

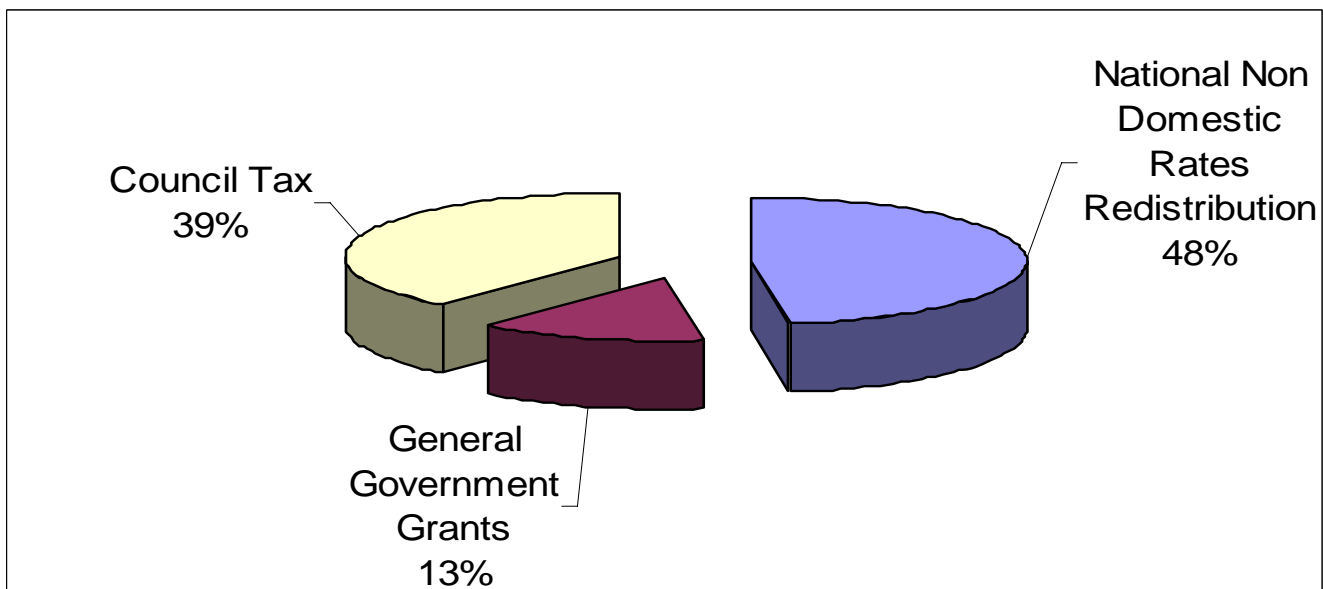
Tendring District Council

ANNUAL SUMMARY FINANCIAL INFORMATION 2009/10

Set out below is a summary of the Council's finances for 2009/10 which is intended to give quick and easy access to the most significant information contained in the full Statement of Accounts which is produced each year and available on the Council's website following the link- <http://www.tendringdc.gov.uk/NR/rdonlyres/24F4E73C-B00F-478A-9AB8-4005DBF25D56/0/StatementofAccounts200910STA.pdf>

Income Sources for Tendring District Council (excluding service income from, for example, fees and charges).

The total non-service income received for 2009/10 totalled £23.526 million split as follows:



THE COUNCIL'S INCOME AND EXPENDITURE / SURPLUS OR DEFICIT FOR THE YEAR

The following table sets out the day to day spending undertaken by the Council in 2009/10 after allowing for income generated by the individual services from, for example, fees and charges. This net expenditure is funded by the income sources set out immediately above.

	% of total net cost of Services	2009/10 £'000	2008/09 £'000
Central Services to the Public	5%	1,319	1,186
Cultural, Environmental, Regulatory and Planning Services	68%	16,336	16,941
Highways and Transport Services	8%	1,850	1,877
Other Housing Services	4%	969	1,411
Adult Social Care	-	(19)	(159)
Corporate and Democratic Core Expenses	14%	3,255	3,304
Non Distributed Costs	1%	339	247
NET COST OF SERVICES (excl. Housing Revenue Account)	100%	24,049	24,807
<i>Less</i>			
Investment Income		(190)	(1,489)
Income from Council Tax, Government Grant and NNDR		(23,526)	(22,909)
<i>Add</i>			
Local Authority Housing - Housing Revenue Account		(13,983)	18,332
Parish Precepts		1,384	1,400
Technical and Other Adjustments (Interest payable, pensions etc)		12,245	(20,131)
(Surplus) / Deficit for the Year		(21)	10

For 2009/10, total income marginally exceeded expenditure by £21,000.

This small surplus has been paid into 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 31st March 2010** built up from net surpluses from previous years.

The Council holds other reserves of **£9.427m at the end of March 2010**. However unlike the uncommitted reserve above, these have been earmarked to support future schemes, projects, initiatives etc in future years.

THE COUNCIL'S BALANCE SHEET (Total ASSETS AND LIABILITIES)

This shows the 'net worth' of the Council at the end of the Financial year which is summarised across the various headings below:

	<i>At the 31st March 2010 £000</i>	<i>At the 31st March 2009 £000</i>
Assets		
Housing Revenue Account - Council Dwellings	145,014	122,304
General Fund Assets - Land, Buildings and other	50,281	51,774
Money owed to the Council	9,755	11,551
Cash and Investments	18,988	16,483
Other Assets	49	36
Total assets	224,087	202,148
Liabilities		
Money owed by the Council	7,352	7,545
Borrowing (including bank overdraft)	24,075	23,752
Liability related to the pension scheme	47,658	35,804
Other Liabilities	5,928	4,432
Total Liabilities	85,013	71,533
'NET WORTH'	139,074	130,615

Apart from Housing Revenue Account Assets and the pension scheme liabilities, there are no significant variations compared with the position last year. In respect of the Housing Revenue Account Assets, the slow recovery in the Housing market has resulted in increases in property values, with an additional £22.7 million included in the balance sheet compared to last year.

The Council's pension liability is subject to a comprehensive three yearly actuarial review with the next one due in 2010/11. The position is updated in the interim years based on specific accounting requirements. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy as the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Within the Council's Statement of Accounts, the finances of INTend, the Council's wholly owned company set up to manage regeneration and other associated activities on behalf of the Council, are consolidated and presented as group accounts. These do not materially affect the Council's own position so have not been included in this summary, but will be available from INTend's website: www.in-tend.org or contact The Company Secretary, INTend, Thorpe Road, Weeley, Essex CO16 9JH.

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.

	2009/10 £'000	2008/09 £'000
Income		
Council House Rents	(10,334)	(10,292)
Other Income	(668)	(685)
Total Income	(11,002)	(10,977)
Expenditure		
Repairs and Maintenance	3,210	2,755
Management and Supervision	2,357	2,414
Depreciation and Impairment of Assets	(10,672)	22,205
Other Costs	2,124	1,935
Total Expenditure	(2,981)	29,309
Net cost of Housing Revenue Account Services	(13,983)	18,332
Net Interest Payable	729	491
Other net costs	186	147
Technical Adjustments	13,029	(19,638)
Transfer to Housing Revenue Account Reserves	(39)	(668)

The surplus at the end of 2009/10 totalling **£0.039 million** was added to amounts carried forward from previous years, increasing the total amount of money held in the Housing Revenue Account Reserve at the end of 2009/10 to **£5.016 million** which will be used to support the Council's landlord activities in future years. In addition to this, other Housing Revenue Account Reserves held at 31 March 2010 are the Housing Repairs Account which stood at **£0.583 million** and the Major Repairs Reserve which stood at **£2.702 million**.

Capital Expenditure

Capital Expenditure is money relating to the purchase, creation or enhancement of assets that have a value to the Council or Community for more than one year. This type of expenditure must be treated separately to the day to day running expenses.

The Council spent **£7.033 million** on capital expenditure in 2009/10. The table below shows how it was spent.

	2009/10 £'000
Council Housing	
Improving and Enhancing Council Stock	1,874
Other	428
General Fund Housing	
Disabled Facilities Grants	876
Local Authority Social Housing Grant Scheme	500
Other	130
General Fund Non - Housing	
Coastal Defence	1,506
Public Conveniences	349
Play Areas	307
Harwich and Clacton Regeneration	156
Relocation of Careline	151
Vehicles	149
Information and Communications Technology	131
Other	476
Total Capital Expenditure	7,033

How the Capital Expenditure was funded

	2009/10 £'000
Supported Borrowing	688
Government Grants	3,995
External Sources of Finance	964
Capital Receipts	203
Leasing	149
Revenue and Reserves	1,034
TOTAL	7,033

UPCOMING FINANCIAL CHALLENGES FACING THE COUNCIL

Brief explanations of some issues that are likely to have an impact on the Council's future financial position are as follows:

- **Reducing the Deficit** - The document *The Coalition: our programme for government* published on 20 May 2010 details the key pledges of the new Government for a five year policy programme. Under the section entitled *Deficit Reduction* the document states "We recognise that deficit reduction and continuing to ensure economic recovery is the most urgent issue facing Britain."

To this end the Chancellor of the Exchequer has announced details of £6.2bn of savings from Government spending in 2010/11. This is to begin to tackle the national deficit of £156bn. The contribution to this overall savings target from Local Government is £1.166bn which will be met by reducing individual grants in 2010/11.

The Government has clearly set out that tackling the deficit takes precedence over other policy and the public sector, including local authorities, is bracing itself for severe reductions in funding from 2011/12 onwards. On the 22 June, the Chancellor presented an emergency budget which set out a programme for spending reductions alongside tax and welfare reforms to address the budget deficit over the term of the Parliament.

- **Comprehensive Spending Reviews (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 in 2007 which informs public sector spending decisions in 2008/09 through to 2010/11. In addition, a spending review framework document has been released which sets out the scope

and timing of the next spending review. This will set out the spending plans over the term of the Parliament and as well as giving further detail on the Government's plans to restrain public sector pay and pensions and to conduct a review of Local Government funding. The results are timetabled to be available in the Autumn 2010. It is hoped that this will give some indication of the reduction in core grant funding which the Council may face for 2011/12 will not be available until November 2010 at the earliest.

- **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 in future years and in the current economic climate amounts received are likely to reduce.
- **Economy** - As previously mentioned, Local Authorities are braced for a very difficult period, which is in addition to the current impact of the recession, for example reduced income and greater demand for services such as housing benefit. Both the scale and speed of economic recovery will have a continuing impact on the Council's financial position and outlook.

The Council has responded to the above challenges via its Annual Financial Strategy Framework, which for 2010/11 includes an Austerity Plan to support the Council in delivering its priorities and quality services in a sustainable way now and in the future.