

DLO/DSO Unaudited Accounts 2002/2003

City of Edinburgh Council

26th June 2003

1 Purpose of report

The Local Government Act 1988 requires an annual report to be prepared for each defined activity by a predetermined date. The deadline date for the financial year ended 31 March 2003 is 30 September 2003 and a copy must be forwarded to the Scottish Executive and Audit Scotland no later than 31 October 2003.

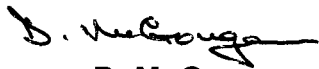
2 Main report

- 2.1 In 2002/03, the unaudited accounts show that all the DLOs and DSOs achieved the prescribed financial objective, which is to break even after meeting capital financing charges on fixed assets and stock, and depreciation charges. The unaudited accounts are shown at Appendix 1.
- 2.2 The DLO/DSO surpluses/deficits for 2002/03 have been accounted for within the accounts of the City of Edinburgh Council.
- 2.3 The Council of 23 August 2001 requested that future reports include a statement indicating whether DLO/DSOs had achieved the required budgetary surplus. A statement showing the out-turn compared to budget is included at Appendix 2.

3 Recommendations

The Council is requested to:

- i) note the DLO/DSO unaudited accounts for 2002/03;
- ii) note the outturn position on the contributions to the General Fund.


D. McGougan
Director of Finance
17th June 2003

Appendices	2
Contact/tel	Alison Henry (469 3172)
Wards affected	All
Background Papers	None



**DIRECT LABOUR /
SERVICE ORGANISATIONS**

**UNAUDITED ACCOUNTS
2002/2003**

Direct Labour / Service Organisations

Unaudited Accounts 2002/2003

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Foreword by the Director of Finance

Introduction

The Annual Report and Accounts for 2002/2003 for the Council's Direct Labour / Service Organisations (DLOs / DSOs) have been prepared in accordance with the requirements of both the Local Government Planning and Land Act 1980 (the 1980 Act) and the Local Government Act 1988 (the 1988 Act).

The following DLOs were established under the 1980 Act:

DLO	Date Commenced Operations	Defined Activity
Edinburgh Roads Services	1 April 1982	General Highway Work
Edinburgh Building Services	1 April 1982	Building Maintenance

The following DSOs were established under the 1988 Act:

DSO	Date Commenced Operations	Defined Activity
Direct Cleaning	31 July 1989	Building Cleaning
Edinburgh Catering Services	1 August 1989	Other Catering
City Fleet Maintenance Services	1 January 1990	Vehicle and Plant Maintenance
Ground Maintenance	1 January 1990	Ground Maintenance
Edinburgh Catering Services	1 January 1991	School and Welfare Catering
Other Cleaning and Related Services	1 January 1991	Street Cleaning
Refuse Collection	1 August 1991	Refuse Collection

The provisions of the Acts and the regulations made thereunder are designed to place DLOs / DSOs on a trading basis as far as possible and require that for a specified level of work DLOs / DSOs must tender in open competition with private contractors.

A summarised version of this report is also contained in the Council's Annual Statement of Accounts for 2002/2003.

Foreword by the Director of Finance (Continued)

Competition

Local Government Planning and Land Act 1980

Under the 1980 Act the Secretary of State has laid down certain tendering thresholds above which all contracts must be put out to tender. The regulations have been changed on several occasions since 1980 and the tendering thresholds relevant to 2002/2003 were as follows:

- 1 General Highways work estimated to cost more than £500,000.
- 2 General Highways work estimated to cost £25,000 or less if an award of the work to the DLO would result in the DLO having carried out in that financial year more than 40% of the aggregate value of similar work which the authority carried out in the previous year.
- 3 All Building and Maintenance work other than Highways work.

Local Government Act 1988

Under the 1988 Act, the Secretary of State has determined that all defined activities with annual expenditure exceeding £100,000 must be subject to competitive tendering.

Annual Accounts

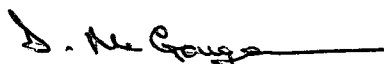
The legislation provides that a DLO / DSO revenue account and balance sheet shall be kept separate from the Accounts of the authority. In addition, the revenue account must be analysed in the following main categories:

- 1 General Highways Work on Trunk Roads
- 2 General Highways Work on Other Roads
- 3 Works of New Construction over £50,000
- 4 Works of New Construction under £50,000
- 5 Maintenance Work (other than on Highways)
- 6 Refuse Collection
- 7 Building Cleaning
- 8 Other Cleaning
- 9 Schools and Welfare Catering
- 10 Other Catering
- 11 Management of Sport and Leisure Facilities
- 12 Ground Maintenance
- 13 Vehicle Repairs and Maintenance

Financial Targets

For each defined activity, the DLO / DSO is required to break even, after meeting the following charges:

- 1 A capital financing charge of 6% on the value of fixed assets used by the DLO / DSO, including all assets acquired under financing leases.
- 2 Depreciation charges based on the current value of all such assets which are liable to depreciation.
- 3 A financing charge of 6% on stock balances held for the DLO / DSO.



DONALD McGOUGAN, CPFA

Director of Finance

13 June 2003

Edinburgh Roads Services DLO

Edinburgh Roads Services' turnover increased by 30% due to considerable additional Council and Scottish Executive funding for road and footway maintenance. This resulted in not only achieving the financial statutory requirement, but also exceeding the budgeted contribution to the Council's General Fund.

There was a general improvement in most performance indicators including a 12% improvement, to 95%, in the number of road and footway defects repaired within 24 working hours.

Euan Kennedy
Roads Services Manager

Edinburgh Roads Services DLO

Revenue Account for the year to 31 March 2003

2001/2002 £		Trunk Roads £	Other Roads £	Total £
	Income			
11,965,932	Charges to Council Departments	0	16,001,761	16,001,761
134,521	Charges Under Agency Agreements	0	0	0
403,084	Charges under Works Contract	0	258,637	258,637
1,288	Other Income	0	707	707
<u>12,504,825</u>		<u>0</u>	<u>16,261,105</u>	<u>16,261,105</u>
	Expenditure			
11,591,021	Operating Costs	0	15,715,900	15,715,900
157,016	Capital Charges	0	154,388	154,388
<u>11,748,037</u>		<u>0</u>	<u>15,870,288</u>	<u>15,870,288</u>
756,788	Surplus for the Year	0	390,817	390,817

£	Financial Objective Calculation	£	£	£
756,788	Surplus per Above	0	390,817	390,817
73,166	Add: Interest on Revenue Balances	0	57,389	57,389
829,954	Statutory Financial Objectives	0	448,206	448,206

Edinburgh Roads Services achieved its statutory financial objectives.

Statutory Financial Objectives

	Trunk Roads		Other Roads	
	Surplus/Deficit (£) £	Financial Objective	Surplus/Deficit (£) £	Financial Objective
1996/1997	185,248	Achieved	131,536	Achieved
1997/1998	259,330	Achieved	62,597	Achieved
1998/1999	24,558	Achieved	(262,116)	Not Achieved
1999/2000	240,082	Achieved	463,637	Achieved
2000/2001	475,065	Achieved	507,396	Achieved
2001/2002	124,840	Achieved	705,114	Achieved
2002/2003		n/a	448,206	Achieved

Edinburgh Building Services DLO

Edinburgh Building Services achieved its statutory financial target and made a contribution to the General Fund of £92,166 on their trading activities.

It has been another difficult year for Edinburgh Building Services, with the adverse shift in the balance of trades employed since the time of the Housing tender, and increases in fixed costs making it very difficult to achieve a surplus. Edinburgh Building Services continues to rely heavily on subcontracting and expenditure this year has remained roughly in line with previous years' high levels. Less reliance on subcontracting, and more use of our own operatives would enable overheads to be fully recovered. It has, however, been very difficult to recruit and retain good quality operatives and shortages in certain trades have meant that premium rates have had to be paid to retain staff, or work has had to be subcontracted, also at premium rates. It is unlikely that Edinburgh Building Services can, in the current marketplace reduce its reliance on subcontracting, so this is likely to be a major cost again in 2003/2004.

A report is being prepared for the Executive of the Council, which details various issues that have been affecting Edinburgh Building Services' performance over the last few years, and includes a Performance Action Plan that addresses these issues and makes proposals for improving the service provided. If the report and Action Plan are approved, then Edinburgh Building Services should be in a better position to meet the challenges ahead.

The recent approval of the Local Government Bill will place a statutory duty of Best Value in local government service provision. There will also be a relaxation of restrictions on supply of goods and services by local authorities which might present Edinburgh Building Services with the opportunity to generate additional income from new customers and to work with new partners. Edinburgh Building Services hopes that the move away from CCT will help improve service provision by allowing greater flexibility in service provision and closer working with clients.

Best Value legislation might remove the requirement for Edinburgh Building Services to re-tender for contracts and pave the way for Edinburgh Building Services to become a Best Value Service Provider.

In future, greater emphasis is to be placed on carrying out more planned maintenance in place of reactive maintenance.

With the continuous depletion of council housing Edinburgh Building Services plan to positively market further Housing Associations and other organisations to supplement future income.

Edinburgh Building Services aims to deliver an excellent repairs service to all of our clients, whilst providing Best Value. Working in partnership with our clients will continue to improve service quality.

I.M. Sandison
Building Services Manager

Edinburgh Building Services DLO

Revenue Account for the year to 31 March 2003

2001/2002 £		Maintenance and Minor Improvements £	New Construction Over £50,000 £	Non-Defined Activitied £	Total £
	Income				
23,373,209	Charges to Council Departments	22,520,563	542,847	1,314,972	24,378,382
1,181,519	Charges under Works Contracts	712,637	0	0	712,637
<u>24,554,728</u>		<u>23,233,200</u>	<u>542,847</u>	<u>1,314,972</u>	<u>25,091,019</u>
	Expenditure				
24,437,500	Operating Costs	23,043,337	526,985	1,389,365	24,959,687
85,616	Capital Charges	112,767	792	0	113,559
34,885	Exceptional Expenditure	0	0	0	0
<u>24,558,001</u>		<u>23,156,104</u>	<u>527,777</u>	<u>1,389,365</u>	<u>25,073,246</u>
<u>(3,273)</u>	Surplus / (Deficit) for the Year	<u>77,096</u>	<u>15,070</u>	<u>(74,393)</u>	<u>17,773</u>

£	Financial Objective Calculation	£	£
(3,273)	Surplus / (Deficit) per Above	77,096	15,070
85,616	Add: Interest on Revenue Balances	93,979	656
<u>82,343</u>	Statutory Financial Objectives	<u>171,075</u>	<u>15,726</u>

Edinburgh Building Services achieved its statutory financial objective for new construction works, but failed to achieve its statutory objective for maintenance and minor improvements.

Statutory Financial Objectives

	Maintenance & Minor Improvements		New Construction over £50,000	
	Surplus £	Financial Objective	Surplus £	Financial Objective
1996/1997	316,448	Achieved	29,060	Achieved
1997/1998	331,216	Achieved	41,383	Achieved
1998/1999	501,331	Achieved	94,132	Achieved
1999/2000	276,728	Achieved	30,073	Achieved
2000/2001	193,125	Achieved	54,109	Achieved
2001/2002	(1,767)	Not Achieved	84,110	Achieved
2002/2003	171,075	Achieved	15,726	Achieved

Direct Cleaning DSO

Direct Cleaning continues to operate successfully in a market that is both extremely competitive and unglamorous. The Organisation continues to face difficulties in recruiting and retaining suitable staff as a result of the full employment situation currently being experienced in Edinburgh.

Direct Cleaning has had yet another successful year financially, continuing the trend of exceeding its required Council contribution, this year by some 70%.

The Organisation has made further improvements in its equipment stock, ensuring that cleaning staff are provided with the most up to date and efficient machines and customers receive the level of service specified. This ongoing investment has resulted in productivity improvements and a significant reduction in expenditure on repairs.

It is hoped that night shift cleaning can be extended to all secondary schools in the next financial year, given the success of the extended pilot scheme over this year.

Thanks to the dedication of its entire staff, Direct Cleaning remains confident that it has a bright, albeit difficult and ever changing, future. The management team are totally committed to meeting the challenges of the future and continuing to provide a Quality, Best Value to all their customers.

Bob Waddell
DSO Manager

Direct Cleaning DSO

Revenue Account for the year to 31 March 2003

2001/2002 £		Total £
	Income	
6,312,086	Charges to Council Departments	6,418,272
515,288	Charges under Works Contract	436,500
20,188	Other Income	12,125
<u>6,847,562</u>		<u>6,866,897</u>
	Expenditure	
6,654,072	Operating Costs	6,739,959
13,890	Exceptional Expenditure	(6,791)
<u>6,667,962</u>		<u>6,733,168</u>
179,600	Surplus for the Year	133,729

£	Financial Objective Calculation	£
179,600	Surplus per Above	133,729
(17,030)	Less: Interest on Revenue Balances	(10,689)
162,570	Statutory Financial Objective	123,040

Direct Cleaning achieved its statutory financial objective.

Statutory Financial Objectives

	Surplus / (Deficit) £	Financial Objective
1996/1997	(124,360)	Not Achieved
1997/1998	(258,474)	Not Achieved
1998/1999	302,501	Achieved
1999/2000	409,501	Achieved
2000/2001	140,447	Achieved
2001/2002	162,570	Achieved
2002/2003	123,040	Achieved

City Fleet Maintenance Services DSO

City Fleet Maintenance Services DSO has achieved and exceeded all of its financial targets in the year 2002/2003 whilst continuing to yet further improve and develop its already quality accredited service.

It has met and surpassed its legal statutory return yet again and exceeded its budgeted contribution to council for the fourth year running thus showing sustainable performance. The actual contribution to Council was £55,020.

Ongoing investment is seeing immediate positive effects on operations and finances. Further improvements are planned on the IT system which should assist performance in the coming year. Investment has been made in the facility at Russell Road all as part of our continual improvement plan. Further developments include the commissioning of a new heating system in the Russell Road bodyshop. This will be a green environmentally friendly solid fuel (wood chip) system.

The introduction of the Corporate Transport Unit could have some impact on the service and will require monitoring throughout the inaugural year. The DSO will continue to strive to build on these developments and policy initiatives such as the Green Fleet Policy to deliver the best service to customers from a financially sustainable quality operator.

The DSO was awarded the Council business pending introduction of Best Value review system. It is fully intended that the DSO will seize on business opportunities such as this review to ensure that the best possible service is provided to customers.

Pat Traynor
Contract Manager

City Fleet Maintenance Services DSO

Revenue Account for the year to 31 March 2003

2001/2002 £		Total £
	Income	
3,708,265	Charges to Council Departments	3,646,820
0	Charges under Works Contract	0
52,027	Other Income	30,372
<u>3,760,292</u>		<u>3,677,192</u>
	Expenditure	
3,690,785	Operating Costs	3,640,462
2,682	Capital Charges	2,204
0	Exceptional Expenditure	(20,494)
<u>3,693,467</u>		<u>3,622,172</u>
66,825	Surplus for the Year	55,020

£	Financial Objective Calculation	£
66,825	Surplus per above	55,020
(18,106)	Less: Interest on Revenue Balances	(10,496)
48,719	Statutory Financial Objective	44,524

City Fleet Maintenance Services achieved its statutory financial objective.

Statutory Financial Objectives

	Surplus / (Deficit) £	Financial Objective
1996/1997	(425,736)	Not Achieved
1997/1998	(626,408)	Not Achieved
1998/1999	(549,354)	Not Achieved
1999/2000	162,913	Achieved
2000/2001	52,580	Achieved
2001/2002	48,719	Achieved
2002/2003	44,524	Achieved

Grounds Maintenance DSO

The Grounds Maintenance DSO has once again met the Statutory Rate of Return and the Council's Contribution for this year.

This is in contrast to the small loss the DSO made last year, which resulted from an under-recovery of income and increased water charges, the only time the DSO has failed to make its Statutory Rate of Return since it was formed in 1990 .

However, with prudent management, the DSO has ensured that income has slightly exceeded and expenditure in all budget headings has been reduced.

Operationally, the integration of the Grounds Maintenance DSO and the Other Cleaning DSO to form the Open Space Environmental Task Force is continuing as planned and benefits are now beginning to show in the communities which we serve.

While the new organisation is still operating with a temporary management structure, it is anticipated that a new structure, in line with the Local Development Committee areas, will be implemented in the near future.

Roy Greig
Parks Operations Manager

Ground Maintenance DSO

Revenue Account for the year to 31 March 2003

2001/2002 £		Defined Activities £	Non-Defined Activities £	Total £
	Income			
3,702,011	Charges to Council Departments	3,945,126	1,547	3,946,673
140,228	Other Income	48,275	105,306	153,581
<u>3,842,239</u>		<u>3,993,401</u>	<u>106,853</u>	<u>4,100,254</u>
	Expenditure			
3,865,216	Operating Costs	3,730,340	107,438	3,837,778
6,901	Capital Charges	6,617	191	6,808
<u>3,872,117</u>		<u>3,736,957</u>	<u>107,629</u>	<u>3,844,586</u>
(29,878)	Surplus / (Deficit) for the Year	256,444	(776)	255,668

£	Financial Objective Calculation	£
(37,034)	Defined Activities Surplus / (Deficit)	256,444
(1,799)	Interest on Revenue Balances	375
(38,833)	Statutory Financial Objective	256,819

Ground Maintenance failed to achieved its statutory financial objective.

Statutory Financial Objectives

	Surplus / (Deficit) £	Financial Objective
1996/1997	241,229	Achieved
1997/1998	80,128	Achieved
1998/1999	94,696	Achieved
1999/2000	7,102	Achieved
2000/2001	73,158	Achieved
2001/2002	(38,833)	Not Achieved
2002/2003	256,819	Achieved

Refuse Collection DSO

The Refuse Collection Service has now completed its 12th year as a DSO since its inception in 1991. The Service continues to adapt and be flexible to the changing environment and operational challenges.

The containerisation programme of inner-city properties continues and is nearing completion, with the DSO continuing to respond to the phased changes. The DSO continues to deliver sacks within the World Heritage Site and those inner-city properties which have not yet been containerised.

The DSO assisted in a trial of side loading vehicles in 2001/02. The trial was successful and this method has now been integrated into the working practices of the DSO.

Continuing high demand for special uplifts led to a change in the method of collection. All special uplifts are now collected on dedicated vehicles and this allows for separation after collection. This has contributed to the achievement of a higher recycling rate and reduced the waiting time in line with Performance Indicators.

The closure of Powderhall Waste Transfer Station, following the discovery of asbestos, resulted in increased travelling time and increased operational difficulties for the DSO, particularly with the increased tonnage through the Civic Amenity Sites.

The DSO has met its Statutory Financial target of break-even, and exceeded its budgeted contribution.

Gordon Mackett
DSO Manager

Refuse Collection DSO

Revenue Account for the year to 31 March 2003

2001/2002 £		Defined Activities £	Non-Defined Activities £	Total £
	Income			
9,983,715	Charges to Council Departments	10,701,347	303	10,701,650
24,746	Other Income	29,304	0	29,304
<u>10,008,461</u>		<u>10,730,651</u>	<u>303</u>	<u>10,730,954</u>
	Expenditure			
9,771,942	Operating Costs	10,549,611	225	10,549,836
0	Exceptional Expenditure	(70,311)	0	(70,311)
<u>9,771,942</u>		<u>10,479,300</u>	<u>225</u>	<u>10,479,525</u>
236,519	Surplus for the Year	251,351	78	251,429

£	Financial Objective Calculation	£
235,349	Defined Activities Surplus	251,351
(24,746)	Less: Interest on Revenue Balances	(29,304)
210,603	Statutory Financial Objective	222,047

Refuse Collection achieved its statutory financial objective.

Statutory Financial Objectives

	Surplus / (Deficit) £	Financial Objective
1996/1997	674,158	Achieved
1997/1998	617,493	Achieved
1998/1999	26,445	Achieved
1999/2000	224,428	Achieved
2000/2001	49,879	Achieved
2001/2002	210,603	Achieved
2002/2003	222,047	Achieved

Other Cleaning and Related Services DSO

The last year has seen significant changes within the Other Cleaning and Related Services DSO.

In May 2000, the Policy and Resources Committee agreed to combine the operation and management of the Other Cleaning and Ground Maintenance DSOs into Task Forces. The City wide implementation of locally accountable task forces was completed in July 2001 and during 2002/2003 the concept was further developed with the introduction of specialist washing, chewing gum and graffiti treatment services.

In addition, 1,200 additional litter bins were installed across the City during 2002/2003 using Scottish Executive funding and a programme of improvement and redecoration of ageing depot properties was undertaken during the year in order to ensure their availability in future years.

During this period of expansion the DSO has recognised the need to ensure the Statutory Rate of Return is achieved. Nevertheless, against a background of increasing services and a need to maintain ageing properties the Other Cleaning and Related Services DSO has met its Statutory Financial Target and achieved a significant surplus over its budgeted Council contribution.

Carr McDonald
DSO Manager

Other Cleaning and Related Services DSO

Revenue Account for the year to 31 March 2003

2001/2002 £		Defined Activities £	Non-Defined Activities £	Total £
	Income			
8,726,820	Charges to Council Departments	8,913,292	606,136	9,519,428
24,637	Other Income	35,529	8,754	44,283
<u>8,751,457</u>		<u>8,948,821</u>	<u>614,890</u>	<u>9,563,711</u>
	Expenditure			
8,436,937	Operating Costs	8,598,563	568,499	9,167,062
0	Exceptional Expenditure	(19,230)	0	(19,230)
<u>8,436,937</u>		<u>8,579,333</u>	<u>568,499</u>	<u>9,147,832</u>
314,520	Surplus for the Year	369,488	46,391	415,879

£	Financial Objective Calculation	£
213,949	Defined Activities Surplus	369,488
(24,637)	Less: Interest on Revenue Balances	(19,669)
189,312	Statutory Financial Objective	349,819

Other Cleaning achieved its statutory financial objective.

Statutory Financial Objectives

	Surplus / (Deficit) £	Financial Objective
1996/1997	477,049	Achieved
1997/1998	706,824	Achieved
1998/1999	226,320	Achieved
1999/2000	442,455	Achieved
2000/2001	266,089	Achieved
2001/2002	189,312	Achieved
2002/2003	349,819	Achieved

Edinburgh Catering Services DSO

The loss of the schools business through the public private partnership has had an adverse effect on the School and Welfare contract's performance, whilst Other Catering continues to grow in strength and reputation.

The DSO successfully altered the Quality system ISO 9002 to meet the requirements of ISO 9002-9001/2000. An important achievement crucial to retaining and gaining new business.

The DSO continues to invest in training that is vital to meet increasing legislative requirements within a high risk environment.

There exists a strong relationship with the NHS via the Sick Children's hospital, with strong prospects for an expansion of the portfolio in the coming year.

DSO staff and their commitment have been the key element in delivering services throughout the city in an ever changing environment.

**Carol McGhie
DSO Manager**

Edinburgh Catering Services DSO Other Catering

Revenue Account for the year to 31 March 2003

2001/2002 £		Total £
	Income	
322,856	Charges to Council Departments	350,703
320,417	Charges under Works Contract	339,708
215,241	Other Income	213,681
858,514		904,092
	Expenditure	
840,902	Operating Costs	886,226
995	Capital Charges	1,493
0	Exceptional Expenditure	1,081
841,897		888,800
16,617	Surplus for the Year	15,292

£	Financial Objective Calculation	£
16,617	Surplus for the Year	15,292
391	Add: Interest on Revenue Balances	508
17,008	Statutory Financial Objective	15,800

Other Catering achieved its statutory financial objective.

Statutory Financial Objectives	Surplus / (Deficit) £	Financial Objective
1996/1997	(346,198)	Not Achieved
1997/1998	(379,186)	Not Achieved
1998/1999	1,322	Achieved
1999/2000	27,835	Achieved
2000/2001	15,389	Achieved
2001/2002	17,008	Achieved
2002/2003	15,800	Achieved

Edinburgh Catering Services DSO School and Welfare Catering

Revenue Account for the year to 31 March 2003

2001/2002 £	Income	Total £
5,128,739	Charges to Council Departments	5,049,799
55,533	Charges under Works Contract	45,394
7,450	Other Income	11,198
<u>5,191,722</u>		<u>5,106,391</u>
	Expenditure	
5,163,762	Operating Costs	5,101,081
7,720	Capital Charges	12,825
13,332	Exceptional Expenditure	0
<u>5,184,814</u>		<u>5,113,906</u>
6,908	(Deficit) / Surplus for the Year	(7,515)

£	Financial Objective Calculation	£
6,908	(Deficit) / Surplus for the Year	(7,515)
2,391	Add: Interest on Revenue Balances	7,594
9,299	Statutory Financial Objective	79

School and Welfare Catering achieved its statutory financial objective.

Statutory Financial Objectives

	Surplus / (Deficit) £	Financial Objective
1996/1997	(300,654)	Not Achieved
1997/1998	(314,950)	Not Achieved
1998/1999	(181,523)	Not Achieved
1999/2000	98,052	Achieved
2000/2001	127,156	Achieved
2001/2002	9,299	Achieved
2002/2003	79	Achieved

Analysis of Work Completed

Total Value of Work undertaken by Authority

	Work Undertaken by DLO £	% of Total Value of Work %	Undertaken by Outside Contractors £	% of Total Value of Work %	Total Value of Work £
General Highways Work - Other Roads	16,260,398	20.12%	10,384,949	12.85%	26,645,347
New Construction Works - over £50,000	542,847	0.67%	23,671,898	29.29%	24,214,745
Maintenance Work	23,233,200	28.75%	6,724,911	8.32%	29,958,111
	<u>40,036,445</u>		<u>40,781,758</u>		<u>80,818,203</u>

Value of Functional Work undertaken by Authority

	Not Won in Tender £	Won in Tender £	Total £
General Highways Work - Other Roads	3,398,733	12,603,028	16,001,761
New Construction Works - over £50,000		542,847	542,847
Maintenance Work		23,233,200	23,233,200

Value of Works Contracts undertaken by DLOs

Edinburgh Roads Services	258,637
Edinburgh Building Services	712,637

Statement of Accounting Principles

The accounts have been prepared in accordance with the requirements of both the Local Government Planning and Land Act 1980 and the Local Government Act 1988. The general accounting principles adopted in compiling the accounts and in their presentation are those recommended by the Chartered Institute of Public Finance and Accountancy.

General

The accounts have been prepared on an accruals basis.

The DLOs / DSOs have accounted for interest on working capital, which has been included in the revenue account.

Debtors and Creditors

Provision has been made in the revenue accounts for amounts owed by the DLOs / DSOs in respect of goods supplied in the financial year, but not for possible expenditure which may arise in future on fluctuating price contracts.

Income is credited in the accounts in the year in which it becomes due.

Charges made to Revenue

The revenue accounts receive a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation, together with a capital financing charge determined by applying specific notional rates of interest to net asset values. The aggregate charge is determined on the basis of capital employed in each service.

Stocks and Work-in-Progress

Stock has been valued at the lower of cost or net realisable value, with the exception of Edinburgh Building Services and Edinburgh Road Services, where stock has been valued at average cost.

There was no work-in-progress at 31 March 2003 on any of the DLO / DSO operations.

Auditor's Opinion (Prescribed Financial Objectives)

The Statement of Accounts set out on pages 4 to 20 are subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Commission for Local Authority Accounts in Scotland is Fiona Kordiak, Chief Auditor, Audit Scotland.

THE CITY OF EDINBURGH COUNCIL
DLO/DSO OUT-TURN STATEMENT 2002/03

	Budgeted Contribution to General Fund £000	Actual Contribution to/ (Transfer from) General Fund £000	Variance £000
Edinburgh Building Services	270	18	(252)
Edinburgh Road Services	242	391	149
Direct Cleaning	79	134	55
City Fleet Maintenance Services	7	55	48
Ground Maintenance	23	256	233
Refuse Collection	82	251	169
Other Cleaning and Related Services	301	416	115
Edinburgh Catering Services:			
Other Catering	4	15	11
School and Welfare Catering	48	(8)	(56)
	<u>1,056</u>	<u>1,528</u>	<u>472</u>