

**REPORT TO: FINANCE COMMITTEE - 26 JUNE 2006**

**REPORT ON: DUNDEE CITY COUNCIL - UNAUDITED STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2006**

**REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)**

**REPORT NO: 425-2006**

**1 PURPOSE OF REPORT**

To provide some additional background and commentary on the City Council's unaudited Statement of Accounts that is 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 Statement of Accounts that has been submitted along with this report.

2.3 Instruct the Depute Chief Executive (Finance) to submit the Statement of Accounts to the Controller of Audit, Accounts Commission for Scotland.

**3 FINANCIAL IMPLICATIONS**

3.1 The City Council's 2005/2006 revenue account shows an actual deficit of £2.174m, against a budgeted deficit of £4.770m. The closing General Fund balance is £6.710m, including the amount of £0.555m which is reserved for schools participating in the Devolved School Management Scheme and the amount of £1.562m which is reserved for Car Parking purposes. The uncommitted element of the closing General Fund balance is £3.045m.

3.2 The Statutory Trading Account for Dundee Contract Services shows a surplus of £0.164m for the financial year 2005/2006. The statutory financial target is to break-even over a three year rolling period and this target has been exceeded by £1.521m during the period 2003-2006.

**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. The accounts for the financial year 2005/2006 are enclosed with this report.

6.3 The 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 2005/2006 Revenue Account shows an actual deficit of £2.174m against a budgeted deficit of £4.770m (ie an underspend of £2.596m). The main areas of under and overspend are highlighted on page 3 of the Statement of Accounts. It should be noted that some of the underspends within departmental budgets relate to planned efficiency savings.
- 6.5 The General Fund balance at 31 March 2006 is £6.710m, including the amount of £0.555m which is held on behalf of schools participating in the Devolved School Management scheme and the amount of £1.562m which is reserved for Car Parking purposes. In addition, there were underspends in 2005/2006 amounting to £1.548m that relate to committed projects and therefore require to be carried forward to 2006/2007 and met from the General Fund balance. After adjusting for all of these items, the effective level of uncommitted General Fund balance as at 31 March 2006 is £3.045m.
- 6.6 The new accounting standard for pension costs has been fully effective since 2003/2004 and the Council has included the appropriate entries in its 2005/2006 Statement of Accounts. The Council's net pension liability (as calculated by independent actuaries) was estimated at £195.752m as at 31 March 2006. This represents a slight increase from the figure of £191.023m as at 31 March 2005. The revised pension costs and balances are purely notional and the funding requirements continue to be governed by the Local Government Pension Scheme regulations. Accordingly, the new accounting standard has no impact on the Council's General Fund balances, or on its budgetary requirements.
- 6.7 Elected Members will recall that the Local Government in Scotland Act 2003 repealed CCT legislation and, as a consequence, it is no longer necessary to maintain and publish separate accounts for DLOs and DSOs. The Act introduced a new requirement to maintain and publish Trading Accounts for significant trading operations. On 12 January 2004, the Finance Committee agreed that the Council should operate a Trading Account for the services provided by Dundee Contract Services. The DCS Trading Account for 2005/2006 is shown on page 16 of the Statement of Accounts. A surplus of £0.164m was generated in 2005/2006. The statutory financial target is to break-even over a three year rolling period and this target has been exceeded by £1.521m during the period 2003-2006.
- 6.8 The 2005/2006 Consolidated Revenue Account includes a charge totalling £3.383m in respect of the estimated cost of settling potential equal pay claims for certain categories of staff.
- 6.9 In conclusion, it can be said that the City Council's procedures for monitoring and managing its financial affairs have operated successfully during 2005/2006.
- 6.10 Copies of the enclosed Accounts will now be sent to the Controller of Audit at the Accounts Commission for Scotland. She will then instruct the Council's appointed external auditor (Ms Fiona Kordiak CPFA, Assistant Director, Audit Scotland) to commence her audit of the Accounts. The 2005/2006 audit process is due to be completed by 31 October 2006 and the outcome of the audit is scheduled to be reported back to the Finance Committee as soon as possible thereafter.
- 6.11 Elected Members are respectfully requested to retain their copies of the enclosed accounts for future reference.

## 7 CONSULTATION

The Chief Executive and Depute Chief Executive (Support Services) have been consulted in the preparation of this report.

## 8 BACKGROUND PAPERS

None

**DAVID K DORWARD**  
**DEPUTE CHIEF EXECUTIVE (FINANCE)**

**22 JUNE 2006**

The Statement of Accounts are not in a suitable format for publication on this site. If you would like to inspect a hard copy of the papers please contact Committee Services, Floor 4, 21 City Square, Dundee on telephone 01382 434075 or by e-mail [committee.services@dundeecity.gov.uk](mailto:committee.services@dundeecity.gov.uk).