

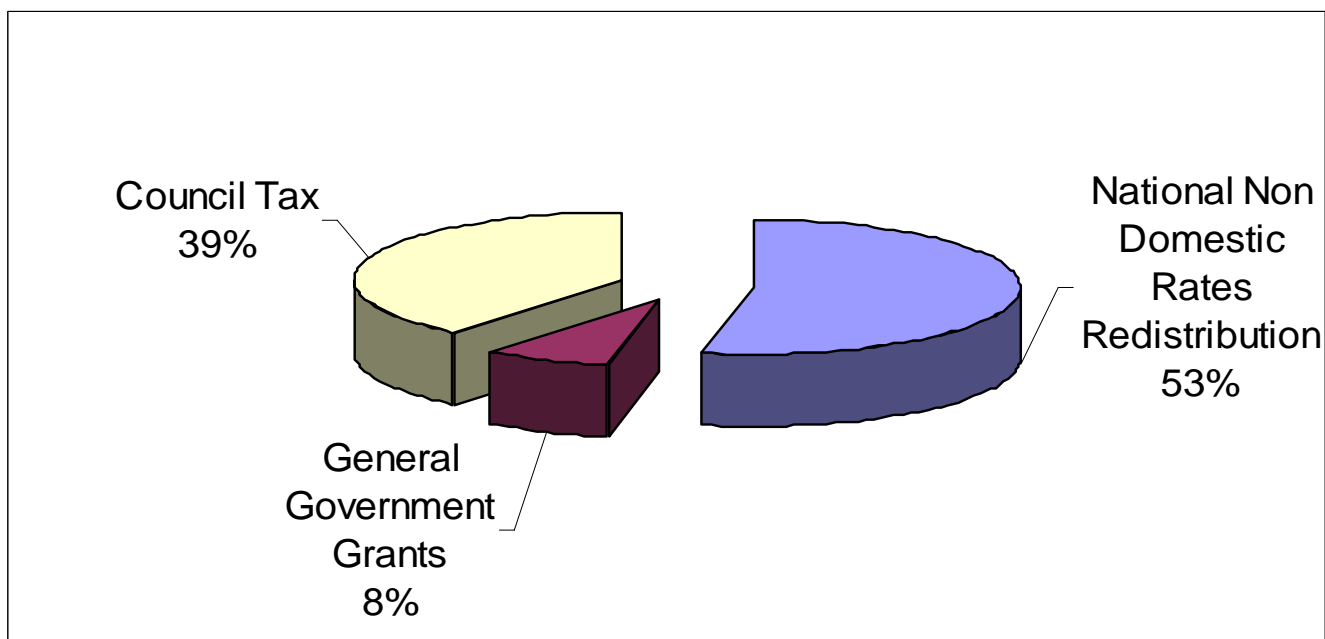
# Tendring District Council

## ANNUAL SUMMARY FINANCIAL INFORMATION 2010/11

Set out below is a summary of the Council's finances for 2010/11 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/DD01BB30-096F-4D59-B841-0410B65F3893/0/StatementofAccounts201011STA.pdf>

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

The total non-service income received for 2010/11 totalled £23.336 million split as follows:



### *The move from a UK GAAP basis to an IFRS basis*

This is the first year that the Council has prepared its accounts under International Financial Reporting Standards (IFRS) as set out in The Code of Practice on Local Authority Accounting in the United Kingdom, which requires the restatement of a number of the amounts reported last year.

## 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 2010/11 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	2010/11 £'000	2009/10 £'000
Central Services to the Public	7%	1,118	1,352
Cultural, Environmental, Regulatory and Planning Services	99%	15,137	15,950
Highways and Transport Services	11%	1,658	1,788
Other Housing Services	8%	1,146	1,016
Adult Social Care	-	5	(19)
Corporate and Democratic Core Expenses	18%	2,773	3,265
Non Distributed Costs	(43)%	(6,582)	33
<b>NET COST OF SERVICES (excl. Housing Revenue Account)</b>	<b>100%</b>	<b>15,255</b>	<b>23,385</b>
<i>Less</i>			
Investment Income		(220)	(225)
Income from Council Tax, Government Grant and NNDR		(23,336)	(25,958)
<i>Add</i>			
Local Authority Housing - Housing Revenue Account		14,055	(13,979)
Parish Precepts		1,412	1,384
Technical and Other Adjustments (Interest payable, pensions etc)		(7,267)	15,372
<b>(Surplus) / Deficit for the Year</b>		<b>(101)</b>	<b>(21)</b>

**For 2010/11, total income exceeded expenditure by £101,000.**

This 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 **£4.000 million at the 31<sup>st</sup> March 2011** built up from net surpluses from previous years.

The Council holds other reserves of **£12.804m at the end of March 2011**. 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 31<sup>st</sup> March 2011 £000</i>	<i>At the 31<sup>st</sup> March 2010 £000</i>
<b>Assets</b>		
Housing Revenue Account - Council Dwellings	120,904	145,014
General Fund Assets - Land, Buildings and other	49,678	48,651
Money owed to the Council	6,682	10,126
Cash and Investments (including bank overdraft)	23,624	17,354
Other Assets	30	49
<b>Total assets</b>	<b>200,918</b>	<b>221,194</b>
<b>Liabilities</b>		
Money owed by the Council	6,448	6,319
Borrowing	22,247	22,441
Liability related to the pension scheme	37,850	47,658
Other Liabilities	431	329
<b>Total Liabilities</b>	<b>66,976</b>	<b>76,747</b>
<b>'NET WORTH'</b>	<b>133,942</b>	<b>144,447</b>

The significant variances were: -

In respect of the Council's housing stock, there was impairment totalling over £24 million in 2010/11 which was primarily due to a revision from 46% to 39% in the adjustment factor the Council is required to apply to its housing stock to reflect the existing use of the assets as social housing rather than based on vacant possession.

In respect of the Council's pension liability, the deficit reported for 2010/11 highlights that, to date the current benefit obligations of the fund are greater than the current value of the assets of the fund. In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has had the effect of reducing the Council's liabilities in the Pension Fund, compared to last year.

Within the Council's Statement of Accounts, the finances of Tendring Regeneration Limited (TRL), 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 however, materially affect the Council's own position so have not been included in this summary.

### **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.

	2010/11 £'000	2009/10 £'000
<b>Expenditure</b>		
Repairs and Maintenance	2,722	3,210
Management and Supervision	2,224	2,357
Depreciation and Impairment of Assets	18,248	(10,668)
Other Costs	2,064	2,124
<b>Total Expenditure</b>	<b>25,258</b>	<b>(2,977)</b>
<b>Income</b>		
Council House Rents	(10,535)	(10,334)
Other Income	(668)	(668)
<b>Total Income</b>	<b>(11,203)</b>	<b>(11,002)</b>
<b>Net cost of Housing Revenue Account Services</b>	<b>14,055</b>	<b>(13,979)</b>
Net Interest Payable	742	729
Other net costs	70	186
Technical Adjustments	(15,205)	13,024
<b>Transfer to Housing Revenue Account Reserves</b>	<b>(338)</b>	<b>(40)</b>

The surplus at the end of 2010/11 totalling **£0.338 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 2010/11 to **£5.355 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 2011 are the Housing Repairs Account which stood at **£1.007 million** and the Major Repairs Reserve which stood at **£2.698 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 **£8.482 million** on capital expenditure in 2010/11. The table below shows how it was spent.

	2010/11 £'000
<b>Council Housing</b>	
Improving and Enhancing Council Stock	2,660
Other	434
<b>General Fund Housing</b>	
Disabled Facilities Grants	964
Other	173
<b>General Fund Non - Housing</b>	
Coastal Defence	666
Coastal Pathfinder - Crag Walk	1,045
Dovercourt Swimming Pool - Redevelopment	143
Weeley Crematorium - Re-bricking cremators	55
Play Areas	459
Harwich and Clacton Regeneration	913
Relocation of Careline	138
Vehicles	326
Information and Communications Technology	171
Other	335
<b>Total Capital Expenditure</b>	<b>8,482</b>

## How the Capital Expenditure was funded

	2010/11 £'000
Supported Borrowing	705
Government Grants	4,557
External Sources of Finance	1,574
Capital Receipts	501
Leasing/Contract Hire	326
Revenue and Reserves	819
<b>TOTAL</b>	<b>8,482</b>

## 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** - Since its formation just over a year ago, the Coalition Government has undertaken measures to reduce the level of spending in the public sector. This culminated in the announcement on the 31<sup>st</sup> January 2011 by the Secretary of State for Communities and Local Government of the final Local Government Finance Settlement for 2011/12 and the provisional figure for 2012/13. As widely expected the settlement was the worst seen for many years and resulted in an average reduction of 15% and 13% respectively in shire district local authority formula grant funding. The Council is currently in the progress of identifying how it can meet the required savings of **£4.4 Million** resulting from this reduction in funding.
- **Reorganisation** - Amongst other things the Council is currently implementing a major structural review, which will deliver savings to support the target required and highlighted above.
- **Ongoing Government initiatives** - There are a number of these that could have an impact on the financial position of the council over the coming years the most prominent of which are the proposed changes to benefits administration and the localisation of council tax benefit and the Local Resource Review. The latter review is considering options as to how local authorities could effectively be funded from locally raised income without the need for the centralised formula grant distribution model. It includes proposals to allow local authorities to retain local business rates rather than paying them into a central pool. The work on council tax and business rate localisation is ongoing but is likely to inform the budget process for 2013/14 onwards.
- **The Localism Bill** - As part of this Bill, it is proposed that the Housing Revenue Account (HRA) be self-financing from April 2012, which will see the end of the Housing Subsidy System. Tendring District Council expected to 'buy out' of the current subsidy via a payment to the Government in excess of £30 Million.