

REPORT TO: FINANCE COMMITTEE - 28 JUNE 2004

**REPORT ON: DUNDEE CITY COUNCIL - UNAUDITED STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2004**

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 506-2004

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 2003/2004 revenue account shows an actual surplus of £2.136m, against a budgeted deficit of £3.827m. The closing General Fund balance is £8.567m, including the amount of £0.462m which is reserved for schools participating in the Devolved School Management Scheme. The uncommitted element of the closing General Fund balance is £4.179m.
- 3.2 The Statutory Trading Account for Dundee Contract Services shows a surplus of £1.223m for the financial year 2003/2004.

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 2003/2004 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 2003/2004 revenue account shows an actual surplus of £2.136m against a budgeted deficit of £3.872m (ie an underspend of £6.008m). The main areas of under and overspend are highlighted on page 3 of the Statement of Accounts. In particular, there were budget underspends in Education, Social Work, Planning & Transportation and Finance Revenues.
- 6.5 The General Fund balance at 31 March 2004 is £8.567m, including the amount of £0.462m which is held on behalf of schools participating in the Devolved School Management scheme. Elected Members will recall that an amount of £1.646m was taken from the General Fund balance and used in setting the Council Tax level for 2004/2005. Also, there were underspends in 2003/2004 amounting to £2.280m that relate to committed projects and therefore require to be carried forward to 2004/2005 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 2004 is £4.179m.
- 6.6 The new accounting standard for pension costs is now fully effective and the Council has included the appropriate entries in its 2003/2004 Statement of Accounts. 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.
- The Council's net pension liability (as calculated by independent actuaries) was estimated at £75.303m as at 31 March 2004. This represents a significant decrease from the figure of £117.360m as at 31 March 2003 and reflects the improved performance of the stock market during 2003/2004.
- 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 2003/2004 is shown on page 18 of the Statement of Accounts. A surplus of £1.223m was generated, compared to the target surplus of £0.910m.
- 6.8 In conclusion, it can be said that the City Council's procedures for monitoring and managing its financial affairs have operated successfully during 2003/2004.
- 6.9 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 appointed external auditor (Mr Peter Tait CPFA, Chief Auditor) to commence his audit of the Accounts. The 2003/2004 audit process is due to be completed by 30 September 2004 and the outcome of the audit is scheduled to be reported back to the Finance Committee on 8 November 2004.
- 6.10 Elected Members are respectfully requested to retain their copies of the enclosed accounts for future reference.

7 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.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

24 JUNE 2004