

**REPORT TO: SPECIAL FINANCE COMMITTEE - 24 JUNE 2002**

**REPORT ON: UNAUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED  
31 MARCH 2002 - DUNDEE CITY COUNCIL, DIRECT LABOUR ORGANISATION,  
DIRECT SERVICE ORGANISATIONS**

**REPORT BY: DIRECTOR OF FINANCE**

**REPORT NO: 552-2002**

## **1 PURPOSE OF REPORT**

To provide some additional commentary on the unaudited Statements of Accounts which are being submitted to the Finance Committee along with this report.

## **2 RECOMMENDATIONS**

The Committee is asked to:

2.1 Note the contents of this covering report.

2.2 Note the unaudited Statements of Accounts which have been submitted along with this report.

2.3 Instruct the Director of Finance to submit these Statements of Accounts to the Controller of Audit, Accounts Commission for Scotland.

## **3 FINANCIAL IMPLICATIONS**

3.1 The City Council's 2001/2002 revenue account shows an actual surplus of £843,000, against a budgeted deficit of £137,000. The closing General Fund balance is £3.412m, excluding the amounts which are reserved for schools participating in the Devolved School Management Scheme. It is considered that the uncommitted element of the closing General Fund balance (some £2.5m) represents a reasonable level of working balances for an authority of the size of Dundee City Council.

3.2 The Direct Labour Organisation and Direct Service Organisations met their prescribed financial objectives for the financial year 2001/2002.

## **4 LOCAL AGENDA 21 IMPLICATIONS**

None

## **5 EQUAL OPPORTUNITIES IMPLICATIONS**

None.

## **6 REPORT**

6.1 The relevant statutory provisions regarding the preparation of Local Authority Accounts are contained in the Local Authority Accounts (Scotland) Regulations 1985, as amended by the Local Authority Accounts (Scotland) Amendment Regulations 1997. Section 4 of these regulations requires that "... all the accounts of the local authority are made up and balanced as soon as practicable after the end of each financial year and that sufficient copies of an abstract of the said accounts for each financial year are prepared ... and submitted to the authority and to the Controller of Audit not later than 30 June in the next financial year....".

- 6.2 The City Council is required to prepare consolidated accounts covering all departments of the Council, together with separate accounts for its Direct Labour Organisation (Dundee Contract Services) and for its Direct Service Organisations. The three sets of accounts for the financial year 2001/2002 are enclosed with this report.
- 6.3 Each Statement of Accounts already includes a detailed commentary on the figures contained therein and it is not intended to repeat this in this covering report. It is, however, worth reiterating a few of the more salient points.
- 6.4 The City Council's 2001/2002 revenue account shows an actual surplus of £843,000 against a budgeted deficit of £137,000 (ie an underspend of £980,000). The main areas of departmental under and overspend are highlighted on page 3 of the Statement of Accounts. The overspend within the Education Department (£882,000) is largely due to a higher than anticipated internal recharge for Central Support Services, particularly for Information Technology. This higher recharge to Education is offset by lower recharges to other departments of the Council. The underspend within the Economic Development Department (£1,249,000) is due to the net receipt of £1.2m that was received following the early termination of the lease of a factory unit at Claverhouse Industrial Park (see Report No 600-2001, Economic Development Committee, 15 October 2001).
- 6.5 The General Fund balance at 31 March 2002 is £3.412m, excluding the amount of £0.186m which is held on behalf of schools participating in the Devolved School Management scheme. Elected Members will recall that an amount of £544,000 was taken from the General Fund balance and used in setting the Council Tax level for 2002/2003. Also, there were underspends in 2001/2002 amounting to £376,000 that relate to committed projects and therefore require to be carried forward to 2002/2003 and met from the General Fund balance. After adjusting for these two items, the effective level of uncommitted General Fund balance as at 31 March 2002 is £2.492m. This figure represents a reasonable level of working balances for a local authority of the size of Dundee City Council, being approximately 1% of the Council's total net expenditure.
- 6.6 The Direct Labour Organisation and Direct Services Organisations 2001/2002 Annual Reports and Accounts show that all of the prescribed financial objectives were met.
- 6.7 In conclusion, it can be said that the City Council's procedures for monitoring and managing its financial affairs have operated successfully during 2001/2002. The relevant performance targets in the Finance Department Service Plan have all been achieved.
- 6.8 Copies of the enclosed Accounts will now be sent to the Controller of Audit at the Accounts Commission for Scotland. He will then instruct the Council's external auditors (Audit Scotland, East Area Office) to commence their audit of the Accounts. The 2001/2002 audit process is due to be completed by 31 October 2002 and the outcome of the audit is scheduled to be reported back to the Finance Committee on 11 November 2002.

**DAVID K DORWARD**  
**DIRECTOR OF FINANCE**

#### **BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.