



Report of the Head of Democratic Services

Report to Scrutiny Board (Environment, Housing and Communities)

Date: 14 January 2020

Subject: Financial Health Monitoring 2020/21 – Month 7 (October)

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

- 1.1 The purpose of this report is to provide members of the Scrutiny Board (Environment, Housing and Communities) with information regarding the projected 2020/21 financial health position of those service areas that fall within the Board's remit at Month 7 (October).

2. Background information

- 2.1 The net revenue budget for the general fund for 2020/21 was set at £525.7m.
- 2.2 Following the closure of the 2019/20 accounts, the Council's general fund reserve stands at £31.5m. The 2020/21 budget assumes further use of £9.0m of this reserve during the current financial year. It is anticipated that general fund balances will be added to in year but in light of the potential impact of Covid-19 on capital receipts this position will be kept under review.
- 2.3 In November 2020 the Executive Board was informed that the estimated impact of Covid-19 on the budget had reduced to £30.5m largely as a result of additional funding announced by Government on 12 October 2020. Subsequently, the Council made the decision that it could manage the 2020/21 financial position through the use of one off resources and the Chief Officer - Financial Services wrote to the Government on 12 November 2020 to explain that the Council wished to withdraw its application for a capitalisation directive in 2020/21.

- 2.4 Financial monitoring continues to be undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. This approach has again been reinforced through specific project management based support and reporting around the achievement of the key budget actions plans.

3. Main issues

- 3.1 Details of the Council's overall projected 2020/21 financial health position at Month 7 (October) were reported to the Executive Board at its meeting on 16 December 2020. The Executive Board report is attached at Appendix 1 for the Scrutiny Board's consideration.
- 3.2 The Executive Board report sets out the current projected impact of Covid-19 on the budget alongside additional budget pressures, of which £16.4m arise due to severance and pension strain costs relating to staff exiting the authority in 2020/21 under the new ELI scheme.
- 3.3 The Executive Board report details a range of proposals which would result in a balanced budget position for 2020/21. It is also notes the risk that any future local or national lockdown arrangements could further impact upon the organisation's financial position.
- 3.4 The attached Executive Board report also highlights that the Housing Revenue Account is forecast to underspend by £9.6m but this underspend will be transferred to the Major Repairs Reserve for use in future years.
- 3.5 In addition to this paper, the Scrutiny Board will also consider the initial budget proposals for 2021/22 at its meeting. These are presented elsewhere on the agenda.
- 3.6 Appropriate senior officers have been invited to attend the meeting to discuss the attached report and address any issues raised by the Scrutiny Board.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Council's financial health monitoring is a factual report and is not subject to consultation.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The Council's revenue budget for 2020/21 was subject to Equality Impact Assessments where appropriate and provided as part of the papers presented to Council on 26 February 2020.

4.3 Council policies and the Best Council Plan

- 4.3.1 The 2020/21 budget targeted resources towards the Council's policies and priorities as set out in the Best Council Plan. The attached Executive Board report comments

on the financial performance against the agreed budget, supporting the Best Council ambition to be an efficient and enterprising organisation.

Climate Emergency

- 4.3.2 As a factual report detailing the Council's financial position for 2020/21 there are no specific climate implications identified in the attached Executive Board report.

4.4 Resources, procurement and value for money

- 4.4.1 All resources, procurement and value for money implications are detailed in the main body of the attached Executive Board report.

4.5 Legal implications, access to information, and call-in

- 4.5.1 There are no legal implications arising from the attached Executive Board report.

4.6 Risk management

- 4.6.1 Budget management and monitoring is undertaken on a risk-based approach where financial management resources are prioritised to support those areas of the budget that are judged to be at risk, for example the implementation of budget action plans, those budgets which are subject to fluctuating demand and key income budgets. To reinforce this risk-based approach, specific project management based support and reporting around the achievement of the key budget actions plans was in place for 2020/21.

5. Conclusions

- 5.1 The attached Executive Board presents the Council's overall projected 2020/21 financial health position at Month 7 (October). It outlines the impact of Covid-19 on the budget and the risk that any future local or national lockdown could have further financial consequences for the organisation.
- 5.2 The report further highlights potential future risks to the financial health of Leeds City Council and confirms that the Chief Officer Financial Services has written to the Government to withdraw an application for a capitalisation directive for 2020/21.

6. Recommendations

- 6.1 That the Scrutiny Board considers the relevant information within the attached Executive Board report and agrees any specific scrutiny actions that may be appropriate.

7. Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.