

Independent auditor's report to the members of Leeds City Council

In our auditor's report issued on 4 October 2024, we explained that we could not formally conclude the audit and issue an audit certificate for Leeds City Council ('the Authority') for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- completed the work necessary to issue our Whole of Government Accounts Component Assurance statement for the Authority for the year ended 31 March 2023. This work is no longer required to be undertaken given the time elapsed from the year end to which the accounts relate, 31 March 2023.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2023 issued on 4 October 2024, we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

No matters have come to our attention since 4 October 2024 that would have a material impact on the financial statements on which we gave this opinion.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except on 27 November 2023 we identified:

- a significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services. The Authority has a very challenging financial position with relatively low levels of reserves to meet unforeseen circumstances. For 2022-23, the Authority used reserves of £12.4m to balance its 2022-23 outturn position. In setting its 2023-24 budget, it planned to make use of further reserves. The ongoing use of reserves to balance its financial position is not financially viable. We recommended that the Authority should set out in detail how its proposed transformation plans will enable it to deliver a sustainable, balanced budget year-on-year.
- a significant weakness in the Authority's governance arrangements. This is in relation to the Authority's arrangements to support its engagement with the external audit processes which have resulted in delays in provision of key information and responses to external audit queries as well as issues with the information and working papers provided. We recommended that the Authority needs to strengthen arrangements in engaging in the external audit process and ensure:
 - timely provision of good quality working papers consistently to support the Authority's financial statements (reviewed by an independent officer prior to being provided) and that all working papers reconcile clearly to the core finance system (FMS) or other appropriate systems;

- increased capacity within the Authority's accounts team to respond promptly and in a timely manner to audit queries or requests for information; and
- that the expected time commitment and risks associated with introducing the new ledger system, and the other key tasks being undertaken by the finance team, such as budget preparation, do not impact on the availability of key finance staff to engage with external audit to deliver the 2022-23 accounts audit.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Leeds City Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth D Mills

Gareth Mills, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

18 October 2024