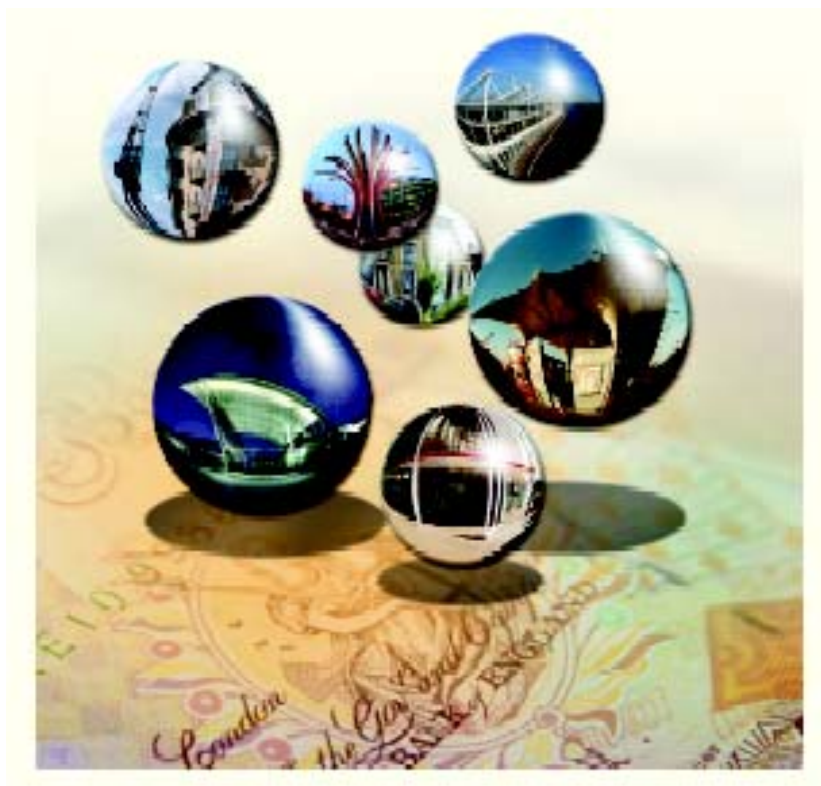


LONDON BOROUGH OF NEWHAM

SUMMARY STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2004



London Borough of Newham Statement Of Accounts 2003/04

- The statement of accounts are a formal record of how the council has spent its resources in the financial year to 31st March 2004.
- The Executive Director of Resources is responsible for preparing the accounts for presentation and for signing them to say that they 'present fairly the financial position of the authority'.
- The Council's external auditors, PricewaterhouseCoopers are appointed by the Audit Commission. The external auditors have given an unqualified opinion on the formal statement of accounts for 2003/04.
- The information presented in this summary includes :
 - ♦ Revenue Account
 - ♦ Housing Revenue Account
 - ♦ Council Tax
 - ♦ Capital Expenditure
 - ♦ Balance Sheet
 - ♦ Cash Flow
 - ♦ Actual v Budgeted Expenditure
 - ♦ Performance Indicators
 - ♦ Comprehensive Performance Assessment
 - ♦ Financial Management

Future Service Developments and Expenditure Plans - "The Vision"

"By 2010 Newham will be a major business location where people choose to live and work"

This is Newham Council's vision and the main driving force behind its future service developments and expenditure plans.

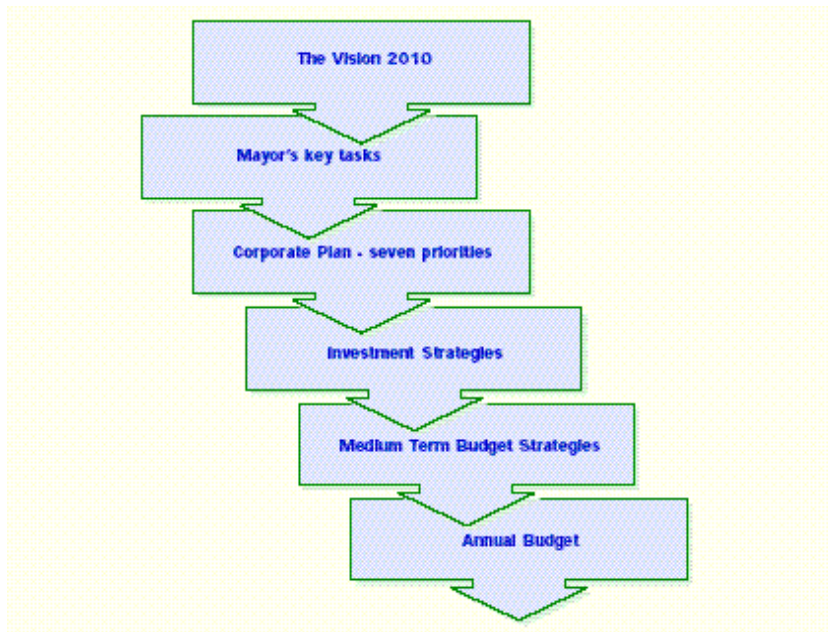
In an area with some of the UK's worst deprivation, expenditure is strictly prioritised, targeting areas of most need and those that are most important to local people.

- Cross cutting themes run through all of the priorities, which are;
 - ♦ Educational Achievement
 - ♦ Public Realm
 - ♦ Health and Well-being
 - ♦ Human Resources and Business Efficiency
 - ♦ Social Services
 - ♦ Crime & Anti-Social Behaviour
 - ♦ Social & Physical Regeneration

These priorities are set out within the council's corporate improvement plan and all have key targets to ensure that the council's performance can be monitored and evaluated on a regular basis.

Spending decisions are related to strategies enabling resources to be targeted at areas of need and invested in the future of the borough and its residents

- Each year the Council publishes a **Corporate Plan** setting out the annual steps on how the **2010 Vision** will be achieved. This combines the Mayor's priorities with the Community Strategy and aligns these targets with the medium term budget strategy and annual service budgets.
- The **Community Strategy** has been drawn up by the Local Strategic Partnership and sets out the following aspirations for Newham to achieve the Vision:
 - ♦ A better environment for all
 - ♦ Building an active and inclusive community
 - ♦ Investing in young people
 - ♦ Making Newham safer
 - ♦ Narrowing the health gap
 - ♦ Business growth and access to jobs
- The current "**Moving to excellence**" initiative is a comprehensive review of the services the Council provides.
- This review will look for ways to develop a "**Whole Council**" approach to find ways to provide services more efficiently in a cost-effective manner.



- Within the Capital Programme, total planned expenditure of is £230 million over the next three years.
- In 2004/05, the Council's net budget requirement is £418.1 million.

Reader Feedback

This is the first year that a summarised statement of accounts document has been published.

If there is any additional information that you would like to see in future editions, please contact Kevin Miles, the Council's Chief Accountant (e-mail kevin.miles@newham.gov.uk)

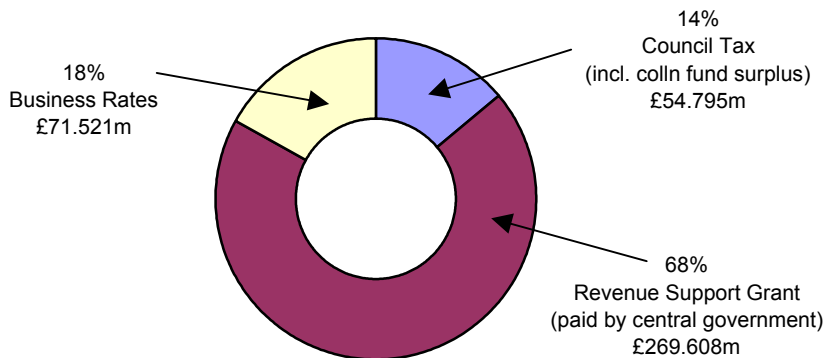
Official versions of the Statement of Accounts are available on the Council website www.newham.gov.uk

The Cost of Council Services - Revenue Account

- The Revenue account summarises the council's revenue income and expenditure for services during the year and shows the resultant change in the level of reserves.

2002/03 Restated Net Expenditure	Revenue Account for the year	Gross Expenditure	2003/04 Gross Income	Net Expenditure
£000s Services		£000s	£000s	£000s
213,378	Education Services	282,178	(53,335)	228,843
82,286	Social Services	145,446	(54,345)	91,101
48,466	Housing Services	366,636	(333,948)	32,688
19,450	Highways, Roads and Transport Services	27,696	(8,551)	19,145
60,170	Cultural, Environmental and Planning Services	84,150	(31,110)	53,040
142	Court and Probation Services	147	-	147
6,147	Corporate and Democratic Core	7,480	(1,509)	5,971
11,641	Central Services to the Public	51,580	(37,351)	14,229
2,419	Non Distributed Costs	953	-	953
444,099	Net Cost Of Services	966,266	(520,149)	446,117
(54,303)	Less: Other Expenses			(2,237)
389,796	Net Operating Expenditure			443,880
(38,637)	Appropriations and other internal accounting			(48,079)
351,159	Amount to be met from Grants and local taxation			395,801
Financed by:				
(47,957)	Council Tax			(53,669)
(243,200)	Revenue Support Grant			(269,608)
(70,954)	Business Rates			(71,521)
(1,848)	Collection Fund Surplus			(1,126)
(12,800)	Net General Fund (surplus) for the year			(123)
(12,645)	General Fund Balance B/Fwd from previous year			(25,445)
(25,445)	General Fund Balance C/Fwd to following year			(25,568)

Income



Council Tax

- Newham has the 8th Lowest Band D council tax in London

Description	2001/02	2002/03	2003/04
Basic amount of Council tax for a band D property in Newham	£827.66	£884.50	£1,004.66
Comparison against London average	£855.26	£895.36	£1,057.93

Housing Revenue Account

- ♦ By law, Local authorities are required to maintain a separate landlord account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of housing.

Housing Revenue Account Summary		2003/04
		£000s
Income		
Council Property Rents (gross)		(64,974)
Other Income		(84,199)
Total Income		(149,173)
Expenditure		
Repairs and Maintenance		14,794
Supervision and Management		35,725
Other Costs		109,378
Total Expenditure		159,897
Net Cost of Services		10,724
HRA AMRA Adjustments		(11,294)
Total deficit/(surplus) for the year		(570)
Balance 1st April 2003		(10,447)
Balance 31st March 2004		(11,017)

There was a reduction in housing stock from 21,754 on 31st March 2003 to 20,797 on 31st March 2004, with the majority due to 888 right to buy sales.

The council owned the following types and numbers of houses at 31st March 2004:

Houses and Bungalows	5,050
Low rise flats	1,961
Medium rise flats	9,040
High rise flats	4,676
Shared Dwellings	70
Total	20,797

Capital Expenditure

- ♦ The Council invests for the future in its buildings, in the infrastructure of the area and by acquiring assets by means of Capital Expenditure.

Capital Expenditure Summary		2003/04
		£000s
Education		17,694
Housing		42,161
Culture & Community		2,614
Corporate		9,384
Social Services		1,829
Environment		7,831
SRB/ERDF/NDC/Surestart		16,174
Total Expenditure		97,687
Financed by:		
		£000s
Loan (Credit Approval)		37,544
Capital Grants and Contributions		35,920
Major Repairs Allowance		17,573
Use of Capital Receipts		7,885
Revenue Finance		-
		98,922
Reduction in Capital Creditors		(1,235)
Total Expenditure		97,687

The main items of Capital Expenditure were:

	£000s
▪ Royal Docks School	1,608
▪ New Deal for Schools	3,475
▪ <i>Salway Arts Centre</i>	1,090
▪ <i>Education & Planned Maintenance</i>	4,285
▪ <i>House Renovation Grants</i>	2,438
▪ <i>IT Investment Strategy</i>	8,216
▪ <i>Langdon Sports Hall</i>	1,387
▪ <i>Improvement & modernisation of existing housing</i>	32,103

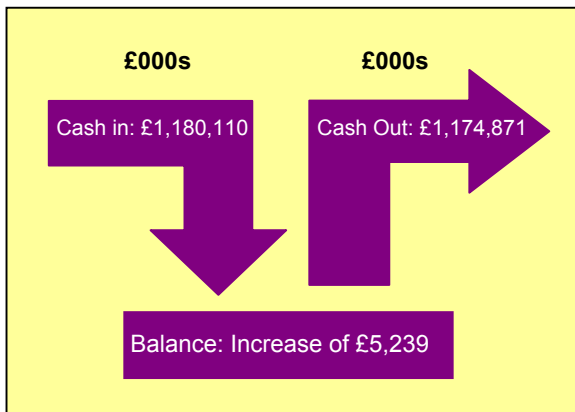
Balance Sheet

- ♦ The balance sheet communicates information about the financial position of the Council and is a statement of the council's assets and liabilities, showing all of the resources controlled by them and their equivalent obligations.

2003		Balance sheet at 31st March		2004	
£000s				£000s	£000s
1,784,635	FIXED ASSETS			2,084,452	
	i.e. Buildings				
	Land				
	Vehicles, Plant & Equipment				
174,866	CURRENT ASSETS		173,705		
	i.e. Debtors and Prepayments				
	Cash and Bank				
	Investments				
(127,247)	LESS CURRENT LIABILITIES		(144,604)		
	i.e. Receipts in Advance				
	Creditors				
	Bank Overdraft				
47,619	Net Current Assets			29,101	
1,832,254	Total Assets Less Current Liabilities			2,113,553	
(1,072,281)	OTHER LIABILITIES			(1,007,399)	
759,973	Total Assets less Total Liabilities			1,106,154	

Cash Flow

- The cash flow statement shows the movements in the Council's cash balances resulting from transactions with external organisations.



Actual v Budgeted Expenditure and Income

- ♦ The following table shows the council's budgeted income and expenditure against actual income and expenditure, from which it can be seen that net expenditure was less than anticipated.

Actual v Budget 2003/04	Actual	Budget
	£000s	£000s
Service Expenditure	861,922	858,287
Service Income	(520,149)	(515,675)
	341,773	342,612
Capital Financing Costs	55,679	57,261
Total net Expenditure	397,452	399,873
(Use of) Reserves	(1,529)	(3,950)
Budget Requirement	395,923	395,923

Performance Indicators

- ◆ The Council monitors its performance and how well it provides services through performance and Best Value indicators.

BVPI NO. 2003/04	Description	2002/03 Actuals	2003/04 Actuals	2004/05 Target
BV8	The percentage of commercial goods and services that were paid by the authority within 30 days of such invoices being received.	77%	86%	100%
BV9	The percentage of council tax collected (the percentage of council tax due for the financial year which was received).	90.01%	91.00%	92.5%
	After three years, council tax collection rates were:	92.50%	93.44%	97%
BV10	The percentage of non-domestic rates due for the financial year which was received.	97.70%	98.67%	99%
BV66a	Local authority rent collection and arrears : proportion of rent collected	93.96%	94.87%	96%
BV12	The number of working/shifts lost due to sickness absence	12.50 days	12.17 days	8.8 days
Localce1	Answering letters from members of the public : Acknowledged or fully respond to within 10 days	98%	93.71%	95%
BV157	The number of types of transactions that are enabled for electronic delivery	64%	99.33%	100%

For further information, please refer to <http://apps.newham.gov.uk/democracy/bestvalue/bvpp2004/performanceplan.htm>

Comprehensive Performance Assessment (CPA)

- ◆ The CPA is a key element of the government's performance framework for local government.
- ◆ The CPA is about helping local councils improve services for their communities.
- ◆ The CPA looks at how well the council delivers its services and how well the council is run.
- ◆ Newham LBC was measured as GOOD in December 2003, achieving 3/4 for services and 3/4 for council ability.
- ◆ According to the audit commission, based on its current plans, the council is now well placed to further improve the way it works and the services it provides to local people.
- ◆ In December 2003, Newham's core services were reviewed and each service's performance was as follows:

Core Service Performance:	
◆ Use of Resources	4
◆ Education	3
◆ Social Care (adults)	2
◆ Social Care (children)	2
◆ Environment	2
◆ Housing	3
◆ Libraries and Leisure	2
◆ Benefits	3

Financial Management

- ◆ Where the Council's external auditors provide an opinion that the financial statements produced are 'unqualified', indicates that they are reliable

	2001/02	2002/03	2003/04
<i>Annual Accounts Submitted on time:</i>	✓	✓	✓
<i>Number of Audit Qualifications:</i>	0	0	0

For further information, please refer to www.audit-commission.gov.uk/cpa