

## Financial Health Monitoring 2024/25 - December (Month 9)

Date: 3 March 2025

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 details on Month 9 (December) performance in the current financial year (2024/25) which was considered at Executive Board on 12 February featuring an update on budgetary performance in respect of the revenue budget, HRA and Dedicated Schools Grant (DSG) as well as other indicators such as Council Tax and Business Rates collection.

This item follows consideration of a number of financial performance reports and the Medium Term Financial Strategy (MTFS) in 2024/25 and therefore continues the board's ongoing interest in this area.

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 appendix 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 latest financial health monitoring report for 2024/25 which was considered by Executive Board on 12 February 2025.
- 2 Appendix 1 sets out a projected overspend of £6.8m in 2024/25 for the General Fund (equating to 1.1% of the net revenue budget). Any overspend in 2024/25 and consequent use of reserves to balance the budget of the authority will have an impact in terms of available resources to be used in future financial years.
- 3 The Month 9 projection for the HRA is for a balanced budget position in 2024/25, for the DSG there is a projection of an in-year pressure of £16.0m which equates to 2.84% of the total estimated DSG funding.

## What impact will this proposal have?

- 4 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.
- 5 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

- 6 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.
- 7 Having a robust and sustainable budgetary position will enable the Council to deliver against its priorities including the three key pillars set out above.
- 8 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

9 This is a factual report and is not subject to consultation.

10 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 conducted on the range of supporting plans and strategies.

### **What are the resource implications?**

11 All resource implications are detailed in the appendix to this report.

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

12 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?**

13 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 2024/25 – Month 9 (December) (considered at Executive Board on 12 February 2025).

### **Background papers**

- [Medium Term Financial Strategy 2025/26-2029/30](#)