Financial Performance Monitoring Review

For the period 1 April 2021 - 30 September 2021

Contents

1. Executive Summary

This report provides members with an overview of financial performance for the first half of 2021/22 in respect of the General Fund, Reserves, the Housing Revenue Account, and the Capital Programme. The report highlights macro indicators impacting on Council finances and provides indicative projections of year end performance against budget based on macro and local factors known to service managers and the Finance Team. Specific coverage of the financial implications of the Covid-19 pandemic during 2021/22 is also included in the report.

Core operation costs not covered by grant funding or fees and charges are financed by Council Tax and Business Rates. The impact of the pandemic on Local Council Tax Reduction Scheme reliefs and the Council Tax base has eased as unemployment has not been as high as projected and housing growth has been above the levels forecast. There continues to be some concern over the impact of the removal of furlough in September, although current trends do not indicate that this will be significant. The Business Rates position remains characterised by uncertainty, although recent Government action regarding Business Rates appeals should ensure that some of the largest potential impacts on this income stream will be avoided.

The cost of service is forecast to be under budget (by £0.06m) by the end of the year. Although an underspend, this projected position is by no means a reduction in cost of service as Cabinet have approved £0.30m in additional revenue spend for this financial year, and £1.77m extra over the medium term until 2025/26. In addition, significant government, NHS, and County Council funding has been received for continued responses to the Covid-19 pandemic, some of which are expected to continue to be required after funding ceases.

The review of the financial performance and trends reveal risk areas which need to be considered in future decisions. The key area of concern is the growing shortage in certain occupations and a general rise in the cost of securing long term talent to deliver Council priorities. Another area of concern is the continued loss of income in certain services despite the full reopening of the economy. While the fee loss in the first quarter will be largely covered by the government compensation scheme, operational budgets and service provision will need to be carefully considered if losses continue beyond 2021/22. Car parking and leisure services are most impacted by this risk.

The capital programme continues to deliver projects that support the delivery of core services. Some projects have faced delays resulting from complexity and Covid-19 pressures. Delays pose some risk to the delivery of projects within budget, and material cost pressures are starting to be reflected in supplier tenders. Project teams are taking a pragmatic approach of exploring ways to deliver within the same envelope and only requesting additional resources at the point when value for money can no longer be obtained with the allocated budgets. The draft Capital Programme to be considered in December will provide more details on which projects are most impacted.

In respect of the HRA, some HRA development projects have experienced delays resulting from the nationwide materials shortage and will be delivered later than planned. A wider review of future projects is anticipated to further embed environmental considerations into them. The team will explore the possibilities of offsetting the initial additional cost with the benefits anticipated from reduced maintenance costs.

Overall, short term financial risks are being adequately mitigated during these uncertain times. Finance will continue to work with service teams to sustainably support, innovative reorganisations and planned service growth anticipated over the following years.

2. Context

2.1. Economic environment

As restrictions eased, individual and business spending has been on the rise and the Bank of England expects this recovery will continue. The recovery brought with it inflation and some input and labour scarcity as businesses struggled to meet sharp demand increases. Inflation is now expected to peak at around 4% before slowly returning to the target 2% inflation rate over the next two years. The BoE anticipate that although it has maintained low interest rates to support households and businesses, rates may need to rise as part of the longer-term effort to achieve 2% inflation rate target.

The Council is likely to experience the impact of supply side inflation most noticeably through those services that are provided in partnership, where increasing labour, fuel, and material prices, combined with labour shortages in some sectors are beginning to have an increasing impact. Capital projects which require bought in materials are being impacted by inflationary pressures, and although contingent budgets will largely cover temporary price pressures, in some areas, more significant variation to current estimates may be required.

There has been a general shift in demand away from traditional commercial hubs because of working from home. This shift, along with fiscal incentives from 2020/21 supported housing markets in the region, and the result has been an accelerated demand for planning and related services, which managers believe is only a timing impact.

2.2. Spending review

The next Government spending review is due to be announced in late October and will provide an indication of total local government resourcing. If possible, an update on the implications of the Spending Review will be provided to the Cabinet meeting in December. It is not clear at this stage as to whether the Local Government Fairer Funding Review will be implemented in 2022/23 and whether any reset of the Business Rates system will take place. Deferral of these will maintain the Council's advantageous position under the current system for a further period. The provisional local government settlement will be announced as normal in December, although it is not clear at this stage as to whether this could be another one-year settlement or a multi-year settlement. Although overall government spend is expected to rise, the Institute for Fiscal Studies (IFS) project that unprotected spends will be cut by up to 3%, potentially limiting funding available to local authorities like ESC in the near term.

2.3. Capital finance framework

The MHCLG recently published a policy paper, announcing plans to improve the capital finance framework for local authorities. Changes to legislation are anticipated which could potentially introduce borrowing limits and tighten Minimum Revenue Provision (MRP) requirements. Further guidance is also expected to be issued around managing risk of commercial financing arrangements.

3. General Fund

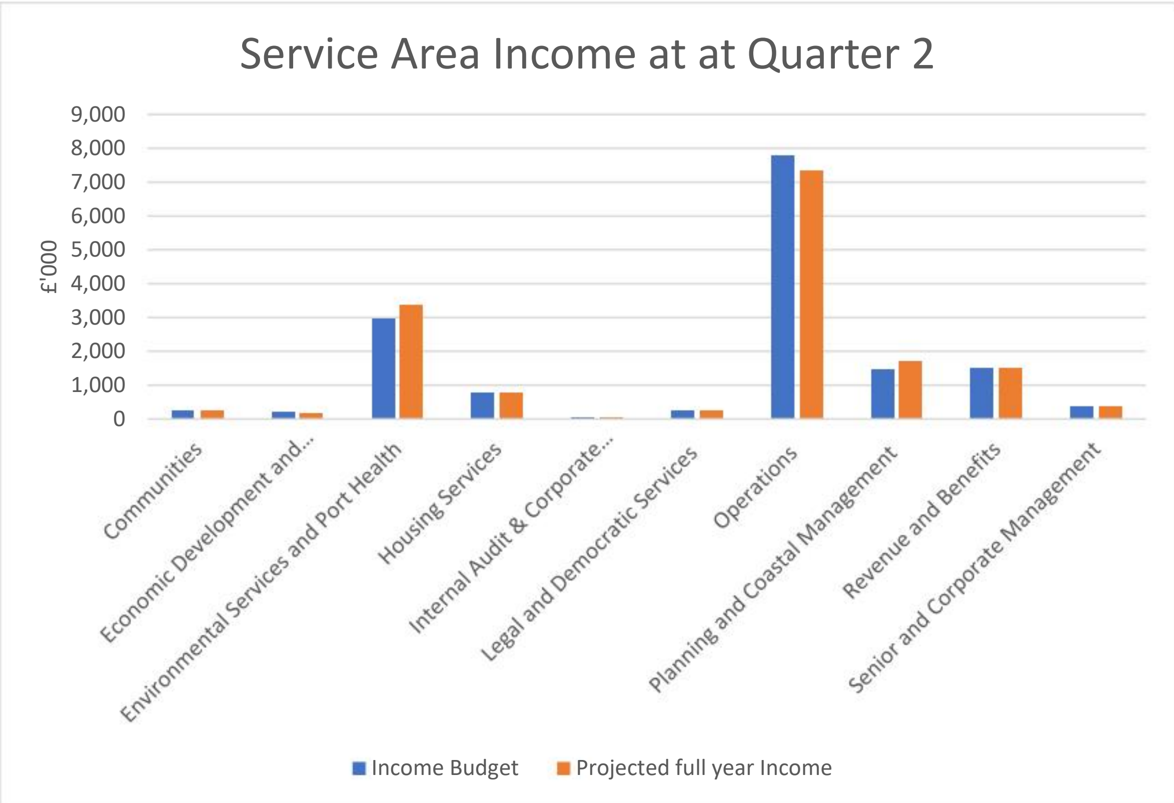
3.1. Service Area Income

Figure 1 below compares the budget with projected income to the end of Quarter 2. A favourable variance of £0.120m is anticipated from fees and charges income. Although fees and charges are continuing to recover from the impact of Covid-19 as the economy gradually reopens, some income sources still show signs of an overall shortfall this financial year. This includes Parking Services and the Camping site, but which is offset by Planning Application income which has performed much better than expected during the Covid pandemic. Although this income is anticipated to drop by the end of the financial year it is expected to be a favourable variance on income at the end of the year. Further detail on the impact of Covid-19 is detailed in Section 3.5.

Port Health has expanded to deliver post Brexit services, the associated income on post Brexit checks makes up some of the additional income. Port Health has also expanded the reach of its proprietary Phillis software which has boosted its income prospects for this year. It should be noted that Port Health income is ringfenced for the Port Health service.

It is important not to view fees and charges in isolation, as there are typically costs associated with new income sources.

Figure 1 – Service area income



3.2. Council taxes and business rates

As previously referred to in this report, reductions in the Council Tax base resulting from Local Council Tax Reduction Scheme Reliefs (LCTRS) continue to be lower than originally estimated, and although there could be an uptick with furlough finally ending in September, there is increasingly the view that this will not be significant. The table below illustrates current projections on the Council Tax base. As far as Council Tax income for ESC itself is concerned, an increase for next year of around 2900 properties would amount to additional income of around £500k at current levels. The Council Tax base calculation will be firmed up over the next few weeks prior to it being approved by Cabinet in early December.

Figure 2 – Council tax base forecast

ESC - COUNCIL TAX BASE FORECASTS 2021/22 - 2025/26	2021/22 Budget Band D	2021/22 Sept CTB1 Band D	2022/23 Forecast Band D	2023/24 Forecast Band D	2024/25 Forecast Band D	2025/26 Forecast Band D
Gross Tax Base	97,588.45	98,074.70	98,074.70	99,545.82	100,541.28	101,546.69
Estimated Growth	159.03		1,471.12	995.46	1,005.41	1,015.47
MOD Properties	224.30	229.00	229.00	229.00	229.00	229.00
Tax Base before LCTRS	**97,971.78**	**98,303.70**	**99,774.82**	**100,770.28**	**101,775.69**	**102,791.16**
LCTRS	9,529.62	8,611.95	8,611.95	8,956.42	9,314.68	9,687.27
Tax Base before Bad Debt Provision	**88,442.16**	**89,691.75**	**91,162.87**	**91,813.86**	**92,461.01**	**93,103.89**
Bad Debt Provision	1,102.73	1,118.28	909.34	915.85	922.32	928.75
Council Tax Base	**87,339.43**	**88,573.47**	**90,253.54**	**90,898.01**	**91,538.69**	**92,175.14**
Increase in Council Tax Base Band D Equivalents		**1,234.04**	**2,914.11**	**644.47**	**640.68**	**636.45**
Increase in Council Tax Base % Year on Year		**1.41%**	**3.34%**	**0.71%**	**0.70%**	**0.70%**

The situation on Business Rates is greatly complicated by the fact that the Business Rates figure for the financial year are largely fixed by the estimates made to central Government at the start of the year. For budgeting purposes, variances in Business Rates income during the year consequently largely appear as Collection Fund surpluses or deficits one or even two years later. Business Rates income, including the overall Suffolk Pool position, is continuously monitored throughout the year, and indications are that Business Rates income is holding up well, with collection on target. This is partly the result of the fact that there continues to be significant provision of reliefs to businesses in response to the pandemic, particularly in the retail, hospitality, and leisure sectors. Legislation currently progressing through Parliament to prevent material change of circumstances valuation appeals has also helped the situation on Business Rates. A further discretionary relief scheme to businesses will be announced by the Government once this legislation has passed. The Council has also confirmed its intention to continue to be part of the Suffolk Business Rates Pool in 2022/23.

A more detailed review of these income streams will be included in the update of the MTFS to be considered by Cabinet in December.

3.3. Treasury income

Bank rate continues to be at an all-time low of 0.10%, which has markedly decreased the investment rates that local authorities can achieve. Although a low interest rate environment is expected to prevail for some time, there are now expectations because of increased inflationary pressures that base rates will increase to 0.25% next month and may increase to 0.75% during next year.

The Councils investment portfolio in the short term is looking healthy with both the Property Investment and Multi Asset Fund still performing well despite the continued challenges of Covid-19. The Property Fund Investment has seen little effect on its income stream with the Multi Asset Income Fund also holding up well due to the range of different investments it holds.

Inter Local Authority investments continue to remain at a low rate with the occasional up turn led by demand from other authorities.

The combination of factors outlined above currently indicate that the investment income budget for the year of £0.650m will be achievable.

3.4. Net cost of service forecast

The summary in Figure 3 presents a comparison of the original budget for 2020/21 and the projected net budget for each Service Area. The approved budget changes and approved use of reserves represent budget changes approved by Cabinet since the Original Budget was approved in February 2021. Variances to Budget are in-year impacts (costs and savings) which have been identified to date.

As of September, the projection for year end is a saving against the Original Budget of £0.060m which will continue to be monitored in the second half of the year.

Figure 3 - Analysis of budget variance by Service Area

Service Area	Original 2021/22 Budget £'000	Approved Budget Changes £'000	Variances to Budget £'000	Projected Outturn for the Year £'000	Projected Variance for the Year £'000
Communities	2,113	182	0	2,295	182
Communications & Customer Experience	2,041	0	0	2,041	0
Digital and Programme Management	3,110	0	0	3,110	0
Economic Development and Regeneration	2,931	100	54	3,085	154
Environmental Services and Port Health	1,188	0	0	1,188	0
Financial Services	423	0	0	423	0
Housing Services	2,946	0	0	2,946	0
Human Resources	756	0	0	756	0
Internal Audit & Corporate Investigations	559	0	0	559	0
Legal and Democratic Services	2,391	0	0	2,391	0
Operations	12,333	13	376	12,722	389
Planning and Coastal Management	3,350	0	(295)	3,055	(295)
Revenue and Benefits	2,435	0	0	2,435	0
Senior and Corporate Management	2,671	0	0	2,671	0
Net Cost of Service	**39,247**	**295**	**135**	**39,677**	**430**

Cross Cutting Variances:	
Mileage and Travel Costs	**(100)**
Port Health Occupation of the Annexe	**(108)**
Approved Use of Reserves	**(282)**
Projected Growth/(Saving) to Budget	**(60)**

3.4.1. Approved Growth in Financial Commitments

Over the first half of the year, Cabinet has approved various revenue budget requests to support communities and economic regeneration in the recovery from the pandemic. The requests are to be funded from Earmarked Reserves or are growth to the General Fund. This amounts to £1.77m of revenue spend for the period 2021/22 to 2025/26 and is summarised in Figure 4 below. Whilst the future years are not reflected as budget variances in this year, it is worth noting the increase to budget for later years. Of the approved growth, £0.711m was approved to be funded from Earmarked Reserves.

Figure 4 – Approved growth to date in 2021/22

2021/22	2022/23	2023/24	2024/25	2025/26	Total
£'000	£'000	£'000	£'000	£'000	£'000
295	628	409	193	188	1,767

3.4.2. Operations

This service area is perhaps the most impacted by the changes in the operating environment. Car Parking income losses have remained significant despite the reopening of the economy. The original budget was reduced by £0.563m, in anticipation of restrictions still in place for the first part of the year. However, current forecasts predict a further £293k of lost income. As customers opt for safer, cashless payment options, the cost of the Ringo app (the cashless payment method for Parking Services) has increased significantly. The estimated variance to budget for the year is £0.130m.

The Council has created new sustainable income from its investment in Moore Business Park, and the Leiston and Riverside Business Centres. It is projected that this year's budget will benefit by a further £0.130m of net income from these properties, due to the timing of the acquisitions in time for the budget setting earlier in the year. The properties also attract and retain a good mix of business with a longer-term impact on employment, Council Tax and Business Rates income to the Council.

3.4.3. Budget Implications to be Monitored

There are items which have been identified as having potential revenue budget implications for this financial year and over the MTFS period but cannot yet be quantified or quantified with a degree of certainty but are important to be highlighted.

Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
NI increase 21/22 and introduction of the Health & Social Care Levy.	Council staffing costs and its Partners.	Increased cost, but potential for funding is to be confirmed. Estimated cost to the General Fund is £230k per annum from 2022/23. This excludes any potential funding and impact on partners.	Impacts from 2022/23 onwards.
Partnership fee to be agreed for 2021/22.	Operations - partnership fee.	Increased partnership fee.	Impacts 2021/22 and ongoing budgets.
Fuel price increase.	Operations and HRA - partnership fee.	Increased partnership fee.	Impact in second half of 2021/22 and potentially into 2022/23.
Energy price increase.	Council Admin and HRA sheltered accommodation and Partners.	Increased partnership costs and increased running costs of Council property.	Impact in second half of 2021/22 and potentially into 2022/23.
National pay award for 2021/22 is not yet agreed.	Council staffing costs and its partners.	Current budget assumption is for a 2% increase for Council staffing. The impact will therefore depend on whether the agreed pay award is more or less than this assumption.	Impact in 2021/22 and future years.
General inflation increased, material shortages.	Partnership – Operations and Council contracts.	Increased contract cost and supplies and services across the Council.	Impact from 2022.
Workforces pay pressure/grade inflation.	Council staffing costs and partnership costs.	Increased staffing costs. Annual staffing vacancy allowance in the budget is at risk.	Impact being seen in the current year.
Review of Essential Car User Allowance.	Council staffing costs.	Staff cost saving which will be included in the budget update for Quarter 3 once the formal processed is completed.	From January 2022.

3.5. COVID-19 Financial Impact

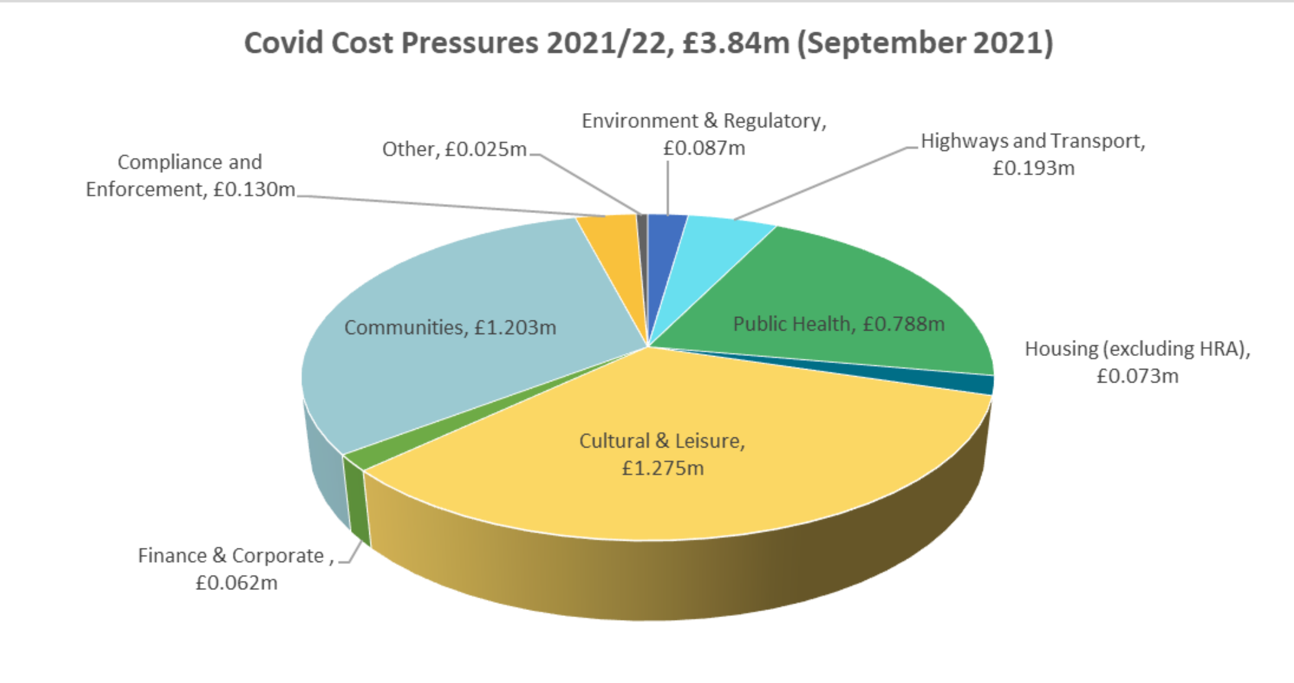
Across the board, teams continued to deliver services to communities and support to businesses in response to the pandemic. The continued financial implications of the pandemic are summarised below.

3.5.1. Covid Cost Pressures

The chart below categorises known and estimated cost pressures for the current financial year. This currently totals £3.84m, as of September 2021. There continues to be significant support to communities, and this is funded externally, primarily by Suffolk County Council. This consists of funding brought forward from 2020/21 as well as additional funding received in the current year. Leisure also remains an area of high Covid cost.

It is currently estimated that the net impact of Covid cost pressures (after funding) could be in the region of £0.200m to £0.300m less than budgeted. As the cost pressure is fully funding from various Covid funding streams this will not translate to a benefit to the General Fund bottom-line, instead it will mean more Covid Core funding remaining in the Covid Reserve at the end of the year.

Figure 5: Covid Costs 2021/22



3.5.2. Covid Savings

In the previous financial year, £0.293m was saved on staff/member travel costs – mileage claims, use of public transport and hire of vehicles and a permanent reduction in budget of £0.100m was included in the February 2021 budget. However, current year forecasts indicate that this is likely to be in the region of a £0.200m saving by the end of this financial year, an additional benefit to the General Fund of £0.100m.

3.5.3. Covid Income Pressures

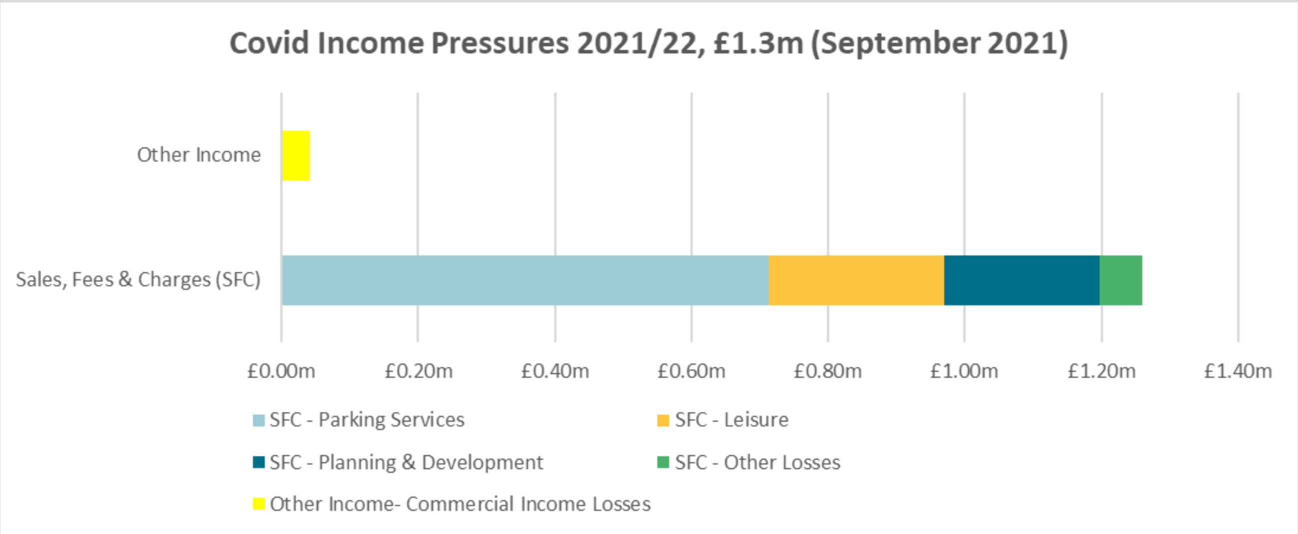
The chart below categorises income pressures for the current financial year. This totals £1.3m of known and estimated income losses, as of September 2021. This is reported against the baseline of 2020/21 budgets.

Loss on Sales, Fees and Charges (SFC) accounts for 97% of the total, £1.260m. The Government's compensation scheme has continued only for the first quarter of 2021/22. It is estimated that in the region of £0.400m could be claimed through the scheme.

Car parking income remains the largest area of income loss for the Council with an estimated loss for the year of £0.700m.

In the 2021/22 Budget a provision of £1.3m was made for the continuation of loss of fees and charges income due to Covid and this is currently in line with actuals to date.

Figure 6: Covid Income Losses 2021/22



3.5.4. COVID-19 Grant Funding

£2.6m of Covid related funding received in 2020/21 was carried forward into 2021/22 and will be used to meet cost pressures in Table 3 above. This funding is currently held in the Covid Earmarked Reserve and will be drawn down as required. The following funding for Covid costs has been received in the current year;

- £1.335m MHCLG Core Funding
- £0.052m MHCLG Admin funding for the Test and Trace Support Payment Scheme
- £0.294m SCC funding for Test and Trace
- £0.345m MHCLG Contain and Outbreak Management Fund (COMF)
- Welcome Back Funding awarded £0.287m but not yet received – funding is received on a claim basis in arrears.

Any remaining funding at the end of 2021/22 will be ringfenced in the Covid Reserve, with the exception being any unspent funding that is required to be returned to the respective funding body. The status of such funding is set out in the table below, with no funding indicated as potentially repayable at this time.

Figure 7: Covid funding that is repayable if not spent

Funding	Total Funding Received £'000	Actual & Committed Spend £'000	Funding End Date	Status
MHCLG – Admin Funding for Test and Trace Support Payment Scheme	112	140	31 March 2022	The scheme is still open. Spend is expected to exceed available funding. The scheme has been extended several times since its original end date, 31 January 2021, and more funding may become available. Bi-monthly costs returns are submitted for monitoring.
MHCLG Compliance & Enforcement Grant	121	100	19 July 2021	Funding period has ended. £21k has now been repaid to MHCLG.
MHCLG - Contain Outbreak Management Fund	345	345	31 March 2022	All funding is currently committed to the end of March 2022 and an MHCLG Return has been completed for planned spend to the end of next March.
SCC -Test and Trace	444	444	31 March 2022	All funding is currently committed to the end of March 2022.

3.6. Reserves

The unallocated General Fund balance is maintained at £6.0m, representing around 5% of budgeted gross expenditure (in the region of £130m).

3.6.1. Earmarked reserves

The Council holds several General Fund Earmarked Revenue Reserves which have been established to meet known or predicted commitments, and to hold balances of grants and external funding which is committed to future year spend. The Council reviews these reserves to ensure the levels continue to be appropriate and if no longer required, are returned to the General Fund. The total balance of General Fund Earmarked Reserves was £68m (excluding Port Health) as of 1 April 2021. However, it should be noted that of this balance, £15.7m relates to a Covid Specific Reserve which will be drawn down in the year for Covid related use.

Earmarked Reserves are categorised into the following groups;

Grants/Funding Carried Forward – this is external funding the Council has received for specific purposes and is drawn down from reserves when spend is incurred.

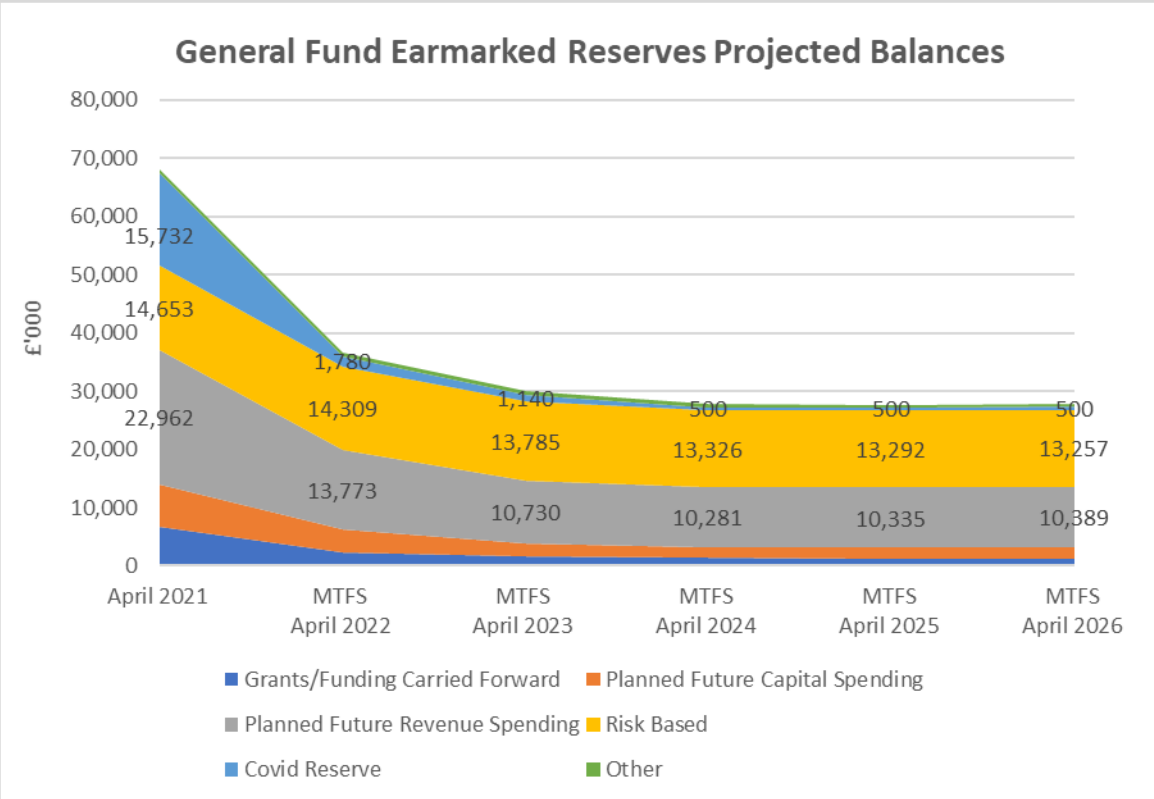
Planned Future Revenue Spending – Council funding has been set aside for specific service areas and/or projects.

Planned Future Capital Spending – this is revenue funding set aside to provide funding for the capital programme.

Risk Based – Council funding has been set aside for unforeseen budget pressures and fluctuations in budget areas of volatility. This will include for example, pension capital costs, Business Rates income and Housing Benefit Subsidy.

Figure 8 below shows the trend of General Fund Earmarked Reserve categories over the MTFS.

Figure 8: General Fund Earmarked Reserves



There is a noticeable decline in reserve balances until 2023/24 and then levelling off for the remainder of the MTFS period, with total Earmarked Reserves standing at approximately £28m. The use of reserves over the next three years is attributable to the following;

- The majority of the Covid Reserve, £13.9m, is projected to be used in this financial year, including £11.4m which is the release of Section 31 Grant to fund the NDR Collection Fund deficit, arising from the Business Rates reliefs provided in 2020/21. There is currently £0.500m uncommitted of the core funding which is shown as the remaining balance.

- The Business Rate Equalisation Reserve is the main reserve within the Risk Based group of reserves. This reserve is held to manage fluctuations in Business Rates income, due to the timing of accounting treatments. The balance on this reserve as of April 2021 was £13.4m.
- The Planned Revenue Spending group of reserves contains some key individual reserves to highlight which are used to fund future budget gap pressures and projects and initiatives to support the delivery of the Strategic Plan. These are set out in the table below and show balances declining with no further contributions to increase available funds over the current MTFS.

Figure 9: Key Reserves for Planned Revenue Spending

Reserves	April 2021 £'000	MTFS April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000
Better Broadband	507	0	0	0	0	0
Business Rates Pilot	2,194	641	243	207	170	133
In-Year Savings	4,319	1,574	1,574	1,574	1,574	1,574
New Homes Bonus (NHB)	6,064	5,153	4,048	3,976	3,903	3,830
Transformation - Digital	658	209	229	249	269	289
Transformation - Environmental	500	500	500	500	500	500
Transformation - Financial Sustainability	1,892	1,623	443	443	443	443
Transformation - Core	167	0	0	0	0	0

3.6.2. Port Health reserves

Port Health also holds an unallocated balance (Planned Future Spending) set to cover one year of cost. Giving the unprecedented increase in Port Health capacity, Finance will be working with the team over the coming month to establish a new risk-based reserve level appropriate for the scale of current operations.

A new Port Health balance has been created as a buffer for the expanding Phillis service. The reserve will hold surpluses from the Phillis operation to build funds for reinvestment in the service.

Figure 10: Port Health Reserve

	April 2021 £'000	MTFS April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000
Port Health - Planned Future Revenue Spending	3,621	3,603	3,674	3,705	3,662	3,620
Port Health - Planned Future Capital Spending	400	250	100	50	0	0
Port Health - ICT	91	91	91	91	91	91
Port Health - Grants/Funding Carried Forward	1,484	1,484	1,484	1,484	1,484	1,484
Total of Port Health Reserve	**5,596**	**5,428**	**5,349**	**5,330**	**5,237**	**5,195**

4. Housing Revenue Account

The Housing Revenue Account, being a ring-fenced account is designed to be self-sufficient in its operation and financing of social housing. All its revenues are reinvested back into the housing stock. Hence, expenditure budget variances outlined below tend to only relate to a timing difference in carrying out planned maintenance works as well as the unpredictable nature of the level of repairs required during the year.

The table below summarises the projected HRA financial position as of September 2021. A contribution of £0.310m to the HRA balance is expected by the end of the year.

Figure 11 - HRA forecast outturn (2021/22)

HRA	Approved budget for the Year £'000	Projected outturn for the Year £'000	Projected full year variance £'000
Income	(21,366)	(21,368)	(2)
Expenditure:			
Repairs & Maintenance	4,292	4,792	500
Supervision & Management	3,397	3,397	0
Special Services	2,191	2,191	0
Other	209	249	40
Interest & Capital Charges	11,330	7,482	(3,848)
Reserve Transfers	500	3,500	3,000
Contribution from/(to) the HRA balance	553	243	(310)

The HRA income base has remained stable. An adverse variance on repairs and maintenance expenditure reflects a fast track of the usual repairs work to make the best use of staff that would otherwise be idle as the capital projects suffered supply shortages.

The favourable variance in interest and capital charges relates to capital or development works that have been reprofiled for future delivery. This is also a timing variance as interest and capital charges apply after capital spend on further housing projects. The excess funds are held in an Earmarked Reserves to be applied to future housing developments.

5. HRA Capital Programme

The shortage of building materials faced across the country has impacted on the delivery of HRA development works. The team have redirected staff towards maintenance work and the use of right to buy receipts to the purchase of S106 properties as they become available. Hence, at the time of this report, officers do not anticipate a significant impact of construction delays on the availability of sufficient social housing stock. Figure 12 summarises the impact of the delays to the projected capital spend for the full year. Budgets will be carried forward to deliver projects as conditions improve in the construction industry.

Figure 12 - HRA forecast capital spend (2021/22)

HRA Capital	Original Budget 2021/22 £000	Actual to 30/9/2021 2021/22 £000	Revised Budget 2021/22 £000
Housing repairs	5,781	703	4,041
Housing acquisition and redevelopment	1,915	348	1,611
Housing development	15,016	379	2,949
HRA Total Capital Expenditure	**22,712**	**1,430**	**8,601**

The acquisition and redevelopment programme are largely on target. Much of the development programme has seen delays from COVID as well as material shortages. Therefore, many of the schemes are anticipated to start on site in Q4, with the remaining budgets to be reprofiled to 2022/23.

6. General Fund Capital Programme

The General Fund capital programme is also experiencing slippage because of COVID-19 delays, plus complexities with specialist projects such as the Lowestoft Flood Risk Management Project, which accounts for a large part of the slippage in the programme. Other projects such as Southwold Caravan Site redevelopment and former post office refurbishment have also been reprofiled for delivery in future periods. A summary forecast for capital spend to the end of the financial year 2021/22 is presented in Figure 13 below. The Capital Programme to be considered in December will report updated profiling and more realistic phasing of capital expenditure.

There remains a risk that some projects will cost more because of the delays and the ongoing materials shortage. Officers are working to manage exposure to the risk and will return to Cabinet as required when it becomes more certain (from contractor quotes) that projects cannot be delivered within the approved budgets.

Figure 13 – General Fund forecast capital spend (2021/22)

	Original Budget 2021/22 £000	**Revised Budget April 2021 2021/22 £000**	**Actual to date as at 30/09/2021 2021/22 £000**	**Revised Budget September 2021 2021/22 £000**
Economic Development & Regeneration	500	780	199	280
Environmental Services & Port Health	150	150	50	120
Financial Services	200	3,873	0	3,700
Digital and programme management	50	804	275	804
Operations	13,244	17,750	1,308	8,904
Planning & Coastal Management	19,367	19,344	1,518	4,174
General Fund - Housing Improvement	1,500	1,399	483	1,000
General Fund - Long Term Debtors	10,000	10,000	0	0
Total Capital Budget	**45,011**	**54,100**	**3,833**	**18,982**