

REPORT TO : FINANCE COMMITTEE – 13 NOVEMBER 2000

REPORT ON : DUNDEE CITY COUNCIL STATEMENT OF ACCOUNTS FOR THE YEAR
ENDED 31 MARCH 2000

REPORT BY : DIRECTOR OF FINANCE

REPORT NO : 778-2000



DUNDEE CITY COUNCIL

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2000

AUDITED

DUNDEE CITY COUNCIL

STATEMENT OF ACCOUNTS 1999/2000

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FOREWORD BY THE DIRECTOR OF FINANCE

Introduction

This foreword is intended as a comment on the City Council's financial position, as presented within the Statement of Accounts for the financial year 1999/2000.

Statement of Responsibilities (see page 3)

This statement sets out the main financial responsibilities of the Council and the Director of Finance.

Accounting Policies (see pages 4 & 5)

The Statement of Main Accounting Policies sets out the basis upon which the Financial Statements have been prepared, and explains the accounting treatment of both general and specific items.

The Accounting Statements (see pages 6 to 37)

Consolidated Revenue Account:

sets out the budgeted and actual expenditure and income for all of the Council's services. This statement also shows how the expenditure has been financed and identifies the General Fund surplus/deficit for the year and the balance carried forward to the next financial year.

Council Tax Income Account:

details the gross and net income from Council Tax.

Non Domestic Rate Income Account:

details the gross and net income from Non Domestic Rates and the net contribution from/to the National Non Domestic Rates Pool.

Housing Revenue Account

reflects the statutory requirement to separately account for local authority housing provision, as defined in the Housing (Scotland) Act 1987. It shows the major elements of housing revenue expenditure and capital financing costs, and how these are met by rents, housing support grant and other income. In 1999/2000 the Housing Revenue Account had an excess of expenditure over income and this deficit was transferred to the Renewal and Repair Fund.

Direct Labour and Direct Service Organisations Summary Revenue and Appropriation Accounts:

summarises the expenditure and income of the Council's trading organisations: Dundee Contract Services and the four Direct Service Organisations. Details of surpluses and financial objectives are also given.

Consolidated Balance Sheet

is a combination of the General Fund, Housing Revenue Account, Consolidated Loans Fund, Insurance Funds, Dundee Contract Services and the Direct Service Organisations (DSO's) Balance Sheets and represents the overall financial position of the Council at 31 March 2000. All inter-departmental balances have been eliminated upon consolidation.

Statement of Total Movement in Reserves:

brings together all the recognised gains and losses of the authority during the period. The statement separates the movements between revenue and capital reserves.

Cash Flow Statement:

details the inflows and outflows of cash arising from revenue and capital transactions.

Superannuation Funds Accounts:

sets out the accounting policies, fund account and net assets statement for the two Superannuation Funds which the Council administers.

Common Good Fund and Charitable Trust Funds Accounts:

present a picture of the authority's stewardship of the assets under its control which do not form part of the other financial statements.

Notes to the Various Accounts, Balance Sheet and Statements:

are intended to give the reader further information which is not separately detailed in the financial statements.

Major Changes in Accounting Policy

The Council continues to adopt the accounting policies recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authorities (Scotland) Accounts Advisory Committee (LA(S)AAC).

There have been no major changes in accounting policy since the 1998/99 Statement of Accounts was prepared.

Virement from Contingency/Fund Balances

The 1999/2000 Revenue Budget included a contingency provision of £1.5m to allow for possible shortfalls in pay award provision, possible under achievement of savings and for unforeseen items of expenditure arising during the course of the financial year. An amount of £498,000 was vired from this contingency in 1999/2000 to offset additional expenditure incurred by departments. The "Budgeted Net Expenditure" column in the Consolidated Revenue Account reflects the impact of these transfers from the contingency and, also, the impact of amounts transferred from accumulated balances on the General Fund and Renewal & Repair Fund in order to fund additional expenditure within departments.

FOREWORD BY THE DIRECTOR OF FINANCE

Revenue Expenditure

The Consolidated Revenue Account shows that the Net Cost of Services was some £1.2m below the revised budgeted net expenditure of £219.0m. A number of factors have contributed to this position.

A summary of the main under and overspends on the Consolidated Revenue Account services is detailed below:

Main (Under)/Overspends	£m
Contingencies & Unforeseen Items	(1.1)
Central Support Services	(1.1)
Environmental & Consumer Protection	(0.8)
Neighbourhood Resources & Development	(0.3)
Economic Development	0.1
Other Housing	0.1
Planning & Transportation	0.2
Fire Board Requisition	0.2
Leisure & Parks	0.2
Housing Revenue Account	0.2
Net Cost of Housing/Council Tax Benefit	0.4
Education	<u>0.7</u>
Total Underspend	<u>(1.2)</u>

The total net operating surpluses of the Council's Trading Organisations (Dundee Contract Services and DSO's) was £0.84m. This amount was transferred from the DLO/DSO's to the General Fund which contributed towards the funding of other Council services generally. A net contribution of £0.22m was received from Tayside Contracts.

Income from government grants was in line with the budget estimate.

Balances

The deficit of expenditure over income for the financial year 1999/2000 was £0.628m. When subtracted from the opening General Fund balance of £2.352m, this gives a balances figure of £1.724m at 31 March 2000. In addition, a further £0.382m is held as balances in respect of schools participating in the Devolved School Management Scheme. Therefore, the total balances at 31 March 2000 are £2.106m.

Principal Sources of Finance for Revenue Expenditure

The majority of the principal sources of finance, as detailed in the Consolidated Revenue Account, are determined by Central Government and are as follows:

	£m
Revenue Support Grant	115.4
Contributions from National	
Non-Domestic Rate Pool	<u>41.8</u>
	<u>157.2</u>

The remainder of the principal sources of finance are Council Tax which was set, billed and collected by the City Council and residual Community Charge not previously accounted for.

Capital Expenditure & Borrowing Facilities

Gross capital expenditure in 1999/2000 was £32.7m, of which £15.2m was spent within the Housing Department Programmes. The remaining £17.5m was spent on the Council's other services including Education, Social Work, Planning & Transportation, Leisure & Parks and Economic Development.

The £32.7m of capital expenditure was funded through borrowing (£15.1m), various types of capital receipts (£11.7m), and directly from the 1999/2000 Revenue Account (£5.9m).

Borrowing has the effect of increasing the Council's overall indebtedness and the level of principal repayments and loan interest charges each year. Capital expenditure met directly from the revenue account increases total net expenditure in that particular year but does not result in an increase in overall indebtedness. The Council uses these methods of funding capital expenditure as part of its long and short term capital financing strategy.

The Council has several sources available to it in terms of borrowing to fund capital expenditure. The most significant of these are the Public Works Loans Board and the European Investment Bank, although the Council can, in addition, borrow from the money markets.

Direct Labour and Direct Service Organisations Summary Revenue Accounts

A separate and full annual report and accounts is published for the DLO/DSO's in terms of the Local Government Planning and Land Act 1980 and the Local Government Act 1988. Net operating surpluses amounting to £0.84m were generated during the year.

Control of Capital and Revenue Expenditure

The control of both capital and revenue expenditure of an organisation of the size and complexity of the City Council is an on-going and substantial exercise which requires a positive contribution from staff and elected members to ensure that the Council's financial objectives are achieved and that financial resources are fully utilised. The following Statement of Accounts reflect the fact that this has been satisfactorily carried out in the course of the financial year.

Acknowledgements

I would like to thank all Elected Members and Officers of the Council for their active support and co-operation in the effective management of the Council's finances during another challenging year. Finally, I would conclude this report by thanking all the Finance Department staff who contributed to the finalisation of the City Council's 1999/2000 Statement of Accounts.

David K Dorward CPFA
Director of Finance
Dundee City Council
21 June 2000

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LA(S)AAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2000.

In preparing this statement of accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Director of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF MAIN ACCOUNTING POLICIES

and community assets which are included in the Consolidated Balance Sheet at historical cost.

General

The Financial Statements are intended to "present fairly" the financial position and transactions of the Council. They have thus been prepared in accordance with:- the "Code of Practice on Local Authority Accounting in Great Britain 1999 - A Statement of Recommended Practice (SORP)", issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S)AAC), and the basic accounting concepts of matching, consistency, prudence, going concern, materiality and substance over form.

Provisions

Provision has been made for bad debts on Community Charges/Council Taxes, for bad debts and abatements on Non-Domestic Rates, and for bad debts on other items of income, where appropriate. In all cases the levels of provision are based on experience and an assessment of the prospects of recovering the related debts.

Reserves

The Council maintains a number of reserve funds for purposes outwith those classified as provisions. Full details are given in the Statement of Total Movements in Reserves.

Fixed Assets - Basis of Valuation

Council houses are included in the balance sheet at market value, based on the value of right-to-buy sales after applying the average discount factor. This value is then multiplied by the gross annual value of the remaining stock. Revaluation is carried out on an annual basis.

Other operational properties owned by the Council have been included in the balance sheet at market value existing use or, in the case of specialised assets for which there is no market value, at depreciated replacement cost. Non operational properties are included at open market value. All property related assets were revalued as at 1 April 1999 (the quinquennial revaluation).

Vehicles, plant and equipment are included in the Consolidated Balance Sheet at the lower of net current replacement cost or net realisable value. Infrastructure assets are included at depreciated historical cost. Community assets are included at historical cost, where relevant.

Any assets which have suffered impairment in the year are included at the impaired value.

Fixed Assets - Capital Charge to Revenue Accounts

The capital charges made to Service Revenue Accounts, Central Support Services and the DLO/DSO accounts, equate to the sum of depreciation (where applicable) and impairment plus a notional interest charge based on the revised net amount at which the fixed asset is included in the Balance Sheet at 1 April 1999. The notional rate of interest used is 6% for those fixed assets included in the Balance Sheet at current value and for infrastructure assets

Deferred Charges

Deferred charges represent capitalised expenditure which does not result in, or remain matched with, tangible fixed assets. Deferred charges are amortised to the revenue account over an appropriate period, usually in line with the corresponding Consolidated Loans Fund advance.

Capital Receipts

Capital receipts arising from the sale of assets are applied first to repay any outstanding loan debt on the asset sold. Thereafter, any remaining sum is applied to reduce the level of advances from the Consolidated Loans Fund and consequently reduces the Council's overall outstanding debt.

Government and EC Grants

Grants are accounted for on an accruals basis and income has been credited to either the appropriate revenue account or to the Government Grants/Capital Contributions Deferred account.

Basis of Funding and Charging for Capital

The Council's borrowing is managed through its Consolidated Loans Fund (CLF) which makes advances to individual service capital accounts to finance capital expenditure. Repayments to the Loans Fund are made on an annuity basis. The total interest paid by the CLF, including Interest on Revenue Balances (IORB) is charged to the corporate Asset Management Revenue Account.

Leases

Assets acquired under finance leases are capitalised and included in the Consolidated Balance Sheet on the basis of the outstanding obligation to make future principal payments. Both operating and finance leasing costs are charged to revenue over the period of the lease.

Covenant Schemes

Assets which have been financed through Covenant schemes are included in the Consolidated Balance Sheet at a value arrived at in accordance with the accounting treatment for fixed assets. An amount is included in the Long Term Liabilities section as a Deferred Liability. The Deferred Liability represents the total indebtedness to the Development Company under Covenant schemes at 31 March 2000.

Revenue and Capital Transactions

Revenue and Capital transactions are recorded in the accounts on an income and expenditure basis, i.e. recognised as they are earned or incurred, not as money is received or paid. All specific and material sums payable to and due by the Council as at 31 March 2000 have been brought into account.

Stocks and Work in Progress

STATEMENT OF MAIN ACCOUNTING POLICIES

Stocks are valued at the lower of cost and net realisable value, where net realisable value is average cost or, for smaller departmental stocks, estimated original cost. Work in progress represents the value of work unbilled including attributable profit less any foreseeable losses.

STATEMENT OF MAIN ACCOUNTING POLICIES

Statutory Addition

Where a debt becomes the subject of a summary warrant, a 10% statutory addition is applied to the debt outstanding. The statutory addition is shown as a debtor in the Consolidated Balance Sheet. In terms of applying receipts to these debts, it is the Council's policy to first apply these to the original debt. Only after the original debt has been extinguished will any receipts be applied to the statutory addition.

Pension Schemes

The Council participates in two different pension schemes, with defined benefits related to pay and service as follows:-

Teachers:

This is an unfunded scheme administered by the Scottish Public Pensions Agency. The pension cost charged to the accounts is the contribution rate set by the Scottish Office on the basis of a notional fund.

Other Employees:

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The pension costs that are charged to the Council's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees. In 1999/2000 the employer's contribution was equivalent to 180% of employees' contributions. This rate is based upon an independent actuarial valuation of the Tayside Superannuation Fund's assets and liabilities.

The cost of inflationary increases in pension payments (Pension Increase Act payments) are met by the Superannuation Fund, except in respect of the enhanced elements of pension (due to redundancy or early retirement) for which the Pension Increase Act payments are met by the appropriate service accounts of the Council.

The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations. As a result, the Council does not comply with the accounting requirements of SSAP 24, 'Accounting for pension costs' and the liabilities included in the balance sheet are understated in respect of pension costs. However, in accordance with standard accounting practice for local authorities, the pension costs that it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed by way of a note to the accounts.

Relationships with Companies

Dundee Energy Recycling Limited

The Council currently holds 40% of the ordinary shares in Dundee Energy Recycling Limited (DERL), which has taken over a new Waste-to-Energy plant from the construction contractor on 31 March 2000. The Council has a 20 year contract with DERL for the disposal of domestic refuse which commenced on 31 March 2000.

Relationships with Companies contd

Dundee City Developments Limited

The Council has provided an interest free loan of £500,000 to Dundee City Developments Limited. This company has been established to continue the process of economic regeneration and to maintain momentum across a range of economic development initiatives in the City.

Further information about the above companies is shown in note 11 to the Consolidated Balance Sheet (see page 20).

Investments

Superannuation Fund investments are shown at market value (mid market price).

Common Good, Charitable Trust and Insurance Funds investments are shown in the accounts at cost less any provision required for loss in value.

The investments in Dundee Energy Recycling Limited and Dundee City Developments Limited are shown at cost.

Central Support Services

Central Support Service costs are recharged to user departments, with the exception of Corporate Management costs.

The administration costs shown in the Superannuation Funds Revenue Account are calculated in accordance with the provisions of the Local Government Superannuation (Scotland) Regulations 1987 (as amended).

Insurance

Expenditure included in the Statement of Accounts relates mainly to premiums paid, policy excesses and settlement of claims where the Authority has self insured its liability. Provision has also been made for contingent liabilities arising from unsettled claims. The Insurance Funds have been operated in accordance with the "Best Practice Guidance for Local Authority Insurance Funds" issued by LA(S)ACC.

CONSOLIDATED REVENUE ACCOUNT

1998/99	1999/2000			
Actual Net Expenditure £000	Actual Gross Expenditure £000	Actual Income £000	Actual Net Expenditure £000	Budgeted Net Expenditure £000
	Council Services			
77,173	90,528	10,064	80,464	79,786
41,060	53,738	10,430	43,308	43,263
14,865	18,313	3,734	14,579	14,403
5,629	15,334	8,831	6,503	6,367
10,217	14,509	4,031	10,478	10,300
11,684	16,975	4,672	12,303	13,097
9,865	13,104	3,306	9,798	10,079
3,401	4,423	603	3,820	3,867
6,642	30,539	23,687	6,852	7,983
2,878	3,757	712	3,045	2,911
12,604	12,968	-	12,968	13,006
8,794	9,545	-	9,545	9,322
749	793	-	793	793
2,669	59,717	56,470	3,247	2,812
<u>254</u>	<u>-</u>	<u>160</u>	<u>(160)</u>	<u>1,002</u>
208,484	344,243	126,700	217,543	218,991
<u>698</u>	<u>46,623</u>	<u>46,399</u>	<u>224</u>	<u>-</u>
209,182	390,866	173,099	217,767	218,991
		Ref Note No		
(661)	Net Surplus on Statutory DLOs and DSOs (incl Tayside Contracts)		(1,061)	(772)
(474)	Net Surplus on Trading Undertakings (Car Parks)	7	(434)	(359)
(8,247)	Net Income on Asset Management Revenue Account	5	(12,826)	(11,349)
(1,552)	Interest and Investment Income		(215)	(600)
808	Extraordinary Item - Interest on Revenue Balances from Demitting Authorities		-	-
<u>-</u>	Prior Year Adjustments	4	<u>(643)</u>	<u>-</u>
199,056	Net Operating Expenditure		202,588	205,911
	Appropriations			
(1,786)	Contribution to/(from) Renewal & Repair Fund		386	(311)
6,096	Contribution to Capital Financing Reserve		2,388	2,183
104	Contribution to/(from) Devolved School Management Balances		(4)	(386)
<u>(1,397)</u>	Contribution to/(from) Car Park Reserve		<u>171</u>	<u>21</u>
202,073	Amount to be met from Government Grants and Local Taxpayers		205,529	207,418
	Principal Sources of Finance			
45,004	Income from Council Tax		46,957	47,349
747	Income from Community Charge	14	767	1,100
113,662	Revenue Support Grant		115,376	115,176
<u>40,752</u>	Contribution from National Non-Domestic Rate Pool		<u>41,801</u>	<u>41,879</u>
200,165			204,901	205,504
<u>(1,908)</u>	Deficit for the Financial Year		<u>(628)</u>	<u>(1,914)</u>
	Balances			
4,260	Balances at 1 April 1999 (excluding DSM Balances)		2,352	2,352
(1,908)	<u>Less</u> Deficit for the financial year		(628)	(1,914)
<u>386</u>	<u>Add</u> Amount Reserved for Schools under Devolved School Management		<u>382</u>	<u>-</u>
2,738	General Fund Balance at 31 March 2000		2,106	438

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1 ACQUIRED AND DISCONTINUED OPERATIONS

In 1999/2000 there were no acquired or discontinued operations (1998/99: Abattoir was a discontinued operation.)

2 EXCEPTIONAL ITEMS

In 1999/2000 there were no exceptional items (1998/99: None).

3 EXTRAORDINARY ITEMS

In 1999/2000 there were no extraordinary items (1998/99: Interest on Revenue Balances from Demitting Authorities: Dundee City Council's share £807,935).

4 PRIOR YEAR ADJUSTMENTS

In 1999/2000, an actual net income figure of £643,000 has been shown against "Prior Year Adjustments" in the Consolidated Revenue Account. This net figure consists of the following items which relate to the period prior to 31 March 1999:

	<u>£000</u>
Uncashed cheques credited back to revenue account	372
Miscellaneous cash receipts not matched against debtor invoices	218
Ex-Tayside Regional Council income properly receivable by Dundee City Council	381
Reduction in debtor for rent rebate overpayments	(221)
Adjustments required to opening bank reconciliation position	<u>(107)</u>
	<u>643</u>

5 MATERIAL TRANSACTIONS IN THE ASSET MANAGEMENT REVENUE ACCOUNT

Transactions on the Asset Management Revenue Account

1998/99		1999/2000	
£000	Income	£000	£000
	Capital Charges		
(25,205)	- General Fund Services		(29,837)
(13,417)	- Housing Revenue Account		(12,627)
(1,283)	- DLO/DSO's (including Notional Interest on Stock Balances)		(1,041)
	Transfer from Government Grants/Capital Contributions		
<u>(230)</u>	Deferred Account		<u>(289)</u>
(40,135)			(43,794)
	Expenditure		
10,026	Provision for Depreciation/Impairment	11,257	
21,712	External Interest Charges (including Interest on Revenue Balances)	19,555	
<u>150</u>	Consolidated Loans Fund Expenses	<u>156</u>	
<u>31,888</u>			<u>30,968</u>
<u>(8,247)</u>	Balance to Consolidated Revenue Account		<u>(12,826)</u>

The capital charges shown above have been calculated in accordance with the "minimum charge" as defined in the Accounting Code of Practice ie depreciation (where applicable) and impairment plus a notional capital financing charge.

6 FINANCE AND OPERATING LEASES

The Council held no assets on Finance Lease during 1999/2000 (1998/99 None).

Operating Lease rental payments of £0.201m were made during 1999/2000 (1998/99 £0.155m), with an undischarged liability at 31 March 2000 of £2.205m (31.03.99 £0.637m).

7 TRADING OPERATIONS

Car Parks

The Council owns and operates off-street car parks and on-street parking spaces throughout the City. Car parking income of £2,139,500 was generated in 1999/2000 (1998/99 £1,738,000). The net surplus from this operation was £434,600 on a capital accounting basis (1998/99 £473,600). On a cash basis, the net surplus was £716,431 (1998/99 net deficit of £1,397,257, after charging expenditure of £2,064,700 on the construction of the new Gellatly Street Multi Storey Car Park).

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The surplus on on-street parking of £159,385 was transferred to the Car Park Reserve at the year end. The surplus on off-street parking of £557,046 was transferred to General Fund at the year-end.

Airport

Dundee Airport is owned and operated by the Council. Income from landing and service charges and sale of fuel was £595,200 in 1999/2000 (1998/99 £305,600). The net deficit was £1,185,800 for the year and this is included in the Net Cost of Services (Economic Development) in the Consolidated Revenue Account (1998/99 £1,144,600).

Laundrette

The Council's two laundrette premises are rented as going concerns to private individuals and rental income of £10,798 was received in 1999/2000 (1998/99 £14,300). This income is reflected in the Net Cost of Services (Economic Development) in the Consolidated Revenue Account.

8 PUBLICITY ACCOUNT

Section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of expenditure on publicity. During 1999/2000 the Council incurred the expenditure shown below on publicity.

1998/99 £000		1999/2000 £000
212	Employment Advertising	219
55	General Advertising	117
11	Special Promotional Events	-
<u>119</u>	Others	<u>66</u>
<u>397</u>		<u>402</u>

9 AGENCY ARRANGEMENTS

Within certain of the Council's services work is undertaken on the Council's behalf by other bodies who are reimbursed by the Council.

The main items of agency expenditure were payments to other Local Authorities, voluntary bodies and private agencies for the provision of the following services:

AGENCY EXPENDITURE

1998/99 £000		1999/2000 £000	£000
	Education		
430	Fees to residential schools for special education for Dundee children	648	
<u>174</u>	Provision of Speech Therapy Services by Tayside Health Board	<u>193</u>	
604			841
	Social Work:		
4,441	Services for children	4,583	
5,172	Residential and other social work related care for older people	5,641	
4,508	Residential and other social work related care for adults	4,946	
91	Service strategy and regulation services	260	
<u>218</u>	The criminal justice service	<u>199</u>	
14,430			15,629
	Planning and Transportation:		
27	For inter-authority bus services		15
	Environmental and Consumer Protection:		
7	Health and Safety checks on farms and abattoirs		6
	Neighbourhood Resources and Development:		
146	Provision of community education services	150	
35	Provision of community education services to young people	35	
9	To support the development of non statutory playgroups	-	
	To support and promote action/information about women's and families health needs		
<u>14</u>		<u>14</u>	
<u>204</u>			<u>199</u>
<u>15,272</u>	Total Agency Expenditure		<u>16,690</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

10 LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

The Council is empowered by this Act to provide goods and services to other public bodies. Detailed below is the income arising from work that has been carried out under the Local Authority (Goods and Services) Act 1970 during the financial year 1999/2000.

1998/99 £000		1999/2000 £000	£000
	Education:		
698	From local authorities for providing special education to children resident outside Dundee	707	
29	From Angus and Perth and Kinross to assist in testing information	22	
19	From other local authorities to finance the post of a Joint Purchasing Officer	21	
	From Angus and Perth and Kinross to finance the post of Instrument Repair Technician	7	
<u>-</u>	Providing payroll services to Dundee College	<u>12</u>	
753			769
	Planning and Transportation:		
96	In respect of design and supervision works carried out on behalf of the Tay Premium Unit		66
	Economic Development		
-	From Tayside Joint Police Board in respect of technical support		1
	Environmental and Consumer Protection:		
419	From other local authorities for Public Analyst work carried out		432
	Chief Executive:		
75	In respect of information technology, personnel and media work carried out for other public bodies	81	
<u>17</u>	From Department of Employment in respect of the Employment Disability Unit, Employment Services Rehabilitation Contract	<u>21</u>	
92			102
	Support Services:		
137	In respect of property services work carried out for other public bodies	201	
<u>21</u>	In respect of Legal & Committee services work carried out on behalf of Joint Boards	<u>24</u>	
158			225
	Finance:		
200	In respect of ledger, payroll and other financial services work carried out for other public bodies	187	
<u>295</u>	In respect of billing and collection of domestic water charges for NoSWA	<u>309</u>	
495			496
	Housing Revenue Account:		
1	Commission received on collection of rent on behalf of Beechwood Housing Co-op		1
	Parks DSO:		
49	In respect of trunk road maintenance carried out on behalf of the Tay Premium Unit	-	
<u>22</u>	In respect of ground maintenance work carried out on behalf of Joint Boards	<u>26</u>	
<u>71</u>			<u>26</u>
<u>2,085</u>	Total Income		<u>2,118</u>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

11 PENSION COSTS

Teachers

The employer's contribution rate for 1999/2000 in respect of teachers' pensions was 6.9% (1998/99 6.9%). In 1999/2000 the Council paid £5.0m (1998/99 £4.7m) to the Scottish Public Pensions Agency in respect of teachers' pension costs which represents 12.9% of teachers' pensionable pay (1998/99 13.0%). In addition the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 1999/2000 these amounted to £0.02m representing 0.05% of pensionable pay (1998/99 £0.02m, 0.06%).

Other Employees

In 1999/2000 the Council paid an employer's contribution of £8.3m (1998/99 £7.0m) into the Tayside Superannuation Fund, representing 10.4% of pensionable pay (1998/99 9.2%). The contribution rate was determined by the Fund's Actuary based on the triennial actuarial valuation at 31 March 1996 with the resultant revised contribution rate effective from 1 April 1997. Under Superannuation Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund. An actuarial valuation was carried out at 31 March 1999 and the revised contribution rate will take effect from 1 April 2000.

In addition the Council is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 1999/2000 these amounted to £1.2m representing 1.5% of pensionable pay (1998/99 £1.2m, 1.6%).

12 SSAP24 REQUIREMENTS

Other Employees

The Fund's Actuary has advised that the pension costs that it would have been necessary to provide for in the year in accordance with SSAP 24, 'Accounting for pension costs' are £8.3m, representing 10.4% of pensionable pay (1998/99 £7.0m, 9.2%).

13 SECTION 83 EXPENDITURE

Section 83 of the Local Government (Scotland) Act 1973 (amended by the Local Government (Scotland) Act 1994) provides a local authority with power to incur expenditure which, in their opinion, is in the interests of and will bring direct benefit to their area, or any part of it or all or some of their inhabitants and for which they have no other specific legal power. The expenditure under this section in any financial year shall not exceed the amount produced by multiplying £3.80 by the relevant population of the authority's area. In 1999/2000 the limit on spending is approximately £0.57m. During 1999/2000 the Council did not incur any expenditure under Section 83 of the Act (1998/99 Nil).

14 COMMUNITY CHARGE INCOME

1998/99 Actual £000		1999/2000 Actual £000
<u>(8)</u>	Adjustments for Previous Year: Gross Charge	<u>(52)</u>
(8)	Net Charge	(52)
<u>755</u>	Released from Provision for Bad Debts	<u>819</u>
<u>747</u>	Total Community Charge Income	<u>767</u>

Note: Community Charge Income relates to movements in the net levy at 1 April 1993 when Community Charge was replaced by the Council Tax and movements in the provision for bad debts.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

15 OFFICERS EMOLUMENTS

The following table shows the number of employees whose whole taxable remuneration fell within the specified bandings:

Number of Employees 1998/99	Salary Banding	Number of Employees 1999/2000
38	£40,000 - £49,999	41
7	£50,000 - £59,999	10
7	£60,000 - £69,999	7
-	£70,000 - £79,999	-
1	£80,000 - £89,999	1

16 MEMBERS ALLOWANCES

The total amount of members' allowances paid, under the Local Authorities Etc (Allowances) (Scotland) Regulations 1995, for the year to 31 March 2000, was £381,648 (1998/99 £437,057)

17 RELATED PARTIES

During the year the Council entered into a number of transactions with Dundee Energy Recycling Limited (DERL) and Dundee City Developments Limited as follows:

Revenue	1999/2000 £000	1998/99 £000
Services Charges from DERL	717	Nil
Services Charges to DERL	527	Nil
Service Charges from Dundee City Developments Limited	Nil	Nil
Service Charges to Dundee City Developments Limited	111	Nil

In 1999/2000, there were no other material transactions with any other related parties which are not already disclosed elsewhere in the Statement of Accounts.

COUNCIL TAX INCOME ACCOUNT

1998/99 £000			1999/2000 £000	£000
57,135		Gross Charge		59,770
4,696	Deduct -	Exemptions	4,033	
44	-	Disabled Relief	41	
<u>6,701</u>	-	Discounts	<u>7,040</u>	
<u>11,441</u>				<u>11,114</u>
45,694		Net Council Tax		48,656
12,542	Deduct -	Rebates	12,669	
	-	Less: Transferred to Consolidated Revenue Account		
<u>(12,542)</u>			<u>(12,669)</u>	
-				-
12	-	MOD Properties		12
(12)	-	Contribution Received		(11)
<u>690</u>		Provision for Bad Debts/Exemptions/Discounts		<u>1,698</u>
<u>45,004</u>		Total Council Tax Income		<u>46,957</u>

NOTES TO THE COUNCIL TAX INCOME ACCOUNT

1 COUNCIL TAX INCOME

The Council Tax is based on the value of a domestic property together with a personal element which takes into account the number and circumstances of that property's occupants.

Each property is placed in one of eight valuation bands (A-H) in accordance with their value as at 1 April 1991. The Council Tax Charge levied for each property is calculated in proportion to the Council Tax Charge for a Band D property by applying fractions. A discount of 25% on the Council Tax charge is made where there are fewer than two residents of a property. Discounts of 50% are made for unoccupied property. Persons in detention, Students, Mentally Handicapped people etc, are disregarded for Council Tax purposes. Reductions in Council Tax payable are also granted for disabled people.

The valuation bands and the fractions used in calculating the Council Tax payable for each valuation band are set out below. Details of the calculation of the Council Tax base together with information on the 1999/2000 charges levied are shown below at Notes 2 and 3.

<u>Valuation Band</u>	<u>Property Valuation Range</u>	<u>Fraction of Band D</u>
A	Up to £27,000	6/9
B	£ 27,001 - £ 35,000	7/9
C	£ 35,001 - £ 45,000	8/9
D	£ 45,001 - £ 58,000	9/9
E	£ 58,001 - £ 80,000	11/9
F	£ 80,001 - £106,000	13/9
G	£106,001 - £212,000	15/9
H	Over £212,000	18/9

NOTES TO THE COUNCIL TAX INCOME ACCOUNT

2 CALCULATION OF THE COUNCIL TAX BASE 1999/2000

Council Tax Base	A	B	C	D	E	F	G	H	TOTAL
Total Number of Properties	34,394	16,020	6,493	6,965	4,872	1,412	676	48	70,880
<u>Less</u> Exemptions/Deductions	2,429	637	371	215	136	39	12	16	3,855
<u>Less</u> Adjustment for Single Chargepayers	5,772	1,793	600	497	253	62	27	2	9,006
Effective Number of Properties	26,193	13,590	5,522	6,253	4,483	1,311	637	30	58,019
Band D Equivalent Factor (Ratio)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalent Number of Properties	17,462	10,570	4,908	6,253	5,479	1,894	1,062	60	47,688
<u>Add</u> Contribution in lieu in respect of Class 18 dwellings (Band D equivalent)									<u>12</u>
NOMINAL TAX YIELD									47,700
<u>Less</u> Provision for Non-Collection 4%									<u>1,908</u>
COUNCIL TAX BASE 1999/2000 (equivalent to a Band D Council Tax of £1,034)									<u>45,792</u>

3 COUNCIL TAX PROPERTIES AND CHARGES LEVIED 1999/2000

Council Tax Band	Number of Chargeable Properties	1999/2000 Council Tax Charge per Property (£)	Gross Council Tax Income £000
A	26,193	689.33	18,056
B	13,590	804.22	10,929
C	5,522	919.11	5,075
D	6,253	1,034.00	6,466
E	4,483	1,263.78	5,666
F	1,311	1,493.56	1,958
G	637	1,723.33	1,097
H	30	2,068.00	<u>62</u>
			49,309
<u>Add</u>	Contribution in lieu in respect of Class 18 dwellings		<u>13</u>
			49,322
<u>Less</u>	Provision for Non-Collection 4%		<u>1,973</u>
TOTAL BUDGETED COUNCIL TAX INCOME			<u>47,349</u>

NON-DOMESTIC RATE INCOME ACCOUNT

1998/99 £000		1999/2000 £000
52,209	Gross Rate Levied	53,787
(657)	Vacant 50% not levied	(670)
158	Transitional Surcharge	11
<u>(1,534)</u>	Transitional Relief	<u>(1,113)</u>
50,176		52,015
	Deduct:	
1,104	Rate Rebates	940
3,678	Reliefs, Charities, etc	3,777
1,719	Relieved on Appeal etc	1,718
<u>1,170</u>	Provision for Bad Debts/Abatements	<u>1,064</u>
<u>42,505</u>		<u>44,516</u>
	Adjustments to Previous Years:	
(63)	Interest on Overpaid Rates	(80)
<u>(48)</u>	Bad Debts/Abatements	<u>(1,224)</u>
<u>42,394</u>		<u>43,212</u>
	Allocated as follows:	
42,522	Contribution to National Non-Domestic Rate Pool	43,289
<u>(128)</u>	City Council Non-Domestic Rates	<u>(77)</u>
<u>42,394</u>		<u>43,212</u>
	National Non-Domestic Rate Pool:	
42,522	Contribution to National Non-Domestic Rate Pool	43,289
<u>40,880</u>	Contribution from National Non-Domestic Rate Pool	<u>41,879</u>
<u>1,642</u>	Net Contribution to National Non-Domestic Rate Pool	<u>1,410</u>

NOTES TO THE NON-DOMESTIC RATE INCOME ACCOUNT

1 NON-DOMESTIC RATE INCOME/CONTRIBUTION FROM NON-DOMESTIC RATE POOL

With effect from 1993/94 all Non-Domestic Rate Income collected by local authorities (from non-domestic ratepayers) is paid into a national pool and redistributed to levying authorities. The Non-Domestic Rate Income is redistributed from the national pool in proportion to the resident population of each local authority concerned and therefore bears no direct relationship to the amount collected by those authorities.

A common non-domestic rate poundage (The Uniform Business Rate) is set by the Secretary of State for each financial year. The rate poundage for 1999/2000 was 48.9p for properties with a rateable value of £10,000 and over and 48.0p for properties with a rateable value of less than £10,000.

2 RATEABLE SUBJECTS AND VALUES

Non-Domestic Rateable Subjects at 1 April 1999

Commercial	2,853
Industrial	743
Public Utilities	7
Miscellaneous	<u>2,032</u>
	<u>5,635</u>

Non-Domestic Rateable Values

<u>at 1 April 1999</u>	
	£000
Commercial	43,422
Industrial	19,012
Public Utilities	3,580
Miscellaneous	<u>47,989</u>
	<u>114,003</u>

HOUSING REVENUE ACCOUNT

This statement details the transactions arising from the Council's statutory requirements in relation to the provision, improvement and management of housing stock.

1998/99 Actual £000		1999/2000 Budget £000	Actual £000
	INCOME		
43,824	Gross Rent Income - Dwellings	43,558	42,627
883	- Non-Dwellings	823	870
514	Interest on Revenue Balances	500	236
12	Housing Support Grant	25	33
<u>2,367</u>	Other Income	<u>2,564</u>	<u>2,633</u>
<u>47,600</u>		<u>47,470</u>	<u>46,399</u>
	EXPENDITURE		
19,601	Repairs and Maintenance	17,379	18,565
8,758	Supervision and Management	9,413	9,340
16,459	Capital Financing Costs	16,756	15,182
<u>3,480</u>	Bad Debts and Voids	<u>3,922</u>	<u>3,536</u>
<u>48,298</u>		<u>47,470</u>	<u>46,623</u>
<u>698</u>	Excess of Expenditure Over Income Transferred To Renewal and Repair Fund	<u>—</u>	<u>224</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

1 GROSS RENT INCOME

This is the total rent income for the year. Average annual rents charged were £38.26 per week in 1999/2000 (1998/99 £37.67).

2 HOUSING STOCK

The Council was responsible for managing 20,634 dwellings as at 31 March 2000 (31.03.99 21,646). The stock was made up as follows:

1999			2000	
Number	%		Number	%
4,586	21	Houses	4,449	22
15,176	70	Flats	14,425	70
<u>1,884</u>	<u>9</u>	Maisonettes	<u>1,760</u>	<u>8</u>
<u>21,646</u>	<u>100</u>		<u>20,634</u>	<u>100</u>

The change in housing stock during the year can be summarised as follows:

22,638	Stock at 1 April 1999	21,646
(326)	Less: Sales	(269)
<u>(666)</u>	Less: Demolitions etc	<u>(743)</u>
<u>21,646</u>	Stock at 31 March 2000	<u>20,634</u>

3 RENT ARREARS AND BAD DEBTS

The amount of rent arrears written off at 31 March 2000 was £540,361 (31.03.99 £504,338) which is equivalent to 1.27% (1998/99 1.15%) of rent collectable from tenants. In addition, the provision for doubtful debts was decreased to £678,714 (1998/99 £936,820).

Rent arrears at 31 March 2000 were 5.70% (31.03.99 5.03%) of rent collectable and this equated to an average rent arrears per house of £117.84 (1998/99 £101.97).

4 EXCEPTIONAL OR PRIOR YEAR ADJUSTMENTS

There are no exceptional or prior year items.

DIRECT LABOUR AND DIRECT SERVICE ORGANISATIONS SUMMARY REVENUE AND APPROPRIATION ACCOUNTS

		1999/2000					
1998/99 Actual £000		Dundee Contract Services DLO £000	Cleansing DSO £000	Leisure and Recreation DSO £000	Parks DSO £000	Cleaning of Buildings DSO £000	Total £000
33,791	Total Income	17,454	6,955	3,592	5,420	192	33,613
<u>33,380</u>	Total Expenditure	<u>17,053</u>	<u>6,868</u>	<u>3,466</u>	<u>5,232</u>	<u>159</u>	<u>32,778</u>
<u>411</u>	Surplus	<u>401</u>	<u>87</u>	<u>126</u>	<u>188</u>	<u>33</u>	<u>835</u>
Appropriations:-							
<u>(411)</u>	Contribution to General Fund	<u>(401)</u>	<u>(87)</u>	<u>(126)</u>	<u>(188)</u>	<u>(33)</u>	<u>(835)</u>

NOTES TO THE DIRECT LABOUR AND DIRECT SERVICE ORGANISATIONS SUMMARY REVENUE AND APPROPRIATION ACCOUNTS

1 PRESCRIBED FINANCIAL OBJECTIVE

The Council is required to break even in each financial year and for each type of work, after meeting the following charges:

- a a notional capital financing charge of 6% on the value of fixed assets used by the DLO/DSO, including all assets acquired under financing leases,
- b depreciation charges based on the current value of all such assets which are liable to depreciation, and
- c a financing charge of 6% on stock balances held for the DLO/DSO.

The Council's DLO and each of its four DSO's met the prescribed financial objective for 1999/2000.

2 CASH POSITION

The surpluses shown for the DLO and DSO's above have been calculated on a "Capital Accounting" basis ie reflecting notional interest and depreciation charges for the use of assets but excluding CFCR and interest on revenue balances. When these entries are reversed to re-state the accounts on a "cash" basis, the total surpluses generated by the DLO and DSO's in 1999/2000 are £1.540m (1998/99 £1.302m).

3 FURTHER FINANCIAL DETAIL

More detailed information is contained in the Annual Reports 1999/2000 for Dundee Contract Services and the DSO's. Copies of these reports can be obtained from Dundee City Council Finance Department, Floor 4, 28 Crichton Street, Dundee, DD1 3RF.

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2000

1999 £000		Ref Note No	£000	2000 £000	£000
	FIXED ASSETS				
	Operational Assets:				
271,804	Council Dwellings	1		237,168	
239,143	Other Land and Buildings	1		297,913	
15,011	Vehicles, Plant and Equipment	1		16,325	
44,394	Infrastructure Assets	1		44,331	
1,595	Community Assets	1		1,595	
<u>62,791</u>	Non-Operational Assets	1		<u>68,028</u>	
634,738					665,360
30,822	DEFERRED CHARGES	3			34,028
5,361	LONG TERM INVESTMENTS	4			5,923
	INVESTMENTS IN JOINT VENTURES:	11			
-	Share of Gross Assets			16,021	
<u>-</u>	Share of Gross Liabilities (Incl Non Equity Interests)			<u>(16,021)</u>	
-					-
<u>8,958</u>	LONG TERM DEBTORS	5			<u>8,849</u>
679,879					714,160
	CURRENT ASSETS				
864	Stores and Work in Progress			1,064	
3,366	Sundry Debtors:				
	Government and EC Grants			8,756	
4,452	Rates due and unpaid		2,790		
<u>(1,898)</u>	less provision for Bad Debts		<u>(1,064)</u>		1,726
9,700	Community Charge due and unpaid		8,105		
<u>(7,734)</u>	less provision for Bad Debts		<u>(6,202)</u>		1,903
12,861	Council Tax due and unpaid		14,071		
<u>(6,293)</u>	less provision for Bad Debts		<u>(7,337)</u>		6,734
2,530	Statutory Additions due and unpaid		2,391		
<u>(1,926)</u>	less provision for Bad Debts		<u>(1,542)</u>		849
19,400	General			18,331	
-	Short Term Investments			26	
<u>80</u>	Advances for Petty Outlays			<u>67</u>	
<u>35,402</u>				<u>39,456</u>	
	LESS CURRENT LIABILITIES				
2,722	Sundry Creditors:				
	Government Grants			829	
5,377	Loans Fund Interest etc			4,497	
24,921	General			22,359	
39,592	Short Term Borrowing	12		39,419	
20,103	Government Grants/Capital Contributions Deferred			24,445	
<u>13,947</u>	Bank Overdraft			<u>12,648</u>	
<u>106,662</u>				<u>104,197</u>	
<u>(71,260)</u>					<u>(64,741)</u>
608,619	Total Assets Less Net Current Liabilities				649,419
216,542	Long Term Borrowing	12		234,005	
2,845	Deferred Liabilities	6		2,401	
<u>8,577</u>	Provisions	13		<u>8,462</u>	
<u>227,964</u>					<u>244,868</u>
<u>380,655</u>	Net Assets				<u>404,551</u>
	Financed By				
1,757	Reserves:				
	Renewal and Repair Fund			2,237	
109	Dundee Contracts Reserve			115	
3,927	Insurance Fund			3,476	
221	Car Park Reserve			392	
265,503	Fixed Asset Restatement Reserve			273,989	
<u>106,400</u>	Capital Financing Reserve			<u>122,236</u>	
377,917					402,445
<u>2,738</u>	Accumulated Surpluses:				<u>2,106</u>
<u>380,655</u>	General Fund	16			<u>404,551</u>

David K Dorward, CPFA
Director of Finance
Dundee City Council
21 June 2000

David K Dorward, CPFA
Director of Finance
Dundee City Council
21 June 2000

NOTES TO THE CONSOLIDATED BALANCE SHEET

1 SUMMARY OF CAPITAL EXPENDITURE AND DISPOSALS

FIXED ASSET TRANSACTIONS

Movements in fixed assets during the year were:

	Opening Balance Sheet 1/4/99 £000	Effect of Quinquennial Revaluation £000	Revised Opening Balance Sheet 1/4/99 £000	Expenditure in Year £000	Disposals in Year £000	Depreciation/ Impairment in Year £000	Revaluations/ Other Adjustments in Year £000	Balance as at 31/3/2000 £000
OPERATIONAL ASSETS								
Council Dwellings	271,804	-	271,804	12,132	(3,461)	-	(43,307)	237,168
Other Land and Buildings	239,143	57,653	296,796	7,383	(314)	(592)	(5,360)	297,913
Operational Equipment	15,011	-	15,011	4,667	(42)	(3,310)	(1)	16,325
Infrastructure Assets	44,394	-	44,394	2,324	-	(2,387)	-	44,331
Community Assets	1,595	-	1,595	140	-	-	(140)	1,595
	571,947	57,653	629,600	26,646	(3,817)	(6,289)	(48,808)	597,332
NON OPERATIONAL ASSETS								
	62,791	3,009	65,800	2,223	(678)	-	683	68,028
	634,738	60,662	695,400	28,869	(4,495)	(6,289)	(48,125)	665,360
1998/99 Comparative Figures	627,963	N/A	627,963	35,066	(7,354)	(5,478)	(15,459)	634,738

2 SOURCES OF FINANCE FOR CAPITAL EXPENDITURE

1998/99 £000		1999/2000 £000	
35,066	Capital expenditure on Fixed Assets	28,869	
3,217	Deferred Charges	2,613	
63	Long-Term Investments	500	
<u>647</u>	Long-Term Debtors	<u>688</u>	
<u>38,993</u>	Capital to be financed for the year		<u>32,670</u>
Financed by:			
12,430	Loan	15,071	
7,396	Capital Receipt	5,925	
7,828	Government Grant/Capital Contribution	4,627	
873	Receipts in respect of Deferred Charges	472	
370	Receipts from Long-Term Debtors	713	
9,711	Revenue	5,863	
<u>385</u>	Net Change in Capital Accruals	<u>(1)</u>	
<u>38,993</u>	Total Capital Financing for the year		<u>32,670</u>

3 MOVEMENT IN DEFERRED CHARGES

1998/99 £000		1999/2000 £000	
28,574	Value as at 1 April 1999		30,822
<u>4,339</u>	Add: Additions during 1999/2000		<u>5,125</u>
32,913			35,947
(873)	Less: Receipts during 1999/2000	(472)	
<u>(1,218)</u>	Write-Downs 1999/2000	<u>(1,447)</u>	
<u>(2,091)</u>			<u>(1,919)</u>
<u>30,822</u>	Value as at 31 March 2000		<u>34,028</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

4 LONG TERM INVESTMENTS

As at 31 March 1999 £000		As at 31 March 2000 £000
5,063	Dundee Energy Recycling Limited (DERL) (Loan)	5,063
-	Dundee City Developments Limited (Loan)	500
<u>298</u>	Marketable Securities (Insurance Fund)	<u>360</u>
<u>5,361</u>		<u>5,923</u>

5 LONG TERM DEBTORS

As at 31 March 1999 £000		As at 31 March 2000 £000
2,175	Mortgages/Repairs Notices	2,268
6,235	Joint Boards/Joint Committee	6,132
<u>548</u>	Other Loans	<u>449</u>
<u>8,958</u>		<u>8,849</u>

6 COMMITMENTS UNDER CAPITAL CONTRACTS

The Council has authorised for inclusion in its Capital Estimates some £52.4m of Capital Expenditure to be incurred in 2000/01 and beyond. Of this expenditure £16.7m is legally committed under contract and a further £35.7m relates to schemes with committee approval to commence in 2000/01 but for which contracts have not yet been entered into.

In addition to liabilities associated with normal capital expenditure, the Council has two "Covenant" arrangements with a consortium of banks. These Covenants were entered into to allow capital expenditure to be carried out on Council projects with funding provided by the Banks so that the expenditure did not require to count against the Council's Section 94 Capital Consent at the time of being incurred. The amounts required to count against the Council's Section 94 Consent are determined as being the amounts of principal repaid to the lenders in each year and as at 31 March 2000 an undischarged liability of £3.1m existed in respect of these Covenants (being £2.4m deferred liability and £0.7m loans outstanding).

7 INFORMATION ON ASSETS HELD

Fixed Assets owned by the Council are summarised as follows:

Number as at 31 March 1999		Number as at 31 March 2000
	OTHER LAND & BUILDINGS	
21,600	Council Dwellings	20,600
700	Land and Buildings	700
1,700	Infrastructure Assets	1,700
50	Community Assets	50
800	Non-Operational Assets	800

In addition to the above, the Council also owns numerous assets in the category of vehicles, plant and equipment.

8 ASSETS HELD UNDER FINANCE LEASES

The Council held no assets on finance lease during 1999/2000 (1998/99 Nil).

NOTES TO THE CONSOLIDATED BALANCE SHEET

9 VALUATION OF THE COUNCIL'S ASSETS

Council houses are revalued annually on the basis of right-to-buy sales values pertaining to that year.

The authority's other property related assets were re-valued as at 1 April 1999 thereby fulfilling the requirement to re-value assets at intervals of not more than 5 years. The quinquennial revaluation exercise was carried out by a team of staff from the Council's Economic Development Department led by Mr John Rough ARICS and conducted in accordance with The Royal Institution of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book"). Each valuer was either a Fellow or Professional Associate of the Royal Institution of Chartered Surveyors (RICS).

Operational properties of a specialised nature (eg Schools) were valued on the basis of what it would cost to build a replacement, less allowances made to reflect the age, wear and tear and obsolescence of the existing asset (DRC - Depreciated Replacement Cost). Operational properties of a non-specialised nature (eg Council Offices) were valued by reference to the open market value of equivalent assets of a similar type and condition, as evidenced by recent market transactions, and on the assumption that they would continue in their existing use (EUV - Existing Use Value). Non-operational properties were valued by reference to their open market value (OMV - Open Market Value).

Vehicles, plant and equipment have been included in the balance sheet at the lower of net current replacement cost (using historical cost as a proxy for replacement cost) or net realisable value in existing use. Infrastructure assets are included in the balance sheet at the value of depreciated historical cost. Community assets are included in the balance sheet at historical cost where relevant.

10 ANALYSIS OF NET ASSETS EMPLOYED

As at 31 March 1999 £000		As at 31 March 2000 £000
201,257	General Fund	259,060
175,580	Housing Revenue Account	142,258
<u>3,818</u>	Dundee Contract Services/DSO's	<u>3,233</u>
<u>380,655</u>	Total	<u>404,551</u>

11 INVESTMENTS IN RELATED COMPANIES

Dundee Energy Recycling Limited

Dundee City Council has a sum of £5.063m invested in Dundee Energy Recycling Limited (DERL), a special purpose company established in order to build, own and operate a new Waste-to-Energy Plant at Baldovie, Dundee. This investment is in the form of an interest free loan which is repayable to the Council in 20 years time. The Council owned 40% of the £100 Ordinary Share Capital of DERL at 31 March 2000 (40% at 31 March 1999). Dundee City Council currently has two officers as Directors on the Board of DERL (the total number of Directors is six). The completed plant was taken over from the construction contractor on 31 March 2000. On the same date, a 20 year contract commenced between the Council and DERL for the disposal of domestic refuse.

The following information has been extracted from DERL's statutory accounts:

<u>31.12.98</u> <u>(Audited)</u> <u>£000</u>		<u>31.12.99</u> <u>(Audited)</u> <u>£000</u>
-	Profit/(Loss) Before Taxation	-
(19)	Profit/(Loss) After Taxation	25
-	Dividends Paid	-
275	Net Assets (Represented by Share Capital and Revenues)	300

Copies of DERL's statutory audited accounts may be obtained on application to the Director of Finance, Dundee City Council.

NOTES TO THE CONSOLIDATED BALANCE SHEET

The Council's interest in DERL is considered to constitute a "joint venture" in terms of the Accounting Code of Practice. A joint venture is defined as "an interest on a long-term basis in an entity and that entity is jointly controlled by the local authority and one or more other public or private sector entities under a contractual arrangement". The Council's interest in DERL has been incorporated in the Consolidate Balance Sheet which is shown on page 17 by bringing in the Council's share of the gross assets and gross liabilities of DERL (ie the "gross equity" method of consolidation). Consolidation has had no net impact on the Council's net assets or reserves.

DERL's accounting period is 31 December. For the purposes of disclosure, figures from DERL's management accounts to 31 March 2000 have been used. During the year to 31 March 2000, all costs and revenues have been capitalised in the Balance Sheet and there is no balance on DERL's profit and loss account at 31 March 2000. Accordingly, there is no surplus/deficit to be brought into the Council's 1999/2000 Consolidated Revenue Account.

Dundee City Developments Limited

Dundee City Developments Limited was established in 1999 as a company limited by guarantee to continue the process of economic regeneration and to maintain momentum across a range of economic development initiatives in the city. Dundee City Council has provided this company with an interest free loan of £500,000 primarily to provide the company with initial working capital. Dundee City Council has two members and two officers on the Board of Dundee City Developments Limited (there can be up to six other Board members). The interest free loan is currently shown as a long-term investment in the Council's Consolidated Balance Sheet.

First-year accounts for Dundee City Developments Limited are not yet available.

12 ANALYSIS OF BORROWING

Long Term Borrowing

Debt Outstanding at 31 March 1999 £000	Analysis of Loans by Source	Debt Outstanding at 31 March 2000 £000	Range of Interest Rates %
	Long Term:		
206,146	Public Works Loan Board	224,054	2.5 to 14.0
9,711	European Investment Bank	9,276	5.89 to 9.75
10	Market - Long Term	-	-
<u>675</u>	Covenant - Parallel Loan	<u>675</u>	6.6546 to 8.7325
<u>216,542</u>		<u>234,005</u>	
	Analysis of Loans by Maturity		
8,003	Between 1 - 2 years	1,091	
13,988	Between 2 - 5 years	5,659	
22,375	Between 5 - 10 years	9,270	
<u>172,176</u>	More than 10 years	<u>217,985</u>	
<u>216,542</u>		<u>234,005</u>	

Short Term Borrowing

Debt Outstanding at 31 March 1999 £000	Analysis of Loans by Source	Debt Outstanding at 31 March 2000 £000
	Long Term Loans Repayable Within One Year	
5,300	Public Works Loan Board	7,559
2,870	European Investment Bank	435
<u>15,003</u>	Market	<u>9</u>
23,173		8,003
7,928	Temporary Market Loans	23,307
	Temporary Advances from Other Accounts:	
4,840	Common Good Fund & Charitable Trust Funds	4,784
<u>3,651</u>	Superannuation Funds	<u>3,325</u>
<u>8,491</u>		<u>8,109</u>
<u>39,592</u>		<u>39,419</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

13 PROVISIONS OTHER THAN BAD DEBTS

Council Tax Income

This provision has been made in respect of potential reductions to the amount of net Council Tax levied by the Council. Such reductions can arise for a variety of reasons, the most common being delays by the Council Tax payer in submitting a request for exemption from or discount on the charge levied.

Rating Income

This provision has been made in 1999/2000 in respect of potential abatements to the gross rates levied by the Council. An abatement is a credit against the original charge levied and can arise for a variety of reasons the most common of which are non-domestic properties falling vacant during the year and reductions in valuations due to the settlement of appeals.

Self-Insured/Uninsured Losses

As part of the Council's Risk Management policy, certain categories of risk are not covered through a conventional insurance policy with an insurance company. In these circumstances the Council has a self-insurance arrangement which makes provision against potentially material risks. The Council has decided not to insure itself either through self-insurance or an insurance company against the theft of contents from Council premises.

The provision disclosed above has been made in 1999/2000 taking into account all known liabilities likely to be incurred by the Council in respect of self-insured and uninsured losses.

Dundee Contract Services

A provision has been made in respect of potential future losses on on-going contracts.

	Balance as at 1 April 1999 £000	Movements in Provisions 1999/2000 £000	Balance as at 31 March 2000 £000
<u>Provision Movements 1999/2000</u>			
Council Tax Income - Exemptions/Discounts	440	60	500
Rating Income - Abatements	1,944	381	2,325
Self-Insured/Uninsured Losses - Tayside Regional Council	1,341	(274)	1,067
- Dundee District Council	1,973	(198)	1,775
- Dundee City Council	2,825	(120)	2,705
Dundee Contract Services - Potential Future Losses on Contracts	<u>54</u>	<u>36</u>	<u>90</u>
	<u>8,577</u>	<u>(115)</u>	<u>8,462</u>

As well as operating its own Insurance Fund, the Council is also responsible for running off the ex-Tayside Regional Council Fund and the balance of the ex-Dundee District Council Fund.

14 CONTINGENT ASSETS & LIABILITIES

No contingent assets or liabilities existed at 31 March 2000 (31.03.99 Nil).

15 TRUSTS AND ENDOWMENTS

The Council administers the Common Good Account for the former Burgh of Dundee, and acts as Trustees for Charitable Trusts and Endowments.

Educational Endowments are made up of sums bequeathed to the Education Committee for the purpose of promoting education and supplying prizes for educational institutions.

NOTES TO THE CONSOLIDATED BALANCE SHEET

15 TRUSTS AND ENDOWMENTS CONTD

	1999/2000 Common Good £000	1999/2000 Charitable Trusts £000
Balance in fund at 1 April 1999	3,364	5,892
<u>Add</u> : Income during year	189	434
Gain on Sale of Shares	<u>11</u>	<u>-</u>
	3,564	6,326
<u>Less</u> Expenditure during year	<u>209</u>	<u>544</u>
	3,355	5,782
<u>Add</u> Net Movement in Funds	-	378
<u>Less</u> Millennium Account	<u>123</u>	<u>-</u>
Balance in fund at 31 March 2000	<u>3,232</u>	<u>6,160</u>

The Fund balances are shown at book value and are not included in the Consolidated Balance Sheet.

Separate Common Good Fund and Trust Fund Revenue Accounts and Balance Sheets are included on pages 36 and 37 of the Council's Statement of Accounts.

The balance on the Common Good Fund at 31 March 2000 includes £0.234m in respect of the Millennium Fund. The Millennium Fund was established in 1997, its purpose being to provide funding for a year-long programme of activity (during the year 2000) reflecting celebration, participation and sustainability. The transactions relating to the Millennium Fund in 1999/2000 are summarised below.

	1999/2000 Millennium Fund £000
Balance in Fund at 1 April 1999	357
<u>Add</u> Income during year	<u>61</u>
	418
<u>Less</u> Expenditure during year	<u>184</u>
Balance in Fund at 31 March 2000	<u>234</u>

16 DSM SCHOOLS

Included in the General Fund Balance of £2.106m is £0.382m (31.03.99 £0.386m) in respect of schools participating in the Devolved School Management Scheme. These surplus funds are earmarked in 2000/2001 for the individual schools where underspends occurred in the financial year 1999/2000.

17 YEAR 2000

The Council's Year 2000 Project concluded successfully. All departments, having already identified and evaluated risks, then prepared and tested contingency plans, millennium operating regimes and on-call rotas. No major problems were encountered at or since the date roll-over. The total cost of compliance has been identified as £1.326m.

18 RELATED PARTIES

The following represents material indebtedness to/from the Council at 31 March 2000 with Dundee Energy Recycling Limited (DERL) and Dundee City Developments Limited.

Revenue	£000
Services Charges from DERL	117
Services Charges to DERL	566
Service Charges from Dundee City Developments Limited	Nil
Service Charges to Dundee City Developments Limited	111

NOTES TO THE CONSOLIDATED BALANCE SHEET

19 EURO COSTS

European Economic and Monetary Union came into effect on 1 January 1999 when the currencies of the eleven participating countries were irrevocably fixed, leading to the creation of a single currency (the "Euro"). The United Kingdom has yet to make a decision whether to join. Although the Government has stated its agreement in principle to membership of a successful European Monetary Union, the final decision on entry is dependent on the UK meeting five economic tests set by the Government, followed by a referendum.

An estimate of the potential cost to the City Council of conversion to the Euro has yet to be determined.

STATEMENT OF TOTAL MOVEMENT IN RESERVES

	Fixed Asset Restatement Reserve			Capital Financing Reserve		
	General Fund £000	HRA £000	Total £000	General Fund £000	HRA £000	Total £000
	CAPITAL RESERVES					
Balance as at 1 April 1999	149,180	116,323	265,503	48,266	58,134	106,400
Effect of Quinquennial Revaluation	58,508	2,154	60,662	-	-	-
Unrealised Gains/(Losses) on Revaluation of Fixed Assets	(4,373)	(43,308)	(47,681)	-	-	-
Disposal of Fixed Assets (Net Book Value)	(942)	(3,553)	(4,495)	-	-	-
Capital Receipts (Disposal Proceeds)	-	-	-	2,175	3,750	5,925
Financing of Fixed Assets (CFCR)	-	-	-	3,308	2,555	5,863
Excess of Principal Repayments over Depreciation etc	-	-	-	(920)	4,968	4,048
Balance as at 31 March 2000	<u>202,373</u>	<u>71,616</u>	<u>273,989</u>	<u>52,829</u>	<u>69,407</u>	<u>122,236</u>

	Renewal & Repair Fund £000	Car Park Reserve £000	Dundee Contract Services Reserve £000	Insurance Fund Reserve £000	General Fund £000
	REVENUE RESERVES				
Balance as at 1 April 1999	1,757	221	109	3,927	2,738
Net Surplus/(Deficit) for Year	94	171	6	(451)	(632)
Transfer From General Fund	351	-	-	-	-
Transfer To Housing Revenue Account	(224)	-	-	-	-
Prior Year Adjustment	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 March 2000	<u>2,237</u>	<u>392</u>	<u>115</u>	<u>3,476</u>	<u>2,106</u>

STATEMENT OF TOTAL MOVEMENT IN RESERVES

EXPLANATION OF RESERVES

Fixed Asset Restatement Reserve

This reserve reflects the difference between the book value of assets prior to the implementation of the new system for capital accounting (introduced 1 April 1994) and the revalued amount. Subsequent adjustments to valuations (including the quinquennial revaluation effective 1 April 1999) and expenditure not increasing the value of an asset are recorded here. This reserve is not available to fund future expenditure.

Capital Financing Reserve

Appropriations between this reserve and the General Fund are required for CFCR and for the difference between loan repayments and the amount of depreciation etc provided in the accounts. Capital receipts from asset sales are credited to this reserve. This reserve is not available to fund future expenditure.

Renewal and Repair Fund

The monies held within this Fund are available for the purposes of repairing and renewing any buildings, plant or equipment belonging to the Council.

Car Park Reserve

This fund is available to provide for new and/or upgraded Car Parking facilities throughout the City when required.

Dundee Contract Services Reserve

This reserve was inherited from the former Dundee District Council and is available to fund Dundee Contract Services.

Insurance Fund Reserve

This represents the disaggregated share of the ex-Dundee District Council Insurance Fund not specifically earmarked as provisions for self-insured and uninsured losses.

General Fund

This represents the accumulated balances available to the Council which are not earmarked for specific purposes (apart from those balances held for DSM Schools).

CASH FLOW STATEMENT

1998/99 £000		1999/2000 £000	£000
	REVENUE ACTIVITIES		
	<i>Cash Outflows:</i>		
139,153	Cash Paid To and On Behalf of Employees	145,920	
166,636	Other Operating Cash Payments	177,983	
59,810	Housing/Council Tax Benefits Paid Out	59,431	
<u>42,522</u>	Non-Domestic Rate Payments to National Pool	<u>43,289</u>	
408,121			426,623
	<i>Cash Inflows:</i>		
(49,033)	Rents	(47,668)	
(45,196)	Council Tax Income	(46,851)	
(612)	Community Charge Income	(585)	
(40,880)	Non-Domestic Rate Receipts from National Pool	(41,801)	
(41,829)	Non-Domestic Rate Receipts	(44,498)	
(116,223)	Revenue Support Grant	(113,483)	
(57,141)	DSS Grant (Benefits Subsidy)	(56,470)	
(14,968)	Other Government Grants	(7,984)	
(18,530)	Cash Received for Goods & Services	(22,473)	
<u>(83,722)</u>	Other Operating Cash Receipts	<u>(71,688)</u>	
<u>(468,134)</u>			<u>(453,501)</u>
(60,013)	<i>Net Cash (Inflow) From Revenue Activities</i>		(26,878)
	DIVIDENDS FROM JOINT VENTURES & ASSOCIATES		
	<i>Cash Inflows:</i>		
-	Dividends Received		-
	RETURNS ON INVESTMENTS & SERVICING OF FINANCE		
	<i>Cash Outflows:</i>		
25,701	Interest Paid	22,786	
	<i>Cash Inflow:</i>		
<u>(5,243)</u>	Interest Received	<u>(751)</u>	
<u>20,458</u>			22,035
	CAPITAL ACTIVITIES		
	<i>Cash Outflows:</i>		
25,432	Purchase of Fixed Assets (Non-Revenue)	23,671	
9,623	Purchase of Fixed Assets (from Revenue)	5,154	
42	Purchase of Long Term Investments (from Revenue)	562	
4,853	Creation of new Deferred Charges and Long-Term Debtors (Non Revenue)	3,091	
<u>25</u>	Creation of new Deferred Charges and Long-Term Debtors (From Revenue)	<u>209</u>	
39,975			32,687
	<i>Cash Inflows:</i>		
(7,386)	Sale of Fixed Assets	(5,881)	
(7,827)	Capital Grants/Contributions etc Received	(4,627)	
<u>(1,491)</u>	Receipts in respect of Deferred Charges and Long-Term Debtors	<u>(1,332)</u>	
<u>(16,704)</u>			<u>(11,840)</u>
<u>23,271</u>			20,847
	ACQUISITIONS & DISPOSALS		
	<i>Cash Outflows:</i>		
63	Investments in Associates or Joint Ventures	-	
	<i>Cash Inflows:</i>		
<u>-</u>	Sale of Investments in Associates or Joint Ventures	<u>-</u>	
<u>63</u>			-
	MANAGEMENT OF LIQUID RESOURCES		
-	Net Increase/Decrease in Short-Term Deposits	-	
<u>-</u>	Net Increase/Decrease in Other Liquid Resources	<u>-</u>	
<u>-</u>			<u>-</u>
(16,221)	<i>Net Cash (Inflow)/Outflow Before Financing</i>		16,004
	FINANCING		
	<i>Cash Outflows:</i>		
238,498	Repayments of Amounts Borrowed		212,841
	<i>Cash Inflows:</i>		
(51,661)	New Long-Term Loans Raised	(47,405)	
<u>(171,141)</u>	New Short Term Loans Raised	<u>(182,726)</u>	
<u>(222,802)</u>			<u>(230,131)</u>
<u>15,696</u>			<u>(17,290)</u>
<u>(525)</u>	<i>Net (Increase)/Decrease in Cash</i>		<u>(1,286)</u>

NOTES TO THE CASH FLOW STATEMENT

1 RECONCILIATION OF CONSOLIDATED REVENUE ACCOUNT SURPLUS TO NET CASHFLOW FROM REVENUE ACTIVITIES

1998/99		1999/2000	
£000		£000	£000
(1,908)	Surplus/(Deficit) for the year		(628)
	<u>Non-cash Transactions</u>		
(1,469)	Other adjustments	379	
<u>(2,618)</u>	Contributions (from)/to reserves	<u>200</u>	
(4,087)			579
	<u>Items on an Accruals Basis</u>		
618	(Increase)/decrease in stores and work in progress	(200)	
20,155	(Increase)/decrease in debtors	(4,264)	
<u>5,033</u>	Increase/(decrease) in creditors	<u>(4,455)</u>	
<u>25,806</u>			(8,919)
	<u>Items Classified Elsewhere in the Cash Flow Statement</u>		
21,862	Add loans fund interest charges	19,711	
9,711	Add fixed asset purchases from revenue	5,863	
10,483	Add loans fund principal repayments	11,418	
<u>(1,854)</u>	Less interest on revenue balances	<u>(1,146)</u>	
<u>40,202</u>			<u>35,846</u>
<u>60,013</u>	Net Cash Flow from Revenue Activities		<u>26,878</u>

2 RECONCILIATION OF THE MOVEMENT IN CASH TO THE MOVEMENT IN NET DEBT

1998/99		1999/2000	
£000		£000	£000
525	Increase in Cash in the Period	1,286	
-	Movement in Liquid Resources	-	
15,696	Reduction/(Increase) in Borrowing	(17,290)	
<u>269</u>	Reduction in Long-Term Liability	<u>444</u>	
16,490	Change in Net Debt		(15,560)
<u>(289,336)</u>	Opening Net Debt at 1 April		<u>(272,846)</u>
<u>(272,846)</u>	Closing Net Debt at 31 March		<u>(288,406)</u>

Analysis of Movement in Net Debt

	1 April 1999	Cash Flows	Non Cash	31 March 2000
	£000	£000	Changes	£000
			£000	
<i>Cash</i>				
Advances for Petty Outlays	80	(13)	-	67
Bank Overdraft	<u>(13,947)</u>	<u>1,299</u>	-	<u>(12,648)</u>
	<u>(13,867)</u>	<u>1,286</u>	-	<u>(12,581)</u>
Liquid Resources *	-	-	-	-
<i>Borrowing</i>				
Short-Term Advances from Other Accounts	(8,491)	382	-	(8,109)
Short-Term Loans	(7,928)	(15,379)	-	(23,307)
Long-Term Loans Repayable within One Year	(23,173)	23,173	(8,003)	(8,003)
Long-Term Loans	<u>(216,542)</u>	<u>(25,466)</u>	<u>8,003</u>	<u>(234,005)</u>
	<u>(256,134)</u>	<u>(17,290)</u>	-	<u>(273,424)</u>
Covenant Deferred Liability	<u>(2,845)</u>	<u>444</u>	-	<u>(2,401)</u>
TOTAL NET DEBT	<u>(272,846)</u>	<u>(15,560)</u>	-	<u>(288,406)</u>

*Liquid Resources are defined as funds invested externally by the Council which are repayable on demand or have a fixed maturity period of less than 3 months. No liquid resources existed at either the opening or the closing balance sheet date.

3 ANALYSIS OF GOVERNMENT GRANTS

1998/99		1999/2000
Actual		Actual
£000		£000
116,223	Revenue Support Grant	113,483
4,294	Specific Grants	8,153
<u>67,815</u>	Other Government Grants (incl DSS Grant)	<u>56,301</u>
<u>188,332</u>		<u>177,937</u>

TAYSIDE SUPERANNUATION FUND

ACCOUNTS FOR YEAR TO 31 MARCH 2000

1998/99 £000	<u>FUND ACCOUNT</u>	1999/2000 £000	£000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable:		
16,952	From employers	20,450	
<u>10,640</u>	From employees	<u>11,417</u>	
27,592			31,867
5,333	Transfers in		4,393
	Benefits payable:		
(26,078)	Pensions	(27,703)	
<u>(5,121)</u>	Lump Sums	<u>(5,790)</u>	
(31,199)			(33,493)
	Payments to and on account of Leavers:		
(164)	Refunds of Contributions	(203)	
<u>(1,491)</u>	Transfers Out	<u>(2,156)</u>	
(1,655)			(2,359)
<u>(771)</u>	Administration Expenses		<u>(830)</u>
(700)	Net Withdrawals from dealings with Members		(422)
	RETURNS ON INVESTMENTS		
31,055	Investment Income	27,043	
26,282	Change in Market Value of Investments	99,875	
<u>(1,284)</u>	Investment Management Expenses	<u>(1,723)</u>	
<u>56,053</u>	Net Returns on Investments		<u>125,195</u>
55,353	NET INCREASE IN FUND DURING THE YEAR		124,773
818,278	OPENING NET ASSETS OF THE SCHEME		873,631
-	ADJUSTMENT FOR PREVIOUS YEARS INTEREST		<u>(49)</u>
<u>873,631</u>	CLOSING NET ASSETS OF THE SCHEME		<u>998,355</u>
	<u>NET ASSETS STATEMENT (AS AT 31 MARCH)</u>		
1999 £000		2000 £000	£000
	INVESTMENT ASSETS AT MARKET VALUE		
	Listed Investments		
459,937	- UK Equities	485,048	
44,652	- UK Fixed Interest - Public Sector	35,680	
5,815	- UK Fixed Interest - Other	12,924	
5,765	- UK Index Linked	4,251	
93,368	- Overseas Equities	142,901	
44,281	- Overseas Fixed Interest - Public Sector	38,093	
1,310	- Overseas Fixed Interest - Other	571	
7,600	- Overseas Index Linked	15,162	
	Unlisted Investments		
19,915	- UK Unit Trusts	20,644	
24,653	- UK Open Ended Investment Companies	33,445	
22,049	- Overseas Unit Trusts	39,602	
45,849	- Overseas Open Ended Investment Companies	76,719	
43,175	- Property Unit Trusts	49,182	
<u>45,931</u>	Cash Balances held by Managers	<u>36,545</u>	
864,300			990,767
	CURRENT ASSETS		
6,369	Sundry Debtors	5,199	
<u>3,463</u>	Cash	<u>2,950</u>	
9,832		8,149	
	LESS CURRENT LIABILITIES		
501	Sundry Creditors	<u>561</u>	
<u>9,331</u>	NET CURRENT ASSETS		<u>7,588</u>
<u>873,631</u>	NET ASSETS		<u>998,355</u>

David K Dorward CPFA
Director of Finance

TAYSIDE TRANSPORT SUPERANNUATION FUND ACCOUNTS FOR YEAR TO 31 MARCH 2000

1998/99 £000	<u>FUND ACCOUNT</u>	1999/2000 £000	1999/2000 £000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable:		
55	From employers	101	
<u>179</u>	From employees	<u>170</u>	
234			271
-	Transfers in		22
	Benefits payable:		
(1,218)	Pensions	(1,308)	
<u>(188)</u>	Lump Sums	<u>(383)</u>	
(1,406)			(1,691)
<u>(35)</u>	Administration Expenses		<u>(42)</u>
(1,207)	Net Withdrawals from dealings with Members		(1,440)
	RETURNS ON INVESTMENTS		
1,462	Investment Income	1,374	
1,564	Change in Market Value of Investments	3,137	
<u>(49)</u>	Investment Management Expenses	<u>(84)</u>	
<u>2,977</u>	Net Returns on Investments		<u>4,427</u>
1,770	NET INCREASE IN FUND DURING THE YEAR		2,987
38,020	OPENING NET ASSETS OF THE SCHEME		39,790
<u>-</u>	ADJUSTMENT FOR PREVIOUS YEARS INTEREST		<u>(3)</u>
<u>39,790</u>	CLOSING NET ASSETS OF THE SCHEME		<u>42,774</u>
	 NET ASSETS STATEMENT (AS AT 31 MARCH)		
1999 £000		£000	2000 £000
	INVESTMENT ASSETS AT MARKET VALUE		
	Listed Investments		
17,828	- UK Equities	18,005	
7,453	- UK Fixed Interest - Public Sector	5,874	
676	- UK Fixed Interest - Other	2,034	
3,220	- UK Index Linked	2,989	
4,198	- Overseas Equities	5,655	
2,167	- Overseas Fixed Interest - Public Sector	1,965	
-	- Overseas Fixed Interest - Other	40	
307	- Overseas Index Linked	316	
	Unlisted Investments		
1,092	- UK Unit Trusts	1,453	
1,230	- Overseas Unit Trusts	2,762	
<u>1,297</u>	Cash Balances held by Managers	<u>1,172</u>	
39,468			42,265
	CURRENT ASSETS		
187	Sundry Debtors	130	
<u>135</u>	Cash	<u>379</u>	
322		509	
	LESS CURRENT LIABILITIES		
<u>-</u>	Sundry Creditors	<u>-</u>	
<u>322</u>	NET CURRENT ASSETS		<u>509</u>
<u>39,790</u>	NET ASSETS		<u>42,774</u>

David K Dorward CPFA
Director of Finance

SUPERANNUATION FUNDS ACCOUNTS

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1 Basis of Preparation

The accounts for the Funds' have been prepared in accordance with Statement of Recommended Practice (SORP): "The Financial Reports of Pension Schemes" and the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy.

The accounts summarise the transactions and net assets of the Funds' for the financial year to 31 March 2000. They do not take account of liabilities to pay pensions and other benefits in the future.

2 Investments

Investments are included at market values, which are assessed as follows:-

- a UK quoted securities are valued at middle market prices at close of business on the last working day of the financial year.
- b Overseas securities are valued at middle market prices from the relevant overseas stock exchanges converted at closing rates of exchange on the last day of the financial year.
- c Unlisted investments, which comprise the Fund Manager's Unit Trusts and Open Ended Investment Companies, are valued at middle market prices on the last working day of the financial year as supplied by the Fund Manager.

3 Debtors and Creditors

The accounts have been prepared on an accruals basis; that is income and expenditure is included as it is earned or incurred, not as it is received or paid, except for Transfer Values which are included when they are paid or received.

4 Investment Income

Income from fixed interest, index linked securities and other interest receivable is taken into account on an accruals basis. Income from all other Marketable Securities is taken into account on the date when stocks are quoted ex-dividend.

NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

TAYSIDE SUPERANNUATION FUND

Operations and Membership

Dundee City Council is the administering authority for the Tayside Superannuation Fund (previously Tayside Regional Council). The Tayside Superannuation Fund is a pension fund for employees of various public bodies and non-profit making organisations. As at 31 March 2000, 42 bodies were participants in the scheme being 11 "scheduled bodies" and 31 other organisations admitted at the discretion of the scheme administrators and known as "admitted bodies". The scheduled bodies were as follows:

Dundee City Council; Perth & Kinross Council; Angus Council; Tay Road Bridge Joint Board; Tayside Joint Police Board; Tayside Fire Board; Tayside Valuation Joint Board; Tayside Contracts Joint Committee; Angus College; Dundee College; Perth College.

Membership of the fund increased from 13,441 employees at 31 March 1999 to 14,112 employees at 31 March 2000. The number of pensioners on the roll at 31 March 2000 was 9,099 compared with 8,923 at 31 March 1999.

The monies belonging to the Superannuation Fund are entirely separate from any of the employing bodies which participate in the Superannuation scheme. After meeting the cost of current benefits, all surplus cash income is invested and the increasing value of investment is then available to meet future liabilities to employees within the Fund. The Fund is valued every three years by an independent actuary to determine the level of contribution necessary by employing bodies to ensure that the fund is able to meet all future benefits. Contributions made by employees are fixed by statute.

Further information can be found in the Superannuation Fund's Annual Report and Accounts which will be available upon request from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee DD1 3RF.

Contributions Receivable and Benefits Payable

The contributions receivable from and benefits payable on behalf of Contributing bodies in 1999/2000 and 1998/1999 were as follows:-

	Contributions Receivable		Benefits Payable	
	1999/2000	1998/1999	1999/2000	1998/1999
	£000	£000	£000	£000
Dundee City Council	12,950	11,399	4,223	3,838
Other Scheduled Bodies	16,418	14,188	27,117	25,404
Admitted Bodies	<u>2,499</u>	<u>2,005</u>	<u>2,153</u>	<u>1,957</u>
TOTAL	<u>31,867</u>	<u>27,592</u>	<u>33,493</u>	<u>31,199</u>

The figures for contributions receivable and benefits payable for 1998/1999 have been amended to reflect additional information becoming available in 1999/2000.

Investment Administration

During the year, Dundee City Council charged the Tayside Superannuation Fund £716,792 (1998/99 £711,907) for administering the Fund. These are actual costs incurred for Salaries and Wages, Information Technology, Legal Services etc.

Market Value of Investments Managed Externally

The Fund's investment assets are under the management of four external fund managers. At 31 March 2000 the market value of these investment assets was £990.7m (31 March 1999 £864.3m), managed as follows:

	2000		1999	
	£m	%	£m	%
Schroder Investment Management Ltd	488.9	49.3	430.1	49.8
Baillie Gifford & Co	232.7	23.5	204.1	23.6
Fidelity Pensions Management	218.6	22.1	186.0	21.5
Schroder Properties Limited	<u>50.5</u>	<u>5.1</u>	<u>44.1</u>	<u>5.1</u>
	<u>990.7</u>	<u>100.0</u>	<u>864.3</u>	<u>100.0</u>

Purchases & Sales

Purchases and Sales in 1999/2000 and 1998/1999 amounted to:-

1999/2000	1998/1999
£m	£m

Purchases	321.1	286.8
Sales	285.2	251.3

NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

TAYSIDE TRANSPORT SUPERANNUATION FUND

Operations and Membership

As a result of the 1985 Transport Act, the employees of the former Dundee City Bus Unit, which formed part of Tayside Regional Council's Roads and Transport Department, were transferred to a new company, Tayside Public Transport Company Ltd. A separate Superannuation Fund for those transferred employees was set up on 26 October 1986.

During 1991/92 Tayside Public Transport Company Ltd was subject to an employee buy-out. Any employees in post at the time of the buy-out may remain in the Fund, however any new employees are not eligible for entry into the Fund.

Tayside Public Transport Company Ltd was bought out by West Midlands Travel on 22 February 1997 and renamed as Travel Dundee.

At 31 March 2000 the number of contributing employees was 206 (247 at 31 March 1999) and the number of pensioners was 369 (335 at 31 March 1999). As with the Tayside Superannuation Fund an actuarial valuation is carried out every three years to ensure that the Fund can meet its future pension liabilities.

Further information can be found in the Superannuation Funds' Annual Report and Accounts which will be available upon request from the Director of Finance, Dundee City Council, Floor 4, 28 Crichton Street, Dundee DD1 3RF.

Investment Administration

During the year, Dundee City Council charged the Tayside Transport Fund £31,894 (1998/99 £33,000) for administering the fund. These are actual costs incurred for Salaries and Wages, Information Technology, Legal Services etc.

Market Value of Investments Managed Externally

The market value of the Fund's investment assets at 31 March 2000 was £42.3m (31 March 1999 £39.5m) and these investment assets were wholly managed by Schroder Investment Management Ltd.

Purchases & Sales

Purchases and Sales in 1999/2000 and 1998/1999 amounted to:-

	1999/2000 £m	1998/1999 £m
Purchases	23.3	16.9
Sales	23.5	15.4

NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

ACTUARIAL VALUATION

Both the Tayside Superannuation Fund, and the Tayside Transport Superannuation Fund are subject to an actuarial valuation every three years. The actuarial valuations are carried out to determine the level of contributions required to be made by employing bodies in order to ensure that the Funds are able to meet all future benefit payments. The valuations carried out as at 31 March 1996 determined the employer contribution rates for the years 1997/98, 1998/99 and 1999/2000. The results of the valuations, the assumptions made and the bases of the valuations were as follows:-

TAYSIDE SUPERANNUATION FUND

The valuation carried out as at 31 March 1996 showed that the actuarial value of the Fund's assets stood at £566.2 million representing 108.7% of the Fund's then accrued liabilities (market value of assets - £629.9 million). The conclusion reached by the valuation was that the required levels of contribution to be paid to the Fund by the City Council and the other participating bodies with effect from 1 April 1997 were:-

- 140% of employees' contributions for 1997/98
- 160% of employees' contributions for 1998/99
- 180% of employees' contributions for 1999/2000

The contribution rate, as described, comprises a long term rate or regular cost of 10.4% of pensionable pay. Included in the contribution rate is an allowance to reflect the July 1997 Budget announcement to remove the tax credit payable on UK dividends for pension schemes.

The common rate of contribution is the rate which, in addition to the accumulated assets and contributions paid by members, is sufficient to meet 100% of the liabilities of the Fund. The reduction in the long term rate or regular cost reflects the excess of the value of the Fund's assets over all accrued liabilities. The excess is spread over the average remaining working lifetime of the existing members (approximately 12 years).

The contribution rates following the 31 March 1996 valuation were calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:-

Rate of return on investments	9.0% per annum
Rate of general pay increases	6.5% per annum
Rate of increases to pensions in payment (in excess of Guaranteed Minimum Pensions)	5.0% per annum
Valuation of assets	discounted value of future income, assuming market value notionally reinvested in FTA All-Share Index and allowing 4.5% per annum dividend growth

An actuarial valuation was carried out at 31 March 1999 and the change in contribution rate as a result of that valuation will take effect from 1 April 2000.

NOTES TO THE SUPERANNUATION FUNDS ACCOUNTS

ACTUARIAL VALUATION

TAYSIDE TRANSPORT SUPERANNUATION FUND

The valuation carried out as at 31 March 1996 showed that the actuarial value of the Fund's assets stood at £27.3 million, representing 148% of the Fund's then accrued liabilities (market value of assets - £30.1 million). The required level of employer's contribution to be paid to the Fund by Travel Dundee Ltd with effect from 1 April 1997 were:-

- 0% of employees' contributions for 1997/98
- 30% of employees' contributions for 1998/99
- 60% of employees' contributions for 1999/2000

Included in the contribution rate is an allowance to reflect the July 1997 Budget announcement to remove the tax credit payable on UK dividends for pension schemes.

The contribution rates following the 31 March 1996 valuation were calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:-

Rate of return on investments	9.0% per annum
Rate of general pay increases	6.5% per annum
Rate of increases to pensions in payment (in excess of Guaranteed Minimum Pensions)	5.0% per annum
Valuation of assets	discounted value of future income, assuming market value notionally reinvested in FTA All-Share Index and allowing 4.5% per annum dividend growth

An actuarial valuation was carried out at 31 March 1999 and the change in contribution rate as a result of that valuation will take effect from 1 April 2000.

COMMON GOOD FUND ACCOUNT

The Council administers the Common Good Fund for the former Burgh of Dundee. The figures below summarise the aggregate income and expenditure for the year and the assets and liabilities as at 31 March 2000.

1998/99 £000		1999/2000 £000
	<u>Income</u>	
4	Rents and Feuduties	18
184	Interest on Loans	150
<u>12</u>	Dividends and Commission	<u>21</u>
<u>200</u>		<u>189</u>
	<u>Expenditure</u>	
2	Property Costs	2
10	Donations and Contributions	-
90	Contribution to Millennium Account	40
<u>27</u>	Other Expenditure	<u>167</u>
<u>129</u>		<u>209</u>
<u>71</u>	<u>Surplus/(Deficit) for Year</u>	<u>(20)</u>

£000	<u>Balance Sheet as at 31 March 2000</u>	£000
<u>-</u>	<u>Fixed Assets</u>	<u>-</u>
	<u>Current Assets</u>	
69	Debtors	1
297	Investments	316
<u>3,067</u>	Loans Fund Investment	<u>2,916</u>
<u>3,433</u>	Total Current Assets	<u>3,233</u>
	<u>Current Liabilities</u>	
<u>69</u>	Creditors and Accruals	<u>1</u>
<u>69</u>	Total Current Liabilities	<u>1</u>
<u>3,364</u>	Net Current Assets	<u>3,232</u>
<u>3,364</u>	Total Net Assets	<u>3,232</u>
	<u>Reserves</u>	
<u>3,364</u>	Capital	<u>3,232</u>
<u>3,364</u>		<u>3,232</u>

David K Dorward CPFA
 Director of Finance
 Dundee City Council
 21 June 2000

CHARITABLE TRUST FUNDS ACCOUNT

The Council acts as Trustees for Charitable Trusts and Endowments. The figures below summarise the aggregate income and expenditure for the year and the assets and liabilities as at 31 March 2000.

1998/99 £000		1999/2000 £000
	<u>Income</u>	
188	Interest on Investments	156
<u>314</u>	Other Income	<u>278</u>
<u>502</u>		<u>434</u>
	<u>Expenditure</u>	
<u>275</u>	General Expenditure	<u>544</u>
<u>227</u>	<u>Surplus/(Deficit) for Year</u>	<u>(110)</u>
	 <u>Balance Sheet as at 31 March 2000</u>	
2,940	Property	3,253
15	External Investments	-
2,922	Revenue Deposits with Loans Fund	2,900
<u>15</u>	Sundry Debtors less Sundry Creditors	<u>7</u>
<u>5,892</u>	Total Assets	<u>6,160</u>
	Represented by:	
76	Long-Term Loans	64
4,466	Capital	4,890
<u>1,350</u>	Revenue	<u>1,206</u>
<u>5,892</u>		<u>6,160</u>

Note
The figure of £544,000 for "General Expenditure" includes an amount of £295,000 (1998/99 £38,000) for capital expenditure on behalf of the Fleming Trust.

David K Dorward CPFA
Director of Finance
Dundee City Council
21 June 2000

AUDIT CERTIFICATE

To the members of Dundee City Council and the Accounts Commission for Scotland

As auditor, appointed under statute by the Accounts Commission for Scotland, we have audited the accounts of Dundee City Council for the year ended 31 March 2000, an abstract of which is set out on pages 4 to 37.

Respective responsibilities of management and auditors in relation to the accounts

The management of the Authority is responsible for the preparation of the accounts as described on page 3. It is our responsibility to form an independent opinion, based on our audit, on the abstract of accounts and to report that opinion to you.

Basis of opinion

We have conducted our audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973 and of the Code of Audit Practice approved by the Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by management in the preparation of the accounts and of whether the accounting policies are appropriate to the authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit of the accounts so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the abstract of accounts presents fairly, in accordance with the accounting policies set out on pages 4 to 5, the financial position of Dundee City Council as at 31 March 2000, and its income and expenditure for the year then ended.

Henderson Loggie
Chartered Accountants
Registered Auditors
Royal Exchange
Panmure Street
Dundee
DD1 1DZ

29 September 2000