



## Gateshead Council Summary Accounts 2009/10

### 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 2010. 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 audited Statement of Accounts approved by the Council's Accounts Committee on 24 September 2010.

A full copy of the Council's draft 2009/10 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

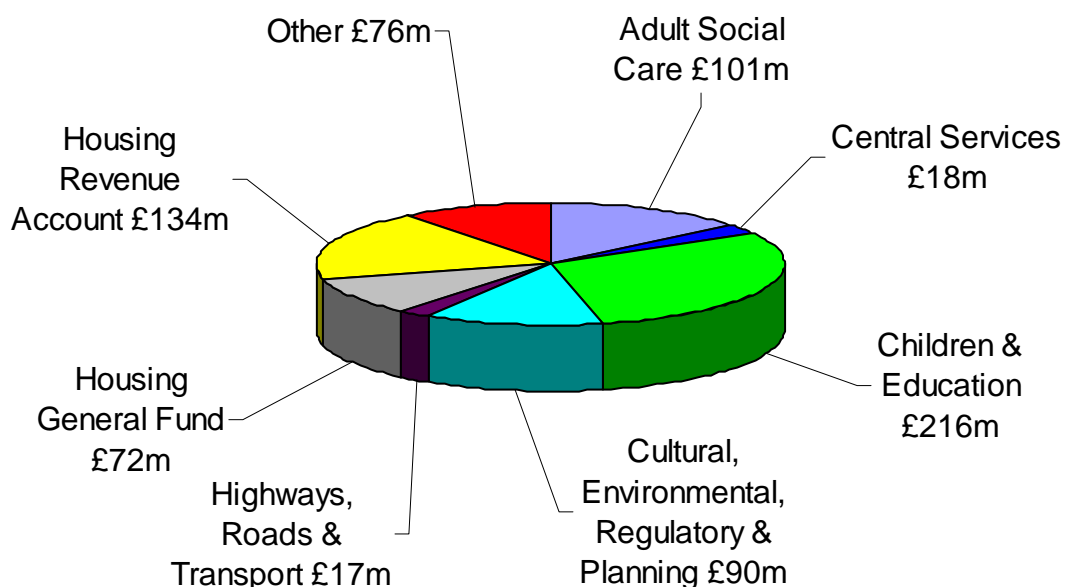
The following statements by the Strategic Director, Finance & ICT describes some of the key points on the Council's stewardship of public funds.

### 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.

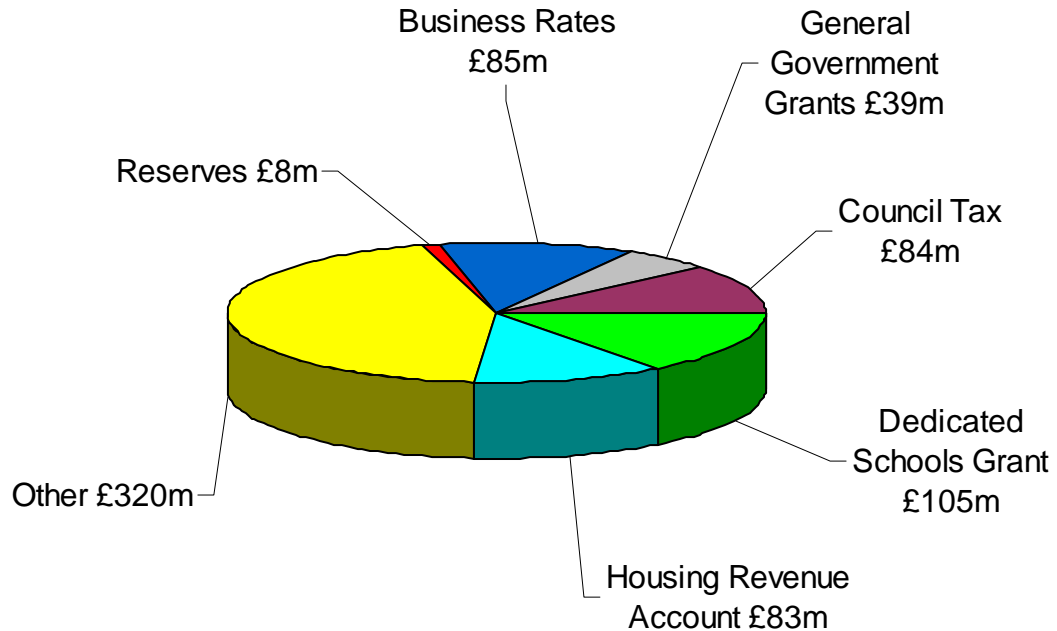
The following charts show the services on which money was spent and where the income came from:

#### Total Revenue Expenditure £724m





## Total Revenue Funding £724m



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

**General Government Grant** includes Revenue Support grant and Area Based grant which are paid by the government to support local services generally

**Dedicated Schools Grant** – a government grant which is ring fenced to support expenditure on schools

**Business Rates** – a tax on businesses collected by local authorities and paid into a national pool which the government then shares back out to local authorities according to a fixed amount per head of population

**Housing Revenue Account** includes rent and government grant to fund the provision of council housing

**Other** income includes government grants to fund specific services, fees and charges, contributions from other bodies, investment income and adjustments between accounting basis and statutory regulations

**Council Tax** – a property tax collected from local taxpayers

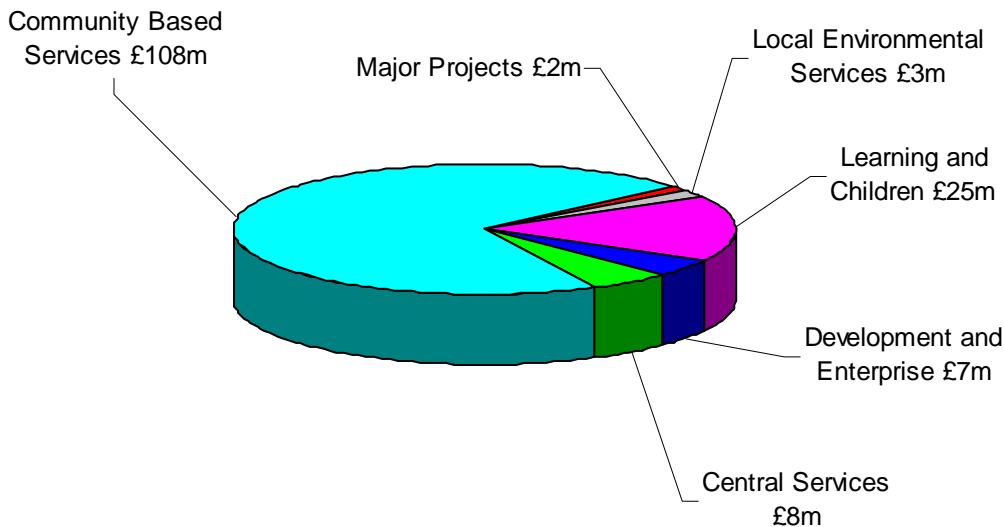
**Reserves** – net movement on usable reserves



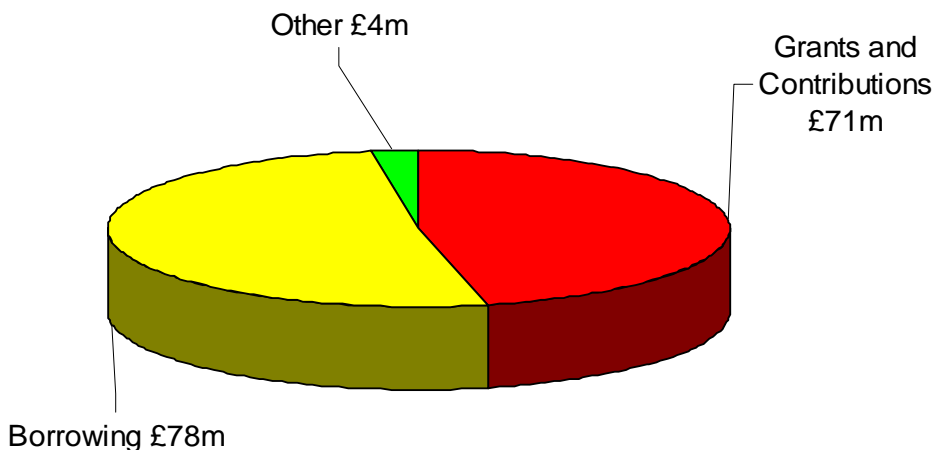
## Capital Expenditure

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 2009/10, Gateshead Council spent £141m on purchasing and improving assets, which included £72m 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 £153m in 2009/10.

### Total Capital Expenditure £153m



### Total Capital Funding £153m





**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. The Council's involvement in new developments in the borough is managed by this service along with the maintenance and construction of its buildings and roads. In 2009/10 capital expenditure has included investment in energy efficiency through Warmzone, Metro Centre Sustainable Transport and the structural maintenance of roads.

**Learning and Children** - Learning and Children aims to provide the best possible chances for young people in Gateshead. This service includes schools, pre-school education and children and families. In 2009/10 there was significant investment in schools through Building Schools for Future at Thomas Hepburn and Heworth Grange schools, and as part of the Primary Capital Programme. In addition, works have been carried out at the Dryden Centre and children's play areas have been improved.

**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 2009/10 improvements were made to existing housing. Money was also spent on the Building an Active Future programme, supporting the Council's review of community centres, restoration and enhancement of the Old Town Hall and the Central Library.

**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 2009/10, investment was made in Kerbside Recycling and to purchase replacement fleet vehicles and horticultural equipment.

**Central Services** - This provides the Council's core support services, such as advice on finance, legal, personnel and policy issues. Some services also 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 2009/10 schemes included improving disabled access to council public buildings, and the upgrade of civic buildings, including the Civic Centre.

**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 2010. It summarises what the Council owns and is owed.

	<b>31st March 2009 £000</b>	<b>31st March 2010 £000</b>
<b>What the Council Owns - Assets</b>		
Land and Buildings	451,212	456,556
Council Housing	1,046,779	1,028,999
Roads and Bridges	92,580	96,634
Other fixed assets	60,603	101,831
Stocks	4,086	2,445
Cash and Investments	114,760	128,676
Money owed to the council	56,655	47,680
<b>What the Council Owes - Liabilities</b>		
Bank Loans	(49,384)	(74,390)
Long Term Borrowing	(393,175)	(426,712)
Money owed by the Council	(358,566)	(426,260)
Long term pension liability	(378,914)	(508,692)
<b>Net Assets</b>	<b>646,636</b>	<b>426,767</b>
<b>Financed by</b>		
<b>Usable Reserves:</b>		
General Fund	(22,297)	(28,412)
Earmarked Reserves	(63,855)	(50,144)
Other	(13,235)	(7,545)
<b>Non Usable Reserves:</b>		
Capital Accounting	(926,163)	(849,358)
Pension Reserve	378,914	508,692
<b>Total Net Worth</b>	<b>(646,636)</b>	<b>(426,767)</b>

Earmarked reserves are available to fund specific future expenditure, whereas the General Fund Reserve allows the Council to meet any unforeseen expenditure and includes amounts held by schools to support their delegated budgets.

Capital accounting reserves represent revaluations and accounting adjustments in accordance with regulations.

The long term pension liability represents the Council's net financial commitment to existing pensioners and current employees. The pension reserve offsets the amount the Council would need to make available over a period of time to fund these benefits.



## Housing Revenue Account

### Council Housing

As at 31 March 2010 the Council owned 21,308 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 £1.337m. This balance has therefore been transferred from Housing Reserves resulting in a year-end balance of £16.854m. 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>2009/10</b>
	<b>£000s</b>	<b>£000s</b>
<b>Income</b>		
Rents	(61,512)	(63,356)
Government Grants	(6,995)	(15,850)
Charges	(2,578)	(2,732)
Other Income	(2,125)	(1,363)
<b>Total Income</b>	<b>(73,210)</b>	<b>(83,301)</b>
<b>Expenditure</b>		
Repairs and maintenance	16,719	18,544
Management	22,823	24,827
Capital Charges	32,705	40,904
Other Costs	1,059	363
<b>Total Expenditure</b>	<b>73,306</b>	<b>84,638</b>
<b>Deficit for the year</b>	<b>96</b>	<b>1,337</b>
<b>Housing Revenue Account Reserves</b>	<b>(18,191)</b>	<b>(16,854)</b>



## Prospects for 2010/11

For the financial year 2010/11 Gateshead Council has approved a net revenue budget of £232.589m, and a council tax at the headline rate of Band D of £1,443.20 (excluding precepts), an increase of 1.9%, the lowest ever annual rise levied by the Council. The budget provides for growth of £3.6m which covers the Council's priority services of Children and Families, Older People and waste Management and Sustainability. The budget also includes efficiency savings of £10.715m, including £4.4m from the Council's Fit For Future programme.

The 2010/11 approved capital programme is £158.3m, which despite the current difficult economic outlook reflects continued significant investment in the Council's assets to support the delivery of Vision 2030 and to support the local economy as part of the Council's ten point plan. The programme provides for ongoing commitments of £149.6m including £48.5m on housing projects such as Decent Homes, £21.6m on Building Schools for the Future, £13.8m on leisure projects, and £13.4m on housing market renewal and area block improvement projects. The budget also provides for new starts of £8.7m, which includes expenditure of £5.7m on the development of Gateshead Quays and town centre regeneration.