



**DUNDEE CITY COUNCIL**

**DIRECT LABOUR ORGANISATION**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2002**

**AUDITED**

**DUNDEE CITY COUNCIL**  
**DIRECT LABOUR ORGANISATION'S STATEMENT OF ACCOUNTS**

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**DUNDEE CITY COUNCIL**  
**DIRECT LABOUR ORGANISATION**

**FOREWORD**

The intention of the Local Government Planning and Land Act 1980 (the Act) is to ensure that Direct Labour Organisations operate profitably in competition with private Contractors for construction and maintenance work carried out by Local Authorities.

Construction and maintenance work is defined as building and engineering work involved in the construction, improvement, maintenance and repair of buildings and other structures; the laying out, construction, improvement, maintenance and repair of highways and other land; and the gritting and snow clearance from highways. It excludes work in parks, gardens, playing fields, open spaces and allotments, other than work on buildings and structures and the routine maintenance of any specific building and structure by a person employed mainly for that purpose.

The Act classifies Direct Labour Work as:-

- 1 Works Contracts which primarily concern work done by an Authority on behalf of other Public Bodies excluding Agency Work;
- 2 Functional Work which is work an Authority undertakes to fulfil its own obligations and responsibilities including Agency Work.

The Act and subsequent regulations required Scottish Authorities to put the following work out to competitive tender:-

- a General highways work estimated to cost more than £25,000;
- b General highways work estimated to cost £25,000 or less exceeding 40% of the aggregate value of all such jobs contracts and all contractual highway work undertaken by the authority in the previous financial year;
- c General water and sewerage work estimated to cost more than £50,000;
- d Works of construction estimated to cost more than £500,000;
- e Works of maintenance which is exempted during the period under review because of Local Government Legislation.

Provision is also made for exemption from competition of emergency work, highways gritting and snow clearing and certain extension contracts.

Dundee City Council does not undertake work in categories (a), (b) and (c) above, therefore, the following report only relates to category (d) works of construction and category (e) works of maintenance.

The Local Government Planning and Land Act 1980 (Competition) (Scotland) Regulations 1995 had the effect of removing the requirement on local authorities to seek competitive tenders under the CCT rules for work falling due within the exempt period, due mainly to the additional workload caused by local government reorganisation. The Local Government Planning and Land Act 1980 (Competition) (Scotland) Amendment Regulations 1997 extended the moratorium on CCT and is designed to allow time to develop an alternative Best Value system. The exemption does not apply to works of construction estimated to cost more than £500,000.

**DUNDEE CITY COUNCIL**  
**DIRECT LABOUR ORGANISATION**  
**ANNUAL REPORT 2001/2002**

**1 Service Provided**

The Direct Labour Organisation is a quality assured organisation geared both to build new houses and other public buildings and to maintain, repair and modernise them. It has the technical expertise and capability to undertake any type of building construction work which may be required by the City Council. It has its own joiners' workshop offering a comprehensive purpose made joinery service for all aspects of new construction, modernisation and maintenance work. The Department also operates and services its own plant and fleet of vehicles although plant and transport is also hired when it is considered necessary.

The Department provides a 24 hour emergency service and has the capability to cover potential local disasters such as extensive flooding, explosions and rail accidents.

The efficient emergency service is an integral part of the Council's maintenance programme and this category of repairs includes blocked house drains, blocked WC's and making safe burst back boilers, burst pipes/leaks, securing premises and so on.

**2 Objectives**

The Principal Objectives of the Department are:-

- a To provide an economic, high quality and efficient building service to the Local Authority and its residents;
- b To plan and carry out work in conjunction with the workforce and to be accountable to the electorate of the Local Authority;
- c To develop and maintain a stable workforce, able to provide a dependable service to our customers with a continuity of service from the construction through to post-construction maintenance;
- d To be a model employer in the building industry, providing approved wage rates, decent holidays, pensions and sickness benefits, eliminating labour only sub-contracting and working to stringent health and safety policies and procedures;
- e To contribute to the future of the local building industry by employing a generous ratio of apprentices and to ensure adequate training at all levels for all skills.

**3 Advantage to the City Council and to the Public of Maintaining a Direct Labour Organisation**

It should be appreciated that there are considerable advantages to an Authority in maintaining a Direct Labour Organisation, namely:-

- a In carrying out the Local Authority's own functional work there is every reason to ensure a high standard of workmanship is attained with the use of quality materials;
- b As a constituent part of the Local Authority the Direct Labour Organisation is in a position to appreciate the Authority's needs and requirements. In this way a good working relationship is developed with the service departments;
- c The Direct Labour Organisation can develop a specialist knowledge of the Local Authority's physical resources, eg Housing Schemes, Schools, Libraries and other public buildings and can carry appropriate stocks of materials which a Contractor would find difficult or impossible to obtain;
- d The Direct Labour Organisation resources are directly available at short notice for emergency and other priority situations;

- e Supervision of Direct Labour employees is easier than the supervision of a number of contractors on scattered jobs;
- f The Direct Labour Organisation can be used in preference to Contractors on Cost Plus Contracts which are difficult to schedule or on Daywork Rates which can turn out to be very expensive;
- g The Direct Labour Organisation is available under all conditions including an expanding economy. When Contractors have a great deal of work they may be unwilling to tender or will only be prepared to submit inflated prices;
- h The existence of a Direct Labour Organisation discourages overcharging by Contractors and may help to discourage price rings;

4 **Operating Constraints on Direct Labour Organisations which do not apply to Private Industry**

Major restrictions to the operation of a Direct Labour Organisation are as follows:-

- a The Standing Orders and Statutory Obligations and Liabilities of Local Authorities impose higher Administration Costs which do not always apply in private industry;
- b The requirement that each separate Direct Labour Organisation reporting activity must achieve the objectives with no cross subsidisation between profitable and unprofitable elements of their organisation;
- c Territorial restrictions on Tendering. The Direct Labour Organisation cannot tender for Capital Projects required by other Authorities;
- d Model employer practices in the form of apprentice training, leave and sickness benefits, industrial injury bonus payments, etc;
- e The necessity to achieve financial objectives which are not required by private industry.

5 **Manpower and Conditions of Employment**

The total full time equivalent workforce comprises:-

	<b>2000/2001 Actual</b>	<b>2001/2002 Budget</b>	<b>2001/2002 Actual</b>
Salaried	81	77	79
Manual	<u>375</u>	<u>374</u>	<u>363</u>
	<u>456</u>	<u>451</u>	<u>442</u>

The Direct Labour Organisation operates the National Joint Council conditions of service which provides employees with full holiday entitlement, superannuation and sickness benefits.

Joint consultative committees operate to bring together management and shop-stewards to discuss matters relating to industrial relations, productivity and working arrangements. The Department maintains a high standard of safe working conditions and operates a Joint Safety Committee involving consultation between management, unions and safety representatives. Training (both job and safety) is ongoing to ensure compliance with all aspects of the Health and Safety at Work Act. The Department maintains a responsible policy of apprentice employment including block and day release training at Educational Establishments. It is the intent of the Department's management to continue the policy, of an annual intake of apprentices to sustain an acceptable apprentice/tradesmen ratio.

## 6 **Statistical Information**

### a Repairs and Maintenance

During the year some 170 employees were engaged in repairs and maintenance work on Housing Stock and undertook an average 2,000 jobs per week, including approximately 260 out-of-hours emergency jobs per week.

### b Contracts

An average of 95 employees were engaged on contract work. During the year work was carried out on some 28 major contracts with tender values varying from £50,000 to £1,999,651. In addition, work was carried out on 70 minor contracts with values between £10,000 and £50,000.

### c Property Maintenance

During the year an average of 75 employees were engaged in repair and maintenance work on council properties including schools and undertook an average 295 repairs per week. The section were also engaged on external fabric improvement work to some 5,000 houses.

## 7 **Trading Review**

The financial year 2001/2002 has proven to be yet another success for Dundee Contract Services. In what was a difficult trading environment the Department has again met the stringent financial targets set by the City Council and those required by legislation. By delivering on Best Value in this way the department contributes significantly to the strength of the City Council for the benefit of the citizens of Dundee.

In addition, the Department has made great strides in making the kind of continual improvement made necessary by the Best Value regime. In May last year, the Department was recognised as an Investor in People, a prestigious award. An independent assessor interviewed more than 80 employees from all areas of the Department and went away convinced that Dundee Contract Services knows the importance of its employees and provides them with the knowledge and skills necessary to make the Department a success.

The Department has maintained its registration to the quality management systems standard BS EN ISO 9002:1994 for the eighth year in succession, a demonstration to our customers of the quality of our service.

With regard to the workload, the market in which the Department operates is continuing to shrink, but by working closely with our clients and by offering a quality service, the Department is endeavouring to protect its future. For instance, following the transfer of the Ardlar housing stock to the Sanctuary Housing Association, the Department has won the right to maintain those properties for a period of three years. In another breakthrough, the Department has successfully worked in partnership with the Housing, Architects and Engineers Departments on a major contract in the City. Establishing the Department as an effective partner will be vital to obtaining future contracts. Further, the Department again worked closely with the Housing Department to ensure that the Repairs and Maintenance budget was spent effectively. Also, a number of consultation exercises were introduced to help us understand our customer needs and to manage their expectations.

These successes were made possible through the hard work of manual and craft employees the support offered by administrative staff, and the process improvements introduced by the Management Team.

## 8 **Conclusion**

It is hoped that this report has highlighted the advantages of maintaining a Direct Labour Organisation, some of the unique difficulties experienced by the Organisation, and how important it is for the Council to retain its services as part of the Local Authority's structure. As has been mentioned in previous reports it is worth noting that in many Local Government services it is not just a question of "quantity" and "cost" but, more importantly, a question of "quality" and "service". Whilst this is always the Department's objective, this has become exceedingly difficult to achieve due to the increased areas of work for which the Department has to compete and is required to prove "value for money" at all times.

**RP Jackson MIMBA**  
**Director of Dundee Contract Services**  
**21 June 2002**

**David K Dorward CPFA**  
**Director of Finance**  
**21 June 2002**

## **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 Direct Labour Organisation's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'), is required to present fairly the financial position of the organisation at the accounting date and its income and expenditure for the year ended 31 March 2002.

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.



## REPORT ON DIRECT LABOUR ORGANISATION'S ACCOUNTS

### 1 Accounting Requirements of Legislation

The Local Government Planning and Land Act 1980, which came into operation on 1 April 1982, brought fundamental changes to the accounting requirements of Local Authority Direct Labour Accounts. In terms of Section 13 of the Act, as amended by the Local Government Act 1988, Local Authorities who undertake construction and maintenance work must produce separate Revenue Accounts for each description of work unless exemptions apply.

The following Revenue Accounts are produced by the City Council:-

- a Works of Maintenance
- b Construction Work below £50,000
- c Construction Work above £50,000

Scottish Ministers have directed that it is necessary for Direct Labour Organisations to break-even after taking into account capital charges which includes a capital financing charge of 6% of the value of fixed assets used in the provision of the service. However, if tenders for work were invited on the basis that an authority would make an asset available free of charge to whoever might be awarded the work, that asset need not be regarded as capital employed for the purposes of calculating the capital financing charge.

Scottish Ministers have indicated that at present they do not intend to exercise their power as to the form and content of the Revenue Accounts but they have endorsed the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and expect Authorities to have due regard to the advice it contains.

### 2 Non-acceptance of the Lowest Tender

During 2001/2002 the City Council awarded one contract to the Direct Labour Organisation, details of which can be found on page fifteen, where the Direct Labour Organisation was not the lowest tenderer. The lowest bid was £80 (0.12%) below the Direct Labour Organisation's aggregate price for the contract of £68,900.

It was concluded that the savings and contributions the City Council would receive from its own Direct Labour Organisation by way of overhead recovery, profits and lower administration costs would far exceed the sum of £80. The City Council also took into consideration the need to provide continuity of employment for its permanent employees and the cost of redundancy payments that would have been incurred if the contract had not been awarded to the Direct Labour Organisation.

### 3 Review of Accounts and Financial Objectives

The adjusted Revenue Accounts show an overall surplus of £615,364 which represents 3.47% of total income and exceeds the break-even requirements of the legislation.

The Balance Sheet shows that the Department is in a reasonable financial position. The total working capital amounts to £126,410. The Reserve Fund stands at £126,410 and is primarily required to meet any losses in future years.

**David K Dorward, CPFA  
Director of Finance  
Dundee City Council  
21 June 2002**

## ACCOUNTING POLICIES

### **General**

The Accounting Policies adopted by the Authority are those detailed in the Code of Practice on Local Authority Accounting in the United Kingdom, which was issued jointly by the Chartered Institute of Public Finance and Accountancy and the Local Authority (Scotland) Accounts Advisory Committee. The accounts have been prepared in accordance with the basic accounting concepts of matching, consistency, prudence, materiality and substance over form.

### **Provision for Future Losses**

In accordance with the Prudence Concept, a provision has been created in respect of incomplete contracts for which losses are expected to arise after the financial year end.

The provision for each loss making contract represents the value of irrecoverable costs which include outstanding claims, remedial and maintenance expenses.

### **Stocks and Work in Progress**

Stocks are stated in the Accounts at cost and work in progress represents the value of work unbilled at 31 March 2002.

### **Exceptional Items**

Exceptional items derive from events or transactions outwith the ordinary activities of the Direct Labour Organisation which are both material and not expected to recur frequently or regularly.

### **Treatment of Profits/Losses**

An element of profit is included in each tender where possible and any profit made at the end of the year is either appropriated to Reserves for the Direct Labour Organisation or transferred to the City Council's General Fund. In the event of a loss arising, it would be met first from any available Direct Labour Organisation's Reserves and secondly by a contribution from the City Council's General Fund.

### **Central Support Services**

These expenses are charged to the Direct Labour Organisation on the same basis as other departmental accounts. Charges have been made in line with the trading agreement between Central Support Departments and Service Departments.

**DIRECT LABOUR ORGANISATION**  
**REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002**

Previous Year		Maintenance Work	Construction Work		Total
£		£	Below £50,000 £	Above £50,000 £	£
18,605,828	1 Income	12,190,093	643,689	4,884,659	17,718,441
<u>17,582,769</u>	2 Expenditure	<u>11,780,953</u>	<u>615,878</u>	<u>4,706,246</u>	<u>17,103,077</u>
<u>1,023,059</u>	Surplus/(Deficit) for Year	<u>409,140</u>	<u>27,811</u>	<u>178,413</u>	<u>615,364</u>

**APPROPRIATION ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2002**

Previous Year		£
-	Balance at 1 April 2001	-
<u>1,023,059</u>	Surplus for the Year as per Revenue Account	<u>615,364</u>
1,023,059		615,364
<u>1,023,059</u>	<u>Less</u> Contribution to General Fund	<u>615,364</u>
<u>-</u>	Balance carried forward at 31 March 2002	<u>-</u>

**RESERVE FUND**  
**FOR THE YEAR ENDED 31 MARCH 2002**

Previous Year		£
114,553	Balance at 1 April 2001	121,082
<u>6,529</u>	<u>Add</u> Interest Received	<u>5,328</u>
<u>121,082</u>	Balance carried forward at 31 March 2002	<u>126,410</u>

**DIRECT LABOUR ORGANISATION**  
**BALANCE SHEET AS AT 31 MARCH 2002**

Previous Year £		£	£
	<b>Fixed Assets</b>		
796,810	Land and Buildings		786,545
<u>576,779</u>	Vehicles, Plant and Equipment		<u>635,978</u>
1,373,589			1,422,523
	<b>Current Assets</b>		
209,304	Stocks	183,775	
163,871	Work in Progress	161,377	
10,712	Trade Debtors	37,248	
300	Advance for Petty Outlays	300	
<u>371,413</u>	Due by City Council's Loans Fund	<u>312,404</u>	
<u>755,600</u>		<u>695,104</u>	
	<u>Less</u>		
	Creditors - Amounts falling due within one year		
545,418	Trade and Other Creditors	567,895	
26,100	Other Taxes and Social Security Costs	799	
<u>63,000</u>	Provision for Losses	<u>-</u>	
<u>634,518</u>		<u>568,694</u>	
<u>121,082</u>	NET CURRENT ASSETS		<u>126,410</u>
<u>1,494,671</u>	NET ASSETS		<u>1,548,933</u>
	<b>Financed by:-</b>		
1,145,877	Fixed Assets Restatement Reserve		1,166,606
227,712	Capital Financing Reserve		255,917
<u>121,082</u>	Revenue Reserve		<u>126,410</u>
<u>1,494,671</u>			<u>1,548,933</u>

**David K Dorward, CPFA**  
**Director of Finance**  
**Dundee City Council**  
**21 June 2002**

**DIRECT LABOUR ORGANISATION**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2002**

Previous Year £		£	£	£
	<b>Revenue Activities:</b>			
	<b>Expenditure</b>			
9,924,875	Cash paid to and on behalf of employees			10,005,102
7,817,137	Other Operating Costs			6,930,045
<u>1,023,059</u>	Contribution to General Fund			<u>615,364</u>
18,765,071				17,550,511
	<b>Income</b>			
<u>18,588,479</u>	Cash Received for Goods and Services			<u>17,694,399</u>
(176,592)	Net Cash Inflow/(Outflow) from Revenue Activities			143,888
	<b>Capital Activities:</b>			
	<b>Expenditure</b>			
208,210	Purchase of Fixed Assets	142,222		
<u>221,004</u>	Other Capital Cash Payments	<u>220,430</u>		
429,214			362,652	
	<b>Income</b>			
5,240	Sale of Fixed Assets	7,018		
6,529	Interest on Reserve Fund	5,328		
<u>202,970</u>	Other Capital Cash Receipts	<u>147,409</u>		
<u>214,739</u>			<u>159,755</u>	
<u>(214,475)</u>	Net Cash Inflow/(Outflow) from Capital Activities			<u>(202,897)</u>
<u>(391,067)</u>	Net Cash Inflow/(Outflow) Before Financing			<u>(59,009)</u>
	<b>Financing:</b>			
	<b>Cash Outflow</b>			
-	Repayment of Amounts Borrowed			-
	<b>Cash Inflow</b>			
<u>(391,067)</u>	Amounts Borrowed			<u>(59,009)</u>
<u>(391,067)</u>	(Increase)/Decrease in Cash and Cash Equivalents			<u>(59,009)</u>

## NOTES TO CASH FLOW STATEMENT

### 1 Reconciliation of Revenue Surplus and Net Cash Flow from Revenue Activities

	£	£
Surplus per Revenue Account		615,364
<u>Add</u> Cash Outflow from Capital Activities	202,897	
Increase/(Decrease) in Reserve Fund	5,328	
(Increase)/Decrease in Stocks	25,529	
(Increase)/Decrease in Debtors and Work in Progress	(24,042)	
Increase/(Decrease) in Creditors	(65,824)	
Contribution to General Fund	<u>(615,364)</u>	
		<u>(471,476)</u>
Net Cash Inflow/(Outflow) from Revenue Activities		<u>143,888</u>

### 2 Reconciliation of Financing Section with Loans Fund Account

	£
Due by Loans Fund at 1 April 2001	371,413
<u>Add</u> Cash Advances	<u>300</u>
	371,713
(Increase)/Decrease in Cash and Cash Equivalents	<u>(59,009)</u>
	312,704
<u>Less</u> Cash Advances	<u>300</u>
Due by Loans Fund at 31 March 2002	<u>312,404</u>

## NOTES TO REVENUE ACCOUNT AND BALANCE SHEET

- 1 No foreseeable losses on long term contracts were identified at the end of the financial year.
- 2 The charge for Central Support Services included in the expenditure amounted to £193,701.
- 3 The sum of £615,364 was transferred to the General Fund during the period under review.
- 4 There are no Corporate and Democratic Core costs charged to the Revenue Account.
- 5 A sum of £84,407 has been charged to the Revenue Account in respect of pension-related costs which fall within the revised definition of Unapportionable Central Overheads laid down in the Best Value Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy.
- 6 Fixed Assets have been included in the Balance Sheet in accordance with the new system of Capital Accounting as recommended in the Code of Practice on Local Authority Accounting in the United Kingdom which was issued jointly by the Chartered Institute of Public Finance and Accountancy and the Local Authority (Scotland) Accounts Advisory Committee.

**INFORMATION REQUIREMENTS OF THE DIRECT LABOUR ORGANISATIONS  
(CONTENT OF ANNUAL REPORTS) (SCOTLAND) DIRECTIONS 1982  
YEAR 2001/2002**

		NEW CONSTRUCTION						TOTAL	
		ABOVE £50,000		BELOW £50,000		MAINTENANCE			
		£	%	£	%	£	%	£	%
1	Analysis of Work Undertaken by Direct Labour Organisation								
	Total estimated Cost of Work Undertaken by the Direct Labour Organisation for Dundee City Council and for other Authorities under Agency Agreements (ie Functional Work)								
	a Not Won in Tender	2,677,941	79.1	350,449	93.3	375,664	2.7	3,404,054	19.1
	b Won in Tender	707,246	20.9	25,038	6.7	13,599,105	96.6	14,331,389	80.4
	<b>TOTAL ESTIMATED COST OF FUNCTIONAL WORK</b>	<b>(3,385,187)</b>	<b>(100.0)</b>	<b>(375,487)</b>	<b>(100.0)</b>	<b>(13,974,769)</b>	<b>(99.3)</b>	<b>(17,735,443)</b>	<b>(99.5)</b>
	Total Value of Works other than Works under Agency Agreements undertaken by the Direct Labour Organisation for other Authorities (ie Works Contracts)								
	a Not Won in Tender	-	-	-	-	-	-	-	-
	b Won in Tender	-	-	-	-	94,076	0.7	94,076	0.5
	<b>TOTAL OF WORKS CONTRACTS</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(94,076)</b>	<b>(0.7)</b>	<b>(94,076)</b>	<b>(0.5)</b>
	<b>TOTAL VALUE OF ALL WORK UNDERTAKEN BY THE DIRECT LABOUR ORGANISATION</b>	<b>3,385,187</b>	<b>100.0</b>	<b>375,487</b>	<b>100.0</b>	<b>14,068,845</b>	<b>100.0</b>	<b>17,829,519</b>	<b>100.0</b>
	Of which:								
	a Not Won in Tender	2,677,941	79.1	350,449	93.3	375,664	2.7	3,404,054	19.1
	b Won in Tender	707,246	20.9	25,038	6.7	13,693,181	97.3	14,425,465	80.9
2	Analysis of Work carried out by Dundee City Council								
	a Total value of work undertaken by the Direct Labour Organisation	3,385,187	21.1	375,487	22.6	14,068,845	86.0	17,829,519	52.3
	b Total value of all Works placed with Outside Contractors by Dundee City Council	12,646,184	78.9	1,286,653	77.4	2,290,741	14.0	16,223,578	47.7
	<b>TOTAL VALUE OF ALL CONTRACTUAL WORK</b>	<b>16,031,371</b>	<b>100.0</b>	<b>1,662,140</b>	<b>100.0</b>	<b>16,359,586</b>	<b>100.0</b>	<b>34,053,097</b>	<b>100.0</b>
3	Details of Jobs awarded to the Direct Labour Organisation where the Department did not submit the lowest Tender.								

Long Lane, Broughty Ferry - Pitched Roof Replacement - Value of Tender - £68,900



## **Independent Auditor's opinion - prescribed financial objective**

### **To the members of Dundee City Council and the Scottish Ministers**

As independent auditor, I have considered the statement for the year ended 31 March 2002 on page 10 of this report which relate respectively to the following categories of work:

- Construction work in excess of £50,000
- Construction work less than £50,000
- Maintenance work

In my opinion the financial objective set by the Scottish Ministers has been met.

30 September 2002

Peter Tait, CPFA  
Chief Auditor  
Audit Scotland  
Osborne House  
1/5 Osborne Terrace  
Edinburgh EH12 5HG