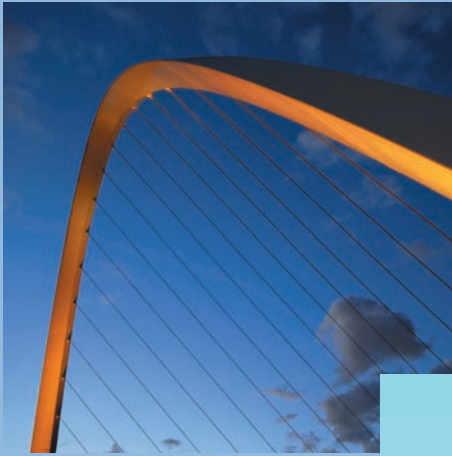


# SUMMARY ACCOUNTS

2008/2009





## Gateshead Council Summary Accounts 2008/09

### Strategic Director's Statement

The Council's Statement of Accounts presents the actual income and expenditure of the Council during the year, and its assets and liabilities at 31<sup>st</sup> March 2009. The figures supporting this summary were originally compiled having regard to proper accounting practice. For the purpose of this summary statement some modifications have been made in an attempt to provide more meaningful information to non-technical users.

This draft summary statement has been prepared based on the Statement of Accounts approved by the Council's Accounts Committee on 24<sup>th</sup> September 2009.

A full copy of the Council's 2008/09 audited accounts are available on the Council's website at: <http://www.gateshead.gov.uk/>

**D V Coates BA CPFA IRRV**  
**Strategic Director Finance & ICT**

### Financial Review

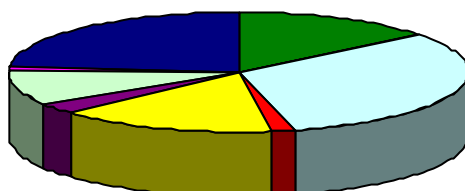
The following statements by the Strategic Director, Finance & ICT describes some of the key points on the Council's stewardship of public funds.

### Revenue Income and Expenditure Summary

Revenue expenditure is the day-to-day running costs of providing the Council's services and includes expenses such as salaries, wages, heating, cleaning, and repairs & maintenance.

The following charts show the services on which money was spent and where the income came from:

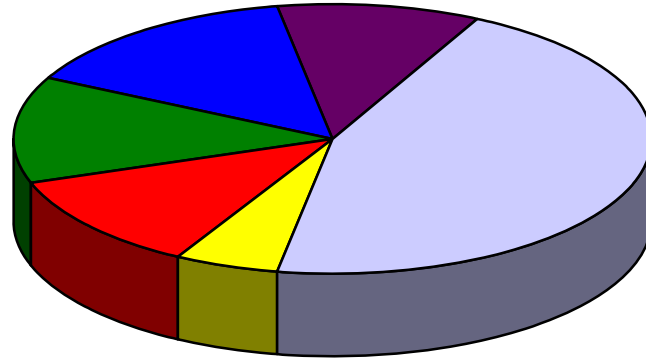
**Gross Revenue Expenditure £700m**



■ Adult Social Care (£99m)	■ Central Services - Other (£2m)
■ Children's & Education Services (£223m)	■ Corporate & Democratic Core (£10m)
■ Cultural, Environmental & Planning Services (£106m)	■ Highways, Roads & Transport Services (£23m)
■ Housing General Fund (£64m)	■ Central Services to the Public (£7m)
■ Housing Services (£165m)	■ Other (£1m)



### Where the money comes from £700m



<span style="color: yellow;">■</span>	Government Grant (£37m)
<span style="color: red;">■</span>	Council Tax (£82m)
<span style="color: green;">■</span>	Business Rates (£90m)
<span style="color: blue;">■</span>	Dedicated Schools Grant (£103m)
<span style="color: purple;">■</span>	Housing Revenue Account - Rents and other income (£71m)
<span style="color: lightpurple;">■</span>	Fees & Charges and Other Income (£317m)

A substantial amount of the Council's income comes directly from the Government:

**Government Grants (inc. Revenue Support Grant and Dedicated Schools Grant)**  
Grants from the government to support a range of specific services or projects

**Revenue Support Grant**  
A grant paid by the government to support local services generally

**Business Rates**  
A tax on non-domestic properties such as businesses collected by local authorities and paid into a national pool in which the government then shares back out to local authorities according to a fixed amount per head of population.

In addition, other sources of income are as follows:

**Council Tax**  
A property tax collected from local taxpayers and covers just over one tenth of total income.

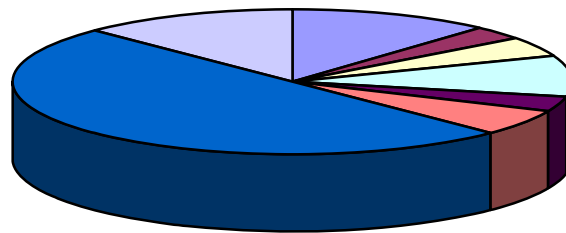
**Other income**  
Includes fees and charges, contributions from other bodies, investment income and interest.



## Capital Expenditure

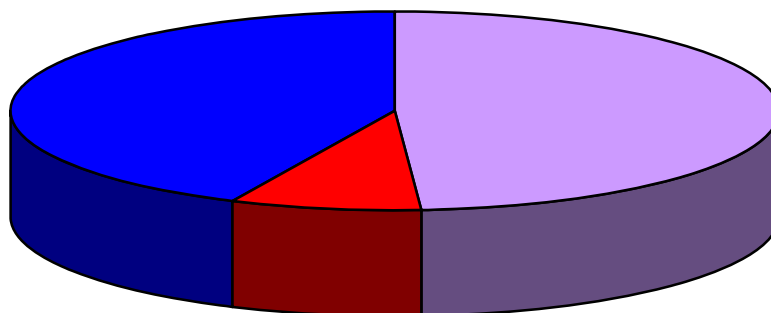
Capital expenditure represents money spent by the Council for the purpose of purchasing or improving assets such as buildings and roads. The distinction from revenue expenditure is that the Council and its residents receive the benefit from capital expenditure for a period in excess of one year. In 2008/09, Gateshead Council spent £126m on purchasing and improving assets, which included £69m on improving the Council's housing stock. In addition to this expenditure, £12m was spent on schemes where no asset was created for the Council, which included grants to individuals and voluntary organisations and works to voluntary aided schools and children's centres. This resulted in total capital expenditure of £137.7m in 2008/09.

### Capital Expenditure by Service £137.7m



Learning & Children (£16m)	Local Environmental Services (£4.4m)
Major Projects (£6m)	Development & Enterprise (£12.7m)
Community Based Services (£4.4m)	Central Services (£8.1m)
Housing Services (£69m)	Housing General Fund (£17.1m)

### Where The Money Comes From £137.7m



Borrowing (£67.5m)	Capital Receipts (£11.1m)	Grants and Contributions (£59.1m)
--------------------	---------------------------	-----------------------------------



### **Development and Enterprise**

This incorporates a diverse range of services, including planning, economic development, property services, highways and transport planning, architectural services and services for consumers. It manages the Council's involvement in new developments in the borough and the management and construction of its buildings and roads. In 2008/09 some of the work carried out included remediation of Saltmeadows Riverside, Public Access facilities at Gateshead Angel site, Cycling Improvements, Safer Routes to Schools and Structural Maintenance of Non-Principal Roads.

### **Learning and Children**

Learning and Children aims to provide the best possible chances for young people in Gateshead. This Group includes schools, pre-school education and children and families. In 2008/09 capital expenditure was used to redevelop children's centres, to improve children's play areas and for raising educational standards.

### **Community Based Services**

This covers adult social services, housing, community safety, health co-ordination, cultural services and community centres. It includes all the personal care services aimed at specific groups of people - such as older people, and people with disabilities. It also includes activities, which contribute to cultural development such as libraries, arts, tourism, leisure, events and sporting opportunities. It also monitors the performance of the Gateshead Housing Company, who manage the councils housing stock. In 2008/09 improvements were made to existing housing. Money was also spent on the Building an Active Future programme, Gateshead Heritage Visitor Centre, restoration and enhancement of the Old Town Hall and the Central Library improvement.

### **Local Environmental Services**

All the services provided in and around people's homes, such as refuse collection and disposal, recycling, street cleaning, road gritting, parks, playing fields, playgrounds and fixed play equipment, open spaces, grounds maintenance, neighbourhood wardens and, on behalf of the Gateshead Housing Company, housing improvements. It also runs the Council's transport fleet, building cleaning, school meals, new building and major civil engineering projects, public building repairs and maintenance, highways and street lighting maintenance, cemeteries and crematoria, allotments and the Central Nursery. In 2008/09, capital expenditure was used for waste infrastructure improvements and to purchase replacement fleet vehicles and horticultural equipment.

### **Central Services**

The Central Services Group provide the Council's core support services, providing advice on finance, legal, personnel and policy issues. Some services support the work of other parts of the Council, while others are provided direct to the public such as the provision of housing and council tax benefits. In 2008/09 schemes included improving disabled access to council public buildings, community improvements and the upgrade of civic buildings.

### **Major Projects**

These are capital projects of key importance to Gateshead and the region. They have included Gateshead Millennium Bridge, The Sage, Gateshead Baltic, Saltwell Park, and currently include, Gateshead International Stadium and Gateshead Quays. There was also major investment in sites of strategic importance in and around the town centre.

### **Strategic Maintenance**

In addition to routine maintenance, which is charged directly to the Council's revenue accounts, the Council includes a budget for strategic maintenance within its Capital Programme to prevent further deterioration in the Council's assets.



## Financial Position of the Council

The balance sheet shows the Council's financial position and net assets at 31 March 2009. It summarises what the Council owns and is owed.

	<b>31st March 2009 £000</b>	<b>31st March 2008 £000</b>
<b>What the Council Owns - Assets</b>		
Land and Buildings	399,468	383,579
Council Housing	1,046,779	1,162,147
Roads and Bridges	92,580	89,538
Other fixed assets	60,603	63,317
Stocks	4,086	1,457
Cash and Investments	114,760	160,797
Money owed to the council	59,579	63,289
<b>What the Council Owes - Liabilities</b>		
Bank Loans	(49,384)	(33,782)
Long Term Borrowing	(393,175)	(372,124)
Money owed by the Council	(310,119)	(283,490)
Long term pension liability	(378,914)	(238,569)
<b>Net Assets</b>	<b>646,263</b>	<b>996,159</b>
<b>Financed by</b>		
Earmarked reserves	(90,386)	(107,687)
General fund balance	(22,297)	(24,121)
Capital accounting reserves	(533,580)	(864,351)
	<b>(646,263)</b>	<b>(996,159)</b>

Earmarked reserves are available to fund specific future expenditure, whereas the General fund balance allows the Council to meet any unforeseen expenditure. Just less than half of the General Fund balance is held by schools in Gateshead to support their delegated budgets.



## Housing Revenue Account

### Council Housing

As at 31 March 2009 the Council owned 21,471 houses, for which it charges rent. It is a legal requirement that expenditure and income relating to Council housing provision be accounted for separately. Any surplus or deficit at the end of the year is either transferred into or out of Housing Reserves. During the year, the expenditure exceeded the income generated by £0.096m. This balance has therefore been transferred from Housing Reserves resulting in a year-end balance of £18.191m. Some of this balance will be used to support investment in the housing stock in future years.

The costs and income relating to the Council's housing provision are shown below:

	<b>2008/09</b>
	<b>£000s</b>
<b>Income</b>	
Rents	(61,512)
Government Grants	(6,995)
Charges	(2,578)
Other Income	(2,125)
<b>Total Income</b>	<b>(73,210)</b>
<b>Expenditure</b>	
Repairs and maintenance	16,719
Management	22,823
Capital Charges	32,705
Other Costs	1,059
<b>Total Expenditure</b>	<b>73,306</b>
<b>Deficit for the year</b>	<b>96</b>



## Prospects for 2009/10

For the financial year 2009/10 Gateshead Council has approved a net revenue budget of £223.043m, and a council tax at the headline rate of Band D of £1,416.28 (excluding precepts), an increase of 2.99%, the lowest ever annual rise levied by the Council. The net budget provides for an increase in investment in services of £16.5m. As well as meeting the extra cost of services due to inflation and the economic downturn, it has been possible to provide growth in the priority areas of children and families, older people, recycling and sustainability.

The 2009/10 approved capital programme is £163m, which despite the current difficult economic outlook reflects continued significant investment in the Council's assets to deliver corporate priorities and support the local economy as part of the Council's ten point plan. This capital programme includes £138m for schemes which have been approved in previous capital programmes and have ongoing commitments in 2009/10. The remaining £25m relates to new schemes, which have been evaluated as high priority and are able to attract external funding, including the significant investment in primary schools, play areas and carbon management. In the first three months of 2009/10, the level of investment for the year is rising to £183m following the decision by the Government to bring forward some capital resources to stimulate the local economy.

