

REPORT TO: POLICY & RESOURCES COMMITTEE - 1 JULY 2009

REPORT ON: DUNDEE CITY COUNCIL - UNAUDITED STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

REPORT BY: HEAD OF FINANCE

REPORT NO: 363-2009

1 PURPOSE OF REPORT

To provide some additional background and commentary on the City Council's unaudited Statement of Accounts that is being submitted to the Policy & Resources Committee along with this report.

2 RECOMMENDATIONS

The Committee is asked to note:

- 2.1 the contents of this covering report;
- 2.2 the unaudited Statement of Accounts that has been submitted along with this report;
- 2.3 that the Head of Finance has submitted the unaudited Statement of Accounts to the Controller of Audit, Accounts Commission for Scotland.

3 FINANCIAL IMPLICATIONS

- 3.1 The Council's 2008/2009 Statement of Movement on the General Fund Balance shows that an actual deficit of £1.151m occurred during the year, against a budgeted deficit of £2.375m. When deducted from the opening General Fund Balance of £8.582m this gives a total General Fund Balance of £7.431m as at 31 March 2009. It should be noted that £3.144m of these balances are ear-marked for various purposes and when these are taken into account, it is estimated that the Council has uncommitted General Fund Balances of £4.287m as at 31 March 2009.

4 BACKGROUND

- 4.1 The relevant statutory provisions regarding the preparation of Local Authority Accounts are contained in the Local Authority Accounts (Scotland) Regulations 1985, as amended by the Local Authority Accounts (Scotland) Amendment Regulations 1997. Section 4 of these regulations requires that "... all the accounts of the local authority are made up and balanced as soon as practicable after the end of each financial year and that sufficient copies of an abstract of the said accounts for each financial year are prepared ... and submitted to the authority and to the Controller of Audit not later than 30 June in the next financial year...". The requirement for the accounts to be "submitted to the authority" is met once copies of the accounts have been distributed to elected members.
- 4.2 As in previous years the Statement of Accounts have been prepared in accordance with the Statement of Recommended Practice (SORP).
- 4.3 The Statement of Accounts already includes a detailed commentary on the figures contained therein and it is not intended to repeat this in this covering report. It is, however, worth reiterating a few of the more salient points.

- 4.4 The City Council's 2008/2009 Statement of Movement on the General Fund Balance shows a net deficit of £1.151m against a budgeted deficit of £2.375m (i.e. an underspend of £1.224m). The main areas of over and underspend are highlighted on page 4 of the Statement of Accounts. It should be noted that some of the underspends within departmental budgets relate to planned efficiency savings.
- 4.5 The General Fund balance at 31 March 2009 is £7.431m, including the amount of £0.364m which is held on behalf of schools participating in the Devolved School Management scheme and the amount of £0.811m which is reserved for Car Parking purposes. In addition, there were underspends in 2008/2009 amounting to £0.669m that relate to committed projects and therefore require to be carried forward to 2009/2010 and met from the General Fund balance. It was also agreed that the sum of £1.300m be taken from balances in setting the 2009/2010 Council Tax. After adjusting for all of these items, the effective level of uncommitted General Fund balance as at 31 March 2009 is £4.287m. This sum is not considered unreasonable for a local authority with an annual net cost of services of over £380m, and given the financial risks and uncertainties currently facing the Council.
- 4.6 In conclusion, it can be said that the City Council's procedures for monitoring and managing its financial affairs have operated successfully during 2008/2009.
- 4.7 In accordance with the relevant statutory provisions noted in paragraph 4.1, copies of the enclosed Accounts have already been submitted to the Controller of Audit at the Accounts Commission for Scotland. She will now formally instruct the Council's appointed external auditor (Mr Mark Taylor CPFA, Assistant Director, Audit Scotland) to commence his audit of the Accounts. The 2008/2009 audit process is due to be completed by 31 October 2009 and the outcome of the audit is scheduled to be reported back to the Policy & Resources Committee as soon as possible thereafter.
- 4.8 Elected Members are respectfully requested to retain their copies of the enclosed accounts for future reference.

5 **POLICY IMPLICATIONS**

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

6 **CONSULTATION**

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

7 **BACKGROUND PAPERS**

None.

MARJORY STEWART
HEAD OF FINANCE

30 JUNE 2009