

Financial Health Monitoring 2021/22 – October (Month 7)

Date: 24 January 2022

Report of: Head of Democratic Services

Report to: Scrutiny Board (Strategy and Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- The Scrutiny Board (Strategy and Resources) is asked to consider the Financial Health Monitoring report in the context of wider discussions about the initial budget proposals and performance against strategic priorities that fall within the remit of the Board.
- 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.
- The role of scrutiny as a 'critical friend' on financial performance and management contributes to supporting the Best Council ambition to be an efficient and enterprising organisation.
- Following the Covid-19 pandemic the Council is facing a period of significant financial challenge. Prior to the pandemic budgets were already under significant pressure due to Government funding reductions but this situation has been exacerbated by increased expenditure and reduced income brought about by the pandemic.
- In December 2021 the Executive Board received an update from the Chief Officer Financial Services about the financial health of the Authority both in respect of the General Fund revenue budget and the Housing Revenue Account.
- The appended Executive Board report sets out some of the specific budget challenges associated with Covid-19 and comments on financial performance against the 2021/22 budget, which targeted resources towards priorities set out in the Best Council Plan.

Recommendations

That the Scrutiny Board considers the relevant information within the attached Executive Board report and provides comment in relation to those service areas that fall within its remit.

Why is the proposal being put forward?

1. The Chief Officer Financial Services provides a regular budget report to the Executive Board throughout the year. The latest paper sets out the position at the end of October (month 7) and was considered by Executive Board on 15 December.
2. Twice a year – in June and January – the five scrutiny boards are also asked to consider the latest information on financial health monitoring alongside a report that provides detail of service performance in relation to strategic priorities that fall within the respective remits of the Boards. In addition, financial health monitoring and the Council's Medium Term Financial Strategy were also considered by this Board in October 2021 as part of the Strategy and Resources Board's remit.
3. At this meeting the Scrutiny Board is also asked to consider the Financial Health Monitoring report in the context of its wider discussions about the initial budget proposals, which appear elsewhere on the agenda at item 8.

What impact will this proposal have?

Wards affected: All

Have ward members been consulted?

Yes

No

4. This report is for information and members are asked to provide comment in the context of the wider discussions about performance and the initial budget proposals.

What consultation and engagement has taken place?

5. Public consultation on the 2021/22 Revenue Budget was carried out between December 2020 and January 2021 and is detailed in the 2021/22 Revenue Budget and Council Tax report presented to this Board in February 2021.
6. Relevant Executive Members and senior officers have been invited to attend today's meeting to discuss the appended report and to address any questions raised by the Scrutiny Board.

What are the resource implications?

7. The appended report is a revenue financial report and as such all resource implications are detailed in the report and appendices.

What are the legal implications?

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

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

9. The reported budget position is considered in the context of risk to both the in-year financial position and the potential impact on the Council's Medium Term Financial Strategy. These risks are included on the Council's corporate risk register. Further information surrounding other associated risks is set out in the appended report.

Does this proposal support the council's three Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

10. The Best Council Plan is the Council's strategic plan which sets out its ambitions, outcomes and priorities for the City of Leeds and for the Local Authority. The Three Pillars of inclusive growth, health and wellbeing and the climate change emergency underpin this vision, and these can only be delivered through a sound understanding of the organisation's longer-term financial sustainability which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints. This is the primary purpose of the Medium-Term Financial Strategy which provides the framework for the determination of the Council's annual revenue budget.
11. The appended report is a factual report which needs to be seen in context of the requirement for the Council to be financially sustainable and deliver a balanced budget position in 2021/22 so that resources can continue to be targeted at the Council's priorities.

Appendices

12. Appendix A – Report of the Chief Officer Financial Services to Executive Board (15 December 2021) on Financial Health Monitoring 2021/22 – October (Month 7).

Background papers

13. None.