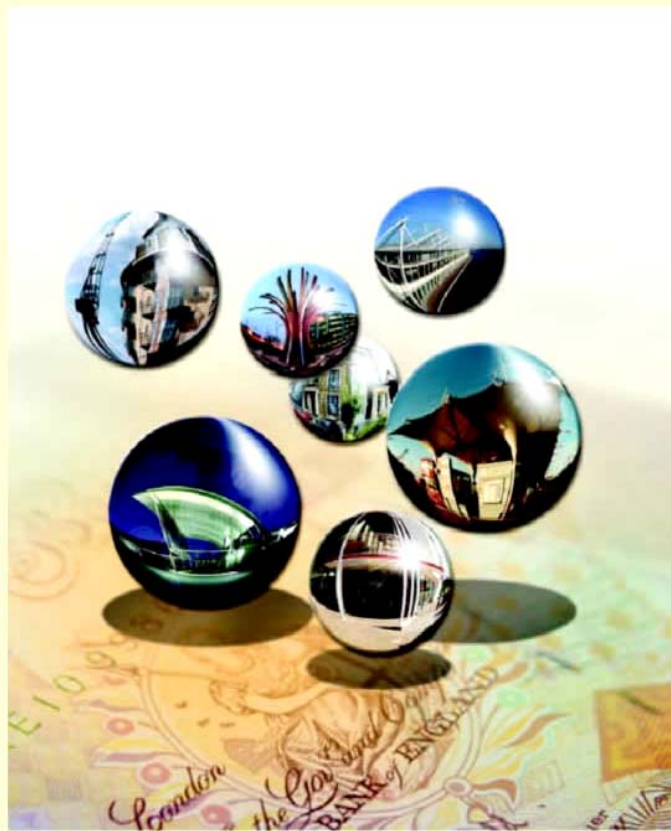




ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDING 31st MARCH 2008



Annual Report 2007/2008

Newham Council's Annual Report and Accounts for the year ending 31st March 2008

This report sets out the Council's performance in 2007/08

Foreword

It's been a good year for Newham. This year we've seen:

- ❖ Improved GCSE Results
- ❖ Election of Newham's first Young Mayor
- ❖ Launch of LIVE LIFE programme which got many of you making the most of what your borough has to offer
- ❖ Anti-social behaviour and environmental issues tackled through the Street Pride Project

Despite all of this positive work, we know there is still much to be done, particularly in areas such as recycling, street cleaning and crime.

Newham's financial management ensures that the Council has financial stability over future years. The most recent acknowledgement of our ability came in the Council's 2007 Comprehensive Performance Assessment (CPA) where we received a top score of 4 for "Use of Resources". This helped the Council to achieve an overall score of 3, resulting in the Council receiving a "Performing Well" rating.

- ❖ The Council is committed to delivering excellent services, while keeping Council Tax low. Effective use of financial resources means that Newham has set the lowest Council Tax in Outer London for 2008/09.
- ❖ The continued Moving to Excellence review is looking at alternative ways of providing services to the community in a more efficient and innovative manner to generate future revenue savings. The Council is on target to achieve the savings expected by Central Government.
- ❖ Savings during 2007/08 have generated contributions to reserves for use in improving future services.

Our Priorities

The Council's Vision is that "Newham is a major business location and a place where people will choose to live, work and stay." Priorities set out to achieve the vision are:

- ❖ Better Health and Wellbeing
- ❖ Investing in Children & Young People
- ❖ Building an Active and Inclusive Community
- ❖ Making Newham Safer
- ❖ Business Growth and Access to Jobs
- ❖ Shaping Sustainable Communities

Environmental Footprint / Sustainability Report

The Council is concerned about its impact on the environment and is taking action to reduce its carbon footprint. The Council is working with the Energy Savings Trust to develop a more accurate methodology for measuring emissions. The climate change plan in place addresses the following areas:

- ❖ Higher targets for recycling have been set. So the Council is working hard to get people to recycle more by increasing door-to-door orange bag collections.
- ❖ Newham aims to become a Fair-trade Borough in 2008.
- ❖ A procurement plan is being adopted to underpin sustainability. Procurement are leading on a project to increase the use of green energy, the purchasing of supplies from environmentally aware organisations and the reduction of waste.
- ❖ The purchase of Building 1000 will reduce the Council's carbon footprint in the longer term. The new building is more energy efficient compared to the older buildings the Council uses, and with a large number of staff in one building, more sustainable office practices will be put in place.

Summary of the Council's Accounts 2007/08

This document is a summary of the Council's financial activities in the year to 31st March 2008.

The full Statement of Accounts are a formal record of how the Council has spent its resources in the financial year to 31st March 2008. This document can be found on the Council's website. <http://www.newham.gov.uk/Services/FinancialManagementAccountancyAndPensions/AboutUs/statementofaccounts.htm>

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 Council'.

The Council's external auditors, PricewaterhouseCoopers, are appointed by the Audit Commission.

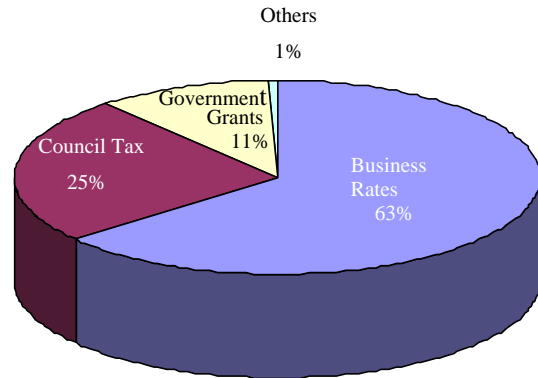
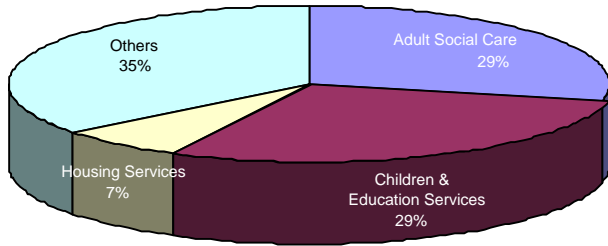
The Cost of Council Services - Income and Expenditure Account

The Income and Expenditure Account summarises the Council's revenue income and expenditure for services during the year and shows the resultant change in the level of reserves.

Net Spend 2006/07 £millions	Income and Expenditure Account for the year	Gross Spend 2007/08 £millions	Gross Income 2007/08 £millions	Net Spend 2007/08 £millions
12.5	Central Services to the Public	93.0	(79.5)	13.5
10.9	Corporate and Democratic Core	7.8	(0.8)	7.0
0.2	Court and Probation Services	0.2	0.0	0.2
54.1	Cultural, Environmental and Planning Services	103.8	(47.1)	56.7
90.2	Education Services	409.3	(339.6)	69.7
13.8	Highways, Roads and Transport Services	26.5	(14.3)	12.2
(8.8)	Local Authority Housing (HRA)	97.7	(107.0)	(9.3)
5.4	Housing Services	417.2	(400.3)	16.9
69.4	Adult Social Care	96.3	(25.4)	70.9
0.6	Non Distributed Costs	6.7	0.0	6.7
248.3	Net Cost Of Providing Services	1258.5	(1,014.0)	244.5
57.7	Less: Other Expenses			52.8
306.0	Net Operating Expenditure			297.3
	<i>Financed by:</i>			
1.7	Contribution to Collection Fund deficit			1.1
(1.0)	Local Authority Business Growth Incentive Grant			(1.7)
(62.3)	Council Tax Income - From Collection Fund			(65.6)
(30.3)	Revenue Support Grant			(28.0)
(157.2)	Business Rates			(167.0)
(249.1)	Total Income			(261.2)
56.9	Net (Surplus)/ Deficit for the year			36.1
(63.9)	Reversal of non cash items (such as depreciation)			(16.8)
(7.0)	Decrease/(Increase) in General Fund Balance			19.3

Service Expenditure

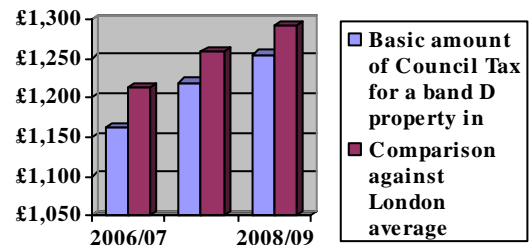
How the Council pays for your Services



Council Tax Level at Newham:

❖ Newham has set the lowest Outer London Council Tax for 2008/09.

Description	2006/07	2007/08	2008/09
Basic amount of Council Tax for a band D property in Newham	£1,162.52	£1,219.74	£1,255.45
London Average	£1,214.11	£1,258.19	£1,291.66



Council Housing

The Council provides social housing for the community and this is recorded in the Housing Revenue Account.

Housing Revenue Account	£millions
Income	
Council Property Rents (gross)	(64.3)
Other Income	(43.1)
Total Income	(107.4)
Expenditure	
Repairs and Maintenance	14.3
Employee Costs	43.3
Other Costs	37.1
Total Expenditure	94.7
Net Cost of Services	(12.7)
Other adjustments	12.4
Deficit/(surplus) for the year	(0.3)
Balance (Surplus) at 1st April 2007	(6.0)
Balance (Surplus) at 31st March 2008	(6.3)

There was a reduction in housing stock from 18,653 to 18,437 in the year to 31st March 2008.

Housing Stock comprised of:

Houses and Bungalows	4,730
Low Rise Flats	4,181
Medium Rise Flats	5,528
High Rise Flats	3,974
Shared Dwellings	24
Total	18,437

The cash flow statement shows the movements in the Council's cash balances resulting from transactions with external organisations, for revenue and capital purposes.

Cash Flow:

Cash Flow	£millions
Cash In - 2007/08	1,681.0

Cash Out	1,669.5
Overall Increase in Cash	11.5

Actual v Budget:

The following table shows the Council's budgeted income and expenditure against the actual income and expenditure.

Budget vs Actual 2007/08	Budget £millions	Actual £millions
Service Expenditure	1,244.8	1,249.3
Service Income	(1,000.1)	(1,014.0)
Capital Financing Cost	19.1	18.3
Total Net Expenditure	263.8	253.6
Reserve movement	(3.1)	7.1
Budget Requirement	260.7	260.7

Balance Sheet

The assets owned and amounts owed by the Council are recorded in the Balance sheet.

Capital Expenditure

Money spent by the Council for the long-term benefit of the community is called capital expenditure.

Capital Expenditure Summary	2006/07 £million	2007/08 £million	The main items of Capital Expenditure during 2007/08	£millions
Housing (Social Housing)	45.7	86.1	Building 1000	79.8
Corporate (including Building 1000)	13.5	84.3	Improvement & Modernisation of existing Housing	79.7
Children & Young People	15.6	13.4	Custom House & Canning Town Project	9.4
Custom House & Canning Town	4.6	9.8	Transport for London Infrastructure Projects	6.4
Public Realm/Regeneration	10.3	8.7	Private Sector Renewal Scheme	5.7
Other Housing	8.6	8.5	Single Status Capitalisation	4.5
Adults	2.1	5.7	Telecare & Whole System Demonstrator	3.9
Equal Pay Capitalisation	0.0	4.5	Children's Centres	3.3
Culture & Community	0.7	3.8	Modernisation of Schools	3.2
Other Expenditure	2.4	0.8	Building Schools for the Future	2.0
Total Expenditure	103.5	225.6		197.9
Financed by:				
Borrowing	49.8	168.3		
Capital Grants & Contributions	33.3	46.5		
Major Repairs Allowance	12.4	9.4		
Capital Receipts	8.0	1.3		
Total Financing	103.5	225.6		

Reader Feedback:

We welcome your views on the format, content and usefulness of this Annual Report. If you have any questions or comments on this document please email Chief.Accountant@newham.gov.uk. Or write to the Chief Accountant, Room 46, Old Technical College, 328 Barking Road, East Ham, London, E6 2RP. Accessibility to this document can be made available in different formats and languages upon request.