

Financial Health Monitoring 2023/24 - Outturn Financial Year Ended 31 March 2024 and Financial Health Monitoring 2024/25 – Quarter 1

Date: 22 July 2024

Report of: Head of Democratic Services

Report to: Scrutiny Board (Strategy & Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Scrutiny Board Strategy and Resources has a standing commitment to monitor financial performance throughout the financial year as part of its remit and to identify emerging issues and suggest alternative approaches as appropriate.

Appendix 1 to this report provides the outturn position for the financial year 2023/24. This covers the 2023/24 revenue and capital budgets, the Housing Revenue Account (HRA), the Schools Budget and the Council Tax and Business Rates Collection Fund. This will be provided as a supplementary item due to publication of the Executive Board papers taking place after the publication deadline for this meeting.

Appendix 2 provides details on Quarter 1 performance in the current financial year (2024/25) which is due to be considered at Executive Board on 24 July 2024 featuring an update on budgetary performance in respect of the revenue budget and HRA. Due to publication deadlines, and the fact that Executive Board takes place two days after the meeting of this board, this appendix will be circulated as a supplementary item once it is published.

The role of scrutiny as a 'critical friend' on financial performance and management contributes to supporting the Best City Ambition in ensuring a sustainable and robust financial position from which to deliver against the objectives set out in the Three key pillars.

Recommendations

- a) Members are asked to note the content of the report and appendices within the wider Board remit linked to financial sustainability and long-term budgetary robustness.
- b) Board members are also asked to highlight any future areas of scrutiny work should any arise during discussion of this item.

What is this report about?

- 1 Scrutiny Board Strategy and Resources has several key financial functions within its remit. These include scrutiny of the Council's functions with regard to the setting of the Budget and the Council's financial Strategy, i.e. ensuring effective financial management and controls; setting, supporting and monitoring the Council's policies and procedures for budgets; administering effective financial management and controls; and setting, supporting and monitoring the Council's financial strategy. As a consequence, the Board closely monitors financial performance as part of its remit. Appendix 1 provides the financial outturn position for the 2023/24 financial year and Appendix 2 provides latest financial health monitoring report for 2024/25.

What impact will this proposal have?

- 2 Scrutiny Board Strategy and Resources has a clear interest in the financial health of the authority established through its remit. Ongoing scrutiny of budgetary matters will support the Council in terms of budgetary robustness and long-term sustainability and will support the delivery of the three pillars contained in the Best City Ambition.
- 3 The Vision for Scrutiny agreed by full Council sets out the nationally agreed four principles of good scrutiny. Within these is a commitment to 'Promote Scrutiny as a means by which the voice and concerns of the public can be heard.' Given the concern linked to financial difficulty being experienced across the public sector this item has a clear reference point in terms of addressing those concerns from a Leeds perspective.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 4 The terms of reference of the Scrutiny Boards continue to promote a strategic and outward looking Scrutiny function that focuses on the Best City Ambition.
- 5 Having a robust and sustainable budgetary position will enable the Council to deliver against its priorities including the three key pillars set out above.
- 6 The Council manages its budget through the context of the Best City Ambition, the Council's strategic plan which sets out the ambitions, outcomes and priorities for the city of Leeds and for the local authority.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 7 This is a factual report and is not subject to consultation.
- 8 The Authority's Financial Strategy is driven by its ambitions and priorities as set out in the Best City Ambition. The determination of these ambitions was subject to consultation with Members and officers throughout its development, with additional extensive stakeholder consultation carried out on the range of supporting plans and strategies.

What are the resource implications?

9 All resource implications are detailed in appendices to this report.

What are the key risks and how are they being managed?

10 As noted when the Scrutiny Board considered the Annual Corporate Risk report in December 2023, the risk of the in year financial position being in deficit and the Council being unable to balance the Medium-Term Financial Strategy were rated 'very high', reflecting the wider national context and the uncertainty of funding for future years.

What are the legal implications?

11 The council has a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

Appendices

- Appendix 1: Financial Health Monitoring 2023/24 - Outturn Financial Year Ended 31 March 2024 (considered at Executive Board on 19 June 2024).
- Appendix 2 - Financial Health Monitoring 2024/25 – Quarter 1 (due to be considered at Executive Board on 24 July 2024 and to be circulated to board members as a supplementary item)

Background papers

- None