



Gateshead Council Summary Accounts 2007/08

Strategic Director's Statement

The Council's Statement of Accounts has been prepared in accordance with the Accounting Code of Practice. The figures in this summary were originally compiled having regard to proper accounting practice. For the purpose of this statement some modifications have been made in an attempt to provide more meaningful information to non-technical users.

A full copy of the Council's 2007/08 detailed accounts is available upon request. The full set of accounts and this summary are also available on the Council's website at.

<http://www.gateshead.gov.uk/>

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Strategic Director Finance & ICT

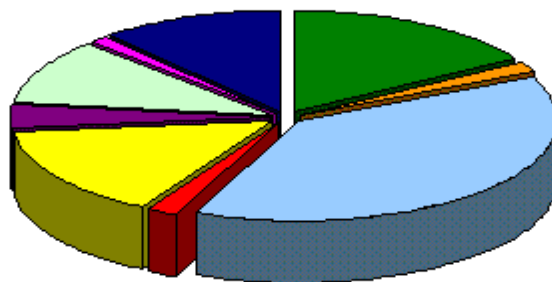
Financial Review

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

Revenue Income and Expenditure Summary

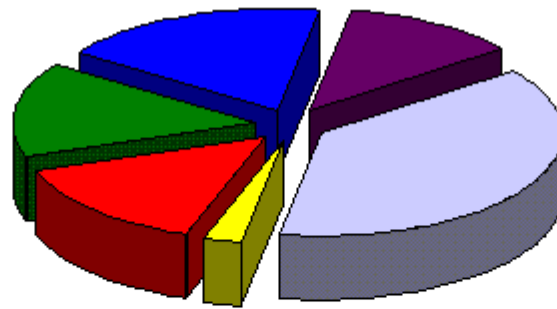
Revenue expenditure is the day-to-day running costs of providing the Council's services and includes expenses such as salaries, wages, heating, cleaning, and repairs & maintenance.

The Pie Charts below show the services on which money was spent and where the income came from.



Total Gross Expenditure £550.2m

■ Adult Social Care £88.7m	■ Non Distributed Costs £9.6m
■ Children's & Education Services £212.1m	■ Corporate & Democratic Core £9.8m
■ Cultural, Environment & Planning Services £82.3m	■ Highways, Roads & Transport Services £20.8m
■ Housing General Fund £58.1m	■ Central Services to the Public £6.6m
■ Housing Revenue Account £62.2m	



Total Income £550.2m

■ RSG £14m	■ Council Tax £78.8m
■ Non-Domestic Rates £82.4m	■ Dedicated Schools Grant £100.2m
■ Housing Revenue Account - Rents and other income £65.9m	■ Fees & Charges and Other Income £208.9m

Over half the Council's income comes directly from the Government.

Government Grants

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

Council Tax

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

Non-Domestic 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.

Other income

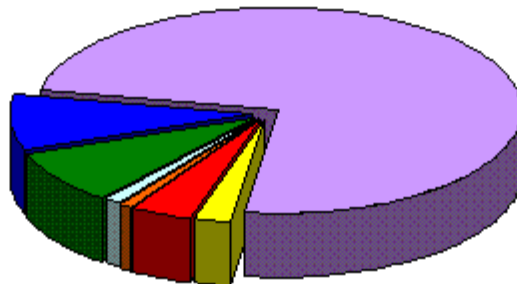
Includes contributions from other bodies, Investment income and Interest.



Capital Expenditure

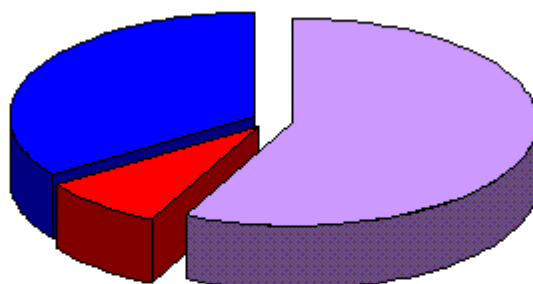
Capital expenditure represents money spent by the Council for the purpose of purchasing or improving assets such as buildings and roads. The distinction from revenue expenditure is that the Council and its residents receive the benefit from capital expenditure for a period in excess of one year. In 2007/08, Gateshead Council spent £120.140m on purchasing and improving assets, this included £73.868m on improving the Councils housing stock. In addition to this expenditure, £9.713m capital expenditure was incurred where no asset was created for the Council, which included capital grants to individuals and organisations. This resulted in total capital expenditure of £129.856m in 2007/08.

Capital Expenditure by Service (£129.8m)



■ Learning & Children £11m	■ Community Based Services £96.3m
■ Local Environmental Services £3.3m	■ Central Services £5.5m
■ Major Projects £1.1m	■ Strategic Maintenance £1.3m
■ Development & Enterprise £11.3m	

Where The Money Comes From (£129.8m)



■ Borrowing £74.1m	■ Capital Receipts £10.9m	■ Grants and Contributions £44.8m
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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 2007/08 some of the work carried out included remediation of Saltmeadows Riverside, 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 education, early years, youth and community and children and families. In 2007/08 capital expenditure was used to redevelop children's centres and for raising educational standards.

Community Based Services

This covers adult social services, housing, community safety, health co-ordination and cultural services. 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 2007/08 improvements were made to existing housing and money was spent on neighbourhood learning in deprived communities.

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 2007/08 capital expenditure was used for the development of Cowen Road Waste Reception Site and to purchase replacement fleet vehicles.

Central Services

The Central Services Group provide the Council's core support services, covering issues such as finance, legal, personnel and policy. Some services support the work of other parts of the Council, while others are provided direct to the public. In 2007/08 schemes included improving disabled access to council public buildings and community improvements.

Major Projects

These are capital projects of key importance to Gateshead and the region. They have included Gateshead Millennium Bridge, The Sage, Baltic Centre for Contemporary Arts, Saltwell Park, and currently include Gateshead Town Centre, Gateshead International Stadium and Gateshead Quays.

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 2008. It summarises what the Council owns and is owed.

	31st March 2008 £m
What the Council Owns - Assets	
Land and Buildings	383,579
Council Housing	1,162,147
Roads and Bridges	89,538
Other fixed assets	63,317
Stocks	1,457
Cash and Investments	160,797
Money owed to the council	63,289
What the Council Owes - Liabilities	
Bank Loans	(33,782)
Money owed by the Council	(655,614)
Long term pension liability	(238,569)
Net Assets	996,159
Financed by	
Earmarked reserves	(107,687)
General fund balance	(24,121)
Capital accounting reserves	(864,351)
	(996,159)

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



Millennium 2007/22
Gateshead Millennium 1st

Housing Revenue Account

Council Housing

As at 31 March 2008 the Council owned 21,676 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 income generated exceeded the expenditure by £3.013m. This balance has therefore been transferred to Housing Reserves resulting in a year-end balance of £18.3m. Some of this balance will be used to support investment in the housing stock.

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

	2007/08
	£000s
Income	
Rents	(59,540)
Government Grants	(2,937)
Charges	(3,471)
Other Income	(842)
Total Income	(66,790)
Expenditure	
Repairs and maintenance	17,680
Management	19,559
Capital Charges	25,197
Other Costs	1,341
Total Expenditure	63,777
(Surplus)/ Deficit for the year	(3,013)



Millennium 2007/22
Gateshead Millennium 1st

Prospects for 2008/09 and Beyond

For the financial year 2008/09 Gateshead Council has approved a net revenue budget of £214.462m, and a council tax at the headline rate of Band D of £1,375.29 (excluding precepts), an increase of 3.9%. The budget provides for growth and investment in services of £7.5m, and efficiency savings of £5.1m.

The Council approved a capital budget of £150m, the highest level ever to reflect the substantial investment in decent homes. The budget provides for new starts of £127m, which includes expenditure of almost £87m on new housing and housing market renewal projects, £10m on new education projects, and £6m on new transport projects.

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