

# SUMMARY STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009



## **London Borough of Newham Statement Of Accounts 2008/09**

- This document is a summary of the Council's financial activities in the year to 31st March 2009.
- The full Statement of Accounts are a formal record of how the Council has spent its resources in the financial year to 31st March 2009. This document can be found on the Council's website.
- 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 information presented in this summary includes :
  - ♦ Actual v Budgeted Expenditure
  - ♦ Balance Sheet
  - ♦ Capital Expenditure
  - ♦ Cash Flow
  - ♦ Council Tax
  - ♦ Housing Revenue Account
  - ♦ Income and Expenditure Account

### **Reader Feedback**

We welcome your views on the format, content and usefulness of the Summary Statement of Accounts. What you say is important to us as it will help us to improve the way in which we communicate financial information in the future.

If you would like the information in another version, e.g. large print, braille, tape, or translated to an alternative language, please email [chief.accountant@newham.gov.uk](mailto:chief.accountant@newham.gov.uk)

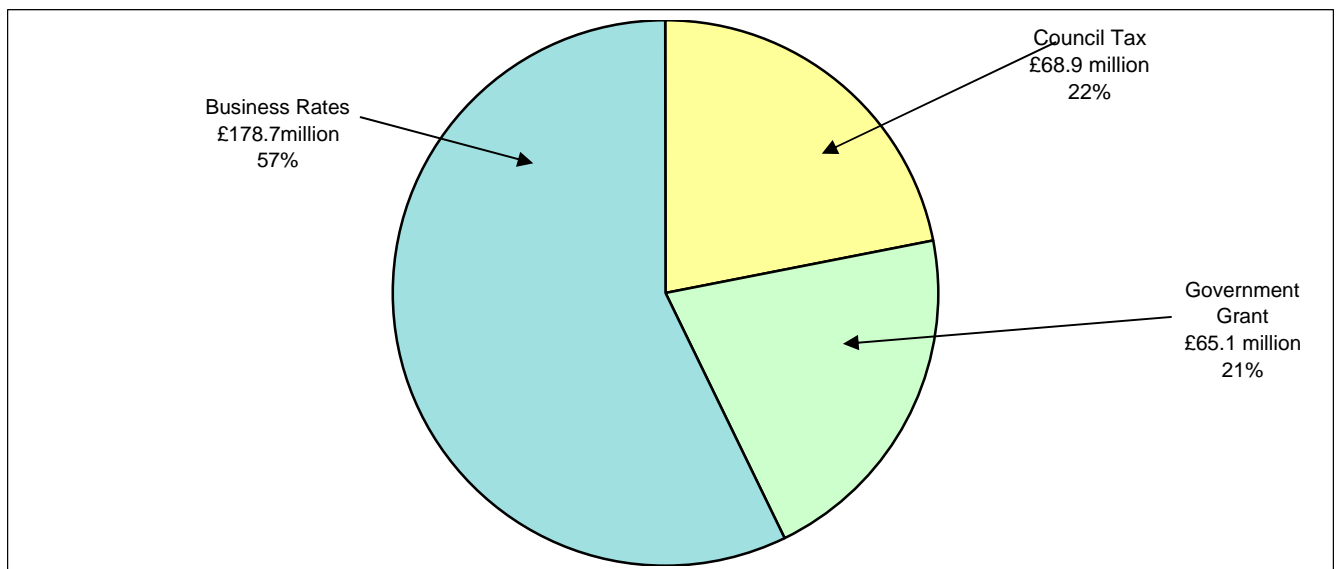
Official versions of the Statement of Accounts are available on the Council website [www.newham.gov.uk](http://www.newham.gov.uk)

**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 2007/08	Income and Expenditure Account for the year	Gross spend 2008/09	Gross income 2008/09	Net Spend 2008/09
£millions		£millions	£millions	£millions
69.7	Children and Education Services	569.1	(352.5)	216.6
71.0	Adult Social Care	109.6	(30.0)	79.6
56.7	Cultural, Environmental and Planning Services	87.1	(17.3)	69.8
(9.2)	Local Authority Housing (HRA)	155.0	(112.4)	42.6
16.8	Housing Services	408.4	(384.0)	24.4
13.5	Central Services to the Public	104.5	(83.1)	21.4
12.1	Highways, Roads and Transport Services	28.0	(15.7)	12.3
7.0	Corporate and Democratic Core	8.1	(3.3)	4.8
6.9	Other Costs	1.9	0.0	1.9
<b>244.5</b>	<b>NET COST OF SERVICES</b>	<b>1471.7</b>	<b>(998.3)</b>	<b>473.4</b>
45.4	Interest payable and similar charges			50.7
7.4	Other expenses			11.0
<b>297.3</b>	<b>NET OPERATING EXPENDITURE</b>			<b>535.1</b>
	Financed by:			
(65.6)	Newham council tax income due			(68.9)
(28.0)	Government revenue support grant			(32.3)
(167.0)	Business rates			(178.7)
(0.6)	Other grants			(32.8)
<b>(261.2)</b>	<b>Total income</b>			<b>(312.7)</b>
<b>36.1</b>	<b>NET DEFICIT FOR THE YEAR</b>			<b>222.4</b>
(16.8)	Reversal of non cash items (such as depreciation)			(220.5)
<b>19.3</b>	<b>In year reduction in general fund reserve balance</b>			<b>1.9</b>
(36.8)	General fund reserves brought forward from previous year			(17.5)
<b>(17.5)</b>	<b>General fund reserves carried forward to future years</b>			<b>(15.6)</b>

**Income**



**Council Tax**

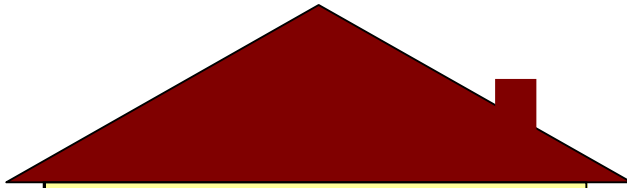
**Newham has set the lowest Outer London Council Tax for 2009/10.**

Description	2007/08	2008/09	2009/10
Basic amount of Council Tax for a band D property in Newham	£1,219.74	£1,255.45	£1,255.45
Comparison against London average	£1,361.02	£1,402.10	£1,426.16

Source: <http://www.londoncouncils.gov.uk>

**Housing Revenue Account**

The Council provides social housing for the community and this is recorded in the Housing Income and Expenditure Account



<b>Housing income &amp; Expenditure For 2008/09</b>	
<b>£ millions</b>	
<b>Income</b>	
Council Property Rents (gross)	(65.8)
Other Income	(40.9)
<b>Total Income</b>	<b>(106.7)</b>
<b>Expenditure</b>	
Repairs and Maintenance	14.4
Employee Costs	41.8
Other Costs	36.3
<b>Total Expenditure</b>	<b>92.5</b>
Net Cost of Services	(14.2)
Other adjustments	15.2
<b>Deficit for 2008/09</b>	<b>1.0</b>
Balance at 1st April 2008	6.3
<b>Balance at 31st March 2009</b>	<b>5.3</b>

In 2008/09 Newham spent £97.1 million on the improvement and modernisation of existing housing.

**The council owned the following types and numbers of houses at 31st March 2009:**

Houses and Bungalows	4,787
Low rise flats	4,221
Medium rise flats	5,452
High rise flats	4,047
Hostels	21
<b>Total</b>	<b>18,528</b>

**Capital Expenditure**

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

<b>Capital Expenditure Summary</b>	<b>2007/08</b>	<b>2008/09</b>
	£ million	£ million
Housing (Social Housing)	86.1	101.1
Corporate Schemes	84.3	29.8
Children & Young People	13.4	31.1
Custom House & Canning Town	9.8	5.8
Public Realm/Regeneration	8.7	6.8
Other Housing	8.5	7.8
Adults Social Care	5.7	2.8
Culture & Community	3.8	5.6
Other Expenditure	5.3	1.7
<b>Total Expenditure</b>	<b>225.6</b>	<b>192.5</b>
<b>Financed by:</b>		
Borrowing	168.3	117.4
Capital Grants & Contributions	46.5	52.6
Sale of Assets	1.4	11.2
Major Repairs Allowance	9.4	10.7
Capital Creditors	0	0.6
<b>Total Financing</b>	<b>225.6</b>	<b>192.5</b>

**The main items of Capital Expenditure during 2008/09 were:**

	<b>£ millions</b>
Improvement & Modernization of existing housing	97.1
Newham Dockside	24.7
Children's Centres	4.8
Private Sector Renewal Scheme	4.7
Custom House and Canning Town Project	2.8
Building Schools for the Future	2.0
Modernisation of Schools	1.8
Telecare & Whole System Demonstrator	1.7
Transport for London Infrastructure Projects	1.4
	<b>141.0</b>

Within the Capital Programme, total planned expenditure is £478 million over the next three years.

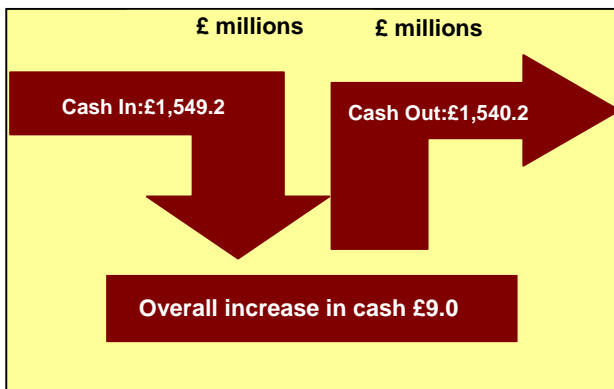
**Balance Sheet**

The assets owned and amounts owed by the Council are recorded on the balance sheet

2007/08	Balance sheet at 31st March		2008/09
£ millions			£ millions £ millions
	<b>FIXED ASSETS</b>		
1,172.2	Council Dwellings		1,007.3
887.1	Other Land & Buildings		750.6
468.1	Other Long term assets		556.1
<b>2,527.4</b>	<b>Total Long Term Assets</b>		<b>2,314.0</b>
	<b>CURRENT ASSETS</b>		
124.4	Debts owed to Council	133.8	
(41.3)	less provisions for non collection	(42.5)	
58.2	Investments	142.8	
19.7	Cash & other assets	19.9	
<b>161.0</b>	<b>Total Current Short-Term Assets</b>		<b>254.0</b>
	<b>CURRENT LIABILITIES</b>		
(199.4)	Short-Term/Temporary Loans	(279.2)	
(78.7)	Creditors Owed	(119.6)	
(30.8)	Bank Overdraft	(21.9)	
<b>(308.9)</b>			<b>(420.7)</b>
	<b>OTHER LIABILITIES</b>		
(656.8)	Long-Term Loans	(738.0)	
(429.3)	Pension Scheme Liability	(393.4)	
(272.1)	Other Liabilities	(296.7)	
<b>(1,358.2)</b>			<b>(1,428.1)</b>
<b>1,021.3</b>	<b>Total Assets Less Liabilities</b>		<b>719.2</b>
	<b>Financed By:</b>		
70.1	Usable Reserves		77.1
951.2	Non-Usable Reserves		642.1
<b>1,021.3</b>	<b>Total Reserves</b>		<b>719.2</b>

**Cash Flow**

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



**Actual v Budgeted Expenditure and Income**

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

Budget vs Actual 2008/09 Includes Schools & HRA	Budget £ millions	Actual £ millions
Service Expenditure	1,269.9	1,270.2
Service Income	(983.2)	(998.3)
	<b>286.7</b>	<b>271.9</b>
General Fund Reserve Reduction	(6.9)	(1.9)
Increase in Other Reserves		<b>9.8</b>
<b>Budget Requirement</b>	<b>279.8</b>	<b>279.8</b>

In 2009/10, the Council's net budget requirement is £288.7 million.