

**ITEM No ...6.....**

**REPORT TO: SCRUTINY COMMITTEE - 28 JUNE 2017**

**REPORT ON: DUNDEE CITY COUNCIL - UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 240-2017**

**1 PURPOSE OF REPORT**

To provide some background and additional commentary on the Council's unaudited Annual Accounts for the year ended 31 March 2017 which are being submitted to the Scrutiny Committee along with this report.

**2 RECOMMENDATIONS**

It is recommended that the Committee:

- i notes the contents of this covering report;
- ii notes the unaudited Annual Accounts which have been submitted along with report;
- iii instructs the Executive Director of Corporate Services to arrange for the Annual Accounts to be signed as required and submitted to the Council's external auditor; and
- iv notes that the key assumptions underpinning the independent actuaries calculation of the Council's IAS 19 liability have been reviewed and accepted by the Council as administering authority for the Pension Fund.

**3 FINANCIAL IMPLICATIONS**

The Council's 2016/2017 Movement in Reserves Statement shows that there was a deficit on General Fund services of £4.951m during the year. This gives a closing General Fund Balance of £10.873m as at 31 March 2017, of which an estimated £5.0m is uncommitted.

**4 BACKGROUND**

4.1 The relevant statutory provisions regarding the preparation of the Council's Accounts are contained in the Local Authority Accounts (Scotland) Regulations 2014. Section 8 of these regulations requires that:

"The Annual Accounts must be submitted to the auditor no later than 30<sup>th</sup> June immediately following the financial year to which the Annual Accounts relate."

"A local authority or a committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited Annual Accounts as submitted to the auditor."

4.2 As in previous years the Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting. The 2016/2017 Code introduces significant presentational changes to the Annual Accounts following on from CIPFA's Telling the Story Review of the Presentation of Local Authority Financial Statements.

These changes have been reflected, as required, in the Council's 2016/2017 Accounts. Full details are provided in the Management Commentary on page 6 of the Accounts.

- 4.3 The Annual Accounts already include a detailed management 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.
- 4.4 A deficit on General Fund services of £4.951m was incurred during the 2016/2017 financial year. This was against a budgeted reduction in General Fund balances of £2.682m, ie this represents an overall net overspend of £2.269m against the 2016/2017 Revenue Budget. The main components of the net overspend are set out on pages 2 and 3 of the Annual Accounts document.
- 4.5 The General Fund balance has decreased over the year by £4.951m, to £10.873m at 31 March 2017. Within this overall total it is estimated that £5.0m is uncommitted, which equates to 1.5% of annual budgeted net expenditure. The total value of usable cash-backed reserves has decreased over the year by £7.388m, to £20.823m at 31 March 2017.
- 4.6 The Council's net pension liability has increased over the year by £132.2m, to £381.9m as 31 March 2017. The increase was due to an increase in the present value of the funded obligation of the scheme, partly offset by an increase in the fair value of fund assets.
- 4.7 Copies of the enclosed Accounts will now be sent to the Council's appointed external auditor (Fiona Mitchell-Knight, Assistant Director, Audit Services, Audit Scotland) to commence the audit of the Accounts. The outcome of the audit will be reported back to the Scrutiny Committee on 27 September 2017.

## 5 **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environment Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management. There are no major issues identified.

## 6 **CONSULTATIONS**

The Council Management Team were consulted in the preparation of this report.

## 7 **BACKGROUND PAPERS**

None.

**GREGORY COLGAN**  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**23 JUNE 2017**