

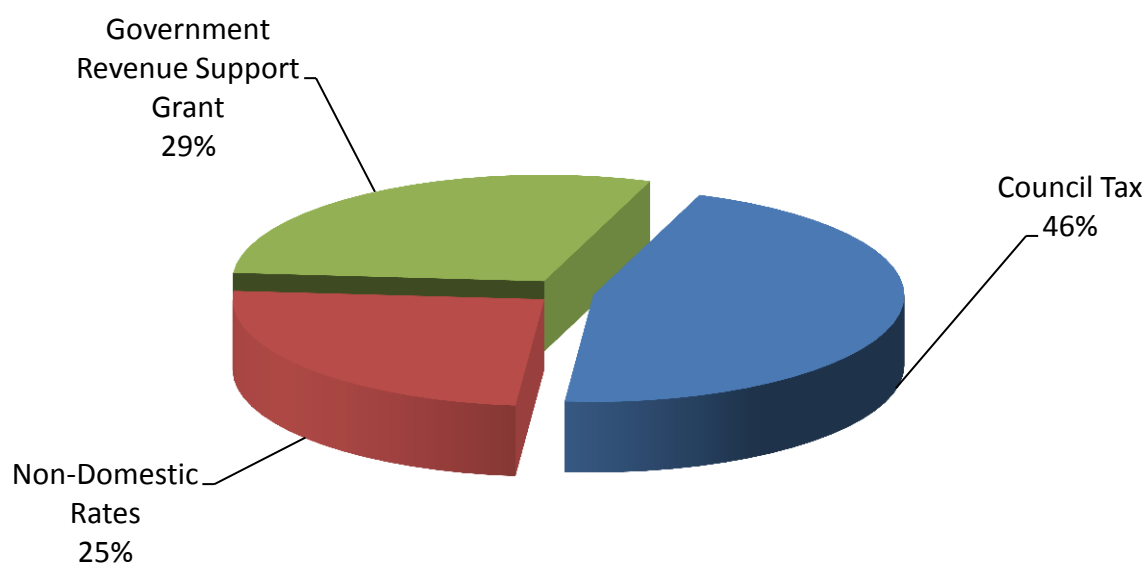
Tendring District Council

ANNUAL SUMMARY FINANCIAL INFORMATION 2014/15

Set out below is a summary of the Council's finances for 2014/15 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 is available on the Council's website by clicking the link: [HERE](#)

HOW THE COUNCIL'S NET EXPENDITURE IS FUNDED

The Council's net expenditure for 2014/15 totalled £17.422 million, funded 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 2014/15 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 on page 1.

	% of total net cost of Services	2014/15 £'000	2013/14 £'000
Central Services to the Public	4	818	688
Cultural and Related Services	26	4,771	2,703
Environmental and Regulatory Services	35	6,209	6,579
Planning Services	12	2,286	2,241
Highways and Transport Services	2	435	(99)
Other Housing Services	6	1,051	1,247
Adult Social Care	-1	(140)	(156)
Corporate and Democratic Core Expenses	15	2,801	2,554
Non Distributed Costs	1	165	106
Net Cost of Services (excl. Housing Revenue Account)	100	18,396	15,863
Less			
Investment Income		(258)	(196)
Income from Council Tax, Government Grant and NDR		(17,422)	(18,482)
Add			
Local Authority Housing - Housing Revenue Account		(4,947)	(5,933)
Parish Precepts		1,327	1,287
Technical & Other Adjustments (Interest payable, pensions etc)		2,904	7,461
(Surplus) / Deficit for the Year			
		0	0

FOR 2014/15 - INCOME BALANCED EXPENDITURE

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 remains unchanged at £4.000 million at the 31st March 2015, built up from net surpluses from previous years.

The Council holds other Non-Housing Revenue Account reserves of £22.314m at the 31st March 2015. 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

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

	At the 31st March 2015 £'000	At the 31st March 2014 £'000
Assets		
Housing Revenue Account – Council Dwellings	129,345	122,521
General Fund Assets – Land, Buildings and other	70,194	57,077
Money owed to the Council	6,134	5,624
Cash and Investments	43,108	40,981
Other Assets	318	38
Total assets	249,099	226,241
Liabilities		
Money owed by the Council	11,368	9,959
Borrowing	50,713	52,931
Liability related to the pension scheme	54,865	46,039
Other Liabilities	1,732	2,180
Total Liabilities	118,678	111,109
NET WORTH		
	130,421	115,132

The significant variances were: -

Pension Liability - In respect of the Council's pension liability, the deficit reported for 2014/15 highlights that to date the current benefit obligations of the fund are greater than the current value of the assets of the fund. This deficit has increased at the end of 2014/15 compared to 2013/14 primarily as a result of a lower discount being applied when determining the liability, although the value of pension fund assets also increased during the year. Statutory arrangements for funding the deficit means that it will be made good by contributions over the remaining working life of employees. Further changes to the Local Government Pension Scheme came into force from April 2014 which have had an impact on the future pension liability.

General Fund Assets - The main reason for this change is an increase in Assets Under Constuction relating to the Coast Protection project, which is explained later in the 'Upcoming Financial Challenges' section.

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 3,200 housing properties that it owns. Although these figures are included within the Income and Expenditure Account already set out above, more detailed information is shown below.

	2014/15 £'000	2013/14 £'000
Expenditure		
Repairs and Maintenance	3,374	3,273
Supervision and Management	2,518	2,226
Depreciation and Impairments of Assets	3,351	2,088
Net Interest Payable	1,558	1,602
Debt Repayments	1,964	1,964
Other Costs	204	229
Total Expenditure	12,969	11,382
Income		
Council House Rents	(13,241)	(12,839)
Other Income	(1,153)	(910)
Total Income	(14,394)	(13,749)
Net Cost of Housing Revenue Account Services	(1,425)	(2,367)
Technical and Other Adjustments	1,644	1,821
Transfer from/(to) Housing Revenue Account Reserves	219	(546)

The deficit at the end of 2014/15 totalling £0.219 million adjusted for amounts carried forward from previous years; however, the total amount of money held in the Housing Revenue Account Reserve at the end of 2014/15 is £6.153 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 31st March 2015 are the Housing Repairs Account which stood at £1.423 million and the Major Repairs Reserve which stood at £3.200 million.

In terms of significant variances, there has been an increase in the cost of depreciation and impairment of assets compared to 2013/14 due to an impairment charge incurred on the acquisition of land in Jaywick. Discussions are ongoing with the Government in terms of potentially reversing this out of the accounts, but to date confirmation from them remains outstanding.

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 from the day to day running expenses.

The Council spent £22.320 million on capital expenditure in 2014/15. The tables below show how it was spent and funded.

How the Capital Expenditure was spent	2014/15 £'000
Council Housing	
Improving and Enhancing Council Stock	3,368
New Build Initiative and Acquisitions	1,592
Other	510
General Fund	
Disabled Facilities Grants	1,088
Coastal Defences	13,673
Beach Changing Facilities	150
Cremator Replacement and Crematorium Car Park	196
Childrens Play Areas	135
Sports/Leisure Facilities - Redevelopment	1,012
Information and Communications Technology	479
Other	117
Total Capital Expenditure	22,320

How the Capital Expenditure was funded	2014/15 £'000
Government Grants	13,785
External Sources of Finance	1,555
Leasing/Contract Hire	0
Capital Receipts	370
Revenue and Reserves	6,610
Total Capital Funding	22,320

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 or relate to significant projects are as follows: -

➤ **Impact of Current Economic Climate**

The Government continue to undertake measures to reduce the level of spending in the public sector. Tendring's revenue support grant receivable from the Government in 2016/17 will not be known until later on in the year with further significant reductions expected not only in 2016/17 but also in 2017/18 and beyond.

➤ **Financial Risk**

There remains a significant element of financial risk that the Council faces due to the introduction of the Localisation of Business Rates. There is now a greater impact of local decisions on the financial position of the Council in addition to general economic conditions. The Council therefore needs to remain alert to the financial risk such changes bring and the potential impact on its overall financial position in the years to come.

➤ **Coast Protection Works**

2014/15 was the first year of a two year scheme to deliver a significant coast protection project across the Clacton to Holland-on-Sea coastline. The total project costs are estimated at £36.000 million and is one of the largest projects undertaken by this Council. The Council is working with its funding partners (Environment Agency and Essex County Council) in managing the financial risks associated with a project of this magnitude.

➤ **Regeneration of Jaywick**

This is one of the Council's key priorities which saw a number of land purchases in Jaywick during 2014/15. The Council is working with both Public and Private Sector partners to deliver regeneration activities in Jaywick, with work remaining in progress during 2015/16.

The above are included as key actions within the Annual Governance Statement that is included at the end of the Full Statement of Accounts which can be found by clicking on the link highlighted at the beginning of this document.