

**IPSWICH BOROUGH COUNCIL  
FINANCIAL STRATEGIES  
AND  
MEDIUM TERM FINANCIAL PLAN  
2008/09 ONWARDS**

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# FOREWORD

This document brings together, for the first time, all the Council's financial strategies and plans.

- The approved corporate plan is restated here
- The approved Finance Strategy has been reviewed and progress identified
- The Medium Term Financial Plan (General Fund, HRA and Capital) is the result of the budget updating exercise started in June 2007
- The Capital Strategy has been rewritten in the light of the best practice
- The Asset Management Plan has been completely updated
- The Prudential Code & Treasury Management Strategy has also been completely rewritten to comply with the latest best practice.

Ian Blofield  
Head of Finance

# Section 1

IPSWICH BOROUGH COUNCIL

Corporate Plan

2005-2015

TRANSFORMING IPSWICH

## The Ipswich vision:

‘To deliver quality services for the people of Ipswich’

## Priorities for 2005 – 2008

### GOALS

- Clean and Green Ipswich
- Expanding Ipswich
- Safe Ipswich
- Vibrant Ipswich

### PRINCIPLES

- Value for Money

## Clean and Green Ipswich

### GOAL:

**We will work with the community to make Ipswich a model urban clean and green place.**

### AIMS:

- 1 Seek to continually improve the cleanliness of Ipswich and seek to enhance the town through effective urban design.
- 2 Reduce waste by supporting initiatives which reduce, re-use and recycle.
- 3 Ensure that residents and businesses value the environment and take action to reduce environmental impact through education, campaigning and enforcement.
- 4 Ensure adequate open spaces and amenity areas are available.
- 5 Protect and enhance biodiversity, by managing, developing and interpreting our valuable natural habitats and sensitive wildlife sites.
- 6 Monitor air, land, water and noise pollution within the Borough and take measures to minimise local pollution consistent with sustainable development principles.
- 7 Reduce carbon emissions by encouraging and supporting initiatives that promote renewable energy and energy efficiency.

## Expanding Ipswich

### GOAL:

**We will work with business and external funders to encourage new investment, innovation, learning and sustainable growth and employment.**

### AIMS:

- 1 Develop the strengths of the local economy through regeneration and by ensuring an adequate supply and choice of land and buildings to support diversity of business opportunities.
- 2 Support the development of University Campus Suffolk and a redeveloped Suffolk College and promote business and community engagement.
- 3 Improve the profile of Ipswich as an investment, tourist, shopping and cultural centre at local, regional, national and international levels.
- 4 Provide a framework for investment, which will create and sustain social and economic regeneration and the integration of new and existing communities.
- 5 Secure the provision of more affordable homes for sale and rent to reflect the needs of Ipswich residents and reduce the level of homelessness.
- 6 Help provide the necessary infrastructure to allow Ipswich to develop and expand.

## Safe Ipswich

### GOAL:

**We will work with the community to keep Ipswich a safe place to live.**

### AIMS:

- 1 Prevent violence and disorder, particularly drug and alcohol related offences.
- 2 Increase the proportion of people feeling very safe in the area where they live by preventing incidents of anti-social behaviour, racial harassment, violent crime, criminal damage, burglary and vehicle crime.
- 3 Make the town centre a safe place to visit at night by working in partnership with the Police and other agencies and adopting a responsible licensing policy.
- 4 Promote a safe town by ensuring that all public premises, public open space and places of work comply with relevant legislation to maintain a high standard of public health and safety.

## **Strengthening the community of Ipswich**

### **GOAL:**

**We will help individuals and groups in the one Ipswich community who experience disadvantage and will work towards everyone having the opportunity of a decent home.**

### **AIMS:**

- 1 Encourage community development and involvement, and encourage young people to take advantage of the many opportunities available to them to participate in culture, leisure and sport.
- 2 Improve housing conditions and standards in both the private and public sectors and provide housing advice and support.
- 3 Identify and reduce health and other inequalities for communities in Ipswich.
- 4 Help and encourage vulnerable people to lead independent lives and enjoy continued social participation.
- 5 Continue to work with partners to improve the quality of life for children, young people, especially those leaving care homes, and families at risk.

## Travel in Ipswich

### GOAL:

**We will develop and encourage the provision and use of an integrated and effective transport system, which maximises the use of public transport, walking and cycling and reduces the overall impact of travel on the environment.**

### AIMS:

- 1 Provide people with a real choice of travel options to reduce reliance on the private car and so minimise congestion.
- 2 Seek to maximise the use of green travel alternatives including the creation of safe cycle routes in streets and through parks.
- 3 Work to improve access and mobility for pedestrians by better street design, mobility aids and the raising of relevant issues amongst the wider community.
- 4 Work to reduce the number of road accidents.
- 5 Investigate the provision of better access between the Port and the A14.

## Vibrant Ipswich

### GOAL:

**We will enrich and protect the town’s historic assets and diverse cultural offering, whilst working to attract award-winning architecture, and increase the availability of public art and live performance opportunities, as well as encourage participation in all sport and leisure pursuits to create an even more vibrant town.**

### AIMS:

1. Protect, enhance and interpret the town’s historic buildings and designated conservation areas.
2. Robustly encourage developers to create schemes of award-winning architectural merit, and increase the range and diversity of public art to enrich the townscape.
3. Widen access to our diverse culture in all its forms, with particular emphasis on increasing access to heritage related resources and through increasing displays of the town’s collections.
4. Extend and promote participation in leisure, arts and entertainment by facilitating a broad range of live performance opportunities and special events, both professional and amateur, in and around the town, including parks and on the waterfront.
5. Improve skills and inspire learning across all age groups and sectors of society, including those on low incomes, disadvantaged and minority groups, by increasing access and enjoyment through participation in culture and leisure opportunities.
6. Encourage greater use of all sports facilities, parks and open spaces.

## **Principles which underpin everything we do within the Council:**

- We will deliver effective local government, based on excellent customer care, which is open and responsive to residents' wishes.
- All our services will be delivered in a way that is fair, accessible and easy to use.
- We will deliver value for money services.
- We will consult and work in partnership with one-Ipswich, other organisations, business, as well as individuals, when making decisions and prioritising, to achieve cohesive service delivery.
- We will continue to value our staff and the contribution they make in achieving our vision and priorities.

# Section 2

## FINANCE STRATEGY

### Contents -

- 1 Aim
- 2 Context
- 3 Scope
- 4 Development
- 5 Baseline
- 6 Use of Resources
- 7 Performance Management
- 8 Risk Management

### Appendices -

- A Action Plan
- B Linked Documents

## 1. Aim

- 1.1 Finance, along with property and people, is a key resource for the Council. The aim of this Finance Strategy is **to identify how Ipswich Borough Council wishes to structure and manage its finances over the next 3 years and to ensure the achievement of the Council's objectives.**

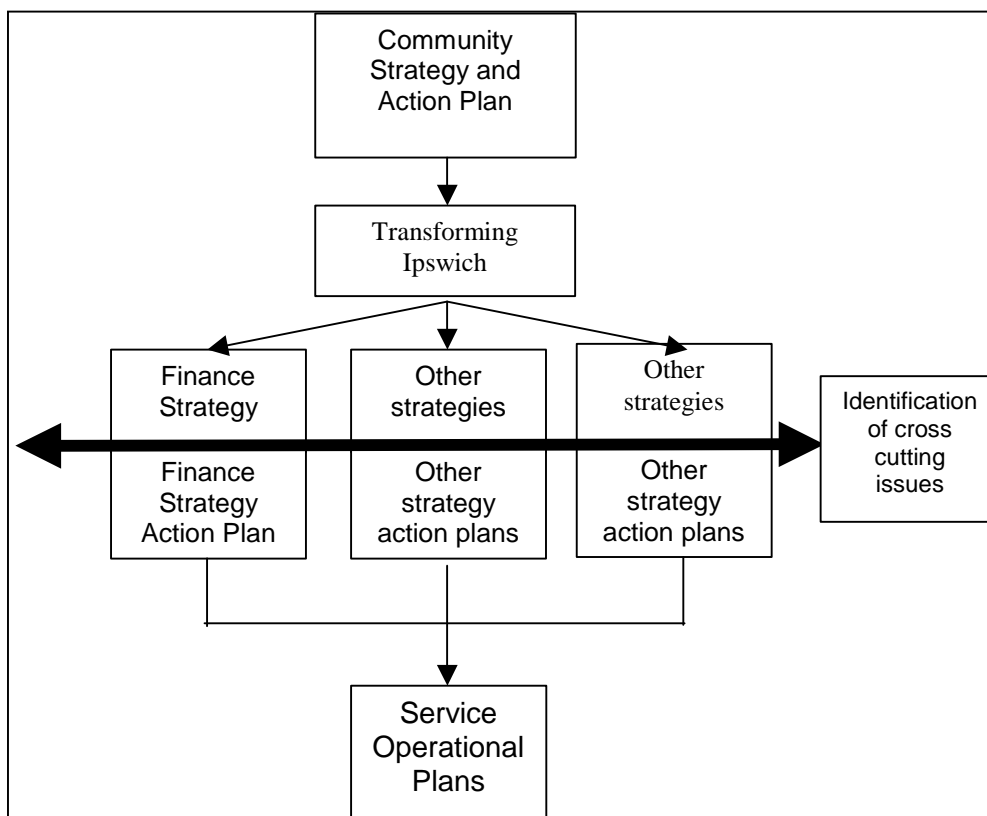
## 2. Context

- 2.1 The Finance Strategy is a key element of the Organisational Resources Strategy. It underpins the Council's vision –“Transforming Ipswich”, which aims to:- “ Improve the quality of life for all people who live in, work in and visit Ipswich and to ensure the principles of fairness and ease of use that underpin all the Council's activities”
- 2.2 The Finance Strategy also underpins the Council's key principles and, in particular, the Council's commitment to Value for Money.

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### • Figure 1 – Corporate Policy Framework

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2.3 The Finance Strategy is a cornerstone of the Council’s corporate policy making and planning processes.

• **Figure 2 – Interconnection of Finance Strategy with Corporate Planning Processes**

<b>FINANCIAL STRATEGY</b>			
<b>Policy impact upon capital and service planning; financial management and budget strategy</b>	<b><u>Capital and Asset-related Strategies</u></b>	<b><u>Financial Management</u></b>	<b>External Issues capital and service planning; financial management and budget strategy</b>
	<ul style="list-style-type: none"> <li>• Capital Investment Strategy</li> <li>• Asset Management Plan</li> <li>• Housing Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Plan</li> <li>• Risk Management Strategy</li> <li>• Procurement Strategy</li> <li>• Best Value Reviews</li> <li>• Financial regulations</li> </ul>	
	<b><u>Service Related Plans</u></b>	<b><u>Budget Strategy</u></b>	
	<ul style="list-style-type: none"> <li>• Service Plans: e.g. HRA Business Plan</li> <li>• Corporate Plans: e.g. HR Strategy, ICT Strategy, E-Government Strategy, BVPP</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Budget</li> <li>• Medium Term Financial Plan</li> <li>• Fees and Charges</li> <li>• Treasury Management</li> </ul>	

**3. Scope**

3.1 The Finance Strategy is comprised of a number of interconnected documents. The primary documents are this Strategy, the Capital Strategy, the Medium Term Financial Plan, the Treasury Management Strategy and Financial Standing Orders.

3.2 Setting the scope aims to ensure clarity about which issues will be dealt with by this Strategy and which will be dealt with as part of other corporate policy making and planning processes.

• **Table 1 – Scope of the Financial Strategy**

	<b>Core to the Financial Strategy</b>	<b>Links with the Financial Strategy</b>
Baseline	<ul style="list-style-type: none"> <li>• Financial forecasts for revenue, capital and treasury, including RSG and other grants</li> <li>• Exception report from budget monitoring statements/outturn</li> <li>• Council tax levels</li> <li>• Key prudential indicators</li> <li>• Strategic budget reviews</li> <li>• Statement of Internal Control</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Management Plan</li> <li>• Medium Term Financial Plan – Revenue/Capital</li> <li>• Annual Audit Plan</li> </ul>
Use of Resources	<ul style="list-style-type: none"> <li>• Financial management</li> <li>• Financial standing orders</li> <li>• Internal control</li> <li>• Financial reporting</li> <li>• Value for money</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury Management Strategy (Annual Investment Strategy)</li> <li>• Budget Strategy</li> <li>• Corporate budget setting guidance and budget timetable</li> <li>• Financial Accounts</li> <li>• Financial Regulations, Standing Orders and Council Constitution which define key decisions</li> <li>• Statement of Internal Control</li> <li>• Debt management policy</li> </ul>
Performance management	<ul style="list-style-type: none"> <li>• Monitoring of major schemes that have substantial service and financial consequences</li> </ul>	<ul style="list-style-type: none"> <li>• Budget monitoring</li> <li>• Non-financial performance monitoring</li> <li>• Capital monitoring</li> <li>• Audit Reports</li> </ul>
Developing options to transform the authority	<ul style="list-style-type: none"> <li>• CIPFA Financial Management Guide</li> <li>• Optional appraisal for major schemes and proposals</li> <li>• Developing strategic savings options (including efficiency savings)</li> <li>• Income maximisation policy, including lobbying strategy</li> <li>• Policy on bidding for external resources (including matched-funding)</li> </ul>	<ul style="list-style-type: none"> <li>• “Gateway” process for all schemes</li> <li>• Option appraisals for smaller schemes</li> <li>• Developing small-scale savings options</li> </ul>

	Core to the Financial Strategy	Links with the Financial Strategy
Risk Management	<ul style="list-style-type: none"> <li>Financial risk management (e.g. reserves and balances, contingencies, insurance fund)</li> <li>Scenario planning (“What if?” analysis)</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit</li> <li>Statement of Internal Control</li> <li>Risk Register and processes for identifying, monitoring and managing risks</li> </ul>

3.3 The Finance Strategy is limited by the following factors:-

- Government Targets and Policy. Limited resources require a balanced trade-off between local and national priorities
- Statutory duties. The Council must discharge these duties although there is often discretion about how this is achieved.
- Regulatory Framework. This will be a cost driver although the Council can determine the extent and type of activity. This includes regulations, Codes of best practice and guidance, Comprehensive Performance Assessment and service inspections.

#### 4. Development

4.1 The Finance Strategy is both a document and a process. It is designed to be robust with effective integration with the Council’s policy making and planning processes

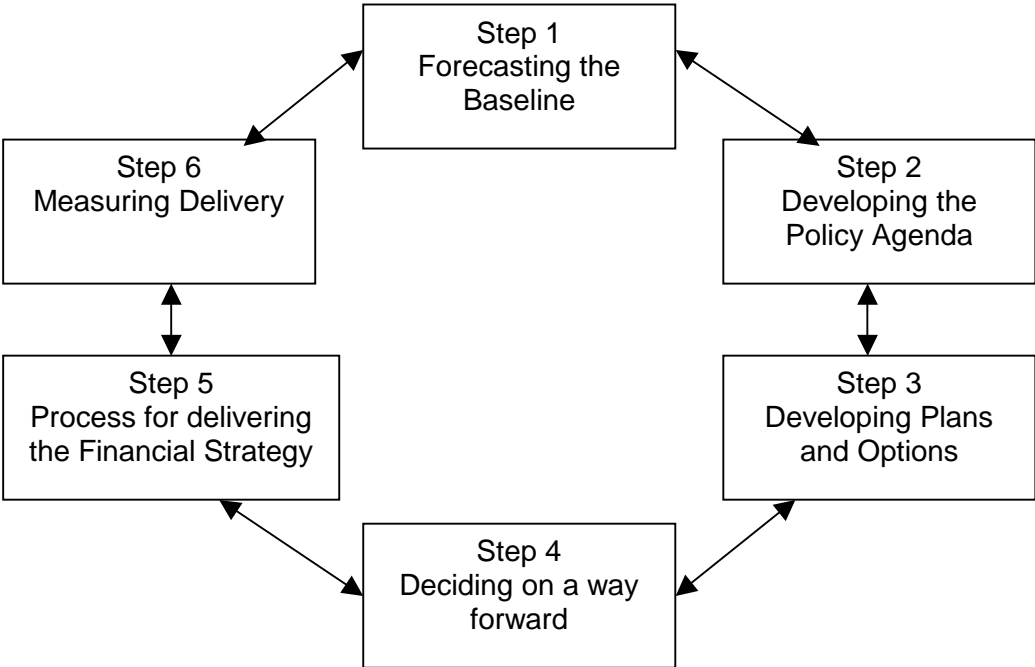
4.2 The Strategy is designed to be flexible and dynamic to respond to new financial opportunities, threats and policy directions.

4.3 The Financial Strategy is:-

- Multi-resource orientated
- Policy and priority driven
- A 3 year plus planning timeframe
- Focussed on stewardship, performance management and organisational transformation

4.4 The Financial Strategy is developed using an iterative process summarised below.

• **Figure 3 – Financial Strategy Process**



4.5 The Council will continue to exercise and develop strong financial management together with robust budgetary control. This Council is committed to robust forward financial planning.

4.6 The Finance Strategy covers a rolling 3 year period with annual reviews to reflect any major changes or developments.

4.7 The Finance Strategy acknowledges the significant financial implications of other strategies like the Human Resources Strategy, which will be integrated into the financial planning framework.

**5. The Baseline**

5.1 The Baseline is the financial reference point for measuring performance and improvement. This is quantified in the Medium Term Financial Plan (a separate document), which identifies the Council’s financial baseline for the General Fund (revenue), Housing Revenue Account and Capital Programme. This Plan identifies the Budget strategy, process, prioritisation methodology, financial performance and risk management activity.

General Fund

5.2 The Councils General Fund budget strategy, which will be the focus of public consultation, is that:-

- 5.3 **The Borough's part of the council tax will be kept to the lowest possible level consistent with maintaining the level of service desired by Ipswich residents.**
- 5.4 The Council Tax level will be set by using best practice to forecast the Council Tax yield. This will usually be based on best estimates of changes in the number of band D equivalent dwellings, exemptions, discounts and the collection rate. Debts will be managed in accordance with the Council's Debt Management Policy.

#### Housing Revenue Account

- 5.5 There is a statutory requirement for the Council to produce a 30 year Housing Revenue Account Business Plan and which meets DCLG "fit for purpose" criteria. The Business Plan will be revised on a three year cycle with the financial forecast reviewed annually.
- 5.6 The Council's Housing Revenue Account budget strategy is to:-

**Amend the rents of its dwellings in line with the target rent under the Government's rent restructuring programme and ensure that the Housing Revenue Account budget and 30 year business plan are complementary and do not show a deficit.**

#### Capital Programme

- 5.7 The Capital Strategy (separate document) identifies the parameters used to determine capital investment and set the capital programme to achieve the Council's objectives.

#### Financial Principles

- 5.8 The Council will continue to operate its commercial services accounts (mainly those within Ipswich Borough Contracts) so that where possible any surpluses are either re-invested in services or used to reduce council tax.
- 5.9 Financial Services will monitor national/regional/local changes and will aim to optimise benefit to the Council.

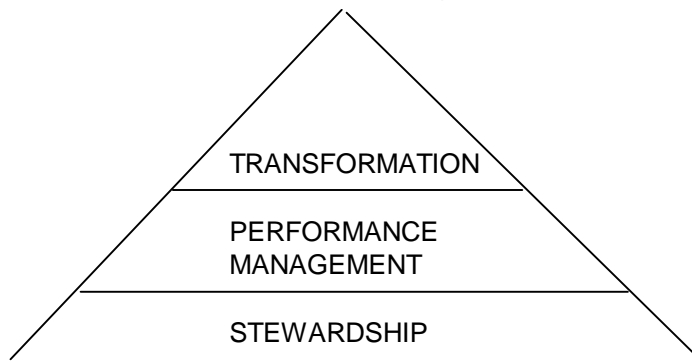
#### Consultation

- 5.10 Consultation with the public and stakeholders will take place in the following ways:-
- General Fund revenue budget – With council taxpayers and local businesses.
  - Housing Revenue Account revenue budget - With council tenants.
  - Collection of taxes and other debts – with taxpayers and other members of the public and organisations.

## 6. Use of Resources

### Role of Financial Management

- 6.1 Financial Management operates at 3 levels. The proportion of activity in each of the 3 levels needs to meet the Council's needs and acknowledge our position in the organisational lifecycle. The Council is currently undergoing a significant change management programme and the focus is on supporting transformation and performance management.



- 6.2 Key roles of financial management include:-

- Setting out the overall financial position and parameters through the forecasting of the baseline
- Supporting performance management and organisational transformation
- Developing financial policy to facilitate achieving the Council's objectives
- Developing and maintaining an integrated corporate financial planning framework
- Developing and maintaining processes for delivering the financial strategy e.g. maintaining appropriate corporate financial governance arrangements including financial stewardship
- Developing and maintaining a corporate financial performance management framework
- Developing an assurance framework to support the annual Statement of Internal Control

### Role of Internal Audit

- 6.3 The Council has a legal duty to ensure that there is an adequate and effective Internal Audit service. This is delivered by a qualified audit team from the Audit Partnership, working to professional standards and reviewing the controls in place in each of the Council's service areas and systems.
- 6.4 Stewardship is the foundation of financial activity. It embodies the financial environment of rules and processes within which financial activity takes place.

The focus on stewardship will continue to be a key element of the Internal Audit service.

- 6.5 The allocation of Internal Audit resources is determined on a risk basis in order to form an annual audit work plan covering the Council's services and systems. The audit team works closely with the Council's external auditors, as appointed by the Audit Commission.
- 6.6 The Council has an Audit Sub-Committee, which deals with matters related to internal and external audit planning, management and reporting. This Sub Committee's role includes the evaluation of the Internal Audit function and is a key element of the internal control framework.

#### Financial Management and Development

- 6.7 The role of Directors, officers and councillors is set out in the Council's Financial Standing Orders.
- 6.8 The CIPFA Financial Model is identified by the Audit Commission as a useful tool to target improvements to financial management. The Model will be used to develop an improvement action plan.

#### Debt management policy for the collection of taxes and other debts

- 6.9 The Council's strategy is to maximise the collection rates and minimise the arrears for local taxes and other debts as quickly as possible and as long as it is financially prudent to do so. The Council also monitors the costs of collection of all debts within a firm but fair and reasonable recovery policy. Unrecoverable debts will be written off promptly.
- 6.10 The Council has signed up to a joint Suffolk local authorities' Charter & Code of practice. This includes providing flexible and convenient methods of payment, informing people of their entitlement to benefits, discounts and relief's and treating people with courtesy and sympathy.

#### Treasury Management

- 6.11 The Council's strategy is governed by the requirements of the Local Government & Housing Act 1989, the Local Government Act 2003 and the Council's Financial Standing Orders. The Council has also adopted the Chartered Institute of Public Finance & Accountancy's (CIPFA's) Code of Practice – Treasury Management in the Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 6.12 In March each year, the Council formally approves the Council's Treasury Management Policy Statement, Borrowing Limits and Investment Strategy. The Treasury Management Policy Statement relates to:-

“The management of the Council's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated

with those activities; and the pursuit of optimum performance consistent with those risks.”

6.13 Full Council annually sets the Overall Borrowing Limit and the Maximum proportion of interest on borrowing which is subject to variable rates, before the start of each financial year

6.14 The Council produces an Annual Investment Strategy as required under Section 15 (1) (a) of the Local Government Act 2003.

#### Financial Standing

6.15 The Council will maintain and develop the good relationships enjoyed with the community, suppliers, other organisations and financial institutions.

#### Financial Reporting

6.16 The Council has significant financial reporting responsibilities to the Community, Government Departments and other organisations. The Council will endeavour to provide timely, accurate, comprehensive and relevant information.

#### Internal Control

6.17 The Council maintains a robust corporate governance framework. Key elements include the Financial Strategy, Council's Constitution, Financial Standing Orders and Audit arrangements. The Council is committed to continuous improvement of internal controls and will publish an annual Statement of Internal Control and an action plan to address any weaknesses.

#### Value For Money

6.18 This is a key priority Principle that underpins “Transforming Ipswich”.

6.19 The Council will develop processes to effectively challenge the base budget and achieve efficiency savings

6.20 The Council will develop robust processes to prioritise and redirect resources to meet the Council's goals identified in “Transforming Ipswich”.

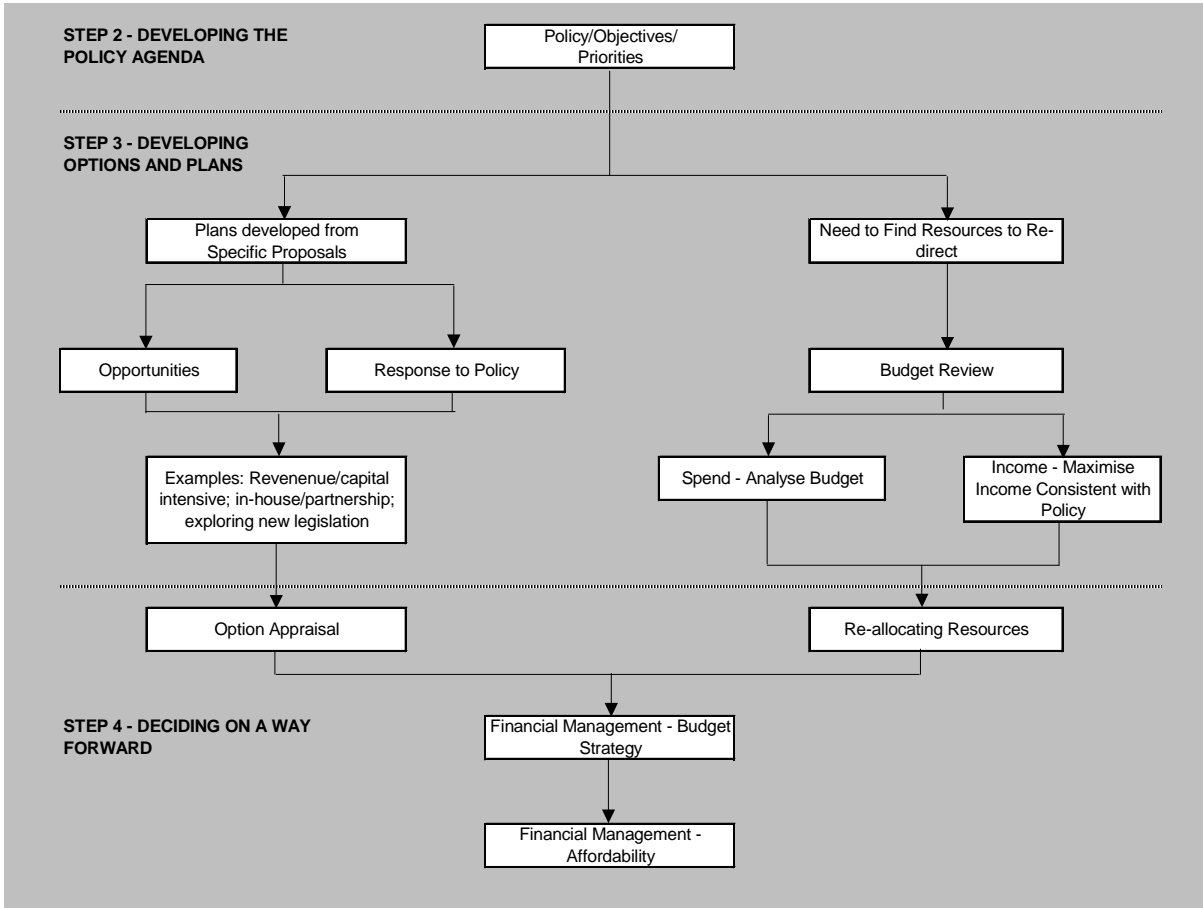
#### Developing Transformational Options

6.21 The Council has a significant organisational change programme. Change implementation requires resource and the Finance Strategy is a key tool to achieving organisation transformation. Key elements are identified below.

6.22 The Council has adopted an option appraisal methodology based on HM Treasury's Green Book: Appraisal and Evaluation in Central Government. This will be used to evaluate all major schemes and proposals.

- 6.23 The Council will develop strategic savings options and plans. Specific efficiency targets are included in the Medium Term Financial Plan and processes are in place to identify savings opportunities during the year. The Council is committed to achieving the CSR07 efficiency targets.
- 6.24 The Council will seek to optimise external joint/partnership working and securing external resources to achieve the Council’s objectives. Activity to achieve additional external resources will be undertaken in line with the External Funding Policy.
- 6.25 The Council will seek to make a fair charge to users of Council services to minimise the financial burden on council taxpayers. A fair charge will reflect at least the cost of service provision unless the Council considers this would significantly reduce accessibility to the service. All charges will have a clear rational basis and charging structure. Fees and charges will be reviewed annually.
- 6.26 Financial planning is integrated with the Councils corporate planning framework. Financial planning can be in response to a policy objective, adhoc opportunities and ongoing planning (e.g. asset management). Wherever they are developed, the Council’s financial framework will ensure that financial plans are consistent and integrated with the Finance Strategy.

• **Figure 4 – Financial Planning Process**



## **7. Performance Management**

7.1 The Finance Strategy compliments the Council's Performance Management Framework. The Council has a robust budgetary control framework and will maintain a comprehensive suite of performance indicators covering all key financial activity.

7.2 Key elements of Financial Performance Management are:-

### General Fund & Housing Revenue Account revenue budgets

- Comprehensive national and local Performance Indicators, covering key corporate and service level activity
- Robust budgetary control process,
- Robust medium term Financial Planning process,
- Annual review of rents, fees and charges,
- Robust financial reporting and scrutiny of financial performance including production of the Statement of Accounts.

### Treasury Management

- Annual review and setting of borrowing limits, policy and investment strategy
- Comprehensive Performance Indicators
- Quarterly financial reporting and scrutiny

### Collection of taxes and other debts

- Comprehensive Performance Indicators
- Customer Surveys

### Internal Audit

- Audit Plan and Internal Audit reviews
- Comprehensive Performance Indicators
- Audit Sub-Committee,
- External Audit and inspection

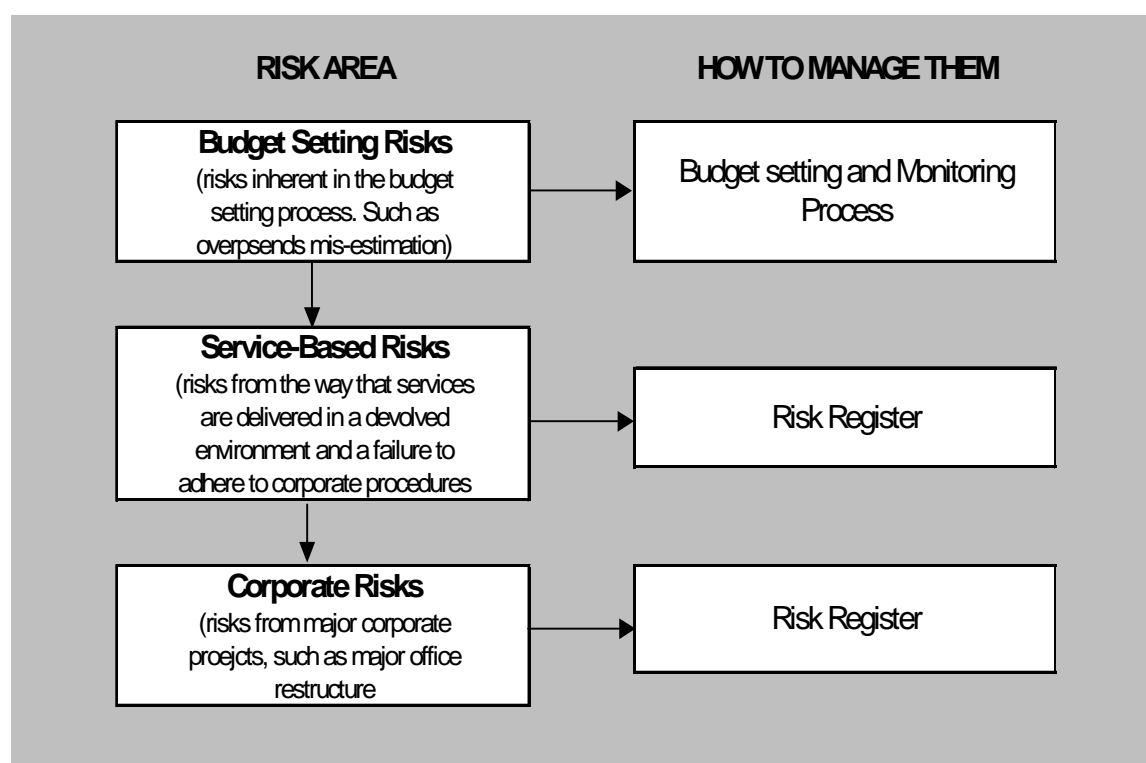
### The Prudential Indicators

- Annual setting of Prudential Indicators
- Robust monitoring and reporting arrangements

## **8. Risk Management**

8.1 The Council has a corporate risk management framework to address the different levels of risk.

• **Figure 5 – Financial Risk Management Framework**



8.2 The key budget setting risks and mitigating actions are set out in the Medium Term Financial Plan and the Treasury Management Strategy. The corporate financial risks are summarised below:-

Financial Theme	Risk	Risk Category	Mitigation
Council Tax	Collection rate variance	2-E	Robust monitoring of council tax income drivers
Income	Income level variance	2-E	Robust budgetary control framework
Revenue Expenditure	Over/underspends	2-D	Robust budgetary control framework
Revenue Financing	Financing level variance	2-D	Robust resource monitoring and associated spending controls
Capital Expenditure	Over/underspends	2-D	Robust budgetary control framework
Capital Financing	Financing level variance	2-D	Robust resource monitoring and associated spending controls
Treasury Management	Investment return variance	2-E	Monitoring within Treasury Management Strategy parameters

	Proposed Action	Enabling	Leading	Milestones/ Timescales (S,M,L)	Performance Measurement	Lead	Funding in place	Risk	Risk atregor	Progress	Further Action
1	Develop & embed 3 year financial planning framework including corporate budget setting and option planning processes		1	Medium term Financial Plan Approved by Council, Corporate budget setting timetable established, option planning processes developed (S – Ongoing)	Timetable/ Process established	Head of Finance, Directors Team	N/A	Establish corporate ownership - Leads to drive implementation	2-D	Medium term financial planning framework embedded. Option planning developed for all major capital projects	Revise MTFP
2	Re-engineer Council's procurement process		1	Procurement Officer appointed, Building & Design Services restructured, Detailed action plan identified (S)	Strategic target savings met	Group Manager- Accounting Services, Director (LC)	N/A	Successful implementation of necessary process changes to achieve value for money targets	2-D	Procurement Officer appointed June 2006 and on target to achieve 200k savings in 2007/08. Building & Design Services restructure completed	Develop Procurement Strategy & activity further
3	Implement a modern financial business process - Agresso		1	As identified in implementation timetable (S)	Implement Autumn 06	Head of Finance	N/A	Establish corporate ownership following user acceptance testing and training	2-D	Agresso successfully implemented Nov 2006. External audit identified no significant concerns. System currently being embedded	Embed & optimise Agresso.
4	Develop & embed external financial bidding process		1	Action Plan identified, process rolled out across Council (M)	Activity completed	Group Manager- Accounting Services	N/A	Establish corporate ownership and process compliance	3-E	Process in place, continuing promotion through newsletter and training – but means of measuring compliance required.	Establish corporate database of bids and embed

	Proposed Action	Enabling	Leading	Milestones/ Timescales (S,M,L)	Performance Measurement	Lead	Funding in place	Risk	Risk ategor	Progress	Further Action
5	Review financial strategy & internal financial controls and update annually. Further embed the internal control framework		1	Review undertaken (S – Ongoing)	Review undertaken	Head of Finance	N/A	Inappropriate or ineffective controls risk reduced by regular review	2-D	Financial Strategy reviewed. Financial Standing Orders reviewed in Feb and currently under review again	Ongoing
6	Develop council-wide access to a comprehensive library of key financial documents & processes		1	Documents & Processes identified, Council-wide access available (M)	Activity completed	Group Manager- Accounting Services	N/A	Establish corporate ownership	3-E	Internet folder of key financial documents established	Develop library & facilitate consistent use across the Council
7	Continue to develop key financial indicators to ensure accurate and comprehensive performance management		1	Gap analysis & new indicators developed to cover gaps (S – Ongoing)	All key financial activity covered by appropriate indicators	Head of Finance	N/A	Appropriate indicators & corporate ownership risks mitigated by consultation	3-E	Comprehensive KPI's now included on Performance System	Develop Key Corporate Financial Health indicators and Balance Sheet Analysis
8	Review/develop financial governance framework to meet Council's modernised way of working/local government reorganisation		1	Survey of budget holders views on improvements, appropriate improvements implemented across Council (S)	No significant unexpected variances at financial year end	Head of Finance, Group Manager - Accounting Services	N/A	Consistent process adopted Council-wide. Risk reduced by Leads championing and embedding new process	2-D	Budgetary control process being updated to facilitate bottom line service group budgeting. Constitution being reviewed	Implement Bottom line service group budgeting and amended Constitution

	Proposed Action	Enabling	Leading	Milestones/ Timescales (S,M,L)	Performance Measurement	Lead	Funding in place	Risk	Risk atregor	Progress	Further Action
9	Develop & set strategic savings options and efficiency targets	1		Resourcing Gap identified for 3 year period, detailed plans to address identified (S – Ongoing)	Detailed plans to address resource gaps identified	Head of Finance, Directors Team, Head of Strategic Projects	N/A	Savings opportunities not being identified. Mitigated by Leads reviewing regularly and 3 year targets being set	2-D	Annual savings target process embedded as part of Medium Term Financial Planning	3 year Efficiency Programme, with Head of Strategic Projects, to deliver transformation and target savings
10	Document Council's option appraisal framework		1	Document, consult & implement (S)	Activity completed	Group Manager-Accounting Services	N/A	Consistent process adopted Council-wide.	3-E	Consistent "Green Book" approach adopted by Accounting Services to evaluate all major projects	Complete documentation of consistent evaluation process for major projects.
11	Develop financial training programme for all levels of financial activity within the Council		1	Identify training needs, develop series of in-house courses to address (S – Ongoing)	Activity completed	Head of Finance	N/A	Limited access to training mitigated by inclusion within existing in-house training programmes	3-E	Financial training provided and focused on key risk areas eg introduction of Agresso and budgetary control Comprehensive training programme established	Deliver comprehensive & regular financial training programme

	Proposed Action	Enabling	Leading	Milestones/ Timescales (S,M,L)	Performance Measurement	Lead	Funding in place	Risk	Risk atregor	Progress	Further Action
12	Develop financial risk management framework including justification of levels of reserves, balances & contingencies		1	Identify degree of financial risks & develop recommended levels. (M)	Activity completed & reviewed periodically	Head of Finance	N/A	Inappropriate levels identified mitigated by periodic detailed review focusing on key potential financial risks	3-E	Revenues Policy developed as part of the Medium Term Financial Plan. Reserves Policy produced	Develop comprehensive unit costing / performance/ risk framework
13	Review & develop debt management policy	1		Identify current activity, review, consult & implement appropriate improvements (M)	Activity completed	Head of Finance & Head of Revenue Services	N/A	Inappropriate or ineffective policy mitigated by consultation of appropriate managers	3-E	Debt Management Policy reviewed. Performance targets and culture introduced	Consider options for improving debt management including single debt management function
14	Develop internal processes to meet increasing requirements for financial reporting e.g. earlier/more comprehensive Statement of Accounts, Whole of Government Accounts		1	Identify future requirements, & develop action plan to address (S – Ongoing)	Activity completed & kept under review	Head of Finance, Group Manager - Accounting Services	Assess when requirements established	Failure to meet increasing requirements. This risk is mitigated by early identification and action plans to deliver changes	2-D	Successfully produced reporting requests on time with no material errors	Ongoing

	Proposed Action	Enabling	Leading	Milestones/ Timescales (S,M,L)	Performance Measurement	Lead	Funding in place	Risk	Risk atregor	Progress	Further Action
15	Develop internal processes to meet increasing requirements of external audit and inspection processes		1	Identify future requirements, & develop action plan to address (S – Ongoing)	Activity completed & kept under review	Internal Audit Partnership Manager & Head of Finance	Assess when requirements established	Failure to meet increasing requirements. This risk is mitigated by early identification and action plans to deliver changes	2-D	Code of Corporate Governance introduced Aug 2006 and currently being updated	Develop and embed comprehensive Code of Corporate Governance. Develop processes to address use of resources assessment
16	Review Council Tax consultation aims and process	1		Identify aims & evaluate options (M)	Activity complete	Finance Portfolio holder & Head of Finance	Assess when way forward is identified	Inappropriate or ineffective consultation process.	3-E	Considering more comprehensive email consultation	Ongoing
17	Develop a Council-wide fees & charges policy	1		Identify aims, current activity, consult & develop a Council-wide policy (M)	Council-wide policy implemented	Finance Portfolio holder & Head of Finance	N/A	Corporate ownership of Council-wide policy addressing corporate and service needs. Risk mitigated by consultation with managers	3-D	All fees & charges parameters are set as part of Council setting the Budget. Actual increases are set in August (January for car parks). From 2008 Council will set as a 1 stage process	Embed

	Proposed Action	Enabling	Leading	Milestones/ Timescales (S,M,L)	Performance Measurement	Lead	Funding in place	Risk	Risk atregor	Progress	Further Action
18	Review & develop a policy on new trading & charging opportunities	1		Identify opportunities, consult & develop policy (M)	Council-wide policy implemented	Finance Portfolio holder & Head of Finance	N/A	All significant opportunities identified & policy consistently followed. Risk mitigated by monitoring of national examples of best practice.	3-E	Reviewed but opportunities are currently limited. Developing shared services eg Museums, Building Control	Ongoing Watching brief
19	Review & develop processes for challenging the base budget & finding strategic savings options	1		Identify current processes, improvements, consult & implement (S – Ongoing)	Processes in place	Head of Finance, Directors Team, Head of Strategic Projects	N/A	Risk of ineffective challenge of the base budget mitigated by Council's internal processes e.g. Overview & Scrutiny, budgetary control framework	2-D	Portfolio holders engaged in identifying target savings as part of the estimate process	Review & develop process

	Proposed Action	Enabling	Leading	Milestones/ Timescales (S,M,L)	Performance Measurement	Lead	Funding in place	Risk	Risk atregor	Progress	Further Action
20	Develop corporate prioritisation methodology & policy for redirecting resources	1		Review prioritisation methodology, identify parameters for redirecting resources, consult, implement policy (M)	Revised methodology & policy in place	Directors Team, Finance Portfolio holder	N/A	Risk of inappropriate prioritisation & no corporate ownership of policy for redirecting resources mitigated by consultation & Leads implementing	2-E	Consistent prioritisation methodology, based on Council's objectives, introduced for all capital projects and revenue growth	Review & update prioritisation methodology as appropriate
21	Review & develop internal controls to address the volatility of capital resources		1	Identify key risks (e.g. generation of capital receipts). Identify mitigation measures & review internal controls (S)	Mitigation measures & revised internal controls in place	Head of Finance, Corporate Property Officer	N/A	Ineffective resource monitoring & spending controls mitigated by periodic review	2-E	Capital Programme coordinator and control framework in place	Develop Asset Management functions
22	Develop Asset Management	1		Develop asset management system Review Asset Management Plan (S)		Corporate Property Officer	Partial	Ineffective use of assets & receipt generation	2-E	Asset Management Plan reviewed	Develop Asset Management IT System
23	Continue to develop the use of the Prudential Code and Indicators		1	Identify current activity & potential extension to activity (M)	Review complete & improvements implemented	Head of Finance	N/A	Ineffective use of Prudential Code & Indicators mitigated by regular review and reporting	3-E	Prudential code successfully embedded and used	Annual review

	Proposed Action	Enabling	Leading	Milestones/ Timescales (S,M,L)	Performance Measurement	Lead	Funding in place	Risk	Risk atregor	Progress	Further Action
24	Councillors to develop advice on key parameters for developing finance strategy	1		Identify key parameters within the Finance Strategy & consult (S)	Councillor views on key parameters identified & reflected in the Finance Strategy	Finance Portfolio holder & Head of Finance	N/A	A clear consensus view not achieved	2-E	Consultation and Executive Report completed	
25	The Finance Strategy is to be subject to comprehensive consultation		1	Consultation programme implemented (S)	Consultation complete	Head of Finance	N/A	Incomplete consultation	3-E	Consultation and Executive Report completed	
26	Extend Financial Planning framework beyond the minimum 3 years		1	Identify associated key benefits, opportunities & risks, consult & develop action plan (L)	Framework reviewed and action plan implemented	Head of Finance	N/A	Uncertainties reduce the usefulness of extended financial planning mitigated by appropriate use of contingencies and option planning techniques	3-E	To date the focus has been on embedding the current 3 year process to compliment central governments time frame	Consider extending to 5 year planning
27	Continuous improvement of Internal Audit service		1	Self assessment of performance, Code of Conduct and documentation (S)	Assessment complete and action plan produced	Audit Partnership Manager	N/A	Ineffective internal audit function	3-E	Favourable comparison within the Internal Audit Network achieved T Brown to comment	Annual self assessment

# Section 3

## MEDIUM TERM FINANCIAL PLAN - OVERVIEW

### 1. INTRODUCTION

- 1.1 This is the Council's third Medium Term Financial Plan, which has been further developed from the Council's established 3 year Forecast. It identifies how the Council's corporate objectives as set out in, "Transforming Ipswich", take account of local and national priorities and drive the setting of the 3 year Medium Term Financial Plan (the Plan).
- 1.2 Robust medium term financial planning is essential to deliver excellent, value for money, services to the Ipswich people in a changing environment. Government continues to impose new legislative and policy pressures backed by tougher regulatory and inspection regimes, and these do not always accord with local priorities and pressures driven by our extensive engagement with local communities.
- 1.3 Demographic changes interact with these priorities and pressures to create increased demands well in excess of additional grant funding, with the potential to impose Council Tax burdens beyond that which the tax was designed to withstand.
- 1.4 The Council has an excellent track record and is rated as a "Good Authority" within the Governments Use of Resources performance assessment. This acknowledges recent positive service outcomes and effective corporate management. It is indicative of strong partnership working across public, private and voluntary sectors, and a corporate approach to risk management.
- 1.5 The Council is committed to continuous development and value for money. The Council has restructured to focus resources on front line services and actively pursuing efficiency saving opportunities.
- 1.6 This Plan reflects the commitment of councillors and officers to build on past achievements to:
  - Secure continued excellent value for money
  - To focus on Council priorities
  - To develop better ways of delivering services
- 1.7 The proposals contained in this Plan are underpinned by a comprehensive appraisal of strategic and operational risks. This Medium Term Financial Plan takes account of the Council's strategic risk register. In this way risk management is treated as an integral part of the planning and managing process, rather than as a separate annual event.

1.8 Assessments of financial risks associated with the 2008 to 2011 budgets are shown at 4.18.

## **2. SERVICE PRIORITIES**

2.1 The Council's vision is set out in the Corporate Plan 2005 – 2015 “Transforming Ipswich” which is shown Section 2. This sets the strategic direction for the Council the aim of which is to “deliver quality services for the people of Ipswich”, emphasising the importance of cost effective management and the need to keep Council Tax at a level local people can afford. The priorities identified within it are vital for financial planning and the finance plan demonstrates that resources follow the priorities set

2.2 Key Goals for 2005 – 2015 are:

- **Clean & Green Ipswich** - We will work with the community to make Ipswich a model urban clean and green place.
- **Expanding Ipswich** - We will work with business and external funders to encourage new investment, innovation, learning and sustainable growth and employment.
- **Safe Ipswich** - We will work with the community to keep Ipswich a safe place to live.
- **Strengthening Communities in Ipswich** - We will help individuals and groups in the one-Ipswich community who experience disadvantage and will work towards everyone having the opportunity of a decent home.
- **Travel Ipswich** - We will develop and encourage the provision and use of an integrated and effective transport system, which maximises the use of public transport, walking and cycling and reduces the overall impact of travel on the environment.
- **Vibrant Ipswich** - We will enrich and protect the town's historic assets and diverse cultural offering, whilst working to attract award-winning architecture, and increase the availability of public art and live performance opportunities, as well as encourage participation in all sport and leisure pursuits to create an even more vibrant town.

2.3 The Council has identified a number of key strategies, set out in its Strategy Framework document. This document is reviewed annually. All strategies are prepared for a minimum of 3 years and associated Strategic Action Plans (SAP) support their delivery.

2.4 The Finance Strategy shown at Section 3 shows how “Transforming Ipswich” will be delivered within the available resources.

## **3. NATIONAL CONTEXT**

3.1 The Council's financial planning takes place within the context of national political, economic and public expenditure plans. This chapter identified the broad issues and assumptions, which provide the framework for the budget and medium term financial plan.

3.2 There have been three key announcements on public finances:

- a) The Comprehensive Spending Review 2007 in July 2007.
- b) The final Local Government Finance Settlement for 2008/09 was announced in January 2008.
- c) The final Housing Subsidy Determination was published in January 2008.

### **Comprehensive Spending Review 2007 (CSR2007)**

- 3.3 The Comprehensive Spending Review 2007 (CSR2007) was published in July 2007. The headline issues announced included a requirement for 3% cashable efficiency savings (1.25% SR2004), an expectation of pay increases being contained to 2% pa and an increased focus on efficient asset management. Provisional grant allocations for 2008/09, 2009/10 and 2010/11 were issued in December 2007.

### **Local Government Finance Settlement**

- 3.4 The Government introduced changes to the formula Grant Distribution System from 1<sup>st</sup> April 2006. The main changes were:

- A move to 3-year grant settlements with increased local requirements to publish forward budget levels and, as far as practical, council tax. CSR2007 will cover 2008/09 to 2010/11
- A basic grant floor for each type of Authority with a variable top up
- Use of trend projections for dominant data drivers like population and council tax base. Frozen multi year averages for all other formula data
- No retrospective amendments to the formal grant settlement unless there is a systematic error
- Alignment with Local Authority Agreements

- 3.5 The key points of the Local Government Finance Settlement were:

- Headline increase of 4% in Aggregate External Finance (AEF) in 2008/09, 4.4% in 2009/10 and 4.3% in 2010/11 (this includes schools). This compares with an increase of 4.9% in Aggregate External Finance in 2007/08.
- Total increase in net AEF (excluding PFI special grant) of 3.7% in 2008/09, 2.8% in 2009/10 and 2.6% in 2010/11, compared with 3.7% in 2007/08.
- Damping arrangements as follows; floors of 2%, 1.75% and 1.5% for authorities with education and social services responsibilities, 2.5% for police authorities for the three years; and 1%, 0.5%, 0.5% for shire districts and fire and rescue authorities. These are paid for by scaling down the grant increases to authorities within the same class above the floor.
- Increase in formula grant from 2007/08, of £960m in 2008/09 and £1,724m in 2009/10 and £2,466m in 2010/11.
- Total national increase of 3.6% in formula grant for 2008/09, 2.8% for 2009/10 and 2.6% for 2010/11.
- Area Based Grant will replace Local Area Agreement (LAA). There are also a number of specific grants that have moved either into Formula Grants or Area Based Grants.

## The Finance Settlement for Ipswich Borough Council

- 3.6 The Council was notified on 6 December 2007, as part of the final 2008/09 Government Grant settlement of an adjusted indicative increase in the 2008/09 Grant settlement of 1.8%. This was confirmed by DCLG on 24 January 2008.
- 3.7 The adjusted national increase for all shire districts was 1.7%, and the table below compares the level of Grant increases for Ipswich, for 2008/09, with other Suffolk District/Borough Councils.

### Grant Increases for Suffolk's District/Borough Councils

	2008/09
Babergh	2.1%
Forest Heath	1.1%
Ipswich	1.8%
Mid Suffolk	1.0%
St. Edmundsbury	1.4%
Suffolk Coastal	2.0%
Waveney	2.9%

- 3.8 The table below shows the level of Government Grant for Ipswich, for the past 3 years, together with the settlement for 2008/09, and an estimate of the 2009/10 and 2010/11 settlements, for which provisional figures have been announced.

### Level of Government Grants – Ipswich Borough Council

Year	RSG/NNDR		Council Tax Increase (Band "D")	
	£m	%	£	%
<b>2010/11 (Estimated)</b>	<b>11.912</b>	<b>0.69</b>	<b>315.99</b>	<b>2.95</b>
<b>2009/10 (Estimated)</b>	<b>11.830</b>	<b>1.06</b>	<b>306.99</b>	<b>2.95</b>
<b>2008/09</b>	<b>11.706</b>	<b>1.80</b>	<b>298.17</b>	<b>2.95</b>
<b>2007/08 (Adjusted)</b>	<b>11.499</b>	<b>4.17</b>	<b>289.62</b>	<b>2.94</b>
<b>2006/07</b>	<b>11.039</b>	<b>13.90</b>	<b>281.34</b>	<b>2.22</b>

- 3.9 The Council only receives funding from 2 of the 7 funding blocks (the capital financing and Environmental, Protective & Cultural Services blocks) for which the dominant data driver is population; as this uses historical rather than predictive data, a move to a 3 year funding programme exacerbates the time lag between need and funding.

- 3.10 There is an expectation by Central Government that any council tax increase in 2008/09 should be substantially below 5%.

#### **4. REVENUE PLANS 2008 to 2011**

- 4.1 This 3-year Medium Term Financial Plan has been reviewed with regard to achieving the Council's objectives "Transforming Ipswich". This forecast is aggregated from service area budgets and identifies the anticipated resource gap for 2008/09 to 2010/11. The Medium Term Financial Plan identifies prioritised growth pressures and identifies measures to address the anticipated resource gaps, in order to produce a balanced budget.

##### **Three Year Forecast**

- 4.2 The Budget Requirement was calculated based on a number of principles. The key principles are outlined in this section. The service area budgets generally allow for a continuation of the level and standard of services provided for in the 2007/08 approved Budget. Other influences on the Medium Term Financial Plan include:

- Assumptions about the Capital Programme and its funding, including the revenue implications of anticipated borrowing and capital receipts.
- Inflation factors used in preparing the Financial Forecast generally reflect the latest predictions of economic forecasters (see table below).
- The latest review and forecast of profits.
- The effect, in later years, of approved growth items for the current year.
- A review of provisions and reserves.
- Minimum level of reserves based on recent trends and risk assessment
- The full-year impact of the last review of fees and charges.
- Service area staff changes approved during the current year.
- The Council Tax base for 2008/09 approved by Council on 16 January 2008.
- The Council's Approved Finance Strategy.
- The Council's "Transforming Ipswich" document and specific service priorities.
- Target savings and contingencies have been the subject of a thorough review.
- Provision for building repairs and maintenance has been determined following detailed consideration of bids from service managers against financial constraints.
- Increasing Council Tax base in General Fund
- GF Forecast anticipates a Council Tax increase of 2.95% a year
- Falling housing stock within the HRA due to Right to Buy
- HRA Forecast anticipates annual rent increases sufficient to keep in line with the government's rent restructuring regime and changes in the governments Housing Subsidy determination.

## INFLATION FACTORS

Item	2008/09	2009/10	2010/11
	%	%	%
Electricity	7.5	7.5	7.5
Gas	7.5	7.5	7.5
Water	7.5	7.5	7.5
Business Rates	2.6	2.7	2.7
Salaries	2.6	2.6	2.6
Insurance	2.6	2.7	2.7
Internal (re)charges	2.6	2.7	2.7
All other expenditure	2.6	2.7	2.7
Fees and charges	3.1	3.1	3.1

- 4.3 A review of fees and charges is normally carried out and reported to Executive in August each year. It is proposed that this arrangement is amended and that an inflationary increase in discretionary \* fees and charges is agreed as part of the Annual Council tax report. This will have the benefit of an increased lead-time for officers to implement changes in charges. To ensure that these arrangements embody best practices identified in the Audit Commission publication "The Price is Right" and the District Auditor's Management Letter covering the 1999/2000 audit, it is proposed that managers should have to agree the charges with their portfolio holder. The Head of Financial Services and the Finance Portfolio-holder would then approve the amended charges if they would yield the agreed inflationary increase.

\* The following services levy discretionary charges - Waste Collection, Entertainments, Bereavement Services, Environmental Health, Licensing, Car Parks, Sport, Parks and Landscape Services and HEARS.

- 4.4 The estimated revenue effects of anticipated capital resources and their application to the Capital Programme, have been reflected in the General Fund and Housing Revenue Account approximate out-turn for 2007/08 and estimates for 2008/09.
- 4.5 The estimates provide for the revenue effect of anticipated repayment levels of superannuation back-funding, based on the current actuarial valuation of the Pension Fund, anticipated liabilities and anticipated one off lump sum capital repayments.
- 4.6 The costs of the continuing preparation for the Single Status Harmonisation of working conditions for Council employees are reflected in 2008/09 and future years.

- 4.7 The Budget includes provision in the General Fund Account and Housing Revenue Account to finance other general items that will be reallocated to service budgets in due course. These are included in the accounts as contingencies.
- 4.8 The Budget includes provisions in the General Fund Account and Housing Revenue Account for target savings, which will be allocated to service budgets as soon as possible.

### PRIORITISATION CRITERIA

- 4.9 As part of the Corporate Planning process, the Council has identified growth pressures to achieve it's objective "Transforming Ipswich". These growth pressures have been prioritised, using the resource allocation methodology shown below. The list of priority growth is shown in Section 4 for General Fund and Section 5 for the Housing Revenue Account.

		Weighting	Scoring
1	Meets Transforming Ipswich objectives: Clean & Green Ipswich      10 Expanding Ipswich            10 Safe Ipswich                    10 Vibrant Ipswich                10 Strengthening the Community of Ipswich       5 Travel in Ipswich              5	35	10pts each for 4 top goals 5pts each for other 2 goals (Can score a maximum of 35 over 4 Categories)
2	Meets Transforming Ipswich Principles:- Fair, Easier, Partnering, Customer Care, Consultation, Value Staff	10	(2pts each) (Can score on a maximum of 5 Principles)
3	Meets Transforming Ipswich Principle of Value for Money:-	20	<b>Revenue</b> Increases revenue expenditure by over 50% of growth bid (0pts) Increases revenue expenditure by 0-50% of growth bid (5pts) Neutral revenue effect (10pts) Increases revenue income/ generates savings of 0-50% of growth bid (15pts) Increases revenue income/ generates savings of over 50% of growth bid (20pts)  <b>Capital</b> Increases revenue expenditure (0pts) Neutral revenue effect or scheme does not repay Capital Expenditure

		Weighting	Scoring
			within 25 years (5pts) Scheme repays Capital Expenditure within 25 years (10pts) Scheme repays Capital Expenditure within 20 years (15pts) Scheme repays Capital Expenditure within 10 years (20pts)
4	Addresses a significant Council Risk with a potential impact on services. e.g. supports meeting statutory requirement such as Health and Safety	20	Risk Impact X Addresses Low (2) Partly meets (1) Medium (4) Substantially (3) High (5) Fully (4)
5	Is part funded from externally generated resources (e.g. Grants, Lottery Funding, etc).	15	1-19% (3pts) 20-39% (6pts) 40-59% (9pts) 60-79% (12pts) 80%+ (15pts)
6	Effective Alternative Provision		Effective alternative provision already exists (-10pts) Effective alternative provision already exists, but costs could be reduced (-5pts) No Effective alternative provision exists (0pts)

4.10 The Medium Term Financial Plan identifies how the Council intends to address the anticipated resource gaps to produce a balanced budget for the next 3 years. The list of savings options is shown in Section 4 for General Fund and Section 5 for the Housing Revenue Account.

4.11 The proposed net service expenditure budgets for 2008/09 are analysed in Section 4 for General Fund and Section 5 for the Housing Revenue Account. It should be noted that capital charges and proposed growth items are excluded from these figures. Capital charges are based on the value of assets used by each service and will be identified once the capital programme is approved. These charges do not affect the amount funded by council tax or rents as they are reversed out in the General Fund and Housing Revenue Account summaries, and replaced by the Council's net external debt charges.

4.12 The General Fund Forecast is detailed in Section 4 and the Housing Revenue Account Forecast is detailed in Section 5.

### **Chief Finance Officer's Statement**

4.13 Clause 25 of the 2003 Act requires the Chief Finance Officer to report on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council must have regard to this report when making decisions about the calculations resulting from the report.

4.14 The Local Government Finance Act 1988 also requires the Chief Finance Officer to report to all the Authority's Councillors if there is likely to be unforeseen expenditure or an unbalanced budget. External auditors have regard to these legal requirements when reviewing the arrangements in place to ensure that financial standing is soundly based. Also the Comprehensive Performance Assessment requires a report on the standard of financial management including budgetary control and reserves of the authority.

### **Robustness of the estimates**

4.15 The calculations of estimates making up the General Fund Budget requirement of £23,653,570 for 2008/09 have been based on principles set out above. The Medium Term Financial Plan is based on "Transforming Ipswich" and includes limited growth and all identified savings. This Plan delivers a financially balanced 2008/09 budget, with an inflation based council tax increase.

4.16 The calculations of estimates making up the Housing Revenue Account for 2008/09 have been based on principles set out above. The Medium Term Financial Plan is based on "Transforming Ipswich" and includes limited growth and all identified savings. This Plan delivers a financially balanced 2008/09 budget, with a rent increase based on the government's rent restructuring regime.

4.17 The Chief Finance Officer is satisfied, therefore, that the estimates on which the budget has been based are robust. Clauses 28 and 29 require Councillors to review the budget from time to time during the year or consider the impact of any overspends on the forecast reserves position. Reports on budget variances are reported quarterly to the Executive during the year, and any action needed to maintain the General Fund and Housing Revenue Account Budgets is taken by Executive.

4.18 Assessments of financial risks associated with the 2008 to 2011 budgets are shown below. These risks are taken account of in setting the level of reserves

<b><u>Risk</u></b>	<b>Impact of risk, if it occurred (Scale of 1-4)</b>	<b>Probability of risk occurring (Scale A-F)</b>	<b>What is the Council doing (or what has it done) to avoid the risk or reduce it effect?</b>
	1- Catastrophic 4 - Negligible	A – Very likely F – Almost impossible	
Accuracy of estimates - inflation factors - expend (drivers) - income e.g. grant, fees, council tax - completeness e.g. effect of capital prog - external factors e.g.	2 2 2 2 2	D D E D E	Incorporated from current economic predictions Service area based budget setting - budget process MTFP, revenue & capital programme set together All known future changes included in budget

<b><u>Risk</u></b>	<b>Impact of risk, if it occurred (Scale of 1-4)</b>	<b>Probability of risk occurring (Scale A-F)</b>	<b>What is the Council doing (or what has it done) to avoid the risk or reduce its effect?</b>
income levels			
Adequacy of reserves/balances/bad debt provision	1	E	Risk Management assessment, insurance policy
Significant variances due to poor budgetary control – Headline - Uncontrollable - Volatile	2	E	Budgetary control process Quarterly reporting to Executive based on monthly exception reporting
Long term unsustainable/imprudent financial planning	1	E	Medium term financial planning, Prudential Indicator framework and regular monitoring
Partnership/Joint Working – poor control/definition resulting in financial liability	3	E	IBC retains control of resources unless partnership contract exists
Corporate projects – predicting financial implications	2	E	Corporate projects managed using Prince 2 methodology
Changing goals/expectations	2	E	Transforming Ipswich, Corporate Plan, Strategic framework
Not achieving government expectations – Gershon savings	2	D	Directors Team actively leading
Poor Corporate Governance/financial control	2	E	New Corporate Governance, Audit review, Standing Orders
Changes in proper accounting practice - Group Accounts - Changes in SSAP 21 - Full depreciation charged to bottom line to replace MRP	3 2 2	C D E	The Council adheres to the latest Statement of Recommended Practice
Unexpected changes in demographic/service expectations	2	E	Officers actively monitor potential future changes
Future changes in legislation and financial environment	2	E	Officers actively monitor potential future changes

### Specific Risks

There are also some known key specific risks

<b><u>Risk</u></b>	<b>Impact of risk, if it occurred (Scale of 1-4)</b>	<b>Probability of risk occurring (Scale A-F)</b>	<b>What is the Council doing (or what has it done) to avoid the risk or reduce its effect?</b>
<b><u>General Fund</u></b>			
Concessionary Fares Scheme- details being finalised with operators	3	A	Contingency provided to cover likely impact
Employers Pension reduced Contributions – final decision by SCC Pension Committee on 14 February. £200,000 saving assumed	3	D	If reduction not agreed then will need to be made good by the additional commitments contingency
Local Authority Business Grant Initiative due to be announced in February, £150,000 grant assumed	3	D	If reduction not agreed then will need to be made good by the additional commitments contingency
Awaiting Secretary of State's decision on request to capitalise £3m costs from the management restructure	2	B	Currently accounted for as revenue. If request granted it will improve the Councils headroom by £650,000
<b><u>Capital/HRA</u></b>			
Due to building inflation additional costs are anticipated to achieve the Ipswich Standard	2	B	Action is being taken to minimise the impact and part of the capital contingency has been earmarked
Significant changes to the 2008/09 HRA Government subsidy have been made. Further changes could continue to detrimentally affect the HRA's financial position	2	B	Action to minimise the impact including responding to consultation, reviewing costs and identifying saving options. Review future minimum working balance once more details known.

### **Adequacy of Working Balance and Reserves**

- 4.19 The Council complies with the requirements of Local Authority Accounting Bulletin 55 (February 2003) on the establishment and maintenance of local authority reserves and balances. Compliance with the guide is recommended in the CIPFA 2003 Statement of the Role of the Finance Director in Local Government.
- 4.20 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992, require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. There is no statutory minimum level of reserves that must be held.

- 4.21 It is the responsibility of the Chief Financial Officer to recommend the level of reserves and put in place protocols for their establishment and use.

### **Earmarked Reserves**

- 4.22 The level of any reserve or provision held for specific particular purposes is normally determined, by a combination of empirical and subjective considerations. This can be illustrated by the approach to determining the level of the Bad Debts Provision i.e. Financial Value of Debtors Accounts Raised x anticipated level of defaulters = Bad Debts Provision.

### **General Reserves**

- 4.23 The level of general reserves to be held by the Council is determined by consideration of strategic, operational and financial risks. The determination of the level of reserves to be held is influenced by cash flow requirements, budget assumptions e.g. inflation, interest rates, planned efficiency savings and the availability of other funds together with an assessment of the financial standing and management of the authority e.g. track record in budget management and strength of financial reporting procedures.

### **Other considerations**

- 4.24 The level of reserves held is also influenced by the “opportunity cost” of holding these funds, which could otherwise be used for other purposes. The funds could be used to reduce the level of Council Tax or increase the overall level of services provided. The absolute level of any reserve or provision is compared to the net cost of providing services e.g. a typical sports centre costs £470,000 p.a. to facilitate reaching a decision on the level held.
- 4.25 The benefits of investment income accrued on reserves held to the overall budget is also a consideration in arriving at the level of reserves to be held. A General Fund Working balance of £1.5m would generate £79,000 interest per annum.
- 4.26 The General Fund Working Balance is required to allow for unforeseen circumstance arising during the year e.g. supplementary estimates.
- 4.27 As a result of considering the above circumstances it is recommended that the level of General Fund Balances be maintained at a minimum of £1.5m for 2008/09.**
- 4.28 The Housing Revenue Account Working Balance is maintained to provide a contingency for dealing with potentially significant variances that could arise due to events like changes in subsidy or overspends on the large improvement programme. A £500,000 working balance will generate £26,000 interest per annum.
- 4.29 The Housing Revenue Account is a ring-fenced account and cannot be used to finance the General Fund.
- 4.30 It is recommended that the current level of Housing Revenue Account working balance be maintained at a minimum of £500,000.**

## **Consultation**

- 4.31 A public consultation exercise was undertaken in December 2007 and January 2008. The basis of the consultation was a 2.5% sample of all Ipswich council taxpayers for each of the eight council tax bands. 25% of questionnaires have been returned to date. This is a good rate of return and gives a very good assurance that the survey is statistically representative of all Ipswich council taxpayers.
- 4.32 It is clear that the majority of Ipswich council taxpayers who responded to the survey do not wish to pay council tax increases above 3% next year. This supports the Finance Strategy approved by Council on 30 August 2006. This states the Council's General Fund budget strategy, is that the Borough's part of the council tax will be kept to the lowest possible level, consistent with maintaining the level of service desired by Ipswich residents. The results are detailed in Section 4.
- 4.33 As part of the Council's commitment to consultation with its tenants a presentation was made to a joint meeting of the Housing Management Board in January 2008. Included was a section on rent levels, expenditure, housing subsidy and rent restructuring.

## **2008/09 and Beyond**

- 4.34 Significant progress towards addressing the resource gap in 2009/10 and 2010/11 has been made. The Council has established processes to identify and achieve efficiency and savings opportunities resulting in a Corporate Savings Programme. Further work is underway to address the remaining General Fund budget shortfalls of £2.590m and £2.342m, respectively. A range of options are being developed to make further savings, increase income, reduce expenditure and review the levels and methods of service provision linked to the Council's priorities.

## **Local Area Agreement - Financial Overview**

- 4.35 The Local Government and Public Involvement in Health Act sets out fundamentally different financial arrangements for Local Area Agreements (LAAs) in the future. It is now evident that funding for the LAA is no longer earmarked. All central government funding is now paid to partners and local discussion and decision is required to determine the funding for the LAA and how it will be controlled.
- 4.36 At present some local government grants are centrally pooled into the LAA. Central pooling means that the grants are paid to the Accountable Body (Suffolk County Council). Decisions about the distribution of the grants is made by the Accountable Bodies Group and the four LAA Block Boards.
- 4.37 2008/09 is the first year of LAA2 and of new financial arrangements introduced by government. In order to allow continuity of service delivery the funding that will support the LAA has to be allocated before the start of the financial year in April 2008. This is considerably before the priorities and targets of LAA2 will be agreed in June 2008. The planning arrangements for 2008/09 are therefore inevitably a transitional step between previous arrangements for the LAA and re-designed arrangements for 2009/10.

- 4.38 In future centrally pooled funding will cease. A central government grant termed the Area Based Grant will be paid to local authorities and has replaced many previous streams of funding, some of which, but not the majority, were previously pooled funding for the LAA. There will be no central government control around programmes that this funding should support and it is clear that it is not intended to exclusively support the LAA but is instead provided to support all the priorities for an area.
- 4.39 In the table below is an analysis of the grant levels that replace grants that were previously pooled in the LAA. Where there is a decline in the bottom line funding this is purely a result of the fact that time limited projects and funding have either ceased or reduced in line with the approved business case. The ongoing funding level in 2008/09 is therefore consistent with the funding for 2007/08.

**Table 1 - Comparison of Suffolk LAA Pooled Funding 2007/08 with detailed Area Based Grant allocations for 2008/09.**

LAA Payments within the Area Based Grant	Amount 07/08 Revenue	Amount 08/09 Revenue	Comment
<b>Block 1</b>	<b>£</b>	<b>£</b>	
School Travel Advisers	102,000	102,000	
Secondary Behaviour & Attendance	183,300	183,000	
Secondary Central Co-ordination	378,944	379,000	
Primary Central Co-ordination	333,074	333,000	
School Development Grant	763,860	764,000	
Positive activities for young people	188,091	188,000	
Childrens Fund	1,428,988	1,429,000	
Connexions	5,776,012	5,776,000	
Teenage Pregnancy	179,000	179,000	
<b>Sub Total Block 1</b>	<b>9,333,269</b>	<b>9,333,000</b>	
Anti-Social Behaviour Grant	175,000	175,000	
Building Safer Communities	450,534	451,000	
Anti-Social Behaviour Action Area	30,000	30,000	Paid Directly to Ipswich BC
Drugs Strategy Partnership Grant	81,029	81,000	
Neighbourhood Funding (See Notes)	581,000	412,000	Paid Directly to Waveney DC
<b>Sub Total Block 2</b>	<b>1,317,563</b>	<b>1,149,000</b>	
<b>Total LAA Funding within Area Based Grant</b>	<b>10,650,832</b>	<b>10,482,000</b>	
<b>Reconciliation to LAA Pooled Revenue Resources</b>			
Childrens Services Grant	1,903,776	1,904,000	Included in Revenue Support Grant
Cleaner, Safer, Greener Element Funding	150,000		Time limited Scheme Now Finished
Waste Performance and Efficiency Grant	695,545	695,000	Included in Revenue Support Grant
Rural Social Community Programme Suffolk Acre	291,507		Time limited Scheme Now Finished
<b>Total</b>	<b>13,691,660</b>	<b>13,081,000</b>	
<b>Note</b>			
The Area Based Grant is now revenue only and therefore capital has been excluded			
All allocations for 2008/09 are currently rounded and we have yet to be notified of the exact figures			
The Neighbourhood Funding is in line with the schemes approved plan			
The Waste Performance and Efficiency Grant will relate to all partners			

## 5 GENERAL FUND AND COUNCIL TAX REQUIREMENT

- 5.1 In determining the Budget Requirement for 2008/09, councillors and officers have considered options for proposed Council Tax increases, in addition to the identification of savings, economies and financing options. These are detailed in section 4 with similar considerations for the HRA in section 5.
- 5.2 There is a special levy for the River Gipping Internal Drainage Board issued on Ipswich Borough Council under the Internal Drainage Boards (Finance) Regulations 1990. From 1st April 1990, in addition to raising revenue by means of drainage rents, the boards raised revenue by means of special levies issued to charging authorities and is included within the Council's budget requirement for areas wholly or partly included in the Board's respective districts. The estimated levy for 2008/09 is £21,370. The actual notification from the Drainage Board is still awaited.
- 5.3 The Government requires billing authorities to review their Council Tax Collection Funds and to estimate the likely surplus or deficit after allowing for all likely receivable income and additional needs for write offs beyond those actually provided for. Any estimated surplus or deficit must be taken into account in calculating basic amounts of tax.
- 5.4 Ipswich's Collection Fund shows a net surplus of £20,470. Any money recovered is credited to the Collection Fund, but the actual cost of recovery has to be charged to the General Fund and therefore falls within the Budget.
- 5.5 The Final Settlement for 2008/09 was announced on 24 January 2008 at £11,705,570. These figures are reflected in the summary below:

	<b>2007/08</b>	<b>2008/09</b>	<b>Change %</b>
Budget Requirement	<b>22,941,010</b>	<b>23,653,570</b>	<b>3.11</b>
Formula Grant Allocation	<b>-11,435,020</b>	<b>-11,705,570</b>	<b>2.37</b>
Collection Fund Adjustment	<b>-24,670</b>	<b>-20,470</b>	
To be financed from Council Tax and reserves	<b>11,481,320</b>	<b>11,927,530</b>	<b>3.89</b>

- 5.6 Assuming the Council sets a budget for 2008/09 of £23,653,570 the Borough Council's element of the Ipswich charge for a Band D property in comparison with 2007/08 would be:

<b>Potential Change in Band D Council Tax</b>	<b>2007/08 £. p</b>	<b>2008/09 £. p</b>	<b>% Change</b>
Budget Requirement	578.72	591.33	2.18
Government Grant	-288.48	-292.65	1.44
IBC Charge before Collection Fund Adjustment	290.24	298.68	2.91
Collection Fund Adjustment	-0.62	-0.51	
<b>IBC Charge after Collection Fund Adjustment</b>	<b>289.62</b>	<b>298.17</b>	<b>2.95</b>

- 5.7 It follows from the above that the tax at each of the property bands, compared with 2007/08, would be as follows:

<b>Valuation Band</b>	<b>2007/08 £ p</b>	<b>2008/09 £ p</b>	<b>Increase £ p</b>	<b>Increase %</b>
<b>A</b>	193.08	198.78	5.70	2.95
<b>B</b>	225.26	231.91	6.65	2.95
<b>C</b>	257.44	265.04	7.60	2.95
<b>D</b>	289.62	298.17	8.55	2.95
<b>E</b>	353.98	364.43	10.45	2.95
<b>F</b>	418.34	430.69	12.35	2.95
<b>G</b>	482.70	496.95	14.25	2.95
<b>H</b>	579.24	596.34	17.10	2.95

### **PRECEPTS**

- 5.8 Suffolk County Council and the Suffolk Police Authority are scheduled to determine their precepts for 2008/09 on 21 and 22 February respectively. The precept figures are indicative at this stage. Any changes following these meetings will be formally reported to the Council meeting and draft calculations for the total council tax figure will be recommended by the Head of Finance.

<b>Precepting Authority</b>	<b>Precept £</b>	<b>Band D £p</b>
<b>Suffolk County Council</b>	<b>42,955,200</b>	<b>1,073.88</b>
<b>Suffolk Police Authority*</b>	<b>5,986,800</b>	<b>149.67</b>

- 5.9 The effect of these precepts on the individual elements of the Council Tax are shown below.

Precepting Authority	Valuation Band	2007/08 £ p	2008/09 £ p	Increase £ p	Increase %
	A	690.12	715.92	25.80	3.74
	B	805.14	835.24	30.10	3.74
Suffolk	C	920.16	954.56	34.40	3.74
County	D	1,035.18	1,073.88	38.70	3.74
Council	E	1,265.22	1,312.52	47.30	3.74
	F	1,495.26	1,551.16	55.90	3.74
	G	1,725.30	1,789.80	64.50	3.74
	H	2,070.36	2,147.76	77.40	3.74

Precepting Authority	Valuation Band	2007/08 £ p	2008/09 £ p	Increase £ p	Increase %
	A	91.56	99.78	8.22	8.98
	B	106.82	116.41	9.59	8.98
Suffolk	C	122.08	133.04	10.96	8.98
Police	D	137.34	149.67	12.33	8.98
Authority*	E	167.86	182.93	15.07	8.98
	F	198.38	216.19	17.81	8.98
	G	228.90	249.45	20.55	8.98
	H	274.68	299.34	24.66	8.98

\* 2008/09 figures to be confirmed

- 5.10 The proposed total charge for Ipswich Borough Council Tax payers is summarised below:

Valuation Band	2007/08 £ p	2008/09 £ p	Increase £ p	Increase %
A	974.76	1,014.48	39.72	4.07
B	1,137.22	1,183.56	46.34	4.07
C	1,299.68	1,352.64	52.96	4.07
D	1,462.14	1,521.72	59.58	4.07
E	1,787.06	1,859.88	72.82	4.07
F	2,111.98	2,198.04	86.06	4.07
G	2,436.90	2,536.20	99.30	4.07
H	2,924.28	3,043.44	119.16	4.07

## 6. HOUSING REVENUE ACCOUNT

- 6.1 The Housing Revenue Account estimates have been prepared in accordance with the requirements of Part VI and Schedule 4 of the Local Government and Housing Act 1989 and the regulations, orders and subsidy determinations which follow from this. The Housing Revenue Account has been the subject of separate reports to and decisions by the Executive.
- 6.2 The Housing Revenue Account represents the Council's income and expenditure relating to the management and maintenance of the Council's

Housing stock, as well as the garages, shops and land/property owned by the Housing Revenue Account.

- 6.3 The Housing Revenue Account is ring-fenced and is required to balance each year i.e. the working balance can never be negative and for the sake of prudence it has been agreed with our External Auditor (PriceWaterhouseCoopers), that a target balance of £500,000 is desirable. The Total Housing Revenue Account expenditure for 2007/08 is approximately £24.5 million, consisting of £19.9 million direct expenditure and £4.6 million payable to the Government for redistribution to other authorities. This increases to £26.3 million in 2008/09 with the major change being the sum payable to the Government, which increases to £6.1 million.
- 6.4 The Government introduced Rent Restructuring in 2001 in order to produce a rent system within social housing that is fair and equitable across the nation. Each property has been given a 'target rent' that increases by a set percentage each year and the original deadline for all rents to converge was 2011/12. The Government have now put this back to 2016/17. Due to this convergence average Housing rents have gone up 5% a year in 2006/07 and 2007/08 and look set to continue at approximately this level into the future.
- 6.5 The Council undertook a Stock Options appraisal during 2004/05, which resulted in the Council's decision, which was ratified by the ODPM/Community Housing Task Force to retain the stock and achieve the Ipswich Standard through revenue and capital funding. Under Decent Homes the Government set out a minimum condition standard for social housing that must be achieved by 31 December 2010. Under Options Appraisal, when the Council resolved to retain its housing stock, the Government made it clear that authorities were expected to deliver a higher standard than the minimum decent homes standard and the "Ipswich Standard" to be delivered by 2014 was drawn up following extensive consultation with tenants and approved by Executive in 2005. Whilst this is funded principally from capital resources revenue funding is being made through contributions to capital and through repairs to void properties (some of which may be capitalised).

## **7. CAPITAL PROGRAMME**

- 7.1 The Capital Strategy is set out at Section 7.
- 7.2 The draft Capital Programme is set out in detail at Section 8. The programme has been updated based on latest information on resources available. In summary the Capital programme is:

	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Expenditure	30,556	23,725	22,254	14,405
Financed By:-				
Capital Receipts	12,781	10,239	10,879	5,695
External Funding	7,051	1,061	301	301
Prudential Borrowing	931	0	0	0

Supported Capital Expenditure	1,314	1,314	1,314	0
Major Repairs Allowance	5,073	4,985	4,958	4,928
RCCO's	3,406	6,126	4,802	3,481
<b>Total</b>	<b>30,556</b>	<b>23,725</b>	<b>22,254</b>	<b>14,405</b>

7.3 The Council is working towards the position that capital receipts available to fund the capital programme are in hand at the beginning of the financial year. Careful monitoring of the associated capital financing requirements will also be necessary as any slippage will impact on the overall borrowing requirements and thus the prudential indicators.

## **8. ASSET MANAGEMENT PLAN**

8.1 The Asset Management Plan (AMP) is included at Section 9. The Asset Management Plan sets out how the Council will manage our portfolio in the future. It sets out how we will address future challenges to avoid:

- A property portfolio that is ageing with excessive liabilities
- A portfolio that is not suited to Council needs
- An ad-hoc approach to management of the portfolio

8.2 In addition it will set out how we will get the most from our property portfolio. This will include:

- The optimum delivery of Capital Receipts
- Revenue savings from property rationalisation
- Using Property effectively to support the Growth Agenda

8.3 To meet the challenges faced, the AMP:

- Clarifies the role of the Corporate Property Officer
- Establishes Property as a Strategic Resource to be managed corporately
- Establishes targets for Capital Receipts and Revenue Savings
- Provides an outline Property Strategy that will include the co-location of Council activities

## **9. PRUDENTIAL CODE AND TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2008/09**

9.1 The introduction of a Prudential Code for Capital Finance in Local Authorities with effect from 1 April 2004, brought about a requirement for Council's to set Prudential Indicators for the following financial year, and for Executive to receive a monitoring report during the year, showing the latest estimated position on the Prudential Indicators set for the year. Councillors' involvement through the process is important in order that the Council can demonstrate that capital expenditure plans are affordable, external borrowing is prudent and sustainable and that treasury decisions are taken in accordance with good practice.

9.2 The Prudential Code, and Treasury Management and Annual Investment Strategy for 2008/09 is attached at Section 10.

**GENERAL FUND REVENUE FORECAST 2006/07 TO 2009/10**

2006/07 OUT-TURN £	DESCRIPTION	2007/08 ORIGINAL BUDGET £	2007/08 DRAFT APPROX O/T £	2008/09 DRAFT BUDGET £	2009/10 FORECAST £	2010/11 FORECAST £
23,252,966	NET SERVICE EXPENDITURE	25,331,050	24,476,830	24,893,580	25,673,640	26,477,160
0	Contingencies etc					
0	Repair & maintenance of buildings	128,200	293,500	113,280	116,000	119,000
0	Introduction of "single status"	724,000	50,000	393,000	763,000	784,000
0	Flexible Working	117,000	35,550	0	0	0
0	Community Improvements - revenue costs	0	1,320	0	0	0
0	Additional commitments	849,560	809,070	569,530	528,970	507,020
0	IT development	28,000	0	0	0	0
0	Ipswich Buses Rent	41,000Cr	0	0	0	0
0	Concessionary Fares costs per MCL (2007/08)	0	1,100,000	0	0	0
0	Concessionary Fares costs per MCL (2008/09)	0	0	488,000	488,000	488,000
0	"Local Authority Business Growth" grant	150,000Cr	200,000Cr	0	10,000Cr	10,000Cr
0	Recharges/Rescheduling	250,000	152,180	250,000	250,000	250,000
0	Savings/Growth:					
0	Transitional vacancies	440,000Cr	440,000Cr	451,000Cr	463,000Cr	476,000Cr
0	Kendrick Ashe benefits review	402,000Cr	0	0	0	0
0	Joint Working	100,000Cr	0	0	0	0
0	Restructuring	173,000	0	0	0	0
0	Further savings	160,000Cr	0	0	0	0
0	Business rates revaluations	20,700Cr	0	0	0	0
0	"Best value"/ service initiatives	17,900Cr	0	0	0	0
0	Procurement (2007/08)	308,000Cr	308,000Cr	315,600Cr	324,300Cr	333,000Cr
0	Procurement (2008/09)	0	0	300,000Cr	308,000Cr	316,000Cr
0	Procurement (2009/10)	0	0	0	308,000Cr	316,000Cr
0	Procurement (2010/11)	0	0	0	0	316,000Cr
0	Income generation	513,000Cr	0	0	0	0
0	Financial Control (2007/08)	300,000Cr	3,390Cr	0	0	0
0	Financial Control (2008/09)	0	0	400,000Cr	200,000Cr	200,000Cr
0	Financial Control (2009/10)	0	0	0	400,000Cr	200,000Cr
0	Financial Control (2010/11)	0	0	0	0	400,000Cr
0	Funding/Investments	50,000Cr	0	0	0	0
0	Training	50,000Cr	0	0	0	0
0	Zero inflation re controllable items	46,000Cr	0	0	0	0
0	Approved Growth (2007/08)	250,000	4,940	0	0	0
0	Approved Growth (2008/09)	0	0	451,700	419,730	433,700
0	Future year effect of 2008/09 Growth	0	0	0	461,020	363,780
0	Portfolioholder/Director review (2007/08)	741,000Cr	0	0	0	0
0	Policy initiatives (2008/09)	0	0	85,000Cr	30,000Cr	30,000Cr
0	Management Savings (2008/09)	0	200,000Cr	758,000Cr	677,000Cr	677,000Cr
153,062	Interest on balances etc	180,000	180,000	180,000	180,000	180,000
1,322,905Cr	External interest etc	1,457,450Cr	1,801,060Cr	1,568,160Cr	901,110Cr	784,400Cr
1,332,144	Capital financing costs	1,852,680	1,599,130	1,681,980	1,816,860	1,855,880
23,415,267	Net Expenditure	25,086,440	25,750,070	25,143,310	27,075,810	27,400,140
99,103	Transfer to/from reserves	44,220	44,220	104,630Cr	46,590	47,850
300,000Cr	Use of DLO/DSD profits	800,000Cr	1,246,000Cr	300,000Cr	300,000Cr	300,000Cr
20,274	Adjustment of RSG for prior year	0	0	0	0	0
1,270,824Cr	Use of GF revenue balance	1,389,650Cr	1,607,280Cr	1,085,110Cr	0	0
21,963,820	<b>BUDGET REQUIREMENT</b>	22,941,010	22,941,010	23,653,570	26,822,400	27,147,990
1,786,070Cr	Revenue support grant	1,643,260Cr	1,643,260Cr	1,430,390Cr	1,445,630Cr	1,455,570Cr
9,252,550Cr	Non-domestic rates	9,791,760Cr	9,791,760Cr	10,275,180Cr	10,384,650Cr	10,456,090Cr
24,550	Collection Fund surplus/deficit 31st March (net)	24,670Cr	24,670Cr	20,470Cr	0	0
10,949,750Cr	Demand on Collection Fund	11,481,320Cr	11,481,320Cr	11,927,530Cr	12,402,190Cr	12,894,470Cr
0	Unfunded Balance	0	0	0	2,589,930Cr	2,341,860Cr
21,963,820Cr	<b>FINANCING THE BUDGET REQUIREMENT</b>	22,941,010Cr	22,941,010Cr	23,653,570Cr	26,822,400Cr	27,147,990Cr
5,463,216Cr	GF REVENUE BALANCE					
1,270,824	Balance b/fwd 1st April	2,889,650Cr	4,192,390Cr	2,585,110Cr	1,500,000Cr	1,500,000Cr
4,192,392Cr	Surplus/(Cr)/deficit for year	1,389,650	1,607,280	1,085,110	0	0
	Balance c/fwd 31st March	1,500,000Cr	2,585,110Cr	1,500,000Cr	1,500,000Cr	1,500,000Cr

\*\*\* £15,000 of Additional Commitments budget for 2008/09 is earmarked for Grants to Voluntary Organisations.

**GENERAL FUND REVENUE FORECAST 2007/08 TO 2010/11**

**GENERAL FUND SUBJECTIVE ANALYSIS**

2006/07 OUT-TURN £	DESCRIPTION	2007/08 ORIGINAL BUDGET £	2007/08 DRAFT APPROX O/T £	2008/09 DRAFT BUDGET £	2009/10 FORECAST £	2010/11 FORECAST £
	<b>SERVICE EXPENDITURE</b>					
15,640,739	Salaries	16,717,680	16,284,497	16,530,120	16,959,300	17,400,230
5,140,429	Wages	5,292,350	4,887,140	4,739,480	4,862,710	4,989,140
1,184,561	National Insurance (Salaries)	1,214,450	1,176,325	1,203,150	1,234,420	1,266,540
313,350	National Insurance (Wages)	344,730	324,674	322,710	331,100	339,720
1,786,287	Superannuation (Salaries)	1,940,720	1,889,858	1,941,570	1,992,060	2,043,840
366,347	Superannuation (Wages)	368,680	337,473	339,210	348,040	357,080
2,851,208	Superannuation Backfunding	2,750,000	2,860,000	2,934,360	3,011,000	3,089,000
1,430,341	Other Employee Expenses	598,280	582,460	635,960	653,150	670,800
1,007,380	Repairs & Mtce (Buildings)	789,800	619,340	732,800	753,000	773,000
66,482	Repairs & Mtce (Grounds)	59,070	62,360	63,990	65,710	67,490
833,159	Energy Costs	973,610	932,310	929,150	998,840	1,073,750
858,593	Rents	1,314,660	1,150,540	1,343,640	1,379,920	1,417,180
1,179,730	Rates	1,131,010	1,156,010	1,104,030	1,133,840	1,164,450
100,034	Water & Sewerage Charges	140,880	136,650	146,410	157,380	169,200
487,765	Cleaning Etc	452,900	563,083	639,620	656,880	674,620
559,163	Other Premises Costs	424,110	447,280	485,140	498,220	511,680
1,501,794	Use of Plant & Vehicles	1,590,750	1,660,260	1,660,320	1,705,150	1,751,200
139,006	Car Allowances/Leasing Etc	171,440	160,450	167,340	171,870	176,510
86,639	Other Transport Expenses	74,430	78,520	80,920	83,100	85,330
911,816	Equipment, Tools Etc	984,380	1,016,940	924,460	949,420	975,050
745,337	Materials, Provisions Etc	777,800	712,150	668,890	686,940	705,500
72,531	Clothing, Laundry	72,050	69,000	70,320	72,220	74,160
636,624	Printing & Stationery Etc	614,900	632,460	582,960	598,700	614,860
2,731,756	Miscellaneous Fees	2,271,200	3,185,220	2,386,700	2,451,080	2,517,270
2,057,582	Miscellaneous Services	2,045,970	2,008,960	1,888,320	1,939,300	1,991,670
230,025	Postages	212,470	205,910	208,620	214,260	220,050
354,813	Telephones Etc	349,570	450,710	444,960	457,030	469,360
727,812	Computing Costs - General	727,450	670,980	621,580	638,340	655,570
82,716	Computing Costs - Operating Leases	107,920	118,060	117,960	117,960	117,960
657,696	Miscellaneous Grants	700,990	699,830	706,910	726,000	745,600
339,191	Advertising, Publicity Etc	335,170	314,640	310,310	318,690	327,290
692,019	Miscellaneous Contributions	477,870	478,150	489,770	502,990	516,580
2,191,742	Other Costs & Expenses	1,223,360	1,224,900	1,136,300	1,166,970	1,198,480
2,158,990	Bus Concessions/Subsidies	2,161,340	2,277,990	2,338,130	2,401,260	2,466,080
0	Other Contracted Services	0	851,460	873,600	897,190	921,410
33,155,225	Rent Rebates & Allowances	31,422,970	31,302,170	32,116,020	32,983,150	33,873,700
9,244,118	Local Taxation Rebates	8,595,830	8,562,590	8,785,220	9,022,420	9,266,030
2,568,827	Central/Departmental Support	2,683,730	2,542,030	2,475,140	2,541,970	2,610,600
4,970	Finance Leases	6,070	6,070	6,070	6,070	6,070
<b>95,096,797</b>	<b>TOTAL SERVICE EXPENDITURE</b>	<b>92,120,590</b>	<b>92,639,450</b>	<b>93,152,160</b>	<b>95,687,650</b>	<b>98,294,050</b>

**GENERAL FUND REVENUE FORECAST 2007/08 TO 2010/11**

GENERAL FUND SUBJECTIVE ANALYSIS						
2006/07		2007/08	2007/08	2008/09	2009/10	2010/11
OUT-TURN	DESCRIPTION	ORIGINAL	DRAFT	DRAFT	FORECAST	FORECAST
£		BUDGET	APPROX O/T	BUDGET	£	£
		£	£	£		
<b>SERVICE INCOME</b>						
45,538,682Cr	Government Grants	41,188,070Cr	41,966,160Cr	42,316,510Cr	43,459,070Cr	44,632,460Cr
987,536Cr	Highways Agency	999,490Cr	1,021,990Cr	1,048,590Cr	1,076,890Cr	1,105,980Cr
1,555,514Cr	Contribns From Other Organisations	1,486,250Cr	1,452,250Cr	1,455,350Cr	1,494,650Cr	1,535,000Cr
3,577,528Cr	Recharges To Other Funds	4,040,650Cr	4,034,600Cr	3,988,470Cr	4,096,160Cr	4,206,750Cr
1,563,309Cr	Miscellaneous Grants Etc	1,388,060Cr	1,390,100Cr	1,282,950Cr	1,317,590Cr	1,353,160Cr
768,397Cr	Sales	794,550Cr	736,690Cr	705,740Cr	724,790Cr	744,370Cr
625,654Cr	Fees - Planning	615,000Cr	715,000Cr	680,990Cr	680,990Cr	680,990Cr
483,388Cr	- Building Control	376,970Cr	409,190Cr	433,780Cr	445,490Cr	457,520Cr
331,390Cr	- Local Land Searches	314,390Cr	324,390Cr	332,830Cr	341,820Cr	351,050Cr
370,954Cr	- Inspections/Licences	325,390Cr	330,460Cr	414,850Cr	426,050Cr	437,550Cr
3,425,935Cr	Charges - Car Parking	3,246,880Cr	3,114,490Cr	3,103,720Cr	3,187,520Cr	3,273,580Cr
3,682,600Cr	- Leisure Services	3,734,530Cr	3,633,040Cr	3,614,010Cr	3,711,580Cr	3,811,800Cr
944,004Cr	- Refuse Collection	1,068,200Cr	1,118,540Cr	1,147,950Cr	1,178,940Cr	1,210,780Cr
1,424,992Cr	- Cemetery/Crematorium	1,395,900Cr	1,428,310Cr	1,463,000Cr	1,502,510Cr	1,543,070Cr
2,514,583Cr	- Other Services	2,584,210Cr	2,745,210Cr	2,726,140Cr	2,799,750Cr	2,875,330Cr
1,578,316Cr	Misc Costs Recovered	672,550Cr	1,142,350Cr	984,680Cr	1,011,280Cr	1,038,570Cr
2,387,222Cr	Rents	2,490,520Cr	2,531,920Cr	2,491,090Cr	2,491,000Cr	2,491,000Cr
83,827Cr	Interest	67,930Cr	67,930Cr	67,930Cr	67,930Cr	67,930Cr
<b>71,843,831Cr</b>	<b>TOTAL SERVICE INCOME</b>	<b>66,789,540Cr</b>	<b>68,162,620Cr</b>	<b>68,258,580Cr</b>	<b>70,014,010Cr</b>	<b>71,816,890Cr</b>
<b>23,252,966</b>	<b>NET SERVICE EXPENDITURE</b>	<b>25,331,050</b>	<b>24,476,830</b>	<b>24,893,580</b>	<b>25,673,640</b>	<b>26,477,160</b>

**GENERAL FUND REVENUE FORECAST 2007/08 TO 2010/11**

2006/07		2007/08	2007/08	2008/09	2009/10	2010/11
OUT-TURN	DESCRIPTION	ORIGINAL	DRAFT	DRAFT	FORECAST	FORECAST
£		BUDGET	APPROX O/T	BUDGET	£	£
		£	£	£		
<b>CAPITAL FINANCING</b>						
420,050	Debt Charges - Principal (MRP)	793,870	700,130	812,910	995,040	1,079,600
862,885	Debt Charges - Interest	1,070,150	911,150	882,500	836,440	791,930
553	Rescheduling - amortised premiums/discounts	0	560	530	340	200
0	Commutation adjustment	0	0	0	0	0
50,026	Direct revenue financing	0	0	0	0	0
29,575	Debt Management Expenses	24,670	23,300	22,050	21,050	20,160
235Cr	Interest - Housing Associations/ Advances	0	0	0	0	0
30,710Cr	Capital charges from DLO/DSO's	36,010Cr	36,010Cr	36,010Cr	36,010Cr	36,010Cr
<b>1,332,144</b>	<b>NET COST OF CAPITAL FINANCING</b>	<b>1,852,680</b>	<b>1,599,130</b>	<b>1,681,980</b>	<b>1,816,860</b>	<b>1,855,880</b>

**GENERAL FUND REVENUE FORECAST 2007/08 TO 2010/11**

2006/07 OUT-TURN £	DESCRIPTION	2007/08 ORIGINAL BUDGET £	2007/08 DRAFT APPROX O/T £	2008/09 DRAFT BUDGET £	2009/10 FORECAST £	2010/11 FORECAST £
	<b>SERVICE EXPENDITURE</b>					
28,713,262	Employees	29,226,890	28,342,427	28,646,560	29,391,780	30,156,350
5,092,306	Premises	5,286,040	5,067,573	5,444,780	5,643,790	5,851,370
1,727,439	Transport	1,836,620	1,899,230	1,908,580	1,960,120	2,013,040
12,431,660	Supplies & Services	10,901,100	11,787,910	10,558,060	10,839,900	11,129,400
2,158,990	Agency & Contracted Services	2,161,340	3,129,450	3,211,730	3,298,450	3,387,490
42,399,343	Transfer Payments	40,018,800	39,864,760	40,901,240	42,005,570	43,139,730
2,568,827	Central & Departmental Support	2,683,730	2,542,030	2,475,140	2,541,970	2,610,600
4,970	Capital Financing	6,070	6,070	6,070	6,070	6,070
<b>95,096,797</b>	<b>TOTAL SERVICE EXPENDITURE</b>	<b>92,120,590</b>	<b>92,639,450</b>	<b>93,152,160</b>	<b>95,687,650</b>	<b>98,294,050</b>
	<b>SERVICE INCOME</b>					
45,538,682Cr	Government Grants	41,188,070Cr	41,966,160Cr	42,316,510Cr	43,459,070Cr	44,632,460Cr
7,683,887Cr	Other Grants, Contributions Etc	7,914,450Cr	7,898,940Cr	7,775,360Cr	7,985,290Cr	8,200,890Cr
768,397Cr	Sales	794,550Cr	736,690Cr	705,740Cr	724,790Cr	744,370Cr
15,381,816Cr	Fees & Charges	14,334,020Cr	14,960,980Cr	14,901,950Cr	15,285,930Cr	15,680,240Cr
2,387,222Cr	Rents	2,490,520Cr	2,531,920Cr	2,491,090Cr	2,491,000Cr	2,491,000Cr
83,827Cr	Interest	67,930Cr	67,930Cr	67,930Cr	67,930Cr	67,930Cr
<b>71,843,831Cr</b>	<b>TOTAL SERVICE INCOME</b>	<b>66,789,540Cr</b>	<b>68,162,620Cr</b>	<b>68,258,580Cr</b>	<b>70,014,010Cr</b>	<b>71,816,890Cr</b>
<b>23,252,966</b>	<b>NET SERVICE EXPENDITURE</b>	<b>25,331,050</b>	<b>24,476,830</b>	<b>24,893,580</b>	<b>25,673,640</b>	<b>26,477,160</b>

## General Fund Budgets 2008/09 – Service Group Analysis

<b>Service Grouping</b>	<b>2008/09 Draft Budget £</b>
<b>Directors</b>	0
<b>Head of Finance</b>	7,075,670
<b>Head of Legal and Democratic Services</b>	899,330
<b>Head of Corporate Development</b>	20,620
<b>Head of Planning, Transport and Regeneration</b>	3,247,480
<b>Head of Streetcare</b>	3,767,200
<b>Head of Environmental Services</b>	1,367,570
<b>Head of Strategic Projects</b>	76,730
<b>Head of Housing Services</b>	2,588,990
<b>Head of Community Services</b>	1,274,050
<b>Head of Leisure and Cultural Services</b>	4,575,940
<b>Grand Total</b>	<u>24,893,580</u>

# General Fund Budgets 2008/09 – by Head of Service

<b>Directors</b>		<b>2008/09 Draft Budget</b>
<b>Service Area</b>		<b>£</b>
Directors Team		0
Press, Publicity and Design Services		0
<b>Total</b>		<u>0</u>
<b>Head of Finance</b>		
<b>Service Area</b>		<b>2008/09 Draft Budget</b>
		<b>£</b>
Housing Advances		410
Rent Allowances		43,700
Rent Rebates (Incl HRA)		34,930
Council Tax Rebates		29,060
Hsg/Local Tax Rebates Admin		1,218,170
Revenue Collection Services		0
Accounting Services		0
Financial Management		0
Internal Audit Summary		0
Corporate Management Direct Costs		264,860
Unapportionable Central Overheads		2,728,000
Ndr Collection		29,050
Council Tax		1,036,030
Central Overheads Susp Summary		0
Corporate Management Summary		779,410
Dem Rep and Man't (DRM) Summary		912,050
<b>Total</b>		<u>7,075,670</u>
<b>Head of Legal and Democratic Services</b>		
<b>Service Area</b>		<b>2008/09 Draft Budget</b>
		<b>£</b>
Councillors' Services		0
Legal Services		0
Registration Of Electors		162,700
Borough Council Elections		116,140
Mayoral Services		206,620
Councillors' Costs		413,870
<b>Total</b>		<u>899,330</u>
<b>Head of Corporate Development</b>		
<b>Service Area</b>		<b>2008/09 Draft Budget</b>
		<b>£</b>
Performance Unit		0
Human Resources Summary		0
Information Technology Summary		1,200
Printing Section - Summary		19,420
<b>Total</b>		<u>20,620</u>

## General Fund Budgets 2008/09 – by Head of Service

Head of Planning, Transport and Regeneration	
Service Area	2008/09 Draft Budget £
Major Projects	185,020
Tourist Information Centre	167,230
Concessionary Travel - Summary	2,342,960
Concessionary Pass Scheme	26,460
Bus Route Subsidies - General	33,170
Bus Network Support - General	18,860
Hackney Carriages and Private Hire Vehicles	1,380
Footway Lighting	87,980
Verges - Maintenance	283,380
Town Centre Pedestrian Areas	9,750
Abandoned Vehicles	50,230
Shopmobility	41,050
Misc Highways - Recharges	162,320
Corporate Properties	-1,490,520
Property Services Management	0
Head of Planning Transport and Regeneration	71,600
Transportation	172,090
Community Improvements Unit	36,700
Drainage Engineering	92,080
Engineering Management and Support	8,090
Highways and Construction	57,850
Planning Delivery Grant	0
Planning and Development	14,260
Strategic Planning and Regeneration Summary	267,970
Caps System Costs	36,450
Amenity Areas (Open Spaces)	13,320
Historic Churches	64,080
Community/Environmental Improvements	32,960
Conservation of Historic Buildings	31,600
Local Land Charges	-108,930
Misc Drainage Inc Cavendish St	21,370
Economic Development	406,940
Town Centre Management	78,750
Highways Agency - Admin	31,030
<b>Total</b>	<b>3,247,480</b>
<hr/>	
Head of Streetcare	
Service Area	2008/09 Draft Budget £
Refuse Summary	1,437,020
Recycling Summary	514,710
Public Conveniences Summary	125,060
Parks Summary Account	1,058,400
Allotments	7,870
Residents Parking Schemes	880
IBC Car Parks Summary	-1,782,840
SCC On Street Parking	-840
Special Parking Areas	-21,340
Head of Streetcare	72,090
Streetcare Customer Services	0
Grounds Mtce Summary Account	990,190
Refuse Collection Summary	87,290
Cleansing Services Summary	1,278,710
<b>Total</b>	<b>3,767,200</b>

## General Fund Budgets 2008/09 – by Head of Service

Head of Environmental Services		2008/09 Draft Budget £
Service Area		
Environmental Services Students		26,940
Occupational Health		172,790
Food Safety		215,860
Pollution		473,320
EHO Grp Support Services		116,470
Port Health		37,640
Animal Welfare Summary		129,900
Environmental Strategy		156,430
Cemeteries and Crematorium Summary		-315,370
Head of Environmental Services		68,010
Building and Design		0
Admin Buildings Summary		0
Building Control Summary		295,540
Licensing and Enforcement Unit		-9,960
<b>Total</b>		<b>1,367,570</b>
Head of Strategic Projects		2008/09 Draft Budget £
Service Area		
Strategic Projects Summary		76,730
<b>Total</b>		<b>76,730</b>
Head of Housing Services		2008/09 Draft Budget £
Service Area		
Supervision and Management		1,245,630
Head of Housing Services		42,780
Housing Business Support Unit		219,840
Contributions to HRA		173,390
Housing Associations - Summary		1,660
Bed and Breakfast Costs		180,330
Other Private Sector Accommodation Costs		300,980
Assistance to Voluntary Bodies (Gen)		30,000
Hostels - (GF)		0
Sheltered Schemes - (GF)		0
Improvement Grants		130,030
MVM System Costs		0
Private Sector Housing Services		186,240
Travellers' Site		0
Ipswich Community Resource Centre		78,110
<b>Total</b>		<b>2,588,990</b>

## General Fund Budgets 2008/09 – by Head of Service

<b>Head of Community Services</b>		<b>2008/09 Draft Budget £</b>
<b>Service Area</b>		
Fairer Ipswich		28,290
Head of Community Services		74,560
Community Involvement Unit		39,170
Emergency Planning		84,880
Health And Safety		0
Customer Services Centre		0
Community Development Officer		98,820
Ravenswood Community Dev Officer		16,040
Community Safety Officer		269,700
Emergency Services Centre		375,070
Ips/Suff Comm Racial Equality		26,800
Grants - CAB		92,000
Miscellaneous Cash Grants		101,800
Ndr Discretionary Rate Relief		63,430
Staff Costs re Misc Organisations		3,560
Civic Social Club		-70
<b>Total</b>		<b>1,274,050</b>
<b>Head of Leisure and Cultural Services</b>		<b>2008/09 Draft Budget £</b>
<b>Service Area</b>		
Support Services - Leisure Etc		0
Leisure Development Manager		293,890
Business Development Manager Culture		45,970
Fore Street Baths Chp Unit		28,830
Ransomes Sports Centre		3,250
Health and Children		24,200
Sports Development Unit		153,930
Landseer Play Centre		72,040
Ipswich Skatepark		2,090
Ipswich Civic Concerts (Gen)		13,850
International Community Centre		55,000
Grant to Wolsey Theatre		92,000
Grant to Dance East		15,000
Subscription-Eastern Arts Association		4,570
Grants to Local Cultural Societies		11,440
Whitehouse Community Centre		5,540
Museum Summary Account		1,259,570
Corn Exchange Summary		397,730
Entertainments Box Office		5,790
Regent Theatre Summary		306,470
Head of Cultural Services		72,610
Icard Costs		980
IBC Sports Centres Summary		693,000
Joint Use Sports Centres Summary		401,750
Profiles (All Centres)		-169,230
Swimming Pools Summary		785,670
<b>Total</b>		<b>4,575,940</b>

## **Revenue Growth Requests 2008/09**

As part of the annual update of the medium term financial plan, Heads of Service identify and quantify budget growth pressures. These pressures arise from a number of sources i.e. Health and Safety requirements, Statutory Requirements, Priority Areas (Transforming Ipswich) and service development.

The growth bids are collated and then prioritised, using the methodology previously set out in the "Overview of the Medium Term Financial Plan".

The following pages contain these prioritised growth lists: -

## General Fund Consolidated Growth Bids – 2008/09

General Fund Consolidated Growth Bids - 2008/09							
Ranking of bids:							
1 Health and Safety/Statutory requirement/Contractual Commitment							
2 Priority area/must do							
3a Councillor decision approved							
HOS	Service Area	Growth Bid		2008/09	2009/10	2010/11	Ranking
		Description	Justification	Revenue £'000	Revenue £'000	Revenue £'000	
MD	Cleansing	Driver Training - Street Cleansing	New Driver Training Directive	0.00	2.50	2.50	1
MD	Cleansing	Driver Training - Refuse	New Driver Training Directive	0.00	21.50	21.50	1
MD	Grounds Maintenance	Driver Training	New Driver Training Directive	0.00	1.90	1.90	1
MD	Highways	Driver Training - Refuse	New Driver Training Directive	0.00	11.00	11.00	1
MD	General Vehicle Maintenance	Vehicle Maintenance Contract	In order to maintain our vehicle operating licence Executive (31/07/07) awarded a new 7 year vehicle maintenance contract from 08/09.	10.40	10.40	10.40	1
MD	Parks	Extend fixed term post of Tree Inspector beyond 31.3.08	So that defensible system of tree inspections of Council trees can be continued as part of IBC asset risk management	28.00	28.00	28.00	1
ML	Environmental Health	Stray dogs	Responsibility transferring from Police to LA	10.00	10.00	10.00	1
RW	PTR Support	Shophmobility	Maintenance contract for mobility scooters. Health & Safety requirement.	1.00	1.00	1.00	1
RW	PTR Highways and Con	Footway Lighting	Contract inflation for routine & non routine maintenance and increased energy costs	2.50	0.00	2.50	1
RW	PTR Ec Dev and Plan Pol	Public Examination Costs for the Local Development Framework	The relevant documents will be subject of independent examinations which have significant costs.	25.00	300.00	100.00	1
RW	PTR Ec Dev and Plan Pol	Consultancy budget for the Local Development Framework	To ensure the Council has the money to develop the evidence to support the Local Development Framework	50.00	100.00	100.00	1
TH	Community Safety	Lifting cushion rolling replacement	Legal requirement: H&S of customers and staff. To replace lifting cushions used by Responders with customers	2.00	3.00	4.00	1
TH	Communities	To meet the costs of undertaking Equality Impact assessment training for service managers	To ensure that Equality assessments can be undertaken effectively as part of equality duties.	10.00	10.00	10.00	1
TH	Community Safety	SIA Licences for extra Controllers	Legal requirement: Based upon two staff changes.	3.00	3.00	3.00	1
			<b>Total Category 1</b>	<b>141.90</b>	<b>502.30</b>	<b>305.80</b>	
BB	Town Hall and Corn Exchange	Conference Audio/Microphone System	Conference style microphone and sound system is required to fulfil current and future needs for events such as council meetings, conferences etc	0.00	1.00	1.00	2
CB	Legal Services		Standards/code of conduct training for councillors	1.00	0.00	0.00	2
CB	Legal Services		Upgrading of trainee solicitor to career grade (retention of staff)	15.00	15.00	15.00	2
CB	Legal Services	LEXCEL	Quality/best value mark	5.00	0.00	0.00	2
DF	Performance Unit	Cyclical funding for customer surveys	Currently, the Performance unit are responsible for the 3 yearly community survey and the customer satisfaction survey. These are regulatory requirements.	0.00	12.00	0.00	2
DF	HR	IIP accreditation	IBCs current IIP accreditation will expire in 2007/8. If IBC is to renew the award, then additional budget is required for the assessment. Investors in People is not a statutory requirement, however letting our accreditation slip at this stage will likely have a significant impact on our reputation both internally and externally as a developer of its staff. The process will also direct our business processes and management style to that known to improve performance. Without the goal of meeting the standard it is likely that detailed work of embedding engagement and communication within teams would be lost.	6.50	0.00	0.00	2
DF	ICT	Part time (0.5FTE) ICT Security/Resilience Adviser (grade 6) - potential partnership with Babergh/Coastal	ICT Security is an increasingly important issue. In particular, as we drive to deliver efficiencies through increased self-service options through the internet, or undertake shared services with other authorities/organisations, it is particularly important that our systems are secure to ever advanced threats. In addition, we also need to maximise the reliability of our systems, maximising their availability. This post would address both issues, which require specialist knowledge. However, this is not judged to be a full time role and initial conversations with Babergh suggest a partnership approach would be appropriate.	20.00	20.00	20.00	2
IB	Internal Audit	Computer Audit Specialist	The external Auditor has raised concerns about the level of computer audit over the last 3 years. This can be addressed by buying more computer audit time from the Audit Partnership as part of succession planning.	10.00	10.00	10.00	2
MS	Publicity	Web Editor	Editing and maintenance of website content	13.30	13.30	13.30	2

# General Fund Consolidated Growth Bids – 2008/09 continued

General Fund Consolidated Growth Bids - 2008/09							
Ranking of bids: 1 Health and Safety/Statutory requirement/Contractual Commitment 2 Priority area/must do 3a Councillor decision approved							
HOS	Service Area	Growth Bid		2008/09	2009/10	2010/11	Ranking
		Description	Justification	Revenue £'000	Revenue £'000	Revenue £'000	
IB	Benefits	Pericles servers	The original hardware for this system was funded from Capital. It is expected that we will need to replace the hardware within this period.	20.00	20.00	20.00	2
JH	Housing Policy & Private Sector Housing (Joint Bid)	Housing Needs Study - five year update & Private Sector stock condition survey	Last undertaken in 2004 the Housing Needs Study is updated five yearly to inform policy and investment planning. However, the need for and timing of this should be reviewed following the Housing Market Assessment to be undertaken later in 2007. Housing CPA requires that we have up to date information on the condition of the private sector stock and for us to use this information to influence policy, assess the impact of our actions and to identify where future need may occur.	0.00	0.00	115.00	2
JH	Housing Needs	Implementation of Choice Based Lettings - increased cost of software support and advertising properties	Phase two would allow efficiency savings to be developed primarily by centralising many functions such as application processing, property advertising, and the preparation of shortlists across the sub region in a single team.	9.00	19.00	19.00	2
MD	Cleansing	Composting vehicle	Replacement of vehicle originally purchased with DEFRA funding	0.00	25.00	25.00	2
MD	Cleansing	Street Cleansing Review	Exec Report 31.07.07 - includes cyclical growth	41.00	41.00	41.00	2
MD	Parks	Receptionist post for Christchurch park HLF Visitor Centre	Enable Visitor Centre to be open during majority of park opening hours	10.00	10.00	10.00	2
TH	Customer Services	Uniforms	To replenish the uniform for all staff working within the one-ipswich customer services area	0.00	8.00	0.00	2
TH	Community Development	2 existing community development officers (currently externally funded)	To provide adequate coverage of the Town in terms of CDO work.	76.00	76.00	76.00	2
<b>Total Category 2</b>				<b>226.80</b>	<b>270.30</b>	<b>365.30</b>	
DF	ICT	Infrastructure Support Officer (grade 8) - 2 posts	To enable the provision of ICT support outside normal office hours and to generally help improve response times for ICT support queries within the unit. Due to the growth in the use of ICT throughout the authority, our current ability to respond to queries quickly is already limited - affecting productivity across all Service Areas in IBC. As the Council extends its operational hours and use of ICT (Flexible working, Sport, Entertainments, CSC, CCTV etc) there is an ever increasing risk that the already stretched "goodwill" and best-endavours of existing ICT support staff will be exceeded. Additional post will also have impact on general Council productivity, reducing turnaround time for fault/problem rectification. On average, we receive 3-4 requests for urgent work per day. Additional posts in this area would be able to reduce the response time significantly. This would allow ICT to provide a formal call-out service out of normal hours. In addition, it is judged to increase overall Council productivity by at least 10k net p.a. by resolving ICT problems quicker, reducing operational downtime.	30.00	60.00	60.00	3a
BB	Entertainments	St Lawrence Church - Interim management	Required to cover interim period between opening of facility and handover of management to voluntary sector	30.00	0.00	0.00	3a
MD	Parks	Grounds Maintenance for clearance	Allotment lettings have increased and we now have areas on allotments that need to be brought back into cultivation that have been neglected for some time and are too overgrown to let.	3.00	0.00	0.00	3a
ML	Pollution Services	Proposed improvements to Out of Hours noise call out service & Creating 2 EHO/Scientific Officer posts (and eliminating 2 EPO posts)	Extra costs incurred by providing a call out service on Sundays (in addition to Fridays and Saturdays), employing security guards for call out service to accompany Officers on Fri/Sat/Sun nights and providing a standby service Mondays to Thursdays for emergencies and known cases where it is safe for one officer to attend - Reorganisation required to deal with a greater need for proactive/scientific work and the difficulty in attracting EHO's	20.00	25.00	25.00	3a
<b>Total Category 3a</b>				<b>83.00</b>	<b>85.00</b>	<b>85.00</b>	

Total Categories 1, 2 & 3a @ 2008/09 price base

451.70	857.60	756.10
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## **Savings Programme 2008/09 to 2010/11**

As part of the annual update of the medium term financial plan, the Head of Finance identifies the shortfall in available finances compared with estimated expenditure. The figure calculated is termed the "Budget Gap".

Heads of Service took the lead in identifying potential areas where savings could be made. The initial list was constructed following a group brainstorming session, this was then developed and quantified by Operational Managers in consultation with their Service Head.

The list was then separated, into those that have no impact on service delivery and those that required further approval by Councillors.

The following pages contain these approved savings lists, which have been included in the budget forecast: -

## GENERAL FUND SAVINGS

Opportunity	Description & Priority	Portfolio Holder	HOS Lead	2007/08		2008/09		2009/10		2010/11	
				Allocated	Unallocated	Allocated	Unallocated	Allocated	Unallocated	Allocated	Unallocated
				£	£	£	£	£	£	£	£
<b>MANAGEMENT SAVINGS APPROVED</b>											
Invoicing	Review & take-up of Agresso to reduce p2p transaction costs	ALL	ALL	0	30,000	0	-135,000	0	-135,000	0	-135,000
Travel Budgets	Across the Board reduction now and sustain - HoS to manage within new limits	ALL	IB	0	-60,000	0	-60,000	0	-60,000	0	-60,000
Operational Expenditure	Minor Service expenditure reductions	John Carnall	CB	0	0	0	-1,000	0	0	0	0
Operational Expenditure	Reduce European Initiatives budget	John Carnall	CB	0	0	0	-2,000	0	0	0	0
Operational Expenditure	One-off reductions in operational expenditure at the Town Hall/Corn Exchange	Judy Terry	BB	0	0	0	-11,000	0	0	0	0
PC Budgets	Centralise budgets in IT - more efficient accounting treatment	Nadia Cenci	DF	0	-8,000	0	-12,000	0	-12,000	0	-12,000
Automatic overnight PC shutdown	Savings to be made from electricity budget	Nadia Cenci	DF	0	-1,000	0	-4,000	0	-4,000	0	-4,000
Defer procurement of additional internet bandwidth	As part of the Grafton House move, it was always anticipated that we would provide an additional internet bandwidth connection. This would provide additional bandwidth (giving faster internet access for our customers as well as our staff) and a resilient connection from a business continuity perspective - we currently rely on a single company. Deferring this procurement for a further year would increase our risks around our supplier, but for a limited period, this is probably acceptable.	Nadia Cenci	DF	0	-25,000	0	-25,000	0	0	0	0
additional direct savings due to mainframe decommissioning	Currently the budget assumes a £40k/yr saving due to mainframe decommissioning. This is likely to increase to approx. £60k due to in-house solutions to access archived records	Nadia Cenci	DF	0	-10,000	0	-20,000	0	-20,000	0	-20,000
Debt Management	Reduce incorrect Ctax reductions by Ctax and electoral register comparison	John Carnall	IB	0	0	0	-12,000	0	-12,000	0	-12,000
Finance	Reduce Additional Commitments (or move to reserve and only budget for "topping up" to level required)	John Carnall	IB	0	0	-500,000	0	0	0	0	0
Procurement	Increase Procurement Target to £300k	John Carnall	IB	0	0	-200,000	0	-200,000	0	-200,000	0
LABGI	2007/08 Final LABGI Settlement	John Carnall	IB	-200,000	0	0	0	0	0	0	0
Finance	Reduced commission charges on Merchant Cards (0.7% commission compared to current 2%)	John Carnall	IB	0	0	0	-23,000	0	-23,000	0	-23,000
Training	Reduction in Housing Benefit staff training budgets	John Carnall	IB	0	0	0	-2,000	0	0	0	0
Subscription	Not renew subscription to Better Governance Forum	John Carnall	IB	0	0	0	-2,500	0	0	0	0

## GENERAL FUND SAVINGS continued

Opportunity	Description & Priority	Portfolio Holder	HOS Lead	2007/08		2008/09		2009/10		2010/11	
				Allocated	Unallocated	Allocated	Unallocated	Allocated	Unallocated	Allocated	Unallocated
				£	£	£	£	£	£	£	£
<b>MANAGEMENT SAVINGS APPROVED</b>											
Procurement	Tackle further commodity categories (e.g. temp staff), consider collaborative ventures (RCE?) & use of e-auctions	John Carnall	IB	0	0	-100,000	0	-100,000	0	-100,000	0
Finance	Review of Reserves	John Carnall	IB	0	0	-150,000	0	0	0	0	0
Close Stores	Move to use of procurement card - reduce cash flow on stock levels	Steven Wells	JH	0	0	0	-50,000	0	-50,000	0	-50,000
Housing Register	Automate process using e-Forms	Steven Wells	JH	0	10,000	0	-20,000	0	-20,000	0	-20,000
Reduce base budget	Wherry Properties	Steven Wells	JH	0	-30,000	0	-30,000	0	-30,000	0	-30,000
One off - Listed Creditor too high c/fwd from previous years	Wherry Properties	Steven Wells	JH	0	-100,000	0	0	0	0	0	0
SSH	Delay implementation until 01/10/08	Liz Harsant	LC	0	0	-350,000	0	0	0	0	0
Half R&M Budgets for one year	Only essential H&S repairs to be carried out for one year	John Carnall	MD	0	0	0	-10,000	0	0	0	0
Move StreetCare Focus Days to Grafton House.	Hold StreetCare Focus Days at Grafton House or in the education building at Christchurch Park. The focus days have only worked in the past because we have taken staff from the normal work environment which has enabled them to concentrate on strategic and developmental issues. My worry would be that it will be easy at Grafton House to loose this benefit	Louise Gooch	MD	0	0	0	-3,000	0	-3,000	0	-3,000
Training	Reduce various training budgets	Louise Gooch	ML	0	0	0	-2,500	0	-2,500	0	-2,500
Various	Reduction in various budget heads (stationery / postage / subscriptions)	Louise Gooch	ML	0	0	0	-2,500	0	-2,500	0	-2,500
Reduced Grant Payment	Rescheduling of Domestic Violence Grant payment	Phil Green	TH	0	0	0	-12,000	0	0	0	0
Training	Reduce Community Safety training budget	Phil Green	TH	0	0	0	-4,000	0	0	0	0
Pay	Move to monthly pay for all	John Carnall	DF	0	0	0	0	0	-10,000	0	-10,000
Indirect savings due to mainframe decommissioning	These are costs for ancillary software that was used by the mainframe. We are reasonably confident that we can cancel these agreements, but need to do more detailed analysis to ensure that these products are not implicitly integrated with other (server based) applications	Nadia Cenci	DF	0	0	0	-20,000	0	-20,000	0	-20,000
Accounting	Review recharges to ringfenced account codes	John Carnall	IB	0	-7,500	0	-30,000	0	-30,000	0	-30,000
Revs N Bens	Performance improvement - subsidy and debt collection yield	John Carnall	IB	0	0	0	-250,000	0	-250,000	0	-250,000
Choice Based Lettings	Create a single sub regional allocation team	Steven Wells	JH	0	0	0	0	0	-4,000	0	-4,000
Suspend satellite tracking budget for one year	Do not upgrade Workwise with satellite tracking until 2009/10.	Louise Gooch	MD	0	0	0	-18,000	0	0	0	0
Suspend IT budget for one year	Suspension of budget may not be possible dependant upon system needs	Louise Gooch	MD	0	0	0	-8,000	0	0	0	0
Energy	Reduced gas consumption if operational pilot successful	Louise Gooch	ML	0	0	0	-5,000	0	-5,000	0	-5,000

## GENERAL FUND SAVINGS continued

Opportunity	Description & Priority	Portfolio Holder	HOS Lead	2007/08		2008/09		2009/10		2010/11	
				Allocated	Unallocated	Allocated	Unallocated	Allocated	Unallocated	Allocated	Unallocated
				£	£	£	£	£	£	£	£
<b>MANAGEMENT SAVINGS APPROVED</b>											
Overtime	Reduced overtime following change of operation of cremators	Louise Gooch	ML	0	0	0	-5,000	0	-5,000	0	-5,000
Head of Service	Move to triennial issue of concessionary bus passes	Paul West	RW	0	0	0	-3,000	0	-3,000	0	-3,000
Head of Service	Rationalisation of Community Development Budgets	Nadia Cenci	TH	0	0	0	-10,000	0	-10,000	0	-10,000
Contingency	10% Contingency for non-achievement of "amber" targets	N/A	IB	0	1,000	0	35,000	0	34,000	0	34,000
<b>TOTAL MANAGEMENT SAVINGS APPROVED @ 2008/09 Price Base</b>				<b>-200,000</b>	<b>-200,500</b>	<b>-1,300,000</b>	<b>-757,500</b>	<b>300,000</b>	<b>-677,000</b>	<b>-300,000</b>	<b>-677,000</b>

## POLICY SAVINGS

Opportunity	Description & Priority	Portfolio Holder	HOS Lead	2007/08		2008/09		2009/10		2010/11	
				Allocated	Unallocated	Allocated	Unallocated	Allocated	Unallocated	Allocated	Unallocated
				£	£	£	£	£	£	£	£
<b>POLICY SAVINGS APPROVED</b>											
Suspend fertilisation of football pitches for one year	By not fertilising 35no. Football pitches on 2 occasions the saving would be £9000 approx, there will be no noticeable impact on the pitch quality.	Judy Terry	MD	0	0	0	-9,000	0	0	0	0
Reduce collection of Bulky Waste to recipients of benefits to once per year	People on benefits are currently allowed 3 bulky collections per year	Louise Gooch	MD	0	0	0	-6,000	0	-6,000	0	-6,000
Fees & Charges	Car parking charges - drop half hour band	Paul West	MD/RW	0	0	0	-6,000	0	-24,000	0	-24,000
Cut Seasonal Staff Budget	The Seasonal Staff budget is £254,160 Option - Reduce period to 8months - saving £64,275 approx. Any potential negative impact would be managed by phasing seasonal staff at the start and end of the season.	Judy Terry	MD	0	0	0	-64,000	0	0	0	0
<b>TOTAL POLICY SAVINGS APPROVED @ 2008/09 Price Base</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>-85,000</b>	<b>0</b>	<b>-30,000</b>	<b>0</b>	<b>-30,000</b>

## Table of Specific and Other Revenue Grants

In addition to the Revenue Support Grant, the Council receives specific other grants to support Government initiatives towards services provided by the Council. The table below shows the level of grant receivable and the gross cost of the service.

Grant	Ringfenced Y/N	Status (TBC = To be confirmed)	2008/09 Grant £K	2008/09 Related Expenditure £K
Housing Benefit and Council Tax Benefit Administration	Y	Announced	1,218	2,489
National Bus Concessionary Fares Grant	Y	Announced	594	1,082
Homelessness Grant	Y	Announced	90	90
Area Based Grant (Youth Taskforce)	Y	Announced	30	30
Housing & Planning Delivery Grant	Y	TBC	N/A	N/A
<b>TOTAL SPECIFIC &amp; OTHER GRANTS</b>			<b>1,932</b>	<b>3,661</b>

### The background and a short summary of all the grants is shown below:-

**Housing Benefit and Council Tax Benefit Administration** – This is awarded by the Department of Works and Pensions to help cover the cost of processing Housing and Council Tax Benefit. The Council suffered a 10% reduction in grant in 2007/08 due to a change in formula for calculating the grant. In 2008/09 the grant increased by 2.1%. Indicative figures from the Department of Works and Pensions show a reduction of 2.1% for 2009/10.

**National Bus Concessionary Fares Grant** – This is a new grant applicable from 2008/09 to help fund the government initiative of free bus travel for the over 60's in England. As can be seen from the above table this initiative will cost the Council Tax payer £488K, as the total additional cost is estimated to be £1.082M.

**Homelessness Grant** – This was issued as a government initiative a number of years ago. This helps towards the cost of Homelessness.

**Area Based Grant** – Non ring-fenced Area Based Grants replace the old Local Area Agreement Grants with effect from 2008/09. Ipswich have been allocated £30K a year for the next three years for Youth Taskforce expenditure.

**Housing and Planning Delivery Grant** – This replaces the old Planning Delivery Grant from 2008/09. Global allocations have been agreed for the next three years, but individual authority allocations for 2008/09 will not be known until the Summer 2008. Funding cannot be guaranteed for the three years. A paper will be brought to Executive once the allocation is known, so it can be decided where the grant is spent in line with the grant conditions and Council's priorities.

## PUBLIC CONSULTATION RESULTS – JANUARY 2008

A public consultation exercise was undertaken in December 2007 to January 2008.

The 2.5% sample covers all Ipswich council tax payers on each Band.

The public consultation focused only on Ipswich Borough Council's element of the Council Tax

### **Council's General Fund Budget/Council Tax levels**

<b>Option 1</b> – Council services largely staying the same (this would mean a council tax increase of about 3% for 2008/09 and about 5% increase per annum for 2009/10 and 2010/11)	<b>52%</b>
<b>Option 2</b> - A small reduction in the services provided by the Council (this would mean a 2% increase in council tax for 2008/09 and about 4% increase per annum for 2009/10 and 2010/11)	<b>21%</b>
<b>Option 3</b> – A larger reduction in the services provided by the Council (this would mean no increase in council tax for 2008/09 and about 2% increase per annum for 2009/10 and 2010/11)	<b>27%</b>

347 responses received equating to an overall response level of 25%

# Section 5

## HRA MTFP

### HOUSING REVENUE ACCOUNT FORECAST

2006/07 OUT-TURN		2007/08 ORIGINAL BUDGET	2007/08 FORECAST	2008/09 FORECAST	2009/10 FORECAST	2010/11 FORECAST	2011/12 FORECAST	2012/13 FORECAST	2013/14 FORECAST	2014/15 FORECAST
£		£	£	£	£	£	£	£	£	£
	<b><u>EXPENDITURE</u></b>									
	<b>MANAGEMENT &amp; MAINTENANCE</b>									
3,587,872	Supervision & Management General	3,712,290	3,640,970	3,638,440	3,736,680	3,837,570	3,941,180	4,047,590	4,156,870	4,269,110
1,371,576	Supervision & Management Special	1,844,680	1,712,680	1,857,910	1,908,070	1,959,590	2,012,500	2,066,840	2,122,640	2,179,950
358,957	Superannuation Backfunding	386,070	386,070	396,110	406,800	417,780	429,060	440,640	452,540	464,760
4,111,850	Jobbing Repairs	4,186,960	4,186,600	4,295,460	4,411,440	4,530,550	4,652,870	4,778,500	4,907,520	5,040,020
269,960	Special Repairs	254,290	254,290	260,920	267,960	275,190	282,620	290,250	298,090	306,140
982,108	Planned Maintenance	979,560	979,560	1,005,030	1,032,170	1,060,040	1,088,660	1,118,050	1,148,240	1,179,240
<b>10,682,323</b>	<b>MANAGEMENT &amp; MAINTENANCE TOTAL</b>	<b>11,363,850</b>	<b>11,160,170</b>	<b>11,453,870</b>	<b>11,763,120</b>	<b>12,080,720</b>	<b>12,406,890</b>	<b>12,741,870</b>	<b>13,085,900</b>	<b>13,439,220</b>
	<b>CAPITAL FINANCING COSTS</b>									
51,109	Debt Management Expenses	38,930	42,490	43,590	44,450	45,090	46,470	46,470	46,470	46,470
6,833,451	Depreciation	7,808,870	7,808,870	7,879,250	7,950,420	8,022,370	8,095,120	8,168,670	8,243,020	8,243,020
0	Deferred Charges	620,000	620,000	620,000	620,000	620,000	620,000	620,000	620,000	620,000
<b>6,884,560</b>	<b>TOTAL CAPITAL FINANCING COSTS</b>	<b>8,467,800</b>	<b>8,471,360</b>	<b>8,542,840</b>	<b>8,614,870</b>	<b>8,687,460</b>	<b>8,761,590</b>	<b>8,835,140</b>	<b>8,909,490</b>	<b>8,909,490</b>
<b>123,300</b>	<b>HRA share of Corporate Democratic Core and Non Distributed Costs</b>	<b>123,300</b>	<b>123,300</b>	<b>126,500</b>	<b>129,920</b>	<b>133,430</b>	<b>137,030</b>	<b>140,730</b>	<b>144,530</b>	<b>148,430</b>
<b>12,989</b>	<b>RENT REBATES</b>	<b>151,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>100,000</b>	<b>PROVISION FOR BAD DEBTS</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>17,803,172</b>	<b>TOTAL EXPENDITURE</b>	<b>20,206,450</b>	<b>19,854,830</b>	<b>20,223,210</b>	<b>20,607,910</b>	<b>21,001,610</b>	<b>21,405,510</b>	<b>21,817,740</b>	<b>22,239,920</b>	<b>22,597,140</b>
	<b><u>INCOME</u></b>									
	<b>RENT INCOME</b>									
23,607,666Cr	Rents	24,598,210Cr	24,711,130Cr	26,051,220Cr	27,159,720Cr	28,259,480Cr	29,383,550Cr	30,497,680Cr	31,560,210Cr	32,652,170Cr
540,885Cr	Service Charges	565,000Cr	565,000Cr	593,250Cr	622,910Cr	654,060Cr	686,760Cr	708,740Cr	731,420Cr	754,830Cr
555,924Cr	Commercial	570,200Cr	570,200Cr	570,200Cr	570,200Cr	570,200Cr	570,200Cr	570,200Cr	570,200Cr	570,200Cr
254,042Cr	Hostels	300,800Cr	300,800Cr	315,840Cr	331,630Cr	348,210Cr	365,620Cr	377,320Cr	389,390Cr	401,850Cr
278,621Cr	Shops(Net)	250,000Cr	250,000Cr	250,000Cr	250,000Cr	250,000Cr	250,000Cr	250,000Cr	250,000Cr	250,000Cr
<b>25,237,138Cr</b>	<b>RENTS TOTAL</b>	<b>26,284,210Cr</b>	<b>26,397,130Cr</b>	<b>27,780,510Cr</b>	<b>28,934,460Cr</b>	<b>30,081,950Cr</b>	<b>31,256,130Cr</b>	<b>32,403,940Cr</b>	<b>33,501,220Cr</b>	<b>34,629,050Cr</b>
4,205,693	GOVERNMENT ALLOWANCE	4,957,770	5,017,280	6,139,850	7,059,560	8,015,850	9,008,560	9,992,010	11,005,590	12,049,990
128,530Cr	RENTAL CONSTRAINT ALLOWANCE	315,000Cr	315,000Cr	0	300,000Cr	262,500Cr	225,000Cr	187,500Cr	150,000Cr	112,500Cr
164,800Cr	G.R.A. RECHARGE	169,000Cr	169,000Cr	173,390Cr	178,590Cr	183,950Cr	189,470Cr	195,150Cr	201,000Cr	207,030Cr
<b>21,324,775Cr</b>	<b>TOTAL INCOME</b>	<b>21,810,440Cr</b>	<b>21,863,850Cr</b>	<b>21,814,050Cr</b>	<b>22,353,490Cr</b>	<b>22,512,550Cr</b>	<b>22,662,040Cr</b>	<b>22,794,580Cr</b>	<b>22,846,630Cr</b>	<b>22,898,590Cr</b>
<b>3,521,603Cr</b>	<b>NET COST OF SERVICES</b>	<b>1,603,990Cr</b>	<b>2,009,020Cr</b>	<b>1,590,840Cr</b>	<b>1,745,580Cr</b>	<b>1,510,940Cr</b>	<b>1,256,530Cr</b>	<b>976,840Cr</b>	<b>606,710Cr</b>	<b>301,450Cr</b>

## HOUSING REVENUE ACCOUNT FORECAST continued

2006/07 OUT-TURN		2007/08 ORIGINAL BUDGET	2007/08 FORECAST	2008/09 FORECAST	2009/10 FORECAST	2010/11 FORECAST	2011/12 FORECAST	2012/13 FORECAST	2013/14 FORECAST	2014/15 FORECAST
£		£	£	£	£	£	£	£	£	£
3,521,603Cr	<b>NET COST OF SERVICES</b>	1,603,990Cr	2,009,020Cr	1,590,840Cr	1,745,580Cr	1,510,940Cr	1,256,530Cr	976,840Cr	606,710Cr	301,450Cr
0	Use of Reserves to fund RCCO	0	325,000Cr	0	0	0	0	0	0	0
0	Ipswich Standard Contingency	98,710	52,130	33,760	33,760	33,760	33,760	33,760	33,760	33,760
0	Growth Bids (Categories 1)	0	0	61,250	51,250	61,250	51,250	61,250	51,250	61,250
0	Inspections/Replacement of Immersion Heaters	0	0	173,000	0	0	0	0	0	0
0	Single Status & Harmonisation Contingency	0	0	50,000	100,000	100,000	100,000	100,000	100,000	100,000
0	Recharge Savings	0	100,000Cr	100,000Cr	100,000Cr	100,000Cr	100,000Cr	100,000Cr	100,000Cr	100,000Cr
0	Management Savings	0	0	0	61,620Cr	63,280Cr	64,990Cr	66,740Cr	68,540Cr	70,390Cr
0	Transitional Vacancy savings	60,000Cr	80,820Cr	60,000Cr	60,000Cr	60,000Cr	60,000Cr	60,000Cr	60,000Cr	60,000Cr
4,026Cr	Adjusting Transfer from AMRA	1,528,460Cr	1,611,900Cr	1,717,010Cr	1,799,140Cr	1,923,920Cr	2,055,730Cr	2,159,370Cr	2,263,800Cr	2,293,890Cr
149,323Cr	Interest	135,000Cr	128,380Cr	156,870Cr	58,200Cr	17,500Cr	17,500Cr	17,500Cr	17,500Cr	17,500Cr
3,674,952Cr	<b>NET OPERATING EXPENDITURE</b>	3,228,740Cr	4,182,170Cr	3,306,710Cr	3,639,530Cr	3,480,630Cr	3,369,740Cr	3,185,440Cr	2,931,540Cr	2,648,220Cr
358,307Cr	Contributions to Provisions									
4,272,060	RCCO's	3,603,400	3,388,820	3,858,000	3,984,000	3,613,000	3,242,000	3,273,000	3,203,000	3,203,000
	RCCO's additional required to cover above inflation rise on Original Programme		0	2,268,000	2,644,000	2,596,000	2,145,000	1,177,000	798,000	0
238,801	<b>(SURPLUS)/DEFICIT</b>	374,660	814,170Cr	2,819,290	2,988,470	2,728,370	2,017,260	1,264,560	1,069,460	554,780
0	Reduce RCCO using Capital Contingency	0	0	0	1,825,637Cr	2,728,370Cr	2,017,260Cr	1,264,560Cr	1,069,460Cr	554,780Cr
3,906,754Cr	HRA Balance b/f 1st April	3,045,084Cr	3,667,953Cr	4,482,123Cr	1,662,833Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr
3,667,953Cr	HRA Balance c/f 31st March	2,670,424Cr	4,482,123Cr	1,662,833Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr
	<b>MINIMUM REQUIRED BALANCE</b>	500,000Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr	500,000Cr

**NOTES:**

Supervision & Management includes base savings in 2007/08 following the Management Restructures completed in the year

Repairs & Maintenance budgets have been restricted to a 2.7% increase to reflect anticipated efficiency savings from MA2 contract

The Government Housing Subsidy Allowance settlement was for 2008-09 only. Future years have been estimated based on the current scheme

The Rental Constraint Allowance (separated from Housing Subsidy Allowance for presentation purposes) is now to be paid a year in arrears and its effect has been estimated in the above figures

The additional RCCO contribution reflects an 8% increase on costs on the Ipswich Standards Programme which was agreed by Tenants at Option Appraisal

Additional Capital Resources are provided to maintain HRA minimum balance and meet the Ipswich Standard

## HRA Consolidated Growth Bids - 2008/09

Ranking of bids:

1 Health and Safety/Statutory requirement/Contractual Commitment

HOS	Service Area	Growth Bid		2008/09	2009/10	2010/11	Ranking
				Revenue	Revenue	Revenue	
		Description	Justification	£'000	£'000	£'000	
JH	I B Contracts (MA2)	New driver training legislation	New regulations for load limit thresholds for dangerous goods came into force on 1 January 2007. IB Contracts void lorry falls within these regulations (chargeable to HRA £ 1,250)	1.25	1.25	1.25	1
JH	Tenancy Services	Tenant Satisfaction Survey	New national performance indicator (NI 160) requires a survey every two years. It was previously three years and was to be included in as cyclical growth in 2009)	10.00	0.00	10.00	1
JH	I B Contracts (all areas)	Vehicle Maintenance contract	Streetcare and IB Contracts are currently procuring fleet maintenance tenders in open competition. Early indications are that there will be a significant increase in costs. (chargeable to HRA - estimated £ 10,000 p.a.)	10.00	10.00	10.00	1
JH	Housing Surveyors	Energy Performance Certificates	The Council is obliged to issue Energy Performance Certificates on any properties it sells or changes of tenancy (approx 600 properties p/a)	40.00	40.00	40.00	1
<b>Total HRA Growth</b>				<b>61.25</b>	<b>51.25</b>	<b>61.25</b>	

**Recommended Sheltered Scheme Charges 2008/09 (per week over 50 weeks)**

Charge	2007/08	2008/09	Comment
<u>Service Charge</u>	£ 12.78	£13.50	Increase due to covering <u>no</u> increase in SP funding (See below) (eligible for Housing Benefit)
<b>Supporting People Charge</b>	£24.34	£24.34	Supporting People will not pay any inflationary factor for 2008/09 for sheltered housing
<b>Water Rate Charge</b>	£ 2.85	£ 2.95	Increase due to water charge increases  (eligible for Housing Benefit)
Heating Communal Areas Charge 1 Charge 2*	£ 1.80 £0.65	£ 1.80 £0.65*	
<b>Heating - Individual home Charge</b> 1 -2 rooms with htg 3 - 4 rooms with htg 5/6 rooms with htg 7+ rooms with htg	£ 3.36 £ 5.25 £ 7.14 £ 9.03	£ 3.36 £ 5.25 £ 7.14 £ 9.03	large increases in heating charges made 2007/08 - no further changes recommended for 2008/09

\*Neighbourhood Sheltered Schemes only (All Hallows Court, Goldcrest Court, Stratford Court)

Notes

- (i) Charges are made to cover anticipated budget costs
- (ii) Charges are pooled and apply to all schemes (although some schemes have individual heating and therefore pay their gas/electric charges direct)

**Garage Rents 2008/09 (per week) all charges to increase by an average of 2.60% in line with Council inflationary increase (rounded up/down)**

<b>• Scheme</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Change</b>
<b>Council Tenants Garages</b>			
Vary From	£ 5.38	£ 5.64	+ £0.14
To	£ 7.31	£ 7.50	+ £0.19
<b><u>Non Council Tenants*</u></b>			
Vary from	£ 6.32	£ 6.48	+ £0.16
To	£ 8.59	£ 8.81	+ £0.22
<b><u>Other Charges</u></b>			
Water charge (where applicable)	£ 0.91	£ 0.93	+ £0.02
<b>Hardstands</b>			
Vary from	£1.16	£1.19	+ £0.03
To	£1.45	£1.49	+ £0.04

\* Different charges between council/non council relate to VAT at 17.5%

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**• \*\* Discount available to those in receipt of the mobility element of Disabled Living Allowance**

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**District Heating Charges 2008/09 (per week)**

<b>•</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Change</b>
Lower rate	£ 8.88	£ 8.10	- £ 0.78
Higher rate	£ 10.84	£ 9.80	- £ 1.04

**Charges vary according to number of rooms with heating**

# Section 6

## Reserves Policy

1. The Council complies with the requirements of Local Authority Accounting Bulletin 55 (February 2003) on the establishment and maintenance of local authority reserves and balances. Compliance with the guide is recommended in the CIPFA 2003 Statement of the Role of the Finance Director in Local Government.
2. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992, require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. There is no statutory minimum level of reserves that must be held.
3. It is the responsibility of the senior Financial Officer to recommend the level of reserves and put in place protocols for their establishment and use.

### **Earmarked Reserves**

4. The level of any reserve or provision held for specific particular purposes is normally determined, by a combination of empirical and subjective considerations. This can be illustrated by the approach to determining the level of the Bad Debts Provision i.e. Financial Value of Debtors Accounts Raised x anticipated level of defaulters = Bad Debts Provision.

### **General Reserves**

5. The level of general reserves to be held by the Council is determined by consideration of strategic, operational and financial risks. The determination of the level of reserves to be held is influenced by cash flow requirements, budget assumptions e.g. inflation, interest rates, planned efficiency savings and the availability of other funds together with an assessment of the financial standing and management of the authority e.g. track record in budget management and strength of financial reporting procedures.

### **Other considerations**

6. The level of reserves held is also influenced by the “opportunity cost” of holding these funds, which could otherwise be used for other purposes. The funds could be used to reduce the level of Council Tax or increase the overall level of services provided. The absolute level of any reserve or provision is compared to the net cost of providing services e.g. a typical sports centre costs £470,000 p.a. to facilitate reaching a decision on the level held.
7. The benefits of investment income accrued on reserves held to the overall budget is also a consideration in arriving at the level of reserves to be held.

8. The Boundary Committee will be reviewing the Suffolk local government structure during 2008 with a planned implementation date of 1 April 2010. Although unitary preparation costs will be recovered from ongoing efficiencies, due to timing the anticipated costs in lead up years will need to be funded. It is proposed to spread the increase in working balance requirement over 2008/09 and 2009/10.
9. The desired level of such reserves and provisions is based upon a mixture of empirical and subjective assessments, which are set out below: -
10. The provision for bad debts comprises of individual provisions for Housing Rents, Sundry Debtors, Business Rates and Council Tax – the level of provision is based upon past experience of default e.g. Sundry debtor provision 10%.
11. The Insurance Provision represents funds set aside to meet the value of outstanding unsettled claims, as advised by our external insurers.
12. The Transport Realisation Account represents the initial investment in Ipswich Buses, less the write down of accumulated losses (no further losses are anticipated).
13. Trading Accounts Reserve this represents an allowance to meet the risks inherent in external trading by DSOs. It is recommended that the level of this reserve is maintained at £200,000 to reflect the current level of risk i.e. potential for losses on existing contracts.
14. The Insurance Reserve is required to cover risks that are not insured externally e.g. Museums Exhibits with a value of approximately £90m. The level of this provision is less than 2% of the value of uninsured exhibits alone. The reserve is also used to self insure low value, high premium items and events. The Councils insurance product will be reviewed in 2008.
15. The Repairs and Renewals Reserve are sums set aside for the repair and replacement of various assets, funded from external sources e.g. Gower Street Factory Units – the level of these reserves is based upon an assessment of future need.
16. There is also a £1m, HRA repairs reserve to ensure sufficient capacity to meet emergency repairs to Council Houses – the level of this reserve is based upon an assessment of risk.
17. Miscellaneous Housing Reserves include sums set aside for replacement of Housing computer systems, implementation of the “Ipswich Standard” and Supporting People. The sums put aside are based upon known future requirements.
18. The General Fund Working Balance is required to allow for unforeseen circumstance arising during the year e.g. supplementary estimates. The opportunity cost of maintaining a General Fund working balance of £1.5

million, is contrasted with the cost of running services such as Domestic Refuse Collection, Parks and Open Spaces or the Emergency Services Centre which are all comparable in cost.

- 19. As a result of considering the above circumstances it is recommended that the level of General Fund Balances be maintained at a minimum of £1.5m for 2008/09.**
20. The HRA Working Balance is maintained to provide a contingency for dealing with potentially significant variances that could arise due to events like changes in subsidy or overspends on the large improvement programme. The current balance of £500,000 is equivalent to a variance of 9% on management & maintenance or repairs and 2% of rental income.
21. The HRA is a ring-fenced account and cannot be used to finance the General Fund.
- 22. It is recommended that the current level of HRA working balance be maintained at a minimum of £500,000.**

## ADEQUACY OF WORKING BALANCE/ RESERVES AND PROVISIONS

<u>Reserves</u>	Balance 31-Mar-07	Appropriations	Applications	Balance 31-Mar-08	Appropriations	Applications	Balance 31-Mar-09	Balance 31-Mar-10	Balance 31-Mar-11
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund:</b>									
Working Balance	4,192Cr	0	1,607	2,585Cr	0	1,085	1,500Cr	1,500Cr	1,500Cr
Ipswich Buses Ltd - Debenture Loan	252Cr	0	0	252Cr	0	0	252Cr	252Cr	252Cr
Trading Account Profits	1,146Cr	300Cr	1,246	200Cr	300Cr	300	200Cr	200Cr	200Cr
Insurance Reserve	1,469Cr	0	0	1,469Cr	0	150	1,319Cr	1,319Cr	1,319Cr
Repair and Renewal	750Cr	44Cr	0	794Cr	45Cr	0	839Cr	886Cr	934Cr
Miscellaneous	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>7,809Cr</b>	<b>344Cr</b>	<b>2,853</b>	<b>5,300Cr</b>	<b>345Cr</b>	<b>1,535</b>	<b>4,110Cr</b>	<b>4,157Cr</b>	<b>4,205Cr</b>
<b>Housing Revenue Account:</b>									
Working Balance	3,668Cr	814Cr	0	4,482Cr	0	2,799	1,683Cr	500Cr	500Cr
Repair and Renewal	1,000Cr	0	0	1,000Cr	0	0	1,000Cr	1,000Cr	1,000Cr
Miscellaneous	1,528Cr	0	325	1,203Cr	0	0	1,203Cr	1,203Cr	1,203Cr
<b>Total</b>	<b>6,196Cr</b>	<b>814Cr</b>	<b>325</b>	<b>6,685Cr</b>	<b>0</b>	<b>2,799</b>	<b>3,886Cr</b>	<b>2,703Cr</b>	<b>2,703Cr</b>
<b>Capital:</b>									
Usable Capital Receipts	1,014Cr	18,506Cr	12,781	6,739Cr	12,008Cr	10,239	8,508Cr	8,774Cr	7,838Cr
<b>Total</b>	<b>1,014Cr</b>	<b>18,506Cr</b>	<b>12,781</b>	<b>6,739Cr</b>	<b>12,008Cr</b>	<b>10,239</b>	<b>8,508Cr</b>	<b>8,774Cr</b>	<b>7,838Cr</b>
<b>Provisions</b>									
<b>General Fund:</b>									
Insurance Provision	1,232Cr	0	0	1,232Cr	0	0	1,232Cr	1,232Cr	1,232Cr
Provision for Bad Debts	860Cr	0	0	860Cr	0	0	860Cr	860Cr	860Cr
<b>Total</b>	<b>2,092Cr</b>	<b>0</b>	<b>0</b>	<b>2,092Cr</b>	<b>0</b>	<b>0</b>	<b>2,092Cr</b>	<b>2,092Cr</b>	<b>2,092Cr</b>
<b>Housing Revenue Account:</b>									
Provision for Bad Debts	587Cr	100Cr	100	587Cr	100Cr	100	587Cr	587Cr	587Cr
<b>Total</b>	<b>587Cr</b>	<b>100Cr</b>	<b>100</b>	<b>587Cr</b>	<b>100Cr</b>	<b>100</b>	<b>587Cr</b>	<b>587Cr</b>	<b>587Cr</b>
	17,698Cr	19,764Cr	16,059	21,403Cr	12,453Cr	14,673	19,183Cr	18,313Cr	17,425Cr

# Section 7

## CAPITAL STRATEGY

### 1. VISION AND CORPORATE STRATEGY

- 1.1 The Finance Strategy sets the Council's overall strategy for Finance. The Capital Strategy and Asset Management Strategy complement the Finance Strategy and cover the Council's service investment programme and property management respectively. These strategies are subject to an annual review to ensure they remain up to date.
- 1.2 The Capital Strategy brings together the key priorities and targets for the Council, aspects of partnership working within the local community, and investment to deliver the aims and objectives of the Council as described in the Corporate Plan and in Operational Plans. It aims to bring together the overriding issues identified in those documents, which require capital investment to deliver the services and growth agenda for Ipswich.
- 1.3 The Capital Strategy has been developed by members of the Strategic Asset Management and Investment (SAMI) Group in consultation with Councillors, Directors Team, and the Corporate Property Officer. It brings together the Council's response to Community consultation, and facilitates the achievement of the Best Value Performance Plan, Operational Plans, the Asset Management Plan, Housing Investment Plan and Housing Revenue Account (HRA) Business Plan. The Capital Strategy covers all capital expenditure and its financing.
- 1.4 Ipswich Borough Council has launched "Transforming Ipswich (TI)" with a vision:-

"To deliver quality services for the people of Ipswich"

- 1.5 The key objectives and priorities of the Council and its partners in working towards this vision are encapsulated in the following six strategic goals:-
- **Clean and Green Ipswich** – We will work with the community to make Ipswich a model urban clean and green place.
  - **Expanding Ipswich** – We will work with business and external funders to encourage new Investment, Innovation, Learning and Sustainable growth and Employment.
  - **Safe Ipswich** – We will work with the community to keep Ipswich a safe place to live.
  - **Strengthening the Community of Ipswich** – We will help individuals and groups in the One-Ipswich community who experience disadvantage and will work towards everyone having the opportunity of a decent home.
  - **Travel in Ipswich** – We will develop and encourage the provision and use of an integrated and effective transport system, which maximises the use of

public transport, walking and cycling and reduces the overall impact of travel on the environment.

- **Vibrant Ipswich** – We will enrich and protect the town’s historic assets and diverse cultural offering, whilst working to attract award-winning architecture, and increase the availability of public art and live performance opportunities, as well as encourage participation in all sport and leisure pursuits to create an even more vibrant town.

## **2. KEY AREAS OF CAPITAL EXPENDITURE**

- 2.1 There are a number of key areas of capital expenditure within the authority, namely:-
- 2.2 Maintenance of the Council’s assets – Councillors are committed to investing in the Council’s assets to maintain them in a “Fit for Purpose” state.
- 2.3 As required by the Government, the Council undertook, in consultation with tenants, a full stock options appraisal of the HRA housing stock, with the result being that the Council decided to retain its stock and approve a ten year £102m+ investment programme known as the “Ipswich Standard”. The Government’s regional office, Go-East has approved the decision and the Council does not need to reappraise its stock holding until 2013 unless there is any significant risk to the delivery of the Ipswich Standard programme in the intervening time. Due to the potential uncertainty and volatility of resources to finance the programme, eg Government allowances and capital receipts, the programme and resource availability is monitored both in year and on a year-by-year basis. The Council has committed to deliver the Ipswich Standard programme.
- 2.4 Investment in Culture – There is a number of schemes in the capital programme such as play areas and new football facilities to help people stay healthy in Ipswich.
- 2.5 Community Schemes – The Council is committed to listening to the views of tenants and Ipswich Strategic Partnership and provides funding for Community Improvements and Area Forums.
- 2.6 The Council provides matched funding for Disabled Facilities Grants and also for meeting the Decent Homes standard in private dwellings through Improvement Grants.

## **3. FUNDING CAPITAL EXPENDITURE**

- 3.1 Given the extent of the Council’s future capital requirements, it is clear that the Council will need to maintain innovative procurement methods and a robust and rigorous approach to the management of its capital and assets in order to deliver its key objectives. To fund its capital investment requirements, the Council will have access to limited sources of funding, and will have to make decisions about how, when and how much the different funding sources will be used:-

- 3.2 **Government Grants** – These are contributions received from Government bodies. They are normally attributable to specific schemes or programmes eg Major Repairs allowance
- 3.3 **Supported Capital Expenditure (SCE)** – This is Government Approved borrowing to undertake Capital Expenditure. The Government pays for the principal repayments and interest through RSG/Housing Subsidy in future years. SCE can only be used in the year in which the borrowing approval is received. They are normally scheme specific, except in the case of the Housing Revenue Account (HRA), where we are currently receiving SCE in respect of meeting the Decent Homes standard, and that covers a number of different schemes eg Affordable Warmth, Improving Ipswich Homes.
- 3.4 **External Funding** - These are contributions received from any other bodies eg Developers, East of England Development Agency (EEDA), Heritage Lottery Fund (HLF). The Council has established a corporate team to research and secure additional funding resources to complement the Council's aims. The Council has produced as part of the finance strategy, external funding guidelines, and is producing a procedures manual. Where schemes attract external funding, which does not require Ipswich Borough Council to use additional capital resources, the value of the funding is automatically added to the capital programme.
- 3.5 **Section 106 Contributions** – These are contributions constrained by planning law and are normally for specific schemes such as Affordable Housing and Parks
- 3.6 **Revenue Contributions to Capital Outlay (RCCO's)** - This is where the Council pays for Capital Expenditure from the revenue accounts. The HRA is making contributions from revenue towards HRA Capital Expenditure to meet the Ipswich Standard. The General Fund does not normally make contributions towards capital expenditure
- 3.7 **Capital Receipts** - These are contributions received from the sale of our assets.
- 3.8 **Prudential Borrowing** - This is unsupported borrowing. Any schemes funded through this method will incur revenue expenditure in respect of principal and interest charges. It is normally only used for "Invest to Save" schemes eg. Those schemes that will pay back the capital expenditure through savings/increased income.

#### 4. **PERFORMANCE FRAMEWORK OVERVIEW**

- 4.1 The Council has adopted Best Practice and established the SAMI Group which coordinates:-
- Service Investment Prioritisation and Planning
  - Project Appraisal and Resourcing Options

- Capital Programme Performance Monitoring
- Asset Management

The Group is chaired by the Head of Financial Services and reports to Directors' Team and the Finance Portfolio Holder. Financial monitoring reports are submitted quarterly to the Executive. The Council has a policy that all Capital resources that are not ring-fenced should be pooled to meet the Council's priorities. Capital receipt forecasts based on the Asset Management Plan are updated on a monthly basis.

- 4.2 All new capital project bids have to demonstrate that they represent value for money and meet the Council's objectives. Before a capital bid is submitted all options are considered including "do nothing" and the best option both in terms of value for money and meeting the Council's objectives is submitted as a Capital Bid.
- 4.3 The Council has introduced a new Capital Performance framework with a comprehensive structured process to help deliver the Council's objectives. This framework is coordinated by the Asset and Capital Programme Manager. Managers are required to submit a Project Feasibility which will include:-
- Aim of the Project
  - Meeting "Transforming Ipswich" objectives
  - Priority
  - Financial Information (Both Capital and Ongoing Revenue costs)
  - Business Case
  - Risk Management
  - Timescales
  - Milestones
  - Asset Management
  - Responsible Officer
- 4.4 The SAMI Group appraises the project and once it is satisfied that all the required criteria shown above have been met the project will proceed to the prioritisation stage. If a scheme does not meet all the criteria, the project manager is notified of the reasons why the scheme has not progressed to the prioritisation stage.
- 4.5 All schemes, which progress from the project feasibility stage, are subject to evaluation. The Council has developed a Capital Prioritisation methodology which scores all the factors in the Project feasibility. A guide to the evaluation process is available to officers and members to ensure a transparent and understandable method of evaluation. The revenue implications are checked as part of the Capital bidding scoring process. The scores for all projects are included within a list to be considered by Councillors and Director's Team.
- 4.6 The Council has adopted a corporate procurement strategy which is reviewed annually to ensure procurement supports the achievement of corporate aims and objectives. The Council has appointed a Procurement Officer and all

strategic procurement decisions are to be made for the overall benefit of the organisation and not for individual constituent parts.

## **5. PERFORMANCE MEASURES AND MONITORING**

5.1 The Council has developed a performance management framework comprising:-

- An annual Best Value Performance Plan
- Key Strategies
- Action Plans for Key Strategies
- Operational Plans for each service
- Quarterly progress reports to Executive

5.2 In addition to adopting Audit Commission National and Local Indicators, the Council has developed a range of local performance measures and benchmarking techniques to inform on comparison with other similar organisations, public and private, identify “best practice” and enable continuous improvement.

5.3 The Capital Programme is monitored and reviewed in the following way:-

- The Strategic Asset Management and Investment (SAMI) Group meet on a fortnightly basis and one of their roles is to review the Capital Programme
- Project Managers are responsible for monitoring individual schemes
- Online financial information is available to all Project Managers
- All project managers have access to, and received training in the Council’s Financial reporting system, Agresso
- Commitment Accounting available in Agresso
- Capital Programme and Asset Management Officer receives monthly exception reports from Project Managers
- Capital Programme monitoring is done on a quarterly basis, so any additional resources required/surplus resources that are not needed are identified at an early stage
- Quarterly reports to Executive showing a 3 year Capital Programme and estimated resources
- An annual report to Finance and Audit Scrutiny Committee detailing the reasons for budget carry forwards
- A system of project completion reviews in being implemented during 2008/09 for all projects in excess of £100,000
- Any variances between +/- 5% of budget to actual expenditure need a report to the SAMI Group
- Any variances between +/- 5% of projected to actual completion dates need a report to the SAMI Group

5.4 For all HRA schemes where improvements are made to tenant’s dwellings, the tenant is invited to complete a satisfaction survey, with an end of year review carried out to enable continuous improvement.

## **6. LINKS TO PARTNERS AND CONSULTATION**

6.1 Ipswich Borough Council has a history of working successfully together with a number of organisations and this has led to the formation of the 'One Ipswich' Local Strategic Partnership (LSP), as a body which will encompass all previous partnership working and improve local strategic decision making. The Local Strategic Partnership has agreed the Ipswich Community Strategy along the following themes:-

- Access and Fairness
- Culture and Learning
- Environment and Transport
- Crime
- Economy and Regeneration
- Health and Well-being

6.2 Although these themes do not mirror exactly Transforming Ipswich they are complementary to it and link the Council's Corporate Plan to the delivery of local priorities across wider cross cutting issues.

6.3 The reasons for having the Local Strategic Partnership are based on:-

- Ensuring that all organisations serving the community coordinate their actions and resources to address key priorities and to promote seamless service delivery.
- Identify local priorities and deliver services based on addressing them.
- Engage the local community in having a say on the things that shape their environment, facilities and lifestyle.

6.4 The thematic approach will help support these aims and has been further enhanced by the creation of 5 Area Forums across the town to focus on issues on a more local level and to engage with the people within each community. The key aim is to provide opportunities for local people and communities to take part in decisions that affect them.

6.5 A "One-Ipswich" website has been set up to support the Area Forums across the town providing an immediate identity.

6.6 The Council has regularly undertaken surveys in order to obtain representative public opinion on service priorities. The last Ipswich wide representative surveys was undertaken in 2007 in order to inform policy and decision making at an Ipswich Borough Council level. This is in addition to on-going consultation carried out by Service Managers in relation to levels of customer satisfaction and service quality either as part of on-going service management or alternatively, Best Value review activity.

6.7 A presentation of the Capital Programme is also made to the Local Business Forum in February each year at which views are sought. This forum also

brings together the aspirations of the various groups and helps co-ordinate partnership working schemes.

# Section 8

## Capital Programme for 2007/08 and Future Years

<b>CAPITAL PROGRAMME FOR 2007/08 AND FUTURE YEARS</b>					
<b>Programme Name</b>	<b>Project Manager</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
<b>HRA</b>					
HRA shops	S. Rutter	124,000	80,000	80,000	80,000
HRA buy back of properties	S. Rutter	27,500			
Introduction of Choice Based Lettings	A. Ward	53,800		15,000	
Ipswich Standard	A. Huffey	9,810,390	12,345,000	10,994,360	9,696,630
Ipswich Standard Contingency	A. Huffey		0	1,825,640	2,728,370
<b>HRA TOTAL</b>		<b>10,015,690</b>	<b>12,425,000</b>	<b>12,915,000</b>	<b>12,505,000</b>
<b>GF</b>					
Affordable Housing - Other	P. Hart	214,700	1,000,000		
Affordable Housing - Ravenswood	P. Hart	1,127,910	871,040	214,780	
Agresso Upgrade	I. Blofield		60,000		
Alexandra Park Wall repair	M. Hunter	110,000			
Allotment Containers	A. Sheppard	3,000			
Allotment Toilets	M. Hunter	16,000			
Allotments - Water Pipes	M. Hunter	10,000			
Area Forum Central	J. Clements	50,000	19,000	19,000	
Area Forum North East	J. Clements	52,500	19,000	19,000	
Area Forum North West	J. Clements	50,000	19,000	19,000	
Area Forum South East	J. Clements	50,000	19,000	19,000	
Area Forum South West	J. Clements	70,000	24,000	24,000	
Asbestos Removal	T. Wright	80,000	50,000	50,000	
Bedford Street CPO	C. Lovell	34,480			
Block Paving Upper Brook Street	M. Tee	438,120			
Bourne Park Play Facilities	A. Sheppard		100,000		
Bus shelter 172 Spring Road	J. Jacobs	3,500			
Bus shelters	J. Jacobs	0	15,000		
Cap. IT Dev. - Business Continuity	D. Field	50,000			
Cap. IT Dev. - CRM Back Office Integration	P. Farrer		60,000		
Cap. IT Dev. - CRM New Software	P. Farrer		35,000		
Cap. IT Dev. - Customer Service Centre - Call Centre	P. Farrer	150,000			
Cap. IT Dev. - E Government development of web	D. Field	94,610			
Cap. IT Dev. - Electronic Doc man system + extension	D. Field	126,530			

## Capital Programme for 2007/08 and Future Years continued

<b>Programme Name</b>	<b>Project Manager</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Cap. IT Dev. - Implementing Electronic Government	D. Field	17,650	300,000		
Cap. IT Dev. - Integrated Financial Systems (Agresso)	I. Blofield	30,700			
Cap. IT Dev. - OneSuffolk Development	D. Field		30,000		
Cap. IT Dev. - Performance Manager System	V. Moseley	5,250			
Cap. IT Dev. - Smart Cards	D. Field	27,090	50,000		
Cap. IT Dev. - SPOC Management System	D. Field	148,200			
Cap. IT Dev. - SQL Server Electoral Reg. System	D. Field	8,300			
Cap. IT Dev. - Telephone Call Centre QM S/W	P. Farrer		50,000		
Cap. IT Dev. 2003/04 from Rev Street Services	D. Field	0			
Capitalised repairs	M. Hunter	821,510	650,000	650,000	
Car Park Pay and display machines (Green tp)	I. Booth	45,000			
CCTV	K. Wegg	0	100,000	183,720	
Cemetery - Phase 2	M. Grimwood	0			
Cemetery - Phase 2b	M. Grimwood		50,000	250,000	
Cemetery Toilets Upgrading	M. Hunter	42,480			
Christchurch Mansion Platform Lift and Escape Staircase	M. Hunter	122,000			
Christchurch Mansion Repairs	M. Hunter	27,500	280,500		
Christchurch Mansion/China Room Roof	M. Hunter	47,000			
Community Improvements	J. Clements	370,540	150,000	150,000	
Corn Exchange - External Repairs	M. Hunter	79,000	760,590		
Corn Exchange - Roof Repairs	M. Hunter	360,000			
Crematorium & Old Cemetery drainage footpaths	D. Cooper	9,830	50,000		
Crown Car Park	J. Clements	675,080			
Disabled Facilities Grant	C. Lovell	625,480	621,800	621,800	550,000
Electoral registration upgrade	D. Field		6,000		
Emergency Service Centre Items	K. Wegg		27,370		
Empty Homes	C. Lovell	391,660	108,340		
Environmental Improvements Town Centre	M. Tee		440,000	1,250,000	1,150,000
Footway/Street Lighting	M. Wedgwood	100,000	100,000	100,000	
Fore Street CHP	M. Hunter	20,000			
Gippeswyk Park Play Area	A. Sheppard	60,000			
Gipping House Roof Survey	M. Hunter	20,000			
Holywells Bowls Club Irrigation	A. Sheppard	3,670			
Holywells Park	A. Sheppard	21,320			
I.H.C.T. Contribution to St Peters Church	B. Kindred	50,000			
Improvement Grants	C. Lovell	500,000	500,000	500,000	

## Capital Programme for 2007/08 and Future Years continued

<b>Programme Name</b>	<b>Project Manager</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Improving Disabled Access Mansion	M. Hunter	4,030			
Improving Disabled Access Northgate/Maidenhall	M. Hunter	98,400			
Improving Disabled Access Regent	H. Clover	17,550			
Improving Disabled Access Town Hall Stairlift	M. Hunter	18,320			
IP-City Graduation Centre	S. Meecham	68,870			
Ipswich Street Prostitution Strategy	H. Besley	100,000			
Ipswich Village Car Park Cable	S. Meecham	1,100,000			
IVR Back Office Accommodation Russell Road	J. Stebbings	146,000			
IVR Civic Centre move (I.T.)	D. Field	75,000			
IVR Town Centre Presence - Town Hall	M. Hunter	54,000			
Leases funded by loan	G. Elliston	256,240			
Legal Case Management System	C. Barritt		10,000		
Liveability	Various	680,380			
LLPG Benefits realisation	R. Snell	40,000			
Local Housing Allowance	M. Drouet	55,100			
M&E Installations	N. Badcock		600,000	400,000	
Museum HEG Roof	M. Hunter	24,000	326,000		
New Cut West	G. Rankin	0			
Northgate SC All Weather Area	C. Grogan	28,510			
Old Cemetery Church	M. Hunter	9,000	63,000		
Old Cemetery Toilets South Shelter	M. Hunter	61,000			
Operational Bases for GM Staff	M. Hunter	62,400	0	1,100,000	
Parks Lodges repairs	M. Hunter		127,000		
Parks Lottery Bid Christchurch Park	A. Sheppard	2,987,600			
Parks Repairs	A. Sheppard		46,940		
Pericles/EDMS HB System	H. Blowers	0			
Pericles/Hardware Upgrade	H. Blowers	24,000			
Pinewood Community Centre	S. Unthank	55,000			
Planning Delivery Grant	R. Williams	165,070			
Play Facilities	A. Sheppard		300,000	250,000	
Ransomes SCC changing facilities	T. Snook	0	50,000		
Ravenswood IBC costs	J. Stebbings	1,044,780			
Ravenswood Project Account	J. Stebbings	660,460			
Regent Repairs	M. Hunter		0	719,340	
Regent Theatre auditorium seats and refurb.	H. Clover	500,000			
Regent Theatre CCTV	H. Clover		15,000		

## Capital Programme for 2007/08 and Future Years continued

<b>Programme Name</b>	<b>Project Manager</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Shopmobility	J. Jacobs	10,000			
South Street Car Park	J. Jacobs	0			
St Lawrence Church	M Hunter	1,100,000			
TIC External Repairs	M. Hunter		63,150		
Tower Ramparts Bus Station CP22	J. Lewis		162,840		
Town Hall Dome Repair	M Hunter	110,000			
Town Hall Gallery (prev. Museum Display Facilities)	M. Hunter	29,200			
Town Hall/Corn Exchange Blackbaud Artifax	C. Oldfield		10,000		
Town Hall/Corn Exchange conference audio system	C. Oldfield		20,000		
Waste PE Grant Brown Bins	D. Reeve	23,380			
Waste PE Grant IT Project	D. Reeve	60,000			
Waste PE Grant Recycling at Flats	D. Reeve	31,340			
Waste PE Grant WEEE Impact Waste Electrical	D. Reeve	5,000			
Whitton S C Football Facilities	T. Snook		460,000		
Whitton SC All weather Area	T. Snook	6,180			
Wind-Turbine Demo Project	B. Moss-Taylor	6,500			
<b>GF TOTAL</b>		<b>17,077,920</b>	<b>8,819,570</b>	<b>6,539,640</b>	<b>1,700,000</b>
<b>CONTINGENCY</b>					
Broomhill Pool	S. Kemp	0		1,000,000	
Cap. IT Dev. - Government Connect	D. Field	50,000			
Contingency - Additional Commitments	I. Blofield	126,310	500,000	100,000	
Contingency - I.T. Upgrades	D. Field		200,000	200,000	200,000
Crown Pools Repairs	S. Kemp	219,230	280,770		
Improving access for disabled people	M. Hunter	66,400			
Pension Fund Contributions	D. Wolton	3,000,000	1,500,000	1,500,000	
<b>CONTINGENCY TOTAL</b>		<b>3,461,940</b>	<b>2,480,770</b>	<b>2,800,000</b>	<b>200,000</b>
<b>GRAND TOTAL</b>		<b>30,555,550</b>	<b>23,725,340</b>	<b>22,254,640</b>	<b>14,405,000</b>

## Funding of Capital Programme

	CAPITAL RECEIPTS	EXTERNAL FUNDING	PRUDENTIAL BORROW	SUPPORTED CAPITAL EXPENDITURE	MAJOR REPAIRS ALLOWANCE	RCCO'S	TOTAL
<b><u>2007/08</u></b>							
Resources at 31.03.2007	1,014,095	556,138	0	0	0	16,926	1,587,159
Resources in the year	18,506,033	6,723,663	931,320	1,314,000	5,073,060	3,388,825	35,936,901
Use of Resources	12,780,668	7,056,251	931,320	1,314,000	5,073,060	3,405,751	30,561,050
Balance at year end	6,739,460	223,550	0	0	0	0	6,963,010
<b><u>2008/09</u></b>							
Resources at 31.03.2008	6,739,460	223,550	0	0	0	0	6,963,010
Resources in the year	12,008,000	1,013,080	0	1,314,000	4,985,000	6,126,000	25,446,080
Use of Resources	10,239,260	1,061,080	0	1,314,000	4,985,000	6,126,000	23,725,340
Balance at year end	8,508,200	175,550	0	0	0	0	8,683,750
<b><u>2009/10</u></b>							
Resources at 31.03.2009	8,508,200	175,550	0	0	0	0	8,683,750
Resources in the year	8,741,500	301,080	0	1,314,000	4,958,000	4,802,360	20,116,940
Use of Resources	10,879,200	301,080	0	1,314,000	4,958,000	4,802,360	22,254,640
Balance at year end	6,370,500	175,550	0	0	0	0	6,546,050
<b><u>2010/11</u></b>							
Resources at 31.03.2010	6,370,500	175,550	0	0	0	0	6,546,050
Resources in the year	2,166,500	301,080	0	0	4,927,840	3,480,630	10,876,050
Use of Resources	5,695,450	301,080	0	0	4,927,840	3,480,630	14,405,000
Balance at year end	2,841,550	175,550	0	0	0	0	3,017,100
Use of Resources	39,594,578	8,719,491	931,320	3,942,000	19,943,900	17,814,741	90,946,030

# Capital Consolidated Growth Bids – 2008/09

Capital Consolidated Growth Bids - 2008/09							
Ranking of bids: 2 Priority area/must do 3c Councillor decision							
HOS	Service Area	Growth Bid		2008/09	2009/10	2010/11	Ranking
		Description	Justification	Capital £'000	Capital £'000	Capital £'000	
BB	Town Hall and Corn Exchange	Conference Audio/Microphone System	Conference style microphone and sound system is required to fulfil current and future needs for events such as council meetings, conferences etc	15.00	0.00	0.00	2
IB	Accounting Services	Agresso Upgrade	IBC is currently running Agresso version 5.4. Version 5.6 is due for release in 18 mths-2 years time. There is a serious risk that our current version would no longer be supported. An upgrade to the latest release would also bring substantial benefits.	60.00	0.00	0.00	2
JH	Private Sector Housing	Disabled Facilities Grants	These are mandatory grants and we obtain 60% of the funding from government. Pressure is growing on these budgets due to changes in means testing legislation relating to children and an ageing population (the figs for 8/9 & 9/10 are in addition to agreed)	80.00	80.00	550.00	2
<b>Total Category 2</b>				<b>155.00</b>	<b>80.00</b>	<b>550.00</b>	
BB	Town Hall and Corn Exchange	Blackbaud/ Artifax	To increase accessibility to the Hall Booking system on line. This will enable the hall letting and event management of new venues such as St Lawrence and St Peters Church.	10.00	0.00	0.00	3c
BB	Regent Theatre	CCTV	Security of staff and valuables (assets) both in public and secure areas, including the Production Vehicle Area.	15.00	0.00	0.00	3c
CB	Legal Services	Estimated costs of rolling out county case management system	Chief executive has given a commitment to county wide working arrangement which has been endorsed by Leader	10.00	0.00	0.00	3c
CB	Democratic Services	Electoral registration upgrade	£8,300 has been allocated in the capital programme for 2007/8 for an upgrade to the electoral registration system. We have been advised that this system has been further delayed until 2008 and also the costs have risen from first estimates, requiring an additional £6,000.	6.00	0.00	0.00	3c
RW	Transportation	Bus Shelters	To provide more Bus Shelters	15.00	0.00	0.00	3c
DF	ICT	Contingency fund for essential unplanned upgrades	In general, budget for ICT hardware and software upgrades are the responsibility of the relevant service area and planned accordingly. However, in some cases, changes to government requirements necessitate ICT upgrades.	200.00	200.00	200.00	3c
JH	Housing Policy	Affordable Housing Programme	The majority of the affordable housing programme is provided through developer contributions on s106 sites. However, grant is required in order to achieve the Council's preferred tenure and house type mix. Whilst significant grant is provided by the Housing Corporation this is meet the target of 230 homes pa. The receipts from the small sites initiative will fund this programme.	1,000.00	0.00	0.00	3c
JH	Housing Surveyors	Funding for the Ipswich Standard Programme of Works	The budget allocation for delivery of the Ipswich Standard Programme for the Councils housing stock was forecast using a 4% inflation figure each year. Building related costs are predicted to increase by around 7 to 8% over the next few years because of meeting the Decent Homes standard and the Olympics programme.	2,188.00	2,491.19	2,370.00	3c
JH	Private Sector Housing	Renovation Grants	These are an essential response to tackling disrepair in the private sector and tackling social exclusion and poverty	0.00	0.00	600.00	3c
JH	Private Sector Housing	Empty Homes	The re-circulating budget for dealing empty homes was set when house prices were significantly lower. The difficult nature of dealing with properties which are identified for CPO means that the budget can be tied up with individual properties for a number of years	108.40	0.00	0.00	3c
RW	PTR	Environmental Improvements to the Town Centre	A series of projects to improve public spaces, paving and the appearance of parts of the town centre	440.00	1,250.00	1,150.00	3c
BB	Crown Pools	Crown Pools Repairs	Contingency fund to ensure repairs are undertaken at Crown Pools	280.77	0.00	0.00	3c
ML	Bereavement Services	Phase 2b Millenium Cemetery	In 1999 IBC opened the Millennium Cemetery on Tuddenham Road. Initial budgets allowed Phase 1 to be undertaken to prepare part of the site for burial and the interment of cremated remains. In 2006/07 Phase 2 was undertaken to prepare additional land for a	50.00	250.00	0.00	3c
<b>Total Category 3c</b>				<b>4,323.17</b>	<b>4,191.19</b>	<b>4,320.00</b>	

**Total Category 2**  
**Total Category 3c**

<b>155.00</b>	<b>80.00</b>	<b>550.00</b>
<b>4,323.17</b>	<b>4,191.19</b>	<b>4,320.00</b>
<b>4,478.17</b>	<b>4,271.19</b>	<b>4,870.00</b>

# Section 9

## Asset Management Plan 2008 – 2012

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## **Foreword by Portfolio holder for Asset Management**

Welcome to Ipswich Borough Council's Asset Management Plan.

The Asset Management Plan provides a strategic overview of the management of the Council's property assets. The plan is intended to be a working document which identifies what the Council has achieved in the past year and what it plans to do in the future to further improve the management of the Council's assets.

I am pleased to be able to report progress in a number of areas, particularly the introduction of various asset review mechanisms, the continuing programme of disposals of surplus assets, and significant levels of planned investment in both the corporate property portfolio and the Housing stock.

Whilst progress has been made, the Council recognises that much remains to be achieved in the future. In recognition of this, a challenging action plan has been prepared aimed at improving both the systems and processes used in managing the assets, and the utilisation of the assets themselves. In addition to specific short term action points, the action plan recognises the need to further develop the asset management plan to set longer term targets for effectively utilising the Council's assets and this will be developed over the coming year.

The Asset Management Plan will be updated again in February 2009.

Councillor John Carnall  
Portfolio holder for Asset Management

## 1. Introduction

- 1.1 This asset management plan provides a strategic overview of the Council's approach to the management of its property assets. The document is a rolling five year plan highlighting the progress made in implementing the previous plan prepared at the end of 2006 and identifying how the plan needs to be updated to take account of changes to a rapidly developing asset management environment.
- 1.2 Ipswich is a regional centre with a population of 130,000 which is set to exceed 150,000 by 2021. Around a third of a million people live in its immediate catchment area. As part of the Haven Gateway Partnership and Regional Cities East initiatives, the town is helping to meet the Government's growth agenda for the eastern region.
- 1.3 Ipswich Borough Council is a large District Council providing a comprehensive range of services and consequently has a significant number of operational properties, a large housing stock and a large non-operational property portfolio. The Council is therefore a major land and property owner in the town and a summary of its land and property holdings as at 31<sup>st</sup> March 2007 is as follows:

Type of Property	Number of Properties	Asset Value £'000s
Operational Properties	107	62,990
Non-Operational Properties	80	55,077
Social Housing Properties	7,692	426,990
<b>Total</b>	<b>7,879</b>	<b>545,057</b>

Source: IBC Statement of Accounts 2006/07

- 1.4 Given the size of the portfolio, the range of service delivery objectives and the limited financial resources available to the Council to deliver these objectives, the Council needs to be certain that its property assets are aligned to the delivery of its priorities and robust asset management is essential to ensuring that this is achieved.
- 1.5 The asset management plan is the main vehicle for delivering improved asset utilisation at the Council and provides:
- A summary of the policy context for asset management at the Council
  - Details of data handling in relation to the property portfolio
  - The extent and standard of the required maintenance for the portfolio and the steps being taken to tackle this
  - A summary of progress made to date in implementing good asset management at the Council
  - Details of progress on reviewing future utilisation of Council operational and non-operational property
  - A plan of future actions to be taken to further improve the management of the Council's property assets

- 1.6 The effect of unitary government on the Council has been considered in the preparation of this plan. However, the Government's decision to instruct the Boundary Committee to consider a unitary structure for Suffolk has delayed the implementation of a unitary structure in Ipswich until April 2010 or later and it is therefore not considered relevant for the plan at this time.

### **External Assessment**

- 1.7 As part of the Comprehensive Performance Assessment (CPA), the Audit Commission carries out an assessment of the way the Council uses its resources, including the management of its asset base. The asset management assessment uses various criteria known as "key lines of enquiry" against which performance is assessed and performance levels are awarded. These are then aggregated to arrive at a single performance level for the management of the Council's asset base.
- 1.8 Performance levels are assessed on the basis of a four point scale as follows:
- |         |   |
|---------|---|
| Level 1 | Below minimum requirements – inadequate performance       |
| Level 2 | Only at minimum requirements – adequate performance       |
| Level 3 | Consistently above minimum requirements – performing well |
| Level 4 | Well above minimum requirements – performing strongly     |
- 1.9 In its report in March 2006, the Council's auditors considered performance to be at level one (below minimum requirements – inadequate performance) as the Council did not have an up to date asset management plan at the time and the asset register was unfinished.
- 1.10 A further assessment was carried out in March 2007, which showed performance to be at level two (at minimum requirements – adequate performance) indicating that improvements had been made since the previous year in managing the Council asset base.
- 1.11 Whilst this indicated an improvement on the previous year, it also clearly showed that further improvement needs to be made in the way the Council manages its assets.

## **2. Key Objectives and Priorities**

- 2.1 In 2005, the Council adopted a new vision, key service priorities and values under the banner of "Transforming Ipswich" in response to community consultation. This identifies improvements the Council and partner organisations wish to achieve.
- 2.2 The Corporate Plan has a vision:

### **"To deliver quality services for the people of Ipswich"**

The key objectives of how the Council and its partners are working towards this vision are encapsulated in six strategic goals:

**Clean and Green:** We will work with the community to make Ipswich a model urban clean and green place.

**Expanding Ipswich:** We will work with business and external funders to encourage new investment, innovation, learning and sustainable growth and employment.

**Safe Ipswich:** We will work with the community to keep Ipswich a safe place to live.

**Strengthening the community of Ipswich:** We will help individuals and groups in the one-Ipswich community who experience disadvantage and will work towards everyone having the opportunity of a decent home.

**Travel in Ipswich:** We will develop and encourage the provision and use of an integrated and effective transport system, which maximises the use of public transport, walking and cycling and reduces the overall impact of travel on the environment.

**Vibrant Ipswich:** We will enrich and protect the town's historic assets and diverse cultural offering, whilst working to attract award-winning architecture, and increase the availability of public art and live performance opportunities, as well as encourage participation in all sport and leisure pursuits to create an even more vibrant town.

### 2.3 Five principles underpin all Council activity:

- We will deliver effective local government, based on excellent customer care, which is open and responsive to residents' wishes.
- All our services will be delivered in a way that is fair, accessible and easy to use.
- We will deliver value for money services.
- We will consult and work in partnership with one-Ipswich, other organisations, business, as well as individuals, when making decisions and prioritising, to achieve cohesive service delivery.
- We will continue to value our staff and the contribution they make in achieving our vision and priorities.

### 2.4 The priorities for 2005-2008 are:

Goals:

- Clean & Green Ipswich
- Expanding Ipswich
- Safe Ipswich
- Vibrant Ipswich

Principle:

- Value for Money

## One Ipswich Community Plan

- 2.5 The Council is a partner in the One-Ipswich local strategic partnership (LSP). This is a partnership between the various local public services organisations and other partners to take co-coordinated action to address issues and priorities identified from surveys of the Ipswich community. A Community Plan for Ipswich was first produced by the LSP in 2004 with a draft updated version of the plan being published recently.
- 2.6 The following table shows how the Council's goals link with those of the Community Strategy:

### Transforming Ipswich – Links to the Community Strategy

Community Plan Themes	Transforming Ipswich Goals
Crime and disorder	Safe Ipswich
Culture and Learning	Vibrant Ipswich
Economy and Regeneration	Expanding Ipswich
Environment and Transport	Clean and Green Ipswich Travel in Ipswich
Health and Well-being	Strengthening Communities
All services to be fairer and easier	Underlying Principles and Strengthening Communities

- 2.7 It is recognised that stronger links need to be developed with partner organisations on asset management issues.

### Links to other Strategies

- 2.8 The asset management plan links to other Council strategies and plans as follows:

- Capital Strategy

The capital strategy provides the framework for how the Council manages its capital resources including the funding of capitalised repairs and maintenance to its property portfolio.

- Local Development Framework

The local development framework for Ipswich identifies sites and allocates uses for future development in the town. This will include sites owned by the Council which may in the future be brought forward for development.

- Economic Development Strategy

The economic development strategy provides the framework and vision for the economic development and regeneration of Ipswich. The Council regularly uses its assets to help regenerate areas of the town, such as at Ravenswood, and to help in priming major developments such as the university.

- HRA Business Plan

The HRA business plan provides the framework for the maintenance of the Council's housing stock to provide good quality homes.

### 3. Organisational Framework

3.1 Ipswich Borough Council's aim relating to asset management is as follows:

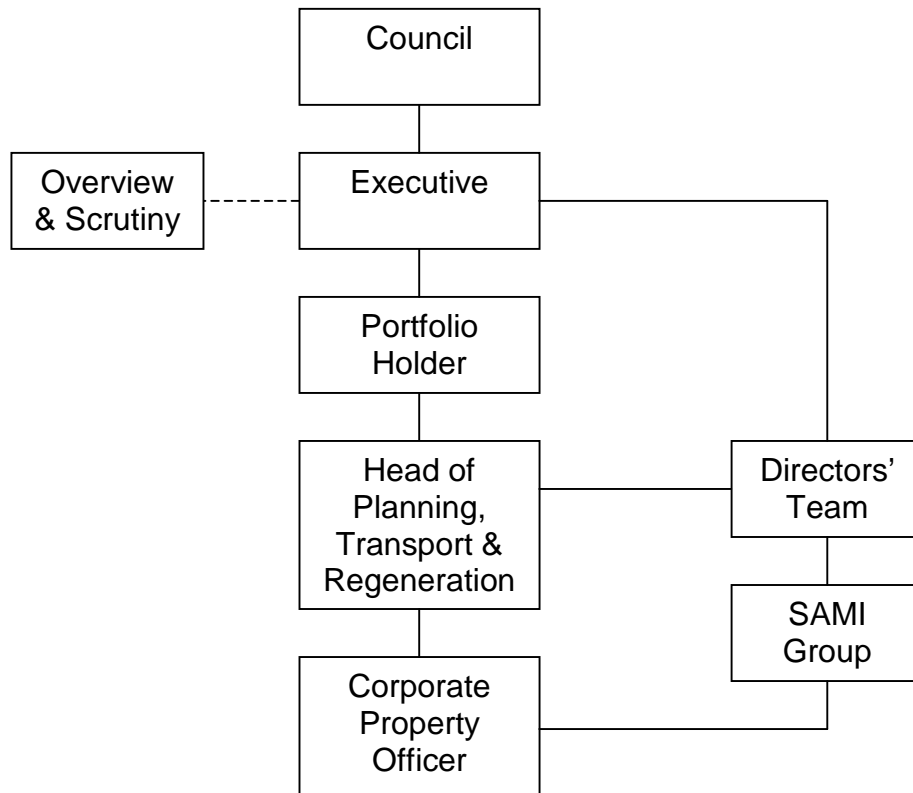
To ensure that the Council optimises the use of its land and property in terms of service benefit, financial return and value for money.

3.2 Within this overall aim, the Council seeks to ensure that its property portfolio:

- Supports the delivery of the Council's objectives
- Is well maintained and fit for purpose
- Is suitably located and accessible

3.3 A robust internal corporate structure has been established at key levels in the Council to take asset management forward. This structure provides a significant degree of overlapping membership to facilitate a co-ordinated approach. The structure and its main elements are outlined below:

#### Organisational Framework



## **Executive Committee**

- 3.4 Executive is the main decision making body of the Council that makes most of the key decisions regarding the Council's property assets. Some decisions are delegated to the Head of Planning, Transport and Regeneration, and thereafter to the Asset and Property Operational Manager who is also the Council's Corporate Property Officer (CPO).
- 3.5 A member of Executive is given portfolio responsibility for property and asset management matters. The Portfolio holder is able to make any decision on an Executive function relating to their portfolio in accordance with the terms of the Council's standing orders. The CPO will report annually to Executive on asset management issues.
- 3.6 Three-weekly meetings take place between the portfolio holder and senior officers with responsibility for property and asset management.

## **Overview & Scrutiny Committee**

- 3.7 The role of Overview and Scrutiny Committee is to challenge and inform the Executive Committee and in so doing ensures that the Council is operating efficiently and effectively. The committee also ensures that Executive decisions are publicly held to account and helps develop policy through its review programme.
- 3.8 The Committee has recently carried out a review of the way the Council manages its heritage assets. The outcomes of the review were reported to the Executive on 15<sup>th</sup> January 2008 and, as a result, a significant sum has been agreed for carrying out a programme of condition surveys of heritage assets over a four-year period.

## **Directors' Team**

- 3.9 Directors' Team is the strategic senior officer body in the Council and comprises the Chief Executive, Directors, Head of Finance and the Monitoring Officer. Its role in relation to asset management is to ensure that the Council's approach is properly set within the wider corporate context and that the Council's policies and procedures are properly followed.
- 3.10 The CPO will report quarterly to Directors' team on asset management issues.

## **Strategic Asset Management & Investment Group (SAMI)**

- 3.11 The Council has adopted Audit Commission recommendations and established a Strategic Asset Management and Investment Group to ensure effective management of the Council's capital resources and expenditure. This senior officer group is drawn from different services across the authority, is chaired by the Head of Financial Services and includes the CPO. The SAMI Group has responsibility for:
- Overall monitoring and review of the Capital Programme and its financing in accordance with corporate strategy

- Preparation and development of the Asset Management Plan and Capital Strategy
- Consideration of submitted project appraisal reports in accordance with the above
- Monitoring of schemes attracting external financing resources such as Special Government Schemes, Private Financing, Lottery Funding, Partnerships, and PFI
- Prioritisation of schemes using evaluation criteria
- Monitoring and review of current projects through standard reports
- Monitoring the application of project management principles
- Co-ordinating and reviewing project review reports
- Performance monitoring particularly against PI targets

### **Corporate Property Officer**

- 3.12 The CPO role was established in March 2000. Following a major review of the Council's management structure in 2007, the role of Asset & Property Operational Manager was created and the post holder undertakes the role of CPO. The CPO is responsible for developing and maintaining corporate asset management for the Council's property portfolio and has strategic responsibility for all Council property. The CPO is also responsible for the day-to-day management of non-operational property whilst day-to-day responsibility for operational property remains with operational managers.
- 3.13 The CPO is specifically responsible for:
- Ensuring property implications are acknowledged in the corporate planning process and promoting an integrated approach between corporate and service delivery objectives.
  - Developing and maintaining a corporate asset register sufficient for performance measurement and strategic decision-making.
  - Establishing and maintaining a performance measurement system.
  - Promoting property performance improvement through review and challenge.
  - Leading the preparation of the asset management plan.
- 3.14 To support the CPO, the role of Asset & Capital Performance Officer has been established. The purpose of this role is to assist the CPO in developing and maintaining systems for managing and monitoring the Council's property portfolio and capital programme. Specific responsibilities include:
- Assisting in the preparation of the Council's asset management plan
  - Establishing and maintaining a system for monitoring the performance of the Council's property assets

- Reporting the performance of the Council's property assets to councillors and managers
- Establishing a database of the Council's capital programme
- Establishing a performance monitoring system for the capital programme
- Reporting the performance of the capital programme to councillors and managers

### **Service Related Property Management**

#### ***Operational Property***

- 3.15 Day to day management of operational property is the responsibility of the services that utilise the property. Strategic management of the operational portfolio is the responsibility of the Corporate Property Officer.
- 3.16 Repair and maintenance of operational property is the responsibility of the Building & Design Services (B&DS) co-ordinator, the authorised officer for repairs and maintenance, in consultation with the operational managers. The Repairs and Maintenance Group, led by a Corporate Director and including representatives from B&DS, Financial Services and IB Contracts, centrally controls the budget allocation for repairs. The group reports annually to Directors' Team and the portfolio holder for property and asset management.
- 3.17 Building & Design services and Asset and Property services provide professional support to operational managers on property maintenance and management issues, whilst the Conservation and Urban Design service provides professional and technical advice on the Council's heritage assets.

#### ***Housing Stock Management***

- 3.18 The Council's housing stock is managed by Tenancy Services. In 2004, the Council undertook a Housing Option Appraisal exercise and following an objective assessment of the technical and financial information, the decision was taken to retain the housing stock in Council ownership.
- 3.19 As at 31 March 2006 some 1753 homes failed the Decent Homes Standard. The Council is on target to bring all its homes up to this minimum standard by the Government's target date of December 2010. Furthermore the Council has committed to, and is on target to deliver, an enhanced locally determined "Ipswich Standard" to all homes by 2014. Completion of these programmes is subject to the Council obtaining the necessary funding.
- 3.20 Right to buy sales have eroded the housing stock by over 35% since its inception in the early 1980s but the current high property values have slowed the trend and sales are currently at their lowest level for several years. During 2007, 54 right to buy sales were completed.

## 4. Data Management

- 4.1 Core data on all assets over £10,000 is recorded on the asset register, which is stored on the IPF Asset Manager System. This provides a central computerised property database with the capacity to hold all the data required for improving strategic asset management. IPF have recently announced that their Asset Manager System is no longer being supported, having been replaced by a web based system, and the Council is currently considering its options for its replacement. In the meantime, the current system continues to provide the asset register until it is replaced.
- 4.2 The Council's Building and Design Service (B&DS) has been working to improve the accuracy of information on the state of repair of its key assets. This is enabling the Council to develop an action plan to address this, which includes an ongoing programme of condition surveys to ensure that data on assets is kept up to date. It will also be used to inform the prioritisation of schemes in the capital programme and the asset review programme.
- 4.3 The B&DS maintains a schedule of required repairs for all corporate properties developed and updated from the condition surveys. This helps the Council to keep track of the required repairs to its properties and to inform the priorities for spending on maintenance and repairs.
- 4.4 Data relating to maintenance of the Council's housing stock is held on computer systems managed by Surveying Services.
- 4.5 The Council has until recently collected performance indicator (PI) data to assist with monitoring the performance of the corporate property portfolio using the national COPROP PIs. However, national collation of this information has recently come to an end and in order to ensure continuity, the decision has been taken to join the IPF National Best Value Benchmarking Scheme (NBVBS). At the same time the opportunity has been taken to review data capture procedures to ensure that systems are robust and data is accurate. The NBVBS is currently open to receive data for the 2006/07 financial year and the data for Ipswich will be provided once the data capture review is complete. Membership of the NBVBS will provide improved quality of data through external validation and the opportunity to compare performance of the property portfolio with a wide range of organisations, including local authorities, other public sector organisations and some from the private sector.
- 4.6 Property performance indicator data provides a baseline of property performance. It is anticipated that refinement, validation and comparison of PI data will identify opportunities for improvement in the management of the portfolio allowing challenging service improvements and targets to be set.
- 4.7 The NBVBS performance indicators cover the following areas:
- PI 1: Condition and required maintenance
  - PI 2: Energy, Water Consumption and CO2 Emissions
  - PI 3: Suitability
  - PI 4: Building Accessibility

4.8 In addition, a further three performance indicators will become effective from April 2008:

- PI 5: Sufficiency (Capacity & Utilisation)
- PI 6: Spend
- PI 7: Time and cost predictability

#### Voluntary Registration of Title

4.9 The Council has entered into an agreement with HM Land Registry for a voluntary registration of its title deeds and other interests as part of the Government's e-conveyancing initiative. This will help to address the problems arising from unregistered title, and will generate conveyancing benefits by ensuring proof of good title and will reduce vulnerability to encroachment on Council owned land. Apart from a few outstanding queries, this project has been completed.

### **5. Progress Update**

5.1 The Council has made progress in a number of areas towards improving the management of its assets. This includes the following actions:

- The disposal of surplus assets to raise capital receipts
- Investment in corporate property assets to improve services
- Review of the corporate property portfolio
- Other issues

#### Disposal of Surplus Assets

5.2 The Council has continued its programme of disposals of development land and surplus property. The receipts from these disposals are used to help fund expenditure on the Council's capital programme or are invested to produce an income, which is reinvested in the revenue account. Capital receipts in 2007/08 to date totals £17.4 million against a target for the year of £18 million, which is expected to be reached. A target of £11 million has been set for further sales in 2008/09.

5.3. In 2007/08, the Council is using over £13.5 million of capital receipts to help fund an approved capital programme of £29.5 million. Further significant capital receipts are programmed to be spent on capital schemes in 2008/09 and 2009/10.

5.4. The 2006 Asset Management Plan contained a policy statement of the Council's approach to acquisitions and disposals. However, these statements provide only limited information on the Council's policies. These policies need to be updated to make the Council's overall approach to acquisitions and disposals more transparent.

## Investment in Corporate Property Assets

5.5. The Council continues to invest in improving its assets for the benefit of occupiers and users and to address the required maintenance needs of the property portfolio. The asset management plan for 2006 identified required maintenance on the corporate estate of approximately £21.7 million. To tackle this, approximately £5.1 million is being invested in property assets in 2007/08 financed largely from capital receipts, with a further £2.8 million and £4.4 million approved for spending in 2008/09 and 2009/10 respectively. In addition, a sum of £0.91 million is included in revenue budgets for repairs and maintenance in the 2007/08 financial year.

5.6. Examples of the projects planned or undertaken during the year include:

- **Ipswich Regent Theatre**

The £0.5 million repair, maintenance and refurbishment of the Grade 2 listed Regent auditorium was completed during the summer of 2007 in order to bring the seats, flooring, lighting and decoration up to the required standard of safety, quality and comfort. With a few exceptions, all seats were originally installed 77 years ago when the theatre was built and were nearing the end of their life.

The Regent Theatre has the largest theatre auditorium in East Anglia; therefore the capacity is its greatest asset both in terms of maximising income through ticket sales and by maintaining the loyalty of promoters/producers to bring shows to Ipswich that the size of the auditorium can justify. Prior to the works being undertaken, the customer perception of under-investment and a lack in overall enjoyment experience prevented the theatre management from maximising its potential and was a barrier to audience development. It is estimated that by improving the enjoyment experience to the customer sales will increase by 15% per year.

Further refurbishment works of approximately £0.72 million are scheduled for the Regent during 2009/10.

- **Ipswich Village Car Park Cable**

This £1.1 million project is externally funded through Communities & Local Government (CLG) and East of England Development Agency (EEDA). The Ipswich Prospectus, the joint investment plan approved by the Council and EEDA in 2005, highlighted the need to improve the environment in Ipswich Village. This project will allow the release of this Council-owned site for redevelopment by the removal of a 132kv live voltage cable running through the centre of the car park, thus contributing towards the regeneration of the Ipswich Village area.

- **St Lawrence's Church**

The purpose of this project is to refurbish the Grade 2\* listed St Lawrence Church in order to create a community centre in the heart of Ipswich. The church became redundant for religious use in 1981 and has not had a permanent use since. The exterior of the church still retains its original character but inside the masonry and

fittings have fallen into disrepair. The refurbishment is funded jointly through the Council contributing £0.4million and CLG, through a successful Growth Point bid, £0.7million. The refurbishment will offer a versatile space for a range of uses including a drop-in centre, arts and exhibition space, and meeting areas. The centre will open in March 2008 bringing the building back into active use for the first time in thirty years.

- **Concrete Repairs to Crown Car Park**

Crown Car Park was constructed in the 1970's and is the main public car park in the town centre. Following a survey, severe structural problems were discovered and brought to the attention of Executive in September 2005. A £1.6 million scheme to improve the safety of the car park in the short to medium term was agreed and implemented in 2006/07 and 2007/08 prior to a long-term solution to replace the car park being found.

- **Disabled Access Improvements**

The Council has identified a contingency budget of £66,000 to carry out improvements, which are required to ensure that Council buildings comply with the requirements of the Disability Discrimination Act 2005. The works carried out in 2007/08 include the installation of a stair lift in the Town Hall, accessible showers and toilets at Maidenhall and Northgate Sports Centres, and wheelchair provision in the auditorium and a stair climber at the Regent Theatre. The budget remains available to managers to access for approved disabled access improvements.

Review of the corporate property portfolio

- 5.7 The Council continually reviews its property portfolio to ensure that its assets are being used effectively to deliver its objectives and are fit for purpose.

*Asset challenge reviews of operational properties*

- 5.8 Over the past year, the Council has piloted a programme of asset challenge reviews of six major operational properties. The review process, based on a model developed by Cambridgeshire County Council, a beacon Council for asset management, is intended to identify a recommended future utilisation for each property from the following five alternatives:

- Continued maintenance
- Better utilisation
- Major investment required
- Longer term development opportunity
- Surplus to requirement

- 5.9 The pilot has been successfully concluded and the review process is being extended to the rest of the Council's operational portfolio. It is expected that the review will produce the following outcomes:

- An agreed future utilisation for each operational property
- A list of surplus properties for disposal
- A schedule of ongoing repairs and maintenance for each retained property based on agreed maintenance standards
- A schedule of major repairs and a plan of how its implementation might be achieved
- A list of opportunities for improving utilisation of the Council's operational assets and how this might be achieved.

5.10 It is intended that the review will be completed by September 2008.

*Strategic review of the non-operational property portfolio*

5.11 The Council currently uses Strutt & Parker to manage its non-operational property portfolio, which allows in-house staff to focus on more strategic issues relating to the management of the Council's property portfolio. As part of the contractual arrangement, Strutt & Parker are required to provide the Council with a strategy report highlighting ways of improving the performance of the portfolio.

5.12 Strutt & Parker reported initially in September 2005 and again in September 2007 and the Council is currently considering the action it will take with regard to the advice received.

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• ***Specific Property Based Reviews***

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5.13 The Council seeks to undertake reviews of its property ownership as and when the opportunity arises. The following details reviews which have recently been completed and the outcomes of which are currently being progressed:

- A review has been undertaken of parks lodges which are occupied largely by Council employees but which are in a poor state of repair. Several are listed buildings and/or are in conservation areas. Executive has released capital funds to enable the properties to be refurbished to ensure they meet the decent homes standard but has requested that further work is undertaken to consider whether the properties are still required and whether there are any barriers to the disposal of any surplus properties. Once the review is completed any properties found to be surplus to requirements will be considered for disposal.
- A review has recently been undertaken of the Council's 10 housing shopping parades. Originally intended to supply a service to the local community that surrounded them, the advance in private and public transport and the advent of the supermarket/superstore has meant that their importance to the local community has declined in some areas. Initial feasibility studies have been undertaken on each parade and alternative use potential is being explored for underperforming parades. A budget of £80,000 pa over 10 years has been agreed for major repair of retained shops.
- A review was carried out in 2006 to consider the feasibility of developing small Council owned sites for affordable housing and a short-list of potential sites was

prepared. This review identified in principle whether development was feasible and as a result six sites are in the process of being sold to Orwell Housing Association for the provision of 61 new affordable homes. Further sites are still being investigated.

### **Other Issues**

- 5.14 Other asset management related issues have been considered during the past year as follows:

#### *Community Use of Council Assets*

- 5.15 The Council seeks to empower community organisations and voluntary organisations and to assist with this the Council has traditionally granted leases of land and buildings to a range of community and voluntary organisations, sometimes at concessionary rates where these organisations contribute towards achieving the Council's aims and objectives.
- 5.16 In May 2007, the Government reported on the outcome of the Quirk review into community management and ownership of assets. The Council will consider the extent to which requests to transfer the ownership of community assets are in line with its overall aims and objectives. Each request to transfer ownership will be considered on its merits.
- 5.17 Decisions to grant concessionary rates to organisations or to dispose of assets at less than best consideration are based on the merits of each case and are governed by the terms of Section 123 of the Local Government Act 1972. However, the Council has no policy basis for these decisions and, for the benefit of consistency and transparency, the Council needs to develop a policy that outlines the basis on which decisions to grant concessions are made.

#### *Building Conservation*

- 5.18 As a major land and property owner, the Council has a significant role to play in the management of heritage assets in the town. The Council currently owns 52 heritage assets, buildings and structures of which 31 are listed buildings. The Council recognises that it needs to set a good example as the custodian of its listed buildings. Many of the repairs already included in the approved capital programme involve major repairs to the Council's heritage assets, including St Lawrence's Church, Christchurch Mansion, Ipswich Museum, the Regent Theatre, the Town Hall and the Corn Exchange.
- 5.19 The Overview and Scrutiny Committee recently carried out a review of the management and maintenance of the Council's heritage assets and concluded that a sum of £39,000 per annum over a four-year period would be required to carry out condition surveys or update long standing surveys of these assets. Executive considered a report on the review on 15<sup>th</sup> January 2008 and agreed with the conclusions of Overview and Scrutiny Committee and, as a result, agreed to release the necessary funds to allow the condition surveys to take place.

5.20 An example of the innovative way the Council has sought to ensure the future of its heritage assets is with regard to 45-47 St Nicholas Street and 1 Silent Street. These Council owned Grade 2\* listed buildings had fallen into disrepair and in order to guarantee their future, the Council agreed to sell the buildings to Ipswich Building Preservation Trust at less than best consideration with the trust carrying out refurbishment works to bring the buildings back into use. The works were completed in August 2007 and the properties are currently being marketed.

#### *Regeneration*

5.21 Where appropriate, the Council uses its asset base to aid the regeneration of the town. The following examples exist where Council assets have been used in this way:

- Working in partnership with EEDA, the Council has developed the IP City Centre to provide 3,720 M<sup>2</sup> of office accommodation for expanding businesses. The development has been extremely successful with only one unit out of 21 currently available to let.
- The Council has transferred 1.94 hectares of land at Orwell Quay to the University Campus Suffolk to enable the university development to take place.
- In partnership with Bellway Homes, the Council has continued its development of the former airfield site at Ravenswood. The development, begun in 1998, has involved the creation of an urban village on the site, which includes community facilities at the local centre. Through the employment of a community development worker, the Council has sought to ensure that the development is fully integrated with existing neighbouring housing developments.

#### *Energy & Water Efficiency*

5.22 The Council has recently commenced a two-year project to review the energy and utility consumption throughout the corporate property portfolio. The project involves working with the Carbon Trust to identify opportunities for reducing energy usage and carbon emissions in Council owned properties.

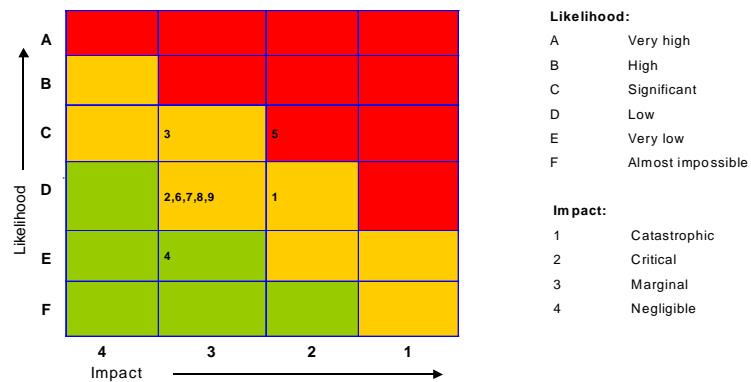
5.23 Whilst at an early stage, the project is expected to deliver savings in energy costs, funded by the Council's capital resources matched by a grant from the Carbon Trust. The project is expected to be completed in July 2009.

5.24 As of 1<sup>st</sup> October 2008, all public buildings with a floor space of more than 1000M<sup>2</sup> must display an Energy Performance Certificate (EPC). This will include a significant number of Council buildings including, for example, the Town Hall, sports centres, Museums etc. The Council is currently seeking to implement this requirement and will combine the completion of energy audits for EPC's with the work to be undertaken on implementing the energy efficiency project.

## 6. Action for 2008/09

- 6.1 The Council has made considerable progress towards developing and implementing an integrated approach to the management of its assets. To ensure that progress is maintained, an action plan has been developed to further consolidate this approach. The action plan is detailed below.

### IBC Risk Management Matrix



<b>Aim: To ensure the Council's property portfolio is well maintained</b>					
<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 1</b> The Council's property portfolio falls into disrepair and is not fit for purpose	D	2	Develop a Council property maintenance policy, which identifies minimum maintenance standards for all Council operational and non-operational property.	May 2008	Mark Hunter, Building & Design Services
			Prepare an up to date schedule of required maintenance for all operational and non-operational property and develop a plan to meet the identified maintenance needs.	April 2008	Mark Hunter, Building & Design Services
			Carry out a programme of condition surveys over a four year period of 38 of the Council's heritage assets	March 2012	Mark Hunter, Building & Design Services
			Continue to implement the programme of repairs to Council housing in order to meet the Decent Homes Standard by December 2010 and the Ipswich Standard by 2014.	Ongoing	Alan Huffey, Surveying Services

**Aim: To ensure the Council's operational and non-operational assets are being utilised effectively to deliver its objectives, are relevant and are fit for purpose.**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 2</b> The Council's property portfolio is poorly utilised and/or poorly performing, and as a result is not relevant to the needs of the Council and its services.	D	3	Complete asset challenge reviews for all operational properties and agree recommendations for future utilisation of each asset.	September 2008	Mike Gregory, Asset Management & Property
			Prepare a schedule of agreed recommendations arising from the asset reviews and a plan for their implementation.	November 2008	Mike Gregory, Asset Management & Property
			Review the outcomes from the Strutt & Parker annual review and prepare an implementation plan for their implementation.	February 2008	David Mapus-Smith, Asset Management & Property
			Review and report on the performance of the corporate estate using the 2006/07 NBVBS PI data.	June 2008	David Mapus-Smith, Asset Management & Property
			Complete the housing small sites review and bring forward surplus sites for disposal.	March 2008	Pauline Hart, Housing Services
			Complete the disposal of the first 6 surplus sites arising from the housing small sites review	March 2008	Pauline Hart, HS Richard Beckton AM&P

**Aim: To ensure that the systems for recording and maintaining information about the Council's assets are suitable to enable their performance to be measured.**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 3</b> The Council's asset data management systems are inadequate to enable performance of assets to be properly managed	C	3	Establish systems for gathering accurate and reliable data relating to the NBVBS performance indicators. Gather performance indicator data for the 2006/07 year and submit to the NBVBS database.	March 2008	Mike Gregory, Asset Management & Property
			Investigate the availability of asset management database systems to replace the current IPF Asset Manager System.	March 2008	David Mapus-Smith, Asset Management & Property
			Seek approval and funding for new asset management database system	February 2009	David Mapus-Smith, Asset Management & Property
			Purchase and implement new asset management database system	TBA	TBA

**Aim: To develop policies relating to the Council's acquisition and disposal of property assets.**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 4</b> The Council's property dealings are not carried out in a consistent and transparent manner.	E	3	Develop statements to clarify the Council's policies relating to the acquisition and disposal of property assets, and the disposal or leasing of its assets at less than best consideration.	June 2008	David Mapus-Smith, Asset Management & Property

**Aim: To maximise the Council's receipts from the sale of surplus property assets and to meet the target set by the Council for 2008/09**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 5</b> The Council will raise insufficient capital receipts through the disposal of surplus assets to finance the approved capital programme.	C	2	Continue the programme of surplus asset disposals in order to meet the 2008/09 capital receipts target of £11 million.	Ongoing	David Mapus-Smith, Asset Management & Property

<b>Aim: To improve the energy and water efficiency of the Council corporate property portfolio</b>					
<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 6</b> The Council's property portfolio will be inefficient in the use of energy and water	D	3	Carry out energy and water audits in conjunction with the carbon trust and develop a programme of improvements to Council properties to reduce energy and water consumption	April 2008	Mark Hunter, Building & Design Services

<b>Aim: To install energy performance certificates on all relevant Council buildings</b>					
<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 7</b> The Council does not meet the statutory timescale for implementing energy performance certificates	D	3	Implement the requirement for energy performance certificates to be displayed on all Council buildings over 1000M <sup>2</sup>	October 2008	Mark Hunter, Building & Design Services

<b>Aim: To establish arrangements for working with LSP and other partners to maximise the benefits from joint working on asset management issues</b>					
<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 8</b> The Council will not benefit from joint working with partners on asset management issues	D	3	Liaise with LSP partners to establish a forum to seek benefits of joint working on asset management issues.	June 2008	David Mapus-Smith, Asset Management & Property

**Aim: To create an asset management plan that shows how the council's property assets will be used to help deliver corporate priorities and service delivery needs over the longer term.**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Action</b>	<b>Timescale</b>	<b>Who</b>
<b>Risk 9</b> The Council will not plan how it will use its property assets to achieve longer-term strategic goals.	D	3	Review the 2008/12 asset management plan to include longer-term action points for the period 2009/13	February 2009	David Mapus-Smith, Asset Management & Property

# Section 10

## **THE PRUDENTIAL CODE AND TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2008/09**

### **COUNCIL RECOMMENDATIONS**

- 1. Approve the Prudential Indicators and Limits for 2008/09 to 2010/11.**
- 2. Approve the Minimum Revenue Provision (MRP) Statement, which sets out Council's policy on MRP.**
- 3. Approve the Treasury Management Strategy 2008/09.**
- 4. Approve the Investment Strategy 2008/09 contained in the treasury management strategy, and the recommended approved organisations for investment list.**

### **1 BACKGROUND**

The Local Government Act 2003 allows local authorities to determine locally their levels of capital investment and associated borrowing. To ensure probity, affordability and accountability the Authority should comply with the code of practice, the 'Prudential Code', which requires the Council to determine a number of key indicators prior to setting its council tax each year. These indicators must be consistent with the Council's budget strategy. Principally, this process requires an assessment that:

- a) capital investment plans are affordable
- b) all external borrowing and other long term liabilities are within prudent and sustainable levels, and
- c) treasury management decisions are taken in accordance with professional good advice.

The Code also requires councils to consider, and set indicators for the next three years as part of their Medium Term Financial Planning. These indicators should be monitored during the year and must be reviewed annually.

The aim of the code is to allow Members to be informed of the impact of capital investment decisions on the overall Council budget. The Council must set ten indicators. These are set out at Section 2 below and need to be considered as a whole: the sequence of presentation is not an indication of relative significance.

In addition the Code requires the Council to set borrowing limits, which establish borrowing ceilings and the 'debt mix' of any borrowings to be made. Under the Code the Council is also required to approve its annual Treasury Management Strategy and this is set out at Section 3 below for 2008/09.

The table below shows the Councils net borrowing position since 2003

Year End	Borrowings	Investments	Net Position
	£000's	£000's	£000's
31/03/2003 Actual	39,264	13,365	25,899
31/03/2004 Actual	36,931	14,005	22,926
31/03/2005 Actual	39,815	25,865	13,950
31/03/2006 Actual	42,402	22,855	19,547
31/03/2007 Actual	51,166	25,000	26,166
31/03/2008 Estimate	47,200	30,000	17,200

## 2 PRUDENTIAL INDICATORS

***It is recommended that Council approve the Prudential Indicators shown below:-***

Indicator One: Local authority has adopted the CIPFA Code of Treasury Management in the Public Services

The Code was adopted by the Council in 2002. The Code represents best practice in the regulation and management of borrowing and investments and related activities. Treasury Management Practices (TMP's) have been established with advice from Butlers Treasury Services and applied to the Council's treasury management.

### ***Indicator Two: Estimates of capital expenditure***

The Council has to make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and the following two financial years. These have been based on the Capital Programme for that period.

Year	General Fund	HRA	Overall
2006/07 Actual	£12,179,787	£11,145,848	£23,325,635
2007/08 Approved	£20,536,360	£10,015,690	£30,552,050
2008/09 Estimate	£10,579,570	£10,643,000	£21,222,570
2009/10 Estimate	£8,089,640	£11,249,810	£19,339,450
2010/11 Estimate	£750,000	£11,341,000	£12,091,000

### ***Indicator Three: Estimates of capital financing requirements and net borrowing***

The third prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure, which has not yet been paid for from either revenue or capital resources. It is essentially a measure of Council's underlying borrowing need. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge

(the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments.

Draft CLG Regulations are currently issued for comment, which if implemented, will require full Council to approve **an MRP Statement**. This will need to be approved in advance of each year. Whilst the regulations will revoke current MRP requirements, councils are allowed to continue historical accounting practice. A variety of options are provided to councils to replace the existing Regulations. The timetable for implementation is very tight and so Members are asked to approve the following policy, based on the draft Regulations. Should the final regulations change this Statement, it will be re-submitted for approval.

It is recommended that Council approve the following MRP Statement

For capital expenditure incurred before 1 April 2008 or which in the future will Supported capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outline in former CLG Regulations;

From 1 April 2008 for all unsupported borrowing the MRP policy will be

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations.

The table below shows the actual CFR at 31st March 2007 and the projected CFR at the end of 2007/08, 2008/09, 2009/10 and 2010/11.

Year	General Fund	HRA	Overall
2006/07 Actual	£14,156,768	£32,255,278	£46,412,046
2007/08 Estimate	£13,711,787	£33,569,278	£47,281,065
2008/09 Estimate	£13,087,585	£34,883,278	£47,970,863
2009/10 Estimate	£12,281,704	£34,883,278	£47,164,982
2010/11 Estimate	£11,391,690	£34,883,278	£46,274,968

***Indicator Four: Estimate of ratio of financing costs to net revenue stream***

The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure i.e. the net interest cost and to make provision to repay debt.

Year	General Fund	HRA	Overall
2006/07 Actual	0.62%	8.32%	4.32%
2007/08 Estimate	-0.11%	7.92%	3.68%
2008/09 Estimate	2.59%	7.89%	5.06%
2009/10 Estimate	4.38%	7.94%	6.04%
2010/11 Estimate	4.91%	8.06%	6.35%

**Indicator Five: Incremental Impact of Capital Investment decisions on Band D Council Tax**

The Council must estimate the proportion of the revenue budget, which is taken up in financing new capital expenditure through prudential borrowing. This indicator is nil because the Council does not anticipate funding any part of the capital programme through prudential borrowing.

<b>Year</b>	<b>Amount</b>
2008/09 Estimate	£0.00
2009/10 Estimate	£0.00
2010/11 Estimate	£0.00

**Indicator Six: Incremental Impact of Capital Investment decisions on Housing Rent levels**

The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure through prudential borrowing. This indicator is nil because the Council does not anticipate funding any part of the capital programme through prudential borrowing.

<b>Year</b>	<b>Amount</b>
2008/09 Estimate	£0.00
2009/10 Estimate	£0.00
2010/11 Estimate	£0.00

**Indicators Seven: External Debt Prudential Indicators**

The Council must set prudential limits for its total external debt, gross of investments, separately identifying borrowing from other long-term liabilities. The authorised limit sets a ceiling on external debt, the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is "prudent". The proposed indicator takes account of the capital financing requirement estimated at the start of each year, plus the expected net borrowing requirement for the year.

The Head of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Councillors wish to maintain the minimum level of debt for the Council to keep the Council Tax level low, subject to optimum use of the Prudential Code when opportunities arise that are beneficial to the Council.

A further two prudential indicators control or anticipate the overall level of borrowing and take into account the above. These are:

**The Authorised Limit for External Debt** – This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council.

**The Operational Boundary for External Debt** – This indicator is based on the expected maximum external debt during the course of the year; it is not a limit.

Council is asked to approve the following Authorised Limit and Operational Boundary:

<b>Year</b>	<b>Authorised Limit</b>	<b>Operational Boundary</b>
31/3/2007 Actual	£62M	£56M
31/3/2008 Estimate	£54M	£51M
31/3/2009 Estimate	£54M	£51M
31/3/2010 Estimate	£54M	£51M
31/3/2011 Estimate	£54M	£51M

The actual position on external borrowing as at 31 March 2007 and the estimated position for future years based on the Capital Programme in the Medium Term Financial Plan is shown in the table below.

<b>Year</b>	<b>Amount</b>
31/3/2007 Actual Debt	£51.2M
31/3/2008 Estimate	£47.2M
31/3/2009 Estimate	£47.9M
31/3/2010 Estimate	£47.1M
31/3/2011 Estimate	£46.2M

***Indicator Eight: Fixed and Variable interest rate exposure***

The Council must place an upper limit on the total amount of net borrowing (borrowing less investment) which is at fixed rates secured against future interest rate movements. These limits represent 100% of the Operational Boundary in each year.

The Council must place an upper limit on the total amount of net borrowing (borrowing less investment) which is at variable rates subject to interest rate movements. These limits represent 50% of the Operational Boundary in each year.

For the purposes of practicality and clear meaningful reporting it is proposed to have a limit for borrowing and a limit for investments as follows:

**Borrowing**

Year	Fixed Rate	Variable Rate
31/3/2007	100%	50%
31/3/2008	100%	50%
31/3/2009	100%	50%
31/3/2010	100%	50%
31/3/2011	100%	50%

**Investments**

Year	Fixed Rate	Variable Rate
31/3/2007	100%	50%
31/3/2008	100%	50%
31/3/2009	100%	50%
31/3/2010	100%	50%
31/3/2011	100%	50%

***Indicator Nine: Prudential limits for the maturity structure of borrowing***

The Council must set upper and lower limits with respect to the maturity (debt profile) structure of its borrowing. The proposed prudential limits have been set with regard to the maturity structure of the Council's borrowing, and reflect the relatively beneficial long term rates that are expected to be available over the next few years. The proposed limits are as follows:

Period	Lower Limit	Upper Limit
Up to 1 Year	0%	25%
1 Year to 2 Years	0%	25%
2 Years to 5 Years	0%	50%
5 Years to 10 Years	0%	75%
Over 10 Years	0%	100%

***Indicator Ten: Total investments for periods longer than 364 days***

Authorities are able to invest for longer than 364 days; this can be advantageous if higher rates are available. However it would be unwise to lend a disproportionate amount of cash for too long a period, therefore it is proposed to limit the investments that are deposited as follows

Year	Limit
31/3/2007	£15M
31/3/2008	£15M
31/3/2009	£15M
31/3/2010	£15M
31/3/2011	£15M

### 3. Treasury Management and Annual Investment Strategy

- The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets balanced budget requirement under the Local Government Finance Act 1992. This strategy covers:
  - The Council's debt and investment projections;
  - The expected movement in interest rates;
  - The Council's borrowing and investment strategies;
  - Treasury performance indicators;
  - Specific limits on treasury activities;
  - Any local treasury issues.

#### *Borrowing Strategy 2008/09 – 2010/11*

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy. The risks associated with long-term fixed interest rates are expected to be for higher rates over the medium term. The Head of Financial Services, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time. It is likely that longer term fixed rates will be considered earlier if borrowing rates deteriorate.

#### *Investment Strategy 2008/09 – 2010/11*

Under Section 15(1)(a) of the Local Government Act 2003, Local Authorities have to produce an Annual Investment Strategy with effect from 1 April 2004. The Office of the Deputy Prime Minister issued Investment guidance on 12 March 2004, and this forms the structure of the Council's policy below. The four main requirements which require approval are :-

- The strategy guidelines for decision making on Investments
- The principles to be used to determine the amount of funds, which can be committed for more than a year, and the minimum to be held in short-term Investments.

- Specified Investments the Council will use.
- Non-Specified Investments the Council will use.

The December cut in Bank Rate came as no surprise to the financial markets but it emphasised the Monetary Policy Committee's growing unease about the state of the domestic economy. The November Inflation Report did highlight the threat of a comparatively steep decline in economic activity in 2008. However, until then there had been few decisive signals that this process had commenced in earnest. More recently, the economic data has been transmitting an increasing amount of evidence that this may indeed be the case.

The cooling in the housing market has been noted for some time although it is only in the past few months that the two key indicators on this front (the Nationwide & Halifax Indices) have moved down in unison. The deciding factors behind the MPC's decision were probably the November CIPS surveys of the manufacturing and service sectors.

Both these indicators pointed towards a marked deceleration in activity on a broad front and may well have been interpreted by the policy doves as a sure sign that the effects of the summer's credit squeeze are beginning to spread beyond the confines of the financial markets.

The squeeze on credit represents a sharp and involuntary tightening of domestic monetary policy. The fact that it is likely to take some time to evaporate suggests that consumers' expenditure (which has still to see the full effects of the adjustment of discounted, fixed-rate mortgages) will eventually respond through a marked contraction.

This, along with an easing of capacity constraints as the economy slows down, is expected to reduce inflation pressures and ensure CPI growth reverts to the 2% central target rate over the medium term.

Nevertheless, the Bank of England does note that the upside risks to inflation remain. Many of the current pressures are externally generated (oil, food, commodity prices etc) and will not respond to UK interest rate policy.

Hopes rest upon the anticipated deceleration in international activity reversing at least some of these trends. In the mean time, the MPC is hoping that domestic inflation expectations do not deteriorate and that weakening household consumption prevents companies passing cost increases on to the retail level. The outcome of this "central case" scenario will not be known for some time.

Bond markets will remain aware of the risks policy makers are taking with inflation for the sake of engineering a gradual and moderate dip in economic activity. Concerns about the health of the financial sector will persist for some time and these will maintain the downward bias to bond yields in the very near term.

However, investors may be unsettled by the risks central banks are taking with long-term inflation control in their attempts to shore up faltering activity. Worries about

inflation prospects in the medium to long term are expected drive yields higher through 2008/09 and beyond.

The Council’s investment decisions are based on comparisons between the rises priced into market rates against the Council’s and advisers own forecasts. It is likely that investment decisions will be made for longer periods with fixed investments rates to lock in good value and security of return if opportunities arise, subject to over riding credit counterparty security. The Head of Finance, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.

The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. The key performance indicator in respect of investments is to ensure that all investments made by the Council are repaid to the Council on the designated day.

The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will choose rather than defining what its investments are. The rating criteria use the lowest common denominator method of selecting counterparties and applying limits.

Credit quality of counterparties (issuers and issues) and collective investment schemes e.g. Money Market Funds will, in the first instance, be determined by reference to credit ratings published by Fitch Ratings Ltd or another internationally recognised agency e.g. Standard and Poor’s or Moody’s Investor Service Ltd. All credit ratings will be monitored on a daily basis and may result in a counterparty being removed, suspended or upgraded on the Council’s operational List of Acceptable Investment Counterparties. For the purpose of determining whether an institution or investment scheme qualifies as a “Specified” Investment, it must have a minimum rating of:

<u>Agency</u>	<u>Short term Rating</u>	<u>Long Term Rating</u>
	<b><u>(All highest credit quality)</u></b>	<b><u>(High credit quality)</u></b>
Fitch	F1	A-
Moody’s	P1	A2
Standard & Poor’s	A1	A

(Each credit rating agency uses its own scoring and rating terminology setting out their judgement on an organisation’s ability to meet its credit obligations (repay borrowings and deposits) in the long and short term and the likely level of support it might receive from a national government, central bank or parent company in the event of financial difficulties. Scores range from very high credit quality, strong ability to meet repayments to very weak intrinsic financial strength, “speculative” grade).

**Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
- Supranational bonds of less than one year’s duration.
- A local authority, parish council or community council.
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society)

**Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non-specified investments would include:-

- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with more than one year to maturity).
- Supranational bonds of more than one year’s duration.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society).
- A body that has not been awarded a high credit rating by a credit rating agency (such as a bank or building society, including Ipswich Building Society).

The maximum limits are set out below:-

	Fitch	Moody’s	Standard and Poor’s	Time Limit
£7M Upper Limit	F1/AA-	PA1Aa3	A1+/AA-	5 Years
£5M Upper Limit	F1/A-	P1/A3	A1/A	5 Years
£3M Upper Limit	Asset Base over £1BN			364 Days
£1M Upper Limit	Asset Base over £500M plus Ipswich B.S.			364 Days

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## Recommended Approved Organisations for Investment

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Organisation	Specified Investment	Non-Specified Investment	Upper Limit £m
Alliance and Leicester Group	Y	Y	5
Banco Santander Central Hispano Group	Y	Y	7
Citigroup	Y	Y	7
HBOS Group	Y	Y	7
HSBC Group	Y	Y	7
Landsbanki Islands Group	Y	Y	5
Lloyds TSB Group	Y	Y	7
National Australia Bank Group	Y	Y	7
Royal Bank of Scotland Group	Y	Y	7
Bank of Butterfield	Y	Y	7
Barclays Bank	Y	Y	7
Bradford & Bingley	Y	Y	5
Close Brothers	Y	Y	5
Co-operative Bank	Y	Y	5
Egg Banking	Y	Y	5
Standard Life	Y	Y	5
Allied Irish Bank	Y	Y	7
Kaupthing Singer & Friedlander	Y	Y	5
Merrill Lynch	Y	Y	5
Schroders	Y	Y	5
Nationwide Building Society	Y	Y	5
Britannia Building Society	Y	Y	5
Yorkshire Building Society	Y	Y	5
Coventry Building Society	Y	Y	5
Chelsea Building Society	Y	Y	5
Skipton Building Society	Y	Y	5
Leeds Building Society	Y	Y	5
West Bromwich Building Society	Y	Y	5
Derbyshire Building Society	Y	Y	5
Principality Building Society	Y	Y	5
Cheshire Building Society	Y	Y	5
Newcastle Building Society	Y	Y	3
Norwich & Peterborough Building Society	Y	Y	5
Stroud & Swindon Building Society	N	Y	3
Dunfermline Building Society	Y	Y	5
Nottingham Building Society	N	Y	3
Scarborough Building Society	N	Y	3
Kent Reliance Building Society	N	Y	3
Progressive Building Society	N	Y	3
Cumberland Building Society	N	Y	3
National Counties Building Society	N	Y	3

Furness Building Society	N	Y	1
Cambridge Building Society	N	Y	1
Leek United Building Society	N	Y	1
Saffron Walden Herts & Essex Building Society	N	Y	1
Hinckley & Rugby Building Society	N	Y	1
Manchester Building Society	N	Y	1
Darlington Building Society	N	Y	1
Newbury Building Society	N	Y	1
Ipswich Building Society	N	Y	1
EBS Building Society	Y	Y	5
Irish Nationwide Building Society	Y	Y	3
Australia & New Zealand Banking Group	Y	Y	7
Commonwealth Bank of Australia	Y	Y	7
KBC Bank Group	Y	Y	7
Dexia Bank	Y	Y	7
Fortis Bank	Y	Y	7
Canadian Imperial Bank of Commerce Group	Y	Y	5
Bank of Montreal	Y	Y	5
Bank of Nova Scotia	Y	Y	7
National Bank of Canada	Y	Y	5
Royal Bank of Canada	Y	Y	7
Toronto-Dominion Bank	Y	Y	7
Danske Bank	Y	Y	7
Nordea Bank Finland	Y	Y	7
Bankgesellschaft Group	Y	Y	5
Bayerische Hypo-und Vereinsbank AG	Y	Y	5
Bayerische Landesbank Girozentrale	Y	Y	5
Deutsche Bank	Y	Y	7
Dresdner Bank	Y	Y	5
HSH Nordbank	Y	Y	5
Landesbank Baden-Wurttemberg	Y	Y	5
Landesbank Hessen-Thuringen Girozentrale	Y	Y	5
Norddeutsche Landesbank Girozentrale	Y	Y	5
Glitnir	Y	Y	7
Depfa Bank Group	Y	Y	5
KBC Bank Group	Y	Y	5
Allied Irish Bank	Y	Y	5
Anglo Irish Bank	Y	Y	5
Bank of Ireland	Y	Y	5
Irish Permanent	Y	Y	5
Banca Monte dei Paschi di Siena	Y	Y	5
Intesa Sanpaolo	Y	Y	7
Unicredito Italiano	Y	Y	5
ABN Amro Bank	Y	Y	7
Rabobank	Y	Y	7
Banco Comercial Portugues Group	Y	Y	5

Banco Espirito Santo	Y	Y	5
Riyad Bank	Y	Y	5
Development Bank of Singapore	Y	Y	7
Banco Bilbao Vizcaya Argentaria	Y	Y	7
UBS AG	Y	Y	7
Bank America Corporation	Y	Y	7
Bank of New York	Y	Y	7
CIT Group	Y	Y	5
JP Morgan Chase Bank	Y	Y	7
State Street Bank & Trust Company	Y	Y	7
Wachovia Bank	Y	Y	7
British Government Gilt-Edged Securities	Y	Y	10
Money Market Funds	Y	N	5
Debt Management Account	Y	N	5
Local Authorities (£2M limit per authority)	Y	N	2
Securities admitted to the official list of the Stock Exchange, Guaranteed by the UK Government	N	Y	5