

London Borough of Newham

2007/08 Report to those charged with governance



The Audit Board
London Borough of Newham
Town Hall
Barking Road
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22 September 2008

Ladies and Gentlemen

2007/08 Report to those charged with governance

We are pleased to present the final version of our report on the results of our audit work for 2007/08. We hope that the information contained in this report provides a useful source of reference for members.

Yours faithfully

PricewaterhouseCoopers LLP

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Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In March 2005 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

Executive summary

The purpose of this report

This report summarises the results of our audit work from our 2007/08 audit of the Council's annual accounts.

It includes the issues arising from our audit of the financial statements and those issues which we are formally required to report to you under the Audit Commission's Code of Audit Practice and International Standard on Auditing (UK & Ireland) (ISA(UK&I)) 260 - "Communication of audit matters with those charged with governance".

It also includes the results of the work we have undertaken on 'Use of Resources' under the Code of Audit Practice, to support our formal conclusion in this area.

Our work during the year was performed in line with the plan that we presented to you in 2007. We have issued a number of reports during the audit year, detailing the findings from our work and making recommendations for improvement, where appropriate. A list of these reports is included at Appendix A to this letter.

We have set out below the most important issues and recommendations that we have discussed with you in the course of our work.

Financial Statements

We have now substantially completed our audit of the Council's 2007/08 Financial Statements and we hope to issue an unqualified opinion on them

following the Audit Board meeting on the 22nd September 2008. We have noted several matters that we wish to bring to your attention including:

- The accounting treatment of General Fund premiums and discounts;
- Single Status developments;
- Discrepancies between the Council's Fixed Asset Register and the information maintained by the Property Services Team;
- Provisions for "Star Chamber" and "Back Office Review" implementation costs;
- Implementation of Financial Reporting Standards 25, 26 and 29;
- PFI accounting and disclosures;
- Accounting and disclosures for operating leases granted by the Council; and
- Potential liabilities relating to Caboodle Ltd.

These matters have been set out in more detail within the Financial Statements section of this report.

Use of Resources

Under the Audit Commission Code of Practice, we are required to give an opinion on the Council's use of resources. This annual assessment evaluates how well the Council manages and uses its financial resources.

We have received the Council's self assessments for 2008 and have carried out an initial review of them. We are still in the course of gathering our evidence and at this stage, are not in a position to provide members with an updated judgment. We anticipate providing management with the results of our updated assessment on 17 November 2008, in line with the Audit Commission's guidance for auditors.

Based on the initial review, and our knowledge of the Council's performance in 2007/08, we intend to issue an unqualified Use of Resources conclusion in relation to the 2007/08 year.

This opinion has been arrived at following an assessment of the Council against a set of criteria issued by the Audit Commission.

In the absence of updated use of resources scores, the findings from our 2006/07 review have been summarised in the Use of Resources section of this letter.

Financial statements

Accounts

The Council provided a set of accounts, completed to a good standard, to us in accordance with our agreed timetable.

Our audit of the Council's accounts is substantially complete; however, there are a small number of outstanding issues that need to be resolved before we can give our opinion on the financial statements. These issues relate to the resolution of the accounting treatment for General Fund Premiums and Discounts, completion of our audit work in Life Long Learning and Children's Services, Financial Instruments Accounting and Disclosures and the review of the final version of the consolidated accounts.

Unadjusted misstatements

We are required to report to you all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature. There are no material unadjusted misstatements for us to bring to the attention of members.

Accounting Issues

We are required to report to you our view on qualitative aspects of the Council's accounting practices and financial reporting and in that regard have set out below our observations on key issues affecting the Council.

We also bring to your attention the corrected misstatements set out in Appendix C to this report which we consider significant enough to bring to

your attention.

The accounting treatment of General Fund Premiums and Discounts

We have paid particular attention to the Council's accounting treatment for the loan restructuring exercise undertaken in 2007/08 as it is the first year that statutory provisions rather than accounting rules apply to the arrangements for the spreading of premiums and discounts that arise other than from an exchange or modification of loans. The key principles of SORP 2007 and Statutory Instruments are complex. We have not set them out here. Instead we have focussed on the impact of the accounting treatment of the premiums and discounts.

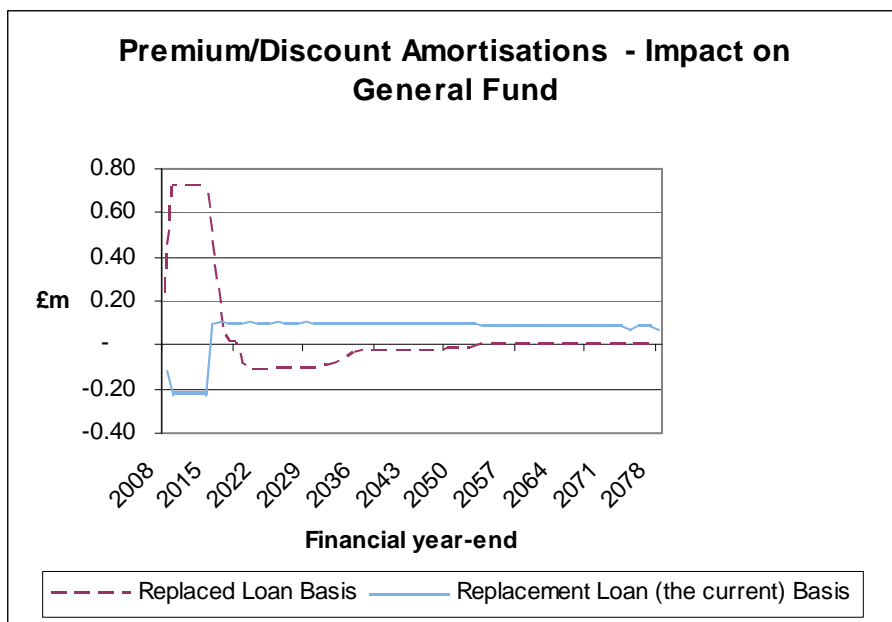
Accounting treatment adopted by the London Borough of Newham

The total principal loan amount restructured was £191m. As a result of the restructuring the total premiums paid were £17.7m and discounts received were £9.1m. The general fund (GF) share of the above premiums and discounts is £6.2m and £3.2m respectively. The remainder of the discounts and premiums relate to HRA and have been spread over the shorter of the life of the redeemed loan or ten years, in line with the Item 8 HRA subsidy determination.

For the GF proportion the Council has applied the statutory provisions in the 2003 Capital Financing Regulations (as amended) to spread the General Fund premiums and discounts over (respectively) a longer term represented by the life of the replacement loans (with a maximum of 70 years) and a shorter term (ten years) than the period over which the notional losses and

gains would have been accrued under the repaid loans.

The following chart demonstrates the net effect programmed for the General Fund over the next 70 years, the term of the majority of new loans. The “replaced loan basis” line shows the net charge to the general fund if premiums and discounts were spread over the life of the replaced loan and represents the net gain/loss the Council will make as a result of repaying these loans early. The “replacement loan basis” shows the Council’s proposals to spread the premiums over the life of the replacement loans and discounts over ten years. The impact is to convert a series of losses anticipated for the next ten years (and less substantial annual gains for the 40 years thereafter) into a series of gains of comparable size for the next ten years (followed by 60 years of less substantial annual losses).



The issue then is whether the Council is mandated by the 2003 Regulations to defer the net financial effect of the premiums and discounts as highlighted above, or whether it should be constrained by considerations of prudence and consistency, such that costs and benefits are more closely balanced.

Our expectation is that consideration should be given to a spreading profile based on the unexpired term of the repaid loans, which would match the dotted red line in the diagram above.

We have discussed this issue with management during the audit and received assurance from the Monitoring Officer that she is satisfied that the Council has “acted in accordance with the Regulations and applicable guidance”. The Monitoring Officer is also satisfied that the Council has acted reasonably in accordance with the Wednesbury principles. We have also received detailed correspondence from the Head of Finance as to the prudence and consistency of the accounting treatment.

PricewaterhouseCoopers conclusion

We have considered the responses by the Head of Finance and the Monitoring officer in respect of the accounting treatment and confirmed to them our concerns as to the prudence and consistency of the Council’s treatment.

On the basis that the sums involved, which are not material to the 2007/08 accounts we are not qualifying our opinion. In doing so, we are not providing positive assurance to the Council that their accounting treatment of the transactions is appropriate. We recognise that there can be differing interpretations of accounting treatments. Our decision should not be seen as setting a precedent for future transactions of this nature, which we will review based on their individual circumstances.

We do have concerns about the transparency of the decision making processes and the information that went to Members when the accounts were presented to the Audit Board in June 2008. In particular, we believe that the revenue impacts over the relevant periods of this treatment should have been included in the report and their justification explained.

As the Council’s accounting treatment is significantly dependent on the interpretation of statutory provisions, we are also concerned that the Council did not commission a view from their legal officers on any aspect of the transactions before they were concluded. We note that the Monitoring Officer has confirmed in writing that she is satisfied that the interpretation is appropriate.

We remind the Council that the duty under the 2003 Regulations to consider the debits and credits made to revenue in respect of premiums and discounts is an annual one and any decisions taken in respect of 2007/08 will need to be refreshed in subsequent years. We would recommend that the Council reviews the prudence of the current accounting treatment annually to ensure that it continues to meet its statutory financial and accounting obligations.

Single Status

The Implementation Agreement, which formed part of the 2004 Local Government Services Pay Agreement, included an obligation that all local authorities complete and implement a Local Pay Review. This Review obliged authorities to implement the Single Status provisions contained within the 1997 Implementation and ensure equality in pay and conditions for staff doing similar jobs.

Although the Council has implemented its Single Status scheme and settled the majority of back pay claims received, judgements and decisions continue to be made through the Courts that have a potentially substantial impact on the assumptions that the Council has made in implementing Single Status.

The August issue of the Municipal Journal reported on three such cases that have been recently determined:

- the Allen ruling against Middlesbrough Council - indirect discrimination against 27 women when agreeing backdated pay that did not maximise what the women were owed;
- the Bainbridge ruling against Redcar and Cleveland - unjustifiable reliance on pay protection schemes to defend unequal pay scales experienced by women; and
- the Guttridge judgement against contractor Sodexo - an equal pay clause should have been transferred with female cleaners under a TUPE agreement.

The report includes the views of senior solicitors that all authorities in England and Wales could be affected by these judgements, even though the majority have now implemented Single Status schemes and settled back pay

claims.

In our discussions with the Council we have confirmed that there has been a change in the single status position following the recent court decisions relating to other authorities where payments have been made for protected jobs. We have been advised that officers are confident that no further provisions are required.

We recommend that the Council considers the current situation and justification for the current treatment of including no further provisions for potential Single Status liabilities arising from new claims under the Allen, Bainbridge, Guttridge and other similar judgements in the future and ensure that Members have agreed this course of action.

Discrepancies between the Council's Fixed Asset Register and the information maintained by the Property Services Team

There is a discrepancy between the Council's fixed asset register and the information maintained by the Property Services Team. This issue was identified in during 2006/07 and management continues to work to resolve the difference.

During the year 11 properties (valued at £11,475k) were added to the Fixed Asset Register to correct historical errors.

Management have explained that the Council's Corporate Land Registration Project, carried out in conjunction with the Land Registry, will enable the Council to voluntarily register all its land ownership ahead of official registration in 2012. The project is being managed on a phased basis and should identify any sites not currently included in the Council's asset register. Once identified, additional sites will be valued by Property Services and included within the asset register, The project will also enable comparison of data to identify whether any assets currently included on the Corporate asset register are no longer in the Council's ownership. The timescale for the completion of this project is September 2008.

We recommend that the Council ensures that the outcome of this exercise is reviewed; additional sites identified are valued and added to the asset register before 2008/09 accounts closedown.

Provisions for “Star Chamber” and “Back Office Review” implementation costs:

Earlier in 2007, the Mayor established arrangements to challenge and review all Council budgets, known as the “Star Chamber” process. All Services presented options through which to generate budget savings. These options were then examined in great detail to ensure they are capable of delivery between 2007 and April 2010.

Furthermore, when the Council approved the acquisition of Building 1000 to provide a “single back office”, one of the drivers was to secure savings and efficiencies across all back office services.

The overall programme of savings amounts to over £32m by 31 March 2011. Delivery of this is phased over the three-years, in line with the Council’s budget planning framework.

However to make these savings the Council will incur implementation costs, including redundancy costs for posts which have been removed. To cover some of this cost a provision of £6m has been correctly included in 2007/08 accounts.

The Council should review this provision on on-going basis to ensure any additional implementation costs are identified and recognised in accordance with FRS 12 in future periods.

Implementation of Financial Reporting Standard 25, 26 and 29

SORP 2007 requirements in relation to accounting and disclosures for financial instruments are based on the Financial Reporting Standard (FRS) 26 Financial Instruments: Recognition and Measurement, FRS 25 Financial Instruments: Presentation and Disclosures and FRS 29 Financial Instruments. The date of transition to the new FRS 25, FRS 26 and FRS 29 based financial instruments requirements of the 2007 SORP is 1 April 2007.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term ‘financial instrument’ covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

2007/08 is the first year when local authorities have to comply with the requirements of FRS 25, 26 and 29. We have carried out a detailed review of the Council’s financial instruments disclosures and accounting to review complies with the applicable standards.

The Council has now adjusted the carrying amount of the relevant loans to include the accrued interest payable and receivable which was initially disclosed within creditors (£13m) and accrued income (£4.5m) respectively.

We recommend that due to the complexity of financial instruments the Council continues to review the existing and future financial instruments to ensure compliance with the relevant accounting standards.

PFI Accounting and Disclosures:

The Council is required to recognise and disclose the residual interest, reversionary interest and prepayments for Canning Town Housing, Cumberland Schools and Joint Schools PFI schemes.

We have reviewed the calculation for the residual interest, prepayments and reversionary interest and noted the following issues:

Residual Interest: The method applied to calculate the residual interest by the Council profiles the residual interest in a slightly different way from what is the accepted profiling of residual interest for PFI schemes. The method applied by the council starts with a big residual interest value in Yr1 then slightly smaller amounts in the future years; however the acceptable method gives a smaller amount in earlier years. The net difference between the two methods is stated below:

	2006/07	2007/08
Total Difference:	(164,570)	(983,297)

The impact is the understatement of debtors by the above amounts in 2006/07 and 2007/08. However it should be noted that over the life of the PFI schemes both methods of calculating residual interest will result in the same value.

However no adjustment is proposed as International Financial Reporting Standards will bring the Council's PFI schemes on its balance sheet from 2010/11.

We also noted that currently the total value of Canning Town residual interest has been treated as prepayment. However this value needs to be split between reversionary interest and prepayment because assets worth £62m were transferred to the PFI provider at the beginning of the PFI scheme. The Council is proposing not to recognise any reversionary interest for the buildings transferred. This is because the estimated Useful Economic Life of the building is 25 years and if no work is carried out these buildings will not be worth anything when the PFI scheme will end in 2034.

The Council is also proposing to recognise the reversionary interest for land based on the assumption that the land was 40% (£25.2m) of the assets transferred. Due to the difficulties in obtaining land valuation for the year 2034, it was agreed that the Council will recognise the reversionary interest of £25.2m in 2007/08 accounts. However the Council has agreed to review this valuation for 2008/09 accounts.

Accounting and disclosures for operating leases granted by the Council

During the course of our audit work, we noted that the council has granted some operating leases to other organisations for parts of Building 1000. However the rental income (£250k) was not treated in line with the SORP 2007 which requires the rental income to be recognised on straight line basis over the lease terms regardless of when the actual cash is received.

We also noted that no disclosures were made in the accounts for operating leases granted.

- The Council has now agreed to recognise the notional rent of £250k as income and debtors in 2007/08 accounts; and
- Include additional disclosures in the accounts to ensure compliance with the SORP 2007 disclosure requirements.

Potential Liability Relating to Caboodle Limited

Caboodle Solutions Ltd. was a joint venture limited company owned by London Borough of Newham and Bull Information Systems Ltd. and had been incorporated within the Council's group accounts as a joint venture. However a decision was taken in 2007/08 to discontinue the operations of Caboodle and distribute the balance of assets to investors.

As per discussions with the Council, Bull Information Systems Limited has been discussing a potential pension's liability relating to employees who will be transferred to the Council. The discussions are in very early stage, therefore it's not certain if any liability should be accrued or at what amount.

Management has agreed to include this issue in the contingent liability note in the 2007/08 accounts and also to provide management representations to confirm the current status.

We recommend that the Council attempts to establish any outstanding liabilities relating to Caboodle Solutions Limited as soon as possible.

Systems of internal control

We are required to report to you any material weaknesses in the accounting

and internal control systems identified during the audit. There are no material weaknesses which we wish to bring to your attention at this time. Internal Control weaknesses identified during our audit will be reported separately to the Audit Board as part of the Internal Control Report in November 2008.

Internal Audit

We have maintained a good working relationship with the Council's internal audit service during 2007/08.

As part of our wider assessment of the Council's control environment we are required to review the internal audit arrangements. We have reviewed the 2007/08 Internal Audit plan and, where applicable to our audit approach, individual audit reports to inform our 2007/08 audit approach.

Other matters

We have in the period received several Electors' Questions relating to the operation of the Cumberland School PFI scheme, the Canning Town and Custom House Regeneration Scheme and the operation of the Council's lease agreement with Local Space. Our work on these questions is ongoing at this stage and we will write to the electors concerned in due course. There are no specific matters we wish to bring to your attention at this time.

Use of Resources

Work performed

In accordance with the Code of Audit Practice, we have performed work to conclude on the Council's arrangements for achieving economy, efficiency and effectiveness in its use of resources. Our work to support our conclusion comprised the following elements:

- Use of Resources assessment for CPA:
 - Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- Mandatory Data Quality Review work
- Review of the Statement on Internal control

Use of Resources Assessment 2006/07

For the purposes of the CPA we have assessed the Council's arrangements for use of resources under the five headings set out above.

Last year, the Council's scores were as follows:

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	4 out of 4
Internal control	4 out of 4
Value for money	3 out of 4
Overall	4 out of 4

We have received the Council's self assessments for 2008 and have carried out an initial review of them. We are still in the course of gathering our evidence and at this stage, are not in a position to provide members with an updated judgment. We anticipate providing management with the results of our updated assessment on 17 November 2008, in line with the Audit Commission's guidance for auditors.

Data Quality work

Last year we completed a review of data quality across the Council and assessed it as performing well, against the Audit Commission's Key Lines of Enquiry for management arrangements. We also found that other than BVPI 184a – Proportion of non-decent homes, all other performance indicators tested were fairly stated.

We have completed our initial fieldwork in respect of this year's data quality Stage 1 – Management Arrangements' assessment. We have considered the progress that has been made on the recommendations we made last year, along with key improvements to Council systems against a set of slightly amended Key Lines of Enquiry. We have also selected a set of performance indicators to be tested in detail from the revised list provided by the Audit Commission.

We will produce a separate report to set out the findings and conclusions of our data quality review which will be presented to the Audit Board later in the year.

Annual Governance Statement

Local Authorities are required to produce an Annual Governance Statement (AGS) which is consistent with guidance issued by CIPFA / SOLACE. The AGS was included in the financial statements.

We reviewed the AGS to consider whether it complied with the CIPFA / SOLACE guidance and whether it is misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Best Value Performance Plan

Our work on the 2007/08 Best Value Performance Plan (BVPP), issued by the Council in 2007, resulted in an unqualified opinion. Our audit report on the BVPP was issued in June 2008.

Use of Resources Conclusion 2007/08

Under the Code of Audit Practice we are required to provide a conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. This conclusion is reached by assessing the Authority's arrangements against a set of criteria issued by the Audit Commission.

Our conclusion is based on the use of resources assessment undertaken in October 2007 as part of the CPA 2007 process and updated as necessary, our Local Government data quality work, and other information that came to our attention during the course of our audit work.

We intend to issue an unqualified use of resources conclusion.

Audit plans and fee update

Audit Plan 2007/08

We issued our Audit Plan for 2007/08 and presented it to Members in 2007.

We have performed appropriate reporting procedures for each of the risks identified in our Audit Plan of 2007/08. In this report we comment only on those areas where we believe we need to communicate with those charged with governance.

Audit fees update for 2007/08

We reported our fee proposals as part of the Audit Plan for 2007/08.

The table shows an increase of £12,500 in the audit fee outturn. This increase is due to delays in receiving information for Life Long Learning and Children's Services, Pensions Fund and Financial Instruments audit; and the additional work which was required to clear the premiums and discounts issue.

We have also received a significant level of electors' questions and will seek to recover the costs of responding to those questions from the Council. Our current estimate for the cost of dealing with the three outstanding electors' questions is in the region of £15,000. We will provide the Council with a breakdown of this cost once the questions have been addressed.

Our fees charged were:

	2007/08 Outturn	2007/08 Fee proposal
Accounts	£334,500	£322,000
Use of Resources	£138,000	£138,000
Total	£472,500*	£460,000

** Provisional Figures*

The total fee of £472,500 is subject to the successful completion of the financial statements audit and the assumptions set out in the 2007/08 Joint Audit and Inspection Plan still being met.

The outturn fees for 2006/07 were £300,000 (Accounts) and £130,000 (Use of Resources).

Appendix A: Audit reports issued in relation to the 2007/08 audit year

Report title	Date issued/ to be issued
Audit Plan	<i>March 2007</i>
Report on the Best Value Performance Plan	<i>June 2008</i>
Report on the 2007/08 financial statements to those charged with governance (ISA 260)	<i>September 2008</i>
Internal Control Report	<i>November 2008</i>
Report on Data Quality arrangements	<i>December 2008</i>
Use of Resources opinion and report	<i>January 2009</i>

Appendix B: Use of Resources conclusion

The Audit Commission has published 12 Code of Practice criteria on which auditors will be required to reach a conclusion on the adequacy of an audited body's arrangements for economy, efficiency and effectiveness in its Use of Resources.

These code criteria are linked to the CPA and Data Quality Review Key Lines of Enquiry (KLoEs). A score of Level 2 or higher under the KLoEs will result in an assessment of adequate for the purposes of the Code criteria. The Code criteria and the linked KLoEs are shown in the table below:

Code Criteria	Description	Associated KLoE	CPA Score	Use of Resources Conclusion
1	The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	N/A	N/A	Adequate
2	The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	N/A	N/A	Adequate
3	The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	N/A	N/A	Adequate
4	The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.	[LG DQ Stage 1]	3	Adequate
5	The body has put in place arrangements to maintain a sound system of internal control	4.2	3	Adequate

Code Criteria	Description	Associated KLoE	CPA Score	Use of Resources Conclusion
6	The body has put in place arrangements to manage its significant business risks.	4.1	4	Adequate
7	The body has put in place arrangements to manage and improve value for money.	5.2	3	Adequate
8	The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	2.1	4	Adequate
9	The body has put in place arrangements to ensure that its spending matches its available resources.	3.1	4	Adequate
10	The body has put in place arrangements for managing performance against budgets.	2.2	2	Adequate
11	The body has put in place arrangements for the management of its asset base.	2.3	3	Adequate
12	The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.	4.3	4	Adequate

Appendix C: Summary of material adjusted misstatements

Management have adjusted all of the errors we noted during our audit of the accounts. We bring to your attention below those items that management have adjusted in the final draft of the accounts, but which we deem to be significant enough to bring to your attention.

Adjusted Misstatement	Income and Expenditure Account		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
The insurance provisions were overstated due to typing error.	Provisions 900			Expenditure 900
Accrued Interest costs have been included within creditors rather than being added to the carrying amount of the relevant loan	Creditors 13,046	Borrowings 13,046		
Accrued interest receivable has been included within accrued income rather than being added to the carrying amount of the relevant investment.	Investments 4,493	Accrued Income 4,493		
Notional income for operating leases granted has not been recognised in the accounts.		Income 250	Debtors 250	

Adjusted Misstatement	Income and Expenditure Account		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Prior Period Adjustment To recognise the reversionary interest and prepayments which should have been recognised in 2005 when the Canning Town PFI scheme became operational.			Reversionary Interest 24,921 Prepayment 33,643	Capital Adjustment Account 58,564
To charge housing services with the full value of services received in the year.	Housing Services 1,246	Housing Services 1,246	Capital Adjustment Account 1,246	Prepayments 1,246
Net effect	19,855	19,035	60,060	60,880

In the event that, pursuant to a request which London Borough of Newham has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. London Borough of Newham agrees to pay due regard to any representations which PwC may make in connection with such disclosure and London Borough of Newham shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, London Borough of Newham discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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