

ADDENDUM TO the Financial Health Monitoring 2020/21 – Month 6 report

This addendum provides an update to the financial position that is detailed in the Month 6 Financial Health monitoring report that is on today's (18th November) Executive Board.

The estimated budget gap noted in this report that is due to the impact of COVID-19 has reduced to £30.5m. This is as a result of Leeds City Council receiving additional funding of £20.6m from the £1bn of resources for local authorities that was announced by the Government on the 12th October.

After taking into consideration the reduction in the budget gap for this year, the Government's expectation that local authorities should fund deficits through the use of their reserves, and that they should only seek the support from the Government if they haven't sufficient reserves, the Council has made the decision that by utilising one off resources it can manage the financial position in 2020/21 and deliver a balanced budget position.

These one off resources include the planned application of an earmarked reserve of £25.65m and the use of non COVID related savings which are currently projected to be £6.2m.

Consequently the Chief Officer – Financial Services wrote to the Government on November 12th explaining that the Council wished to withdraw its application for a capitalisation directive in 2020/21

As a result of the decision to withdraw the application to Government for a capitalisation directive the recommendations in the Financial Health Monitoring 2020/21 – Month 6 report now need to be as follows and Executive Board are asked to agree the following recommendations:

- a) Note the projected financial position of the Authority as at Month 6 and note the projected impact of COVID-19 on that position.
- b) Note that the position reported does not reflect the potential effects of any further local or national lockdown arrangements not yet introduced which could impact on these financial projections.
- c) Note that for 2020/21 the Authority has withdrawn its application for a capitalisation directive to Government and that full details of how it will achieve a balanced budget will be incorporated into the Month 7 Financial Health monitoring report which is to be received at this Board in December.

Victoria Bradshaw

Chief Officer - Financial Services

16th November 2020