



## Summary Financial Information 2005/06

### 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.

However this summary is intended to give quick and easy access to the significant financial statements covered in the full Statement of Accounts (subject to audit) and includes brief explanations of the important financial information.

### Summary Financial Information

Within the Statement of Accounts each year, various financial Statements are produced. There are 6 main statements produced, the most significant of which are summarised as follows:

#### **1) Consolidated Revenue 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 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 is as follows:

<b>Service Expenditure</b>	<b>Net Expenditure</b>
Central Services	£1.054 million
Cultural, Environmental, and Planning	£12.473 million
Highways, Roads and Transport	£0.534 million
Housing Services	£6.759 million
Social Services	(£0.064 million)
Corporate and Democratic Core	£2.752 million
<b>Total on Services</b>	<b>£23.508 million</b>

## **Consolidated Revenue Account Continued**

### **Accounting and other Financial Adjustments**

Includes - parish precepts payments, asset accounting adjustments, pension cost adjustments, interest on investments, transfers to reserves, asset sales receipts adjustments £5.136 million

**TOTAL** **£18.372 million**

*This is the total cost of the Council's revenue activities that require funding by Government Grants and Council Tax*

### **The breakdown of this funding for 2005/06 is as follows:**

General Government Grants £6.896 million

Contribution from National Non Domestic Rate Pool £4.069 million

Rate Pool

Council Tax (includes a small surplus from Previous year) £7.407 million

**TOTAL FUNDING RAISED** **£18.372 million**

*If the amount of funding exceeds the net cost of revenue activities, a surplus would be shown on the account which would be transferred to an uncommitted reserve to support the Council's financial position in future years. Although no surplus was achieved in 2005/06 the uncommitted reserve at the end of 2005/06 totalled **£3,879,000** built up from surpluses from previous years.*

## **2) Housing Revenue Account**

This summarises the cost 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 consolidated revenue account shown above, additional information is shown below.

The Council collected **£9.295million (£360,000** more than last year) in income which mainly comes from the rent charged on its properties. These rents are calculated by applying formulas set out by central government. Set against this is the expenditure incurred for the year which totalled **£8.739 million**.

This resulted in a surplus of **£556,000** for the year. After adding this to surpluses carried forward from previous years, the total amount of money held at the end of 2005/06 totalled **£3,021,000**, which will be used to support the sustainability of the Housing Revenue Account 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 (**£482,000 for 2005/06**). 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 housing is self financing overall with some councils paying money to government whilst others receive it.

- **Consolidated Balance Sheet**

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

Value of our Fixed Assets **£183 million**  
*These includes our buildings, housing properties, vehicles, plant and equipment*

Value of our Long Term Assets **£1 million**  
*These are our investments including money owed to the council*

Value of our Current Assets **£19 million**  
*These include cash held in our bank account and temporary investments*

**TOTAL ASSETS** **£203 million**

Value of our Current and Long Term Liabilities **£57 million**  
*These include bank overdrafts, amounts we owe to other people / organisations and the estimated liabilities in our pension scheme*

**TOTAL ASSETS LESS OUR LIABILITIES** **£146 million**

The overall value of our assets (less liabilities) decreased by £33 million when compared with last year. This was mainly due to the formula we use in putting an accounting value on our housing properties. This was in accordance with guidance provided by the main local authority accounting body (CIPFA).

***Other changes compared to last year include:***

- A reduction of £4 million in the amount of money owed to the council
- An increase of £1 million in the amount of money we owe to other people / organisations
- An increase of £3 million in our long term borrowing
- A reduction of £0.5 million in short term borrowing
- An increase of £6 million in our short term investments

Although the above are the significant statements included in the full Statement of Accounts, a brief summary for 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 2005/06 there was an increase in cash held of **£1.5 million**.
- **Total Movement in Reserves** – A number of reserves (or balances) are held by the Council such as the Housing Revenue Account and General Revenue Account balances as mentioned above. A separate account is used to recognise any gain or reduction in the value of our assets held in the Balance Sheet. For 2005/06 the total movement in reserves shows an overall reduction of just under **£33 million** which is mainly due to change in value of the Council's housing properties as previously mentioned.
- **Collection fund** – This statement shows the level of Council Tax collected during the year (**£62 million for 2005/06**) and how it was allocated to the various organisations who apply the Council tax as part of its funding requirement e.g. Essex County Council, Police Authority, Fire Authority and Tendring District Council. Once these allocations were finalised a surplus of just under **£0.2 million** remained. When added to the surplus at the start of the year a surplus of just over **£1 million** remains in the fund, which must be applied by the various organisations mentioned above when calculating the level of Council Tax each of them require for future years.

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 2005/06 nearly **£21 million** was collected 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.

### **Further Information**

Additional Information such as Member's Allowances 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)

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