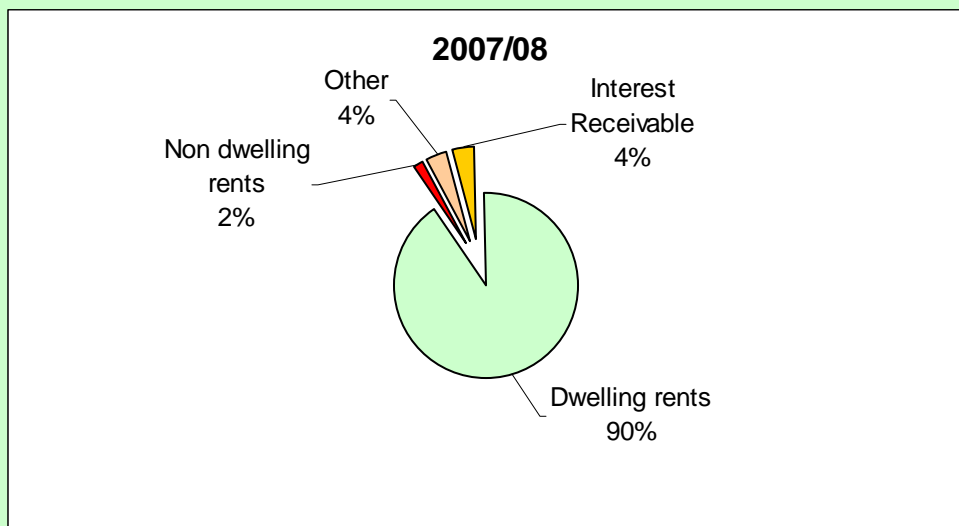
	<b>2006/07</b>	<b>2007/08</b>
Value of our Fixed Assets <i>These includes our buildings, housing properties, vehicles, plant and equipment</i>	<b>£210.1 million</b>	<b>£203.2 million</b>
Value of our Long Term Assets <i>These are our investments including money owed to the council</i>	<b>£0.3 million</b>	<b>£0.3 million</b>
Value of our Current Assets <i>These include cash held in our bank account and temporary investments</i>	<b>£28.1 million</b>	<b>£26.9 million</b>
<b>TOTAL ASSETS</b>	<b>£238.5 million</b>	<b>£230.4 million</b>
Value of our Current and Long Term Liabilities <i>These include bank overdrafts, amounts we owe to other people / organisations and the estimated liabilities in our pension scheme</i>	<b>£58.3 million</b>	<b>£71.5 million</b>
<b>TOTAL ASSETS LESS OUR LIABILITIES</b>	<b>£180.2 million</b>	<b>£158.9 million</b>

**The overall value of our assets (less liabilities) decreased by £21.3 million when compared with last year. This was mainly due to the increased pension liability previously mentioned in addition to reductions in asset values following the annual revaluation process.**

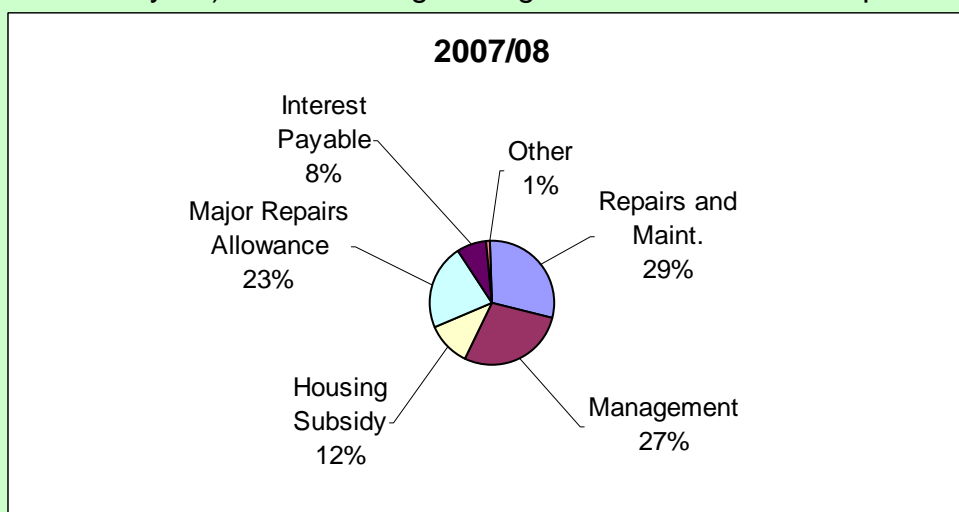
### 3) INCOME AND EXPENDITURE FOR COUNCIL HOUSING (*Housing Revenue Account*)

This summarises the expenditure and income for the revenue activities undertaken by the Council in its role as a landlord for over 3,000 housing properties it owns. Although these figures are included within the Income and Expenditure Account already set out above, more detailed information is shown below:

The Council collected **£10.524 million** (compared with **£9.990 million** last year) in income which mainly comes from the rent charged on its properties. The rents that are charged to the Council's tenants are calculated by applying formulas set by central government. This income figure also includes interest received on Housing Revenue Account cash balances held during the year. The following chart gives a breakdown of the income received:



Set against this is the expenditure incurred for the year which totalled **£9.884 million**. (Compared with **£9.342 million** last year). The following chart gives a breakdown of expenditure:



Overall there was a surplus of **£640,000** for the year. (Compared with **£648,000** for last year)

After adding this to surpluses carried forward from previous years, the total amount of money held at the end of 2007/08 increased to **£4.309 million** which will be used to support the Council's landlord activities in future years.

A significant item of note within the Housing Revenue Account is an amount of money paid over to central government each year (**£1,171,000 for 2007/08**). This is referred to as a 'negative subsidy' and is based on a *notional* housing revenue account calculated within guidance set by government. When analysed on a national basis the aim of this approach is to ensure the cost of local authority housing is self financing overall with some councils paying money to government whilst others receive it.

#### **4) OTHER FINANCIAL INFORMATION**

Although the above are summaries of the significant statements included in the full Statement of Accounts, a brief summary of the remaining financial statements that the Council produces are as follows:

- **Cash flow statement** – this shows the movement in cash during the year in terms of outflows and inflows resulting from our revenue and capital activities during the year. For 2007/08 there was an increase in cash held of **£3.5 million**.
- **Collection fund** – This statement shows the level of Council Tax collected during the year (**£69 million for 2007/08 compared to £66 million for 2006/07**) and how it was allocated to Tendring District Council and the relevant precepting authorities i.e. Essex County Council, Essex Police Authority, and Essex Fire Authority. Tendring District Council collects all of the Council Tax but then pays over the appropriate sums to the precepting authorities. Once these allocations were finalised a surplus of just over **£0.030 million** remained (**£0.200 million** for 2006/07). When added to the surplus at the start of the year a surplus of just over **£1.4 million** remains in the fund, which must be applied by Tendring District Council and the relevant precepting authorities when they next consider their Council Tax's as part of the budget setting process in the following year.

This account also shows how much National Non Domestic Rates was collected during the year and the corresponding payment to the central government 'pool' where it is distributed national rather than locally. For 2007/08 just over **£22 million** was collected (**£22 million** in 2006/07) which was then paid to the central 'pool', (although a deduction of **£0.3 million** was made before this payment to the 'pool' to meet administration costs incurred by the Council in collecting amounts due).

#### **5) SIGNIFICANT INVESTMENTS BY THE COUNCIL**

A summary of some significant activity / investments being made by the Council in the district from 2008/09 are set out below:

- Regeneration of the district as part of project Tendring - **£1.766 million**
- Works to the Council's Housing Stock - **£3.046 million**
- Coast Defence Work - **£0.900 million** funded by Government Grant
- Disabled facilities grants to fund work in private sector homes- **£1.072 million**
- Provision of Public Conveniences at Dovercourt - **£0.350 million**

## **6) UPCOMING FINANCIAL CHALLENGES FACING THE COUNCIL**

Brief explanations of some national and local issues that may have an impact on the Council's future financial position are as follows:

- **Inflation** – At present there are continuing inflationary pressures in the economy which have a direct impact on all areas of Council expenditure, ranging from salaries, electricity and gas bills to contracts with partners / external organisations. At current levels, the net expenditure base of the Council increases by nearly **£1 million** each year due to price increases.
- **Comprehensive Spending Review 2007 (CSR)** – Periodically the government reviews its spending plans for public services that also takes account of any shift in priorities at a national level. The most recent review was undertaken last year which informs public sector spending decisions in 2008/09 through to 2010/11. This therefore has a direct impact on the Council's budgets for 2008/09 and beyond.
- **External Funding** – The Council's financial position is supported by significant amounts of external income. There are no guarantees in the level of funding the Council will receive - will it continue? If yes at what level?.
- **Efficiency Targets** – On a regular basis the public sector is set challenging efficiency targets by Central Government. To date the Council has been very successful in delivering the required outcomes against these targets. However the level of national efficiency targets has recently increased from 2.5% per year to 3% per year, further increasing the financial challenge and expectations placed on the Council.
- **National Free Concessionary Travel Scheme** – From 1<sup>st</sup> April 2008 the concessionary bus travel scheme was widened enabling people who qualify to travel anywhere in the country unlike the previous scheme which limited travel to within just Essex. Given this significant change to the scheme, the overall cost will rise and although funding has been received from central government, the actual cost of the scheme will only unravel as the year progresses and journeys are undertaken and charged to the Council along with clarifying a number of other financial issues that remain around the scheme locally.
- **Budgetary Cost Pressures** – Each year the Council faces a number of cost pressures such as repairs to buildings and equipment which may need to be funded urgently or items that may need to be funded in the medium to longer term which need to be planned for. Such items have historically totalled more than **£5 million** which would clearly not be affordable if undertaken in the same financial year of over a relatively short period of time so a risk based / prioritisation approach is taken to effectively meet this ongoing challenge.

## **7) FURTHER INFORMATION**

Additional Information is available in the full Statement of Accounts along with further notes regarding all of the financial statements mentioned above.

The Statement of Accounts along with other financial information can be found on the Councils Web Site at [www.tendringdc.gov.uk](http://www.tendringdc.gov.uk)

If any further information or alternative formats are required, then please contact Karen Neath ([kneath@tendringdc.gov.uk](mailto:kneath@tendringdc.gov.uk)), Head of Financial Services, Town Hall, Station Road, Clacton on sea, Essex, CO15 1SE – Telephone Clacton (01255) 686520.