

REPORT TO: DSO COMMITTEE - 18 AUGUST 2003

REPORT ON: DLO/DSO FINANCIAL OPERATING STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE 2003

REPORT BY: JOINT REPORT BY CHIEF EXECUTIVE AND DEPUTE CHIEF
EXECUTIVE (FINANCE)

REPORT NO: 525-2003

1 PURPOSE OF REPORT

To appraise the Committee on the financial position of the City Council's Direct Labour Organisation (DLO) and Direct Service Organisations (DSO) for the three months ended 30 June 2003.

2 RECOMMENDATIONS

The Committee is asked to:

- a note the current financial position of each of the respective DLO and DSOs;
- b instruct the appropriate Chief Officers within each DLO and DSO to take the necessary actions to ensure that their DLO/DSO's budgeted surplus is achieved in the financial year 2003/2004.

3 FINANCIAL IMPLICATIONS

The City Council's approved 2003/2004 Revenue Budget included the sum of £1,114,000 in respect of City Council DLO/DSO's 2003/2004 surpluses being credited to the General Fund.

The cash surpluses at 30 June 2003, being the enclosed statements with appropriate adjustments, gives a projected annual cash surplus estimated to be in the region of the annual budgeted surplus target of £1,114,000.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 The Council's Corporate Plan has, as one of its values, to "efficiently utilise our resources to provide the standards of public service expected by the citizens and at an acceptable cost". It is essential that this value is actioned in the monitoring of the Council's DLO and DSO bodies and the presentation of a quarterly monitoring report to the DSO Committee is seen as a representation of the achievement of that value.

- 6.2 This monitoring report provides details to the DSO Committee of the financial position of the four City Council's DLO/DSOs in regard to their requirement to meet the surpluses set out in the approved 2003/2004 Revenue Budget.
- 6.3 With effect from 1 April 2002 the work undertaken by the former Leisure and Arts Ground Maintenance and Leisure Management DSOs was disaggregated and certain works transferred to Dundee Contract Services the balance being retained by the Leisure and Arts Department.
- 6.4 The aforementioned work undertaken by the Leisure and Arts Department does not form part of this report and is now monitored and controlled through the service departments' revenue monitoring procedures.
- 6.5 The City Council operates one DLO and three DSOs, being:

Dundee Contract Services, and

Environmental and Consumer Protection - Cleansing DSO
 Dundee Contract Services - Ground Maintenance and Other Works DSO
 Cleaning of Buildings DSO

In addition, the City Council is one of the constituent Councils to the Joint Committee which manages Tayside Contracts

7 **DLO/DSO FINANCIAL OPERATING STATEMENTS FOR THE THREE MONTHS ENDED 30 JUNE 2003**

- 7.1 The financial operating statements for the three months to 30 June 2003 are detailed in Appendices 1 and 2 and show the actual financial position as at that date. It is important to stress that these statements are not end of year projections but simply reports on the period referred to, ie three months to 30 June 2003. The statements include an allowance for notional capital charges in line with accounting requirements, however these charges are reversed out and loan charges included and this generates a higher cash surplus which is returned to the Council's General Fund.
- 7.2 The financial position (including capital charges) of the respective DLO/DSO's for the three months to 30 June 2003 can be summarised as follows:

	<u>Surplus/(Deficit) to 30 June 2003</u> £
Dundee Contract Services	333,710
ECPD - Cleansing DSO	32,818
Dundee Contract Services - Ground Maintenance and Other Works DSO	130,688
Cleaning of Buildings DSO	1,439
Total DLO/DSO Net Surpluses to 30 June 2003	<u>498,655</u>

- 7.3 The City Council's only Direct Labour Organisation's Financial Statement shows an overall surplus at 30 June 2003 of £333,710 as detailed in Appendix 1.

This has been achieved as a result of the efforts of management and workforce working together to minimise overheads and improve efficiency.

It is anticipated that the DLO will continue to be in surplus during the current financial year achieving its budgeted surplus of £565,000.

- 7.4 The City Council's Direct Service Organisations' Financial Statements are detailed in Appendix 2.

The DSO statements show that each account is in surplus at 30 June 2003 and it is expected that the overall budgeted surplus will be met by the end of the financial year.

8 **BEST VALUE**

Management is currently reviewing all services within the Council to achieve "Best Value". This requires the DLO and DSOs to prove that they can provide a competitive service which meets its customers requirements. In respect of the DLO the customers are principally the tenants of Council Houses and the Director of Dundee Contract Services and the Director of Housing will continue to monitor the service provided to ensure that the Council's commitment to Best Value can be demonstrated.

9 **TAYSIDE CONTRACTS FINANCIAL OPERATING STATEMENTS FOR THE THREE MONTHS ENDED 30 JUNE 2003**

The other Direct Labour Organisation in which the City Council has an interest is Tayside Contracts, which is controlled by a Joint Committee incorporating members of the City Council, Perth & Kinross Council and Angus Council. The Tayside Contracts financial statements as at 30 June 2003 are currently being prepared.

It is anticipated that Tayside Contracts will achieve the City Council's budgeted share of the surplus totalling £292,000 in the current financial year.

10 **CONSULTATION**

The following Chief Officers have been consulted in the preparation of the report, Depute Chief Executive (Support Services) , Director of Dundee Contract Services and Head of Waste Management.

ALEX STEPHEN
CHIEF EXECUTIVE

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

25 JULY 2003

BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

Dundee City Council - Finance DepartmentDLO Performance Monitoring Report for the three months ended 30 June 2003

DIRECT LABOUR ORGANISATION					
Three months to 30/06/03					
<u>Dundee Contracts</u>	<u>Maintenance</u>	<u>Construction Work</u>		<u>Total</u>	<u>2003/2004</u>
		<u>Below</u>	<u>Above</u>		<u>Annual</u>
	£	£50,000	£50,000	£	Budget
		£	£		£
Income	3,321,022	91,263	1,405,165	4,817,450	19,806,656
Expenditure (incl Estimated Capital Charges)	3,129,872	79,628	1,274,240	4,483,740	19,241,656
Surplus/(Deficit)	191,150	11,635	130,925	333,710	565,000

Dundee City Council - Finance Department**DSO Performance Monitoring Report for the three months ended 30 June 2003****DIRECT SERVICE ORGANISATIONS**

<u>ECPD Cleansing</u>	Refuse Collection	Other Cleaning	Total	2003/2004 Annual Budget
	£	£	£	£
Income	966,027	753,769	1,719,796	7,298,000
Expenditure (incl Estimated Capital Charges)	937,723	749,255	1,686,978	7,171,000
Surplus/(Deficit)	28,304	4,514	32,818	127,000

<u>Dundee Contracts Services - Ground Maintenance and Other Works</u>	Total	2003/2004 Annual Budget
	£	£
Income	1,287,893	4,471,026
Expenditure (incl Estimated Capital Charges)	1,157,205	4,371,026
Surplus/(Deficit)	130,688	100,000

<u>Cleaning of Buildings</u>	Total	2003/2004 Annual Budget
	£	£
Income	54,654	221,367
Expenditure	53,215	191,367
Surplus/(Deficit)	1,439	30,000