



# SUMMARY STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2007



**London Borough of Newham Statement Of Accounts 2006/07**

- The statement of accounts are a formal record of how the Council has spent its resources in the financial year to 31st March 2007.
- 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 2006/07 formal statement of accounts.
  
- The information presented in this summary includes :

- |                                  |  |
|----------------------------------|--|
| ♦ Income and Expenditure Account | ♦ Cash Flow                            |
| ♦ Housing Revenue Account        | ♦ Actual v Budgeted Expenditure        |
| ♦ Council Tax                    | ♦ Performance Indicators               |
| ♦ Capital Expenditure            | ♦ Comprehensive Performance Assessment |
| ♦ Balance Sheet                  | ♦ Financial Management                 |

**Future Service Developments and Expenditure Plans - "The Vision"**

**"Newham is a major business location and a place where people will choose to live, work and stay."**

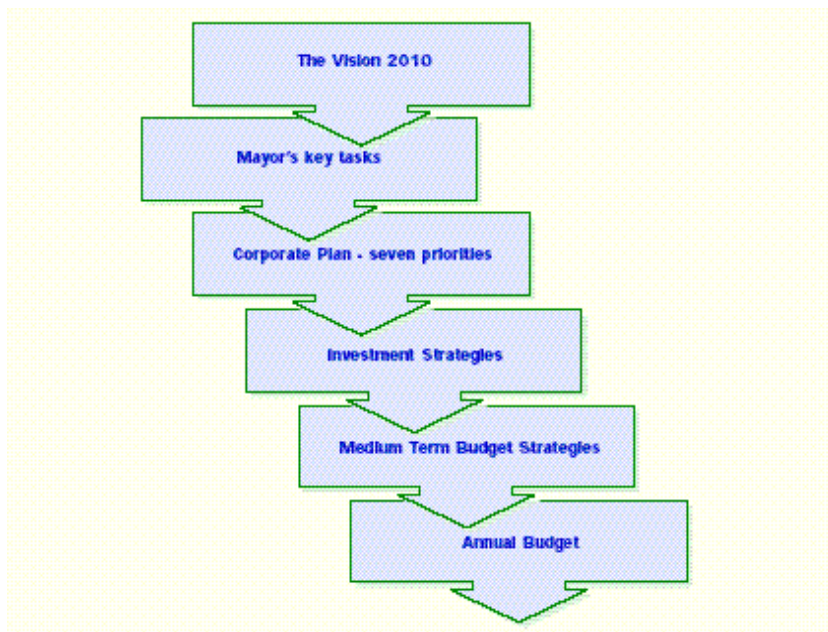
This is Newham Council's vision and the main driving force behind its future service developments and expenditure plans.

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	♦ Social Services
♦ Public Realm	♦ Crime & Anti-Social Behaviour
♦ Health and Well-being	♦ Social & Physical Regeneration
♦ Human Resources and Business Efficiency	

- Each year the Council publishes a **Corporate Plan** setting out the annual steps on how the **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 Council has a corporate objective of delivering excellence service to its community.
- 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 is £514 million over the next three years.
- In 2006/07, the Council's net budget requirement was £250 million.

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### **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 contact 0208 430 2000 or email [kevin.miles@newham.gov.uk](mailto:kevin.miles@newham.gov.uk)

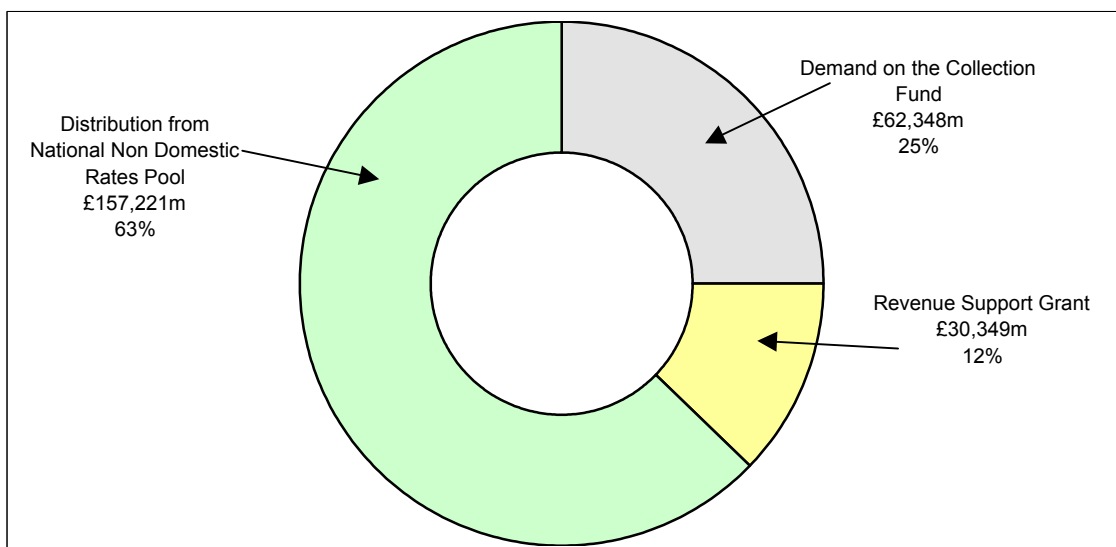
Official versions of the Statement of Accounts are available on the Council website [www.newham.gov.uk](http://www.newham.gov.uk)

**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.

2005/06		Income and Expenditure Account for the year		2006/07	
Net Expenditure		Gross Spend	Gross Income	Net Spend	
£000s	Services	£000s	£000s	£000s	£000s
17,231	Central Services to the Public	85,848	(73,345)	12,503	
9,272	Corporate and Democratic Core	12,160	(1,252)	10,908	
158	Court and Probation Services	178	0	178	
48,924	Cultural, Environmental and Planning Services	83,567	(29,474)	54,093	
243,604	Education Services	323,451	(282,908)	40,543	
13,448	Highways, Roads and Transport Services	44,375	(30,536)	13,839	
(426)	Housing Services	475,723	(473,402)	2,321	
105,367	Social Services	160,415	(38,194)	122,221	
53	Non Distributed Costs	568	0	568	
<b>437,631</b>	<b>Net Cost Of Services</b>	<b>1,186,285</b>	<b>(929,111)</b>	<b>257,174</b>	
61,502	Less: Other Expenses			57,732	
<b>499,133</b>	<b>Net Operating Expenditure</b>			<b>314,906</b>	
	<b>Amount to be met from Grants and local taxation</b>				
	<i>Financed by:</i>				
0	Contribution to Collection Fund deficit			1,729	
(641)	Local Authority Business Growth Incentives (LABGIs)			(1,017)	
(61,055)	Demand on the Collection Fund			(62,348)	
(295,751)	Revenue Support Grant			(30,349)	
(83,527)	Distribution from National Non Domestic Rates Pool (NNDR)			(157,221)	
58,159	<b>Net (Surplus)/ Deficit for the year</b>			<b>65,700</b>	
	Net additional amount required by statute and non-statutory proper practices to be debited or credited to				
(65,126)	the General Fund Balance for the year			(63,874)	
<b>(6,967)</b>	<b>(Increase)/Decrease in General Fund Balance for the Year</b>			<b>1,826</b>	

**Income**



**Council Tax**

- Newham has been amongst the Authorities with the Lowest Council tax increase in recent years.

Description	2005/06	2006/07	2007/08
Basic amount of Council tax for a band D property in Newham	£1,111.91	£1,162.52	£1,219.74
Comparison against London average	£1,161.93	£1,214.11	£1,258.19

**Housing Revenue Account**

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

**Housing Revenue Account 2006/07**

<b>Housing Revenue Account Summary</b>		<b>£000s</b>
<b>Income</b>		
Council Property Rents (gross)	(61,266)	
Other Income	(42,591)	
<b>Total Income</b>	<b>(103,857)</b>	
<b>Expenditure</b>		
Repairs and Maintenance	15,389	
Supervision and Management	42,415	
Other Costs	32,943	
<b>Total Expenditure</b>	<b>90,747</b>	
Net Cost of Services	(13,110)	
Other Incomes and Charges deficit/(surplus) for the year	28,933	
	<b>15,823</b>	
Balance 1st April 2006	(8,856)	
Net additional amount required by statute to be debited/ (credited)	(12,947)	
<b>Balance 31st March 2007</b>	<b>(5,980)</b>	

There was a reduction in housing stock from 19,078 on 31st March 2006 to 18,653 on 31st March 2007, with the majority due to 141 right to buy sales, 233 demolitions and 79 other disposals plus 28 buybacks.

**The council owned the following types and numbers of houses at 31st March 2006:**

Houses and Bungalows	4,775
Low rise flats	8,187
Medium rise flats	1,947
High rise flats	3,720
Shared Dwellings	24
<b>Total</b>	<b>18,653</b>

**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.

<b>Capital Expenditure Summary</b>		<b>2006/07</b>
		<b>£000s</b>
Education	15,578	
Housing	54,283	
Culture & Community	690	
Corporate	19,050	
Social Services	2,157	
Environment	9,307	
SRB/ERDF/NDC/Surestart	2,394	
<b>Total Expenditure</b>	<b>103,459</b>	
<b>Financed by:</b>		<b>£000s</b>
Supported/Unsupported Borrowing	49,076	
Capital Grants and Contributions	33,331	
Major Repairs Allowance	12,376	
Use of Capital Receipts	7,939	
Revenue Finance	0	
	<b>102,722</b>	
Increase in Capital Creditors	737	
<b>Total Expenditure</b>	<b>103,459</b>	

**The main items of Capital Expenditure were:**

	<b>£000s</b>
♦ Modernisation of Schools	2,524
♦ House Renovation Grants	1,203
♦ SRB** Schemes (exc Housing)	2,142
♦ New Deal Communities (exc Housing)	664
♦ Neighbourhood Renewal Fund	657
♦ Shaftesbury Sports Hall	1,440
♦ Children's Centre	4,297
♦ Improvement & modernisation of existing housing	39,678
♦ IT Investment Strategy	12,229
♦ Custom House&CanningTown Project	4,370
♦ Newham Young People's College	1,509
♦ Education Planned Maintenance	1,437
♦ Invest to Save	498

\*\* - Single Regeneration Budget

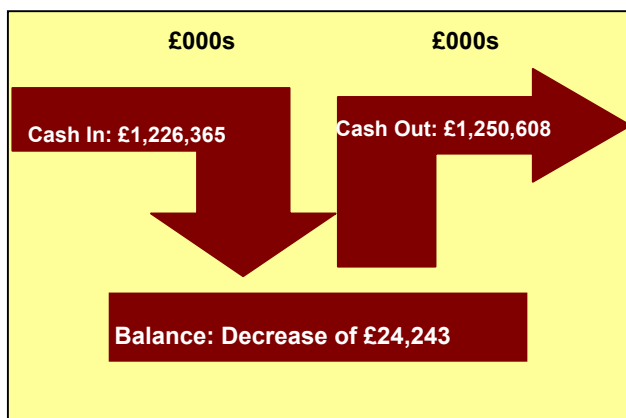
**Balance Sheet**

- ♦ 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 equivalents obligations.

2005/06		Balance sheet at 31st March		2006/07	
£000s				£000s	£000s
1,926,587	<b>FIXED ASSETS</b>				2,046,815
	i.e. Buildings				
	Land				
	Vehicles, Plant & Equipment				
1408	<b>LONG TERM DEBTORS</b>				1,258
236,928	<b>CURRENT ASSETS</b>		244,273		
	i.e. Debtors and Prepayments				
	Cash and Bank				
	Investments				
(173,783)	<b>LESS CURRENT LIABILITIES</b>		(258,788)		
	i.e. Receipts in Advance				
	Creditors				
	Bank Overdraft				
63,145	<b>Net Current Assets</b>				(14,515)
1,991,140	<b>Total Assets Less Current Liabilities</b>				2,033,558
(1,246,441)	<b>OTHER LIABILITIES</b>				(1,131,855)
744,699	<b>Total Assets less Total Liabilities</b>				901,703

**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.
- ♦ From this, it can be seen that net expenditure was more than anticipated, with there also being an increase in reserves.

Budget vs Actual 2006/07	Budget	Actual
	£000s	£000s
Service Expenditure	1,136,508	1,164,456
Service Income	(911,727)	(928,013)
	<b>224,781</b>	<b>236,443</b>
Capital Financing Costs	32,449	33,544
<b>Total net Expenditure</b>	<b>257,230</b>	<b>269,987</b>
Contribution To/(Use of) Reserves	(7,311)	(20,068)
<b>Budget Requirement</b>	<b>249,919</b>	<b>249,919</b>

**Performance Indicators**

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

BVPI No.	Description	Actuals 04/05	Actuals 05/06	Actuals 06/07	Targets 07/08
BV8	The percentage of invoices for commercial goods and services that were paid by the authority within 30 days of such invoices being received by the authority.	87.67%	89.45%	91.50%	100.00%
BV9	The percentage of council tax due for the financial year which was received by the authority.	90.95%	90.51%	90.51%	93.00%
BV10	The percentage of non-domestic rates due for the financial year which was received.	99.16%	99.18%	99.17%	99.20%
BV66A	Rent collected by the Local Authority as a proportion of rents owed on Housing Revenue Account (HRA) dwellings.	95.89%	96.57%	98.82%	98.20%
BV12	The number of working days/shifts lost due to sickness absence.	11.08 days	11.02 days	11.33 days	8.08 days
Localce1 (CORP4)	Percentage Letters received from the public responded to within 10 working days.	78.02%	86.51%	72.71%	100%

**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 Improving Well and demonstrating a 3 star for overall performance
- ◆ According to the Audit Commission, Newham is ambitious and improving services in corporate priority areas.
- ◆ Progress has been made in key services including housing and adult social care and positive outcomes achieved for residents.

- ◆ Each service's performance was as follows:

Core Service Performance:	2006
◆ Use of Resources	4
◆ Culture	2
◆ Social Care (adults)	3
◆ Children & Young People	3
◆ Environment	2
◆ Housing	3
◆ Benefits	3

For further information, please refer to [www.audit-commission.gov.uk/cpa](http://www.audit-commission.gov.uk/cpa)

**Financial Management**

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

	2004/05	2005/06	2006/07
Annual Accounts Submitted on time:	✓	✓	✓
Number of Audit Qualifications:	0	0	0