

APPENDIX 1



FINANCIAL STRATEGIES AND MEDIUM-TERM FINANCIAL PLAN 2025/26 ONWARDS

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Section 1

Medium Term Financial Plan - Overview

Introduction

- 1.1 The Medium-Term Financial Plan (MTFP) is refreshed annually. This comprehensive document includes the Council's financial strategies and the MTFP for the General Fund, the Housing Revenue Account, and the Capital Programme.
- 1.2 This MTFP continues to adopt a four-year planning timescale. The Plan outlines the impact of the 2025/26 Local Government Finance Settlement on Ipswich Borough Council and provides an update on the Council's financial position, which includes a substantial future Corporate Savings Programme, that was established in September 2024.
- 1.3 It is important to note that the finance settlement announced by DLUHC only applies to 2025/26 and no further information has been provided regarding subsequent years, so assumptions have had to be made regarding funding levels in 2026/27, 2027/28 and 2028/29. The government have announced the intention for multi-year financial settlements to resume from 2026/27 alongside a review of the local government funding arrangements.

National Context

- 1.4 The ongoing difficult financial climate continues to put council budgets under severe pressure. The legacy of recent high price levels, inflation, interest rates and significant economic uncertainty have seen many Councils reporting financial challenges.
- 1.5 The Office for Budget Responsibility (OBR) is the UK's independent fiscal watchdog and produces an 'Economic and Fiscal Outlook' twice a year following each Budget and Annual Statement. The latest was published on 30 October 2024.
- 1.6 These Outlooks contain detailed forecasts for a five-year period, which are then used to assess the Government's performance against fiscal targets.
- 1.7 The following paragraphs are taken from the OBR's October 2024 Economic and Fiscal Outlook which covers the MTFP period to 2028/29. Each of these paragraphs are supplemented in the OBR report by more detailed analysis and data tables.

i. Outlook (para 1.1, pg. 5)

Against a broadly unchanged economic and fiscal backdrop since March, this Budget delivers a large, sustained increase in spending, taxation, and borrowing. Budget policies increase spending by almost £70 billion (a little over 2 per cent of GDP) a year over the next five years, of which two-thirds

goes on current and one-third on capital spending. As a result, the size of the state is forecast to settle at 44 per cent of GDP by the end of the decade, almost 5 percentage points higher than before the pandemic. Half of the increase in spending is funded through an increase in taxes, mainly on employer payrolls, on assets, and through greater tax compliance. These raise £36 billion (just over 1 per cent of GDP) a year in additional revenue and push the tax take to a historic high of 38 per cent of GDP by 2029-30. The other half of the increase in spending is funded by a £32 billion (1 per cent of GDP) a year increase in borrowing, one of the largest fiscal loosening of any fiscal event in recent decades.

ii. Consumer Price Index (CPI) forecast (para 1.11, pg. 9)

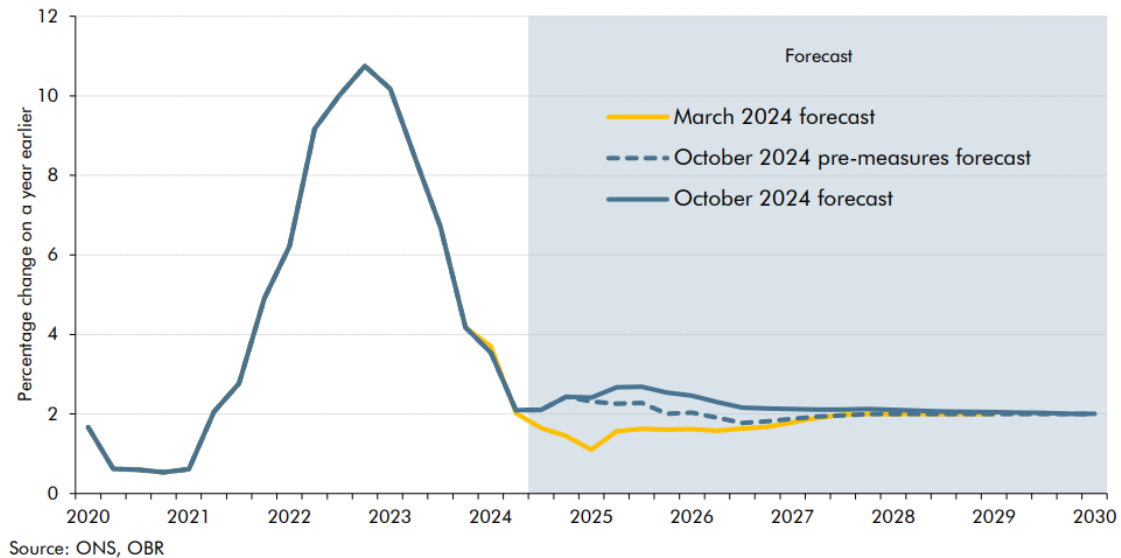
“Having fallen back to around the 2 per cent target in mid-2024, we expect CPI inflation to pick up to 2.6 per cent in 2025 partly due to the direct and indirect impact of Budget measures. Inflation then slowly returns to the 2 per cent target by the forecast horizon as the effect of these measures fades and the positive output gap closes. Compared to our March forecast, inflation is 1.1 percentage points higher in 2025 and 0.6 percentage points higher in 2026, driven mainly by greater-than-expected persistence in wage growth and the impact of the near-term fiscal loosening in this Budget. We estimate that Budget policy measures increase inflation by 0.4 percentage points at their peak effect in 2026, mainly reflecting the impact of the excess demand generated by the fiscal loosening and some pass-through of employer NICs to consumer prices. A further escalation of the conflicts in the Middle East poses a risk to our inflation forecast, initially via its impact on energy prices.”

iii. Gross Domestic product (GDP) (para 1.16, pg.11)

“Nominal GDP growth is expected to average 3.8 per cent from 2024-25, around ½ a percentage point higher than in our March forecast. More persistent domestically generated inflation and the impact of this Budget mean higher GDP deflator growth more than offsets slightly lower real GDP growth. However, the upward revision to nominal GDP growth is not fully reflected in stronger growth in the key tax bases. Growth in wages and salaries and profits are constrained by the increase in employer NICs. And consumption growth is lowered by the effect of policy measures on household incomes.

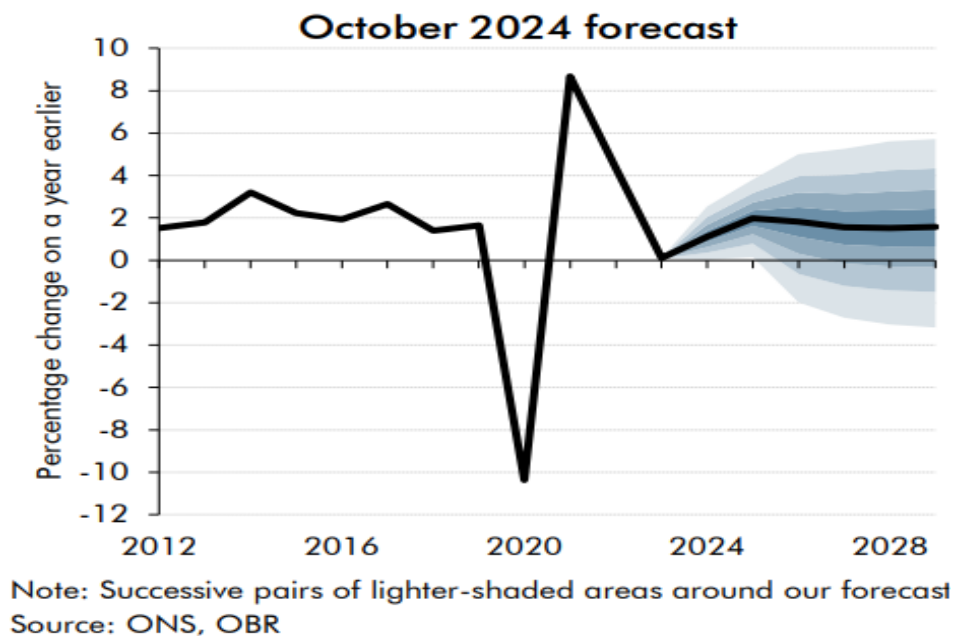
- 1.8 The Consumer Price Index is an indicator of inflation and the rate at which costs are expected to increase each year.

Chart One: OBR Consumer Price Index forecast to 2030



- 1.9 The rate of growth in Gross Domestic Product is an indicator for the rate of growth in the economy. The forecast annual change in GDP is expected to improve at a higher rate than expected in March 2024, over the next few years.

Chart Two: OBR Gross Domestic Product forecast to 2028



Section 2

Corporate Finance Strategy

Introduction

- 2.1 The Council's Corporate Strategy "Proud of Ipswich" includes the priority to be a financially sustainable Council.

Vision

- 2.2 To maintain the provision of high-quality services by being a financially sustainable Council. To achieve this by a systematic and consistent approach to financial activity, resource levels and value for money.

Values

Activity

- 2.3 Employ effective, systematic financial processes, management, and reporting arrangements.
- 2.4 Effective control of resources with a clear financial framework, rules and budgetary control with a robust financial system and processes.
- 2.5 Deal with financial challenges in a prompt and transparent manner.
- 2.6 Protect frontline services and prioritise services that residents most rely on.

Resource Levels

- 2.7 Have an effective approach to allocating financial resources in a prioritised and proportionate way to achieve the Council's Corporate Strategy.
- 2.8 Maintain fees and charges at levels that ensure services are high quality and financially sustainable.
- 2.9 Attract inward investment to Ipswich from government, public bodies, and partners.
- 2.10 The Council's participants in financial activity have the right skills, experience, and capacity to fulfil their roles.

Value for money

- 2.11 Deliver effective and efficient services that focus on services that residents need most.

2.12 Minimise council tax increases needed to support the service levels provided.

Key Metrics

2.13 To continue to build on key data to inform future financial activity. Past activity and metrics can provide insight to future trends. These include accuracy in financial planning and future changes in service demand, spend, economic volatility, resource levels. The Corporate Financial Strategy informs the production of the MTFP.

Review

2.14 This strategy will be reviewed periodically.

Supporting Statement to the Corporate Finance Strategy

Context

2.15 The prevailing difficult economic conditions and outlook merit a consistent strategic framework and direction for the MTFP and other financial activity. The key focus is to improve the Council's financial resilience and long-term sustainability.

Strategic Focus

2.16 The focus is on seven key strategic areas to ensure financial resilience including assessing internal and external risks:

1. Revenue Strategy
2. Expenditure Management
3. Debt Management
4. Reserves Policy
5. Investment Strategy
6. Risk Management
7. Performance Measurement and Reporting

Revenue Strategy

2.17 Ipswich will continue to build upon diversifying revenue sources to reduce dependence on government grants. Over the years, Ipswich Borough Council (IBC) has significantly reduced its dependence on central government funding and less dependent on government grants compared to its CIPFA nearest neighbours.

2.18 The revenue strategy will focus on:

- Increasing local taxes within statutory limits.
- Leveraging assets and real estate for rental income or development.
- Identifying grant opportunities and securing additional funding.
- Exploring the range of delivery vehicles for revenue-generating projects.

Expenditure Management

- 2.19 Prioritising services based on their impact on the community, when considering both essential services and areas for potential cost savings.
- 2.20 Implementation of robust cost control measures, including regular budget reviews, efficiency audits and procurement optimisation.
- 2.21 Exploring collaborative initiatives to share services and reduce costs, where appropriate.

Debt Management

- 2.22 Ipswich will maintain a clear debt management policy, focusing on prudent borrowing for capital projects and actively monitor debt levels and ensure that debt servicing costs are sustainable within the budget.

Reserves Policy

- 2.23 Maintaining adequate reserve levels to address unexpected financial challenges and emergencies.

Investment Strategy

- 2.24 Develop an investment strategy to maximise returns on surplus funds while managing risks responsibly.
- 2.25 Invest in low-risk, diversified portfolios consistent with the council's risk tolerance.

Risk Management

- 2.26 Identify and assess financial risks, including economic downturns, legal liabilities, and potential service disruptions.
- 2.27 This includes developing risk mitigation strategies and contingency plans.
- 2.28 Active stakeholder engagement encompassing building support for the financial plan and ensuring council members, staff and external partners align to the financial strategic plan.
- 2.29 The risk management strategy will ensure that all the financial activities and strategies comply with relevant laws, regulations, and local and international financial accounting standards.

Performance Measurement and Reporting

- 2.30 The Council will use up to date and SMART key performance indicators (KPIs) to track progress toward financial objectives and service delivery targets.

- 2.31 This strategy includes cyclical reporting on financial performance and transparency to stakeholders, residents, council members and central government authorities.
- 2.32 The council will maintain strategic and tactical reviews of the financial plan to adapt to changing circumstances and priorities to ensure robust financial resilience and risk mitigation.

Financial Risks Analysis

- 2.33 Following the recent series of economic shocks, financial sustainability is a key strand in the Corporate Strategy and is monitored through the corporate risk register. The key financial risks are identified with the associated mitigations recognised and addressed in the following table:

Table One: Finance Strategy Identified Risks

Risk Description	Consequence of Risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1 – almost impossible 6 – very high)	Impact of risk if it occurred taking account of actions (scale 1 – negligible; 4 – catastrophic)	Actions to Mitigate Risk
1. Council Tax	Collection rate variance	Accurate collection of data	3	3	Robust monitoring of council tax income drivers. Implementation of the Ipswich support scheme
2. Income	Income level variance	Robust budgetary control framework	3	3	Regular monitoring. Establishing income
3. Revenue Expenditure	Adverse service demand and spend pressures	Robust budgetary control framework	2	4	Service planning & monitoring framework in place. Challenging adverse variances
4. Changes in National funding framework	Financing level variance	Review of government announcements / industry experts	3	3	Robust resource monitoring and associated spending controls
5. Capital Expenditure	In-accurate forecasting, inefficient use of resources	Robust budgetary control framework	3	4	Regular monitoring
6. Capital Financing	High investment levels stretch affordability levels	Accurate monitoring / forecasting	3	4	Robust resource monitoring and associated spending controls

Risk Description	Consequence of Risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1 – almost impossible 6 – very high)	Impact of risk if it occurred taking account of actions (scale 1 – negligible; 4 – catastrophic)	Actions to Mitigate Risk
7. Treasury Management	In-appropriate approach for economic situation. Investment return variance	Treasury Management Strategy	3	3	Use of external advisor. Monitoring within Treasury Management Strategy parameters
8. Partnership Funding	Adverse Engagement/ Financing level variance		3	3	Partnership governance and monitoring arrangements
9. Localisation Business Rates	Inaccurate estimation of NNDR1 over/understates income levels. Revaluation on 1 April 2024 but expected variance covered by finance settlement	Accurate collection of data. Forecasting.	3	3	Monitoring of movements in tax base, contact with VOA and internal e.g., Building Control, Planning. Establishment of income equalisation reserve.
10. Business Rates Pooling	Exit of single authority dissolves the pool.	Robust governance arrangements	2	3	Partnership governance and monitoring arrangements
11. Public Works Loan Board Rates	HM Treasury significantly increase rates with minimal notice given	Continued monitoring	2	3	Prudent budgeting, financing sourced from alternative providers, e.g., Municipal Bonds Agency, regular review of financing requirements, robust Treasury Management strategy.
12. Further economic shocks	High inflation and economic uncertainty results in spend pressure	Risk assessment	2	3	Prudent budgeting, ongoing risk assessment, monitoring arrangements

GRADING GUIDE / RISK MATRIX – The definitions below provide guidance as to what is meant by both likelihood and impact. Using this guide will aid consistency at a corporate level.

Examples	IMPACT (grade 1 to 4)				LIKELIHOOD (grade 1 to 6)	
	1 - Negligible	2 - Marginal	3 - Critical	4 - Catastrophic	Probability	Timing
Financial impact	£0k - £25k	£25k - £250K	£250K - £2M	£2M+	6 - Very High	> 90% This week
Service Provision	No effect	Slightly reduced	Service suspended short term/reduced	Service suspended long term Statutory duties not delivered	5 - High	55% to 90% Next week / this month
Health & Safety	Sticking plaster / first aider	Broken bones/illness	Loss of life/major illness	Major loss of life/large-scale major illness	4 - Significant	15% to 55% This year
Objectives		Objectives of one key service area not met	Directorate objectives not met	Corporate objectives not met	3 - Low	5% to 15% Next year
Morale		Some hostile relationship / minor non co-operation	Industrial action	Mass staff turnover / unable to attract staff	2 - Very Low	1% to 5% Next year to five years
Reputation	No media attention / minor letters	Adverse local media leader	Adverse national publicity	Will be remembered for years!!	1 - Almost Impossible	0% to 1% Next 10 years
Government relations		Poor assessment(s)	Service taken over temporarily	Service taken over permanently		

Likelihood	Very High	6				
	High	5				
	Significant	4				
	Low	3				
	Very Low	2				
	Almost Impossible	1				
			1 Negligible	2 Marginal	3 Critical	4 Catastrophic

Risk Matrix (Corporate)

Note: Multiply Likelihood by impact to get total Risk grading

- 2.34 The Council has a robust approach to managing financial risk. This is set out in full in the Financial Standing Orders and the accompanying Financial Rules.
- 2.35 The Audit and Governance Committee is responsible for reviewing the Council's Risk Management strategy and for reviewing the effectiveness of risk management. The Chief Finance Officer is responsible for ensuring that proper insurance exists where appropriate.
- 2.36 The Head of Internal Audit is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

Equality and Diversity Issues

- 2.37 Equality impact assessments are part of the legal duties towards Race, Disability and Gender under the Race Relations (Amendment) Act 2000, the Disability Discrimination Act 2005 and under the Equality Act 2006. An impact assessment is a positive step to ensure wherever possible preventative measures are taken to avoid discrimination and unfairness before it occurs. Any actions arising from the MTFP would be subject to individual impact screenings.

Section 3

General Fund Medium Term Financial Plan

Introduction

- 3.1 The Council is required to set a balanced budget by the end of February each year and accompanies this with a Medium-Term Financial Plan (MTFP). The Council's MTFP is reviewed annually to achieve this. Executive receives quarterly budget monitoring updates and Council agrees the final accounts for the previous financial year once they have been audited.
- 3.2 The MTFP provides the financial resourcing plan for the Council's Corporate Strategy – Proud of Ipswich. The priorities are:
- I. A Thriving Town Centre
 - II. Meeting the Housing Needs of our Community
 - III. A 'carbon neutral' Council
 - IV. Promoting Community Wellbeing and Fairness in Ipswich
 - V. A Financially Sustainable Council Providing Good Quality Services
- 3.3 The Council's General Fund Budget Strategy is to:-
- i) Maintain and enhance the current level of front-line services provided to the residents of Ipswich.
 - ii) Maintain the Council's part of the council tax at the lowest level possible consistent with maintaining the level of service desired by Ipswich residents.
 - iii) Seek to ensure that the financial impact of the introduction of Council Tax localisation continues to be minimised by a local Council Tax Reduction Scheme.
 - iv) Maximise income from retained business rates, by membership of the Suffolk Business Rates Pool, and promoting economic development in the Ipswich area.
 - v) Maximise other income sources, including fees and charges, without impacting upon vulnerable service users.

Corporate Asset Management Strategy

- 3.4 This Property Asset Management Strategy defines how the Council manages, maintains, acquires, and disposes of the property it owns. Effective asset management is pivotal in providing high-quality and cost-effective services and a key component in ensuring best value is always achieved. The Property Portfolio plays a leading role in the Council's aspirations for regeneration and

investment. It is a key element of the MTFP. An updated Strategy is attached at Appendix 2.

- 3.5 Good progress continues to be made on tackling and re-letting vacant properties, together with continued low rental debt and arrears ratios. In the context of the pandemic this is a positive outcome. Strategic projects are progressing with evidence of strong interest in the Waterfront Regeneration Project, Key Town Centre Buildings and at IP City Centre.
- 3.6 A new property database has been implemented. This will be a significant step forward and enable much clearer implementation of the Strategy. Focus is being given to remedy outstanding lease renewals and rent reviews and the team is now resourced to proactively manage these. Priority is being given to improving energy efficiency.

The General Fund Revenue Budget

- 3.7 The 2024/25 Medium Term Financial Plan (MTFP) was approved by Council on 28 February 2024 (C/23/22), setting a revenue and capital budget for each of the General Fund and Housing Revenue Account covering the four years from 2024/25 to 2027/28.

Table Two: Summary Financial Position per February 24 MTFP (C/23/22) extrapolated

£m	2024/25	2025/26	2026/27	2027/28	2028/29	Total
MTFP Use of Balances (Table Nine 24/25 MTFP Appendix 1)	-0.944	0.420	0.324	-0.596	-0.302	-1.098
Corporate Savings Target	1.500	4.000	5.500	6.500	6.500	24.000
Transitional Vacancy Provision	1.120	1.120	1.120	1.120	1.120	5.600
Total Budget Gap Position	1.676	5.540	6.944	7.024	7.318	28.502

- 3.8 There are, as always, a significant series of assumptions that under-pin the calculations. Assumptions made in the Budget regarding inflation and emerging pressures have been reviewed and updated. Key assumptions include:
- Council Tax at 2.99% per annum
 - Salary costs are uplifted by inflation
 - The Suffolk Business Rates pool continues for 2025/26
 - Income yield continues to increase.
- 3.9 Since the budget was agreed by Council in February 2024, there have been several significant additional financial pressures, which are summarised in the table below:

Table Three: General Fund Revenue Pressures

	£m	2024/25	2025/26	2026/27	2027/28	2028/29	Total
1	Budget Monitoring Pressures	2.298	1.538	1.097	1.097	1.097	7.127
2	Non-pay Inflation	-	0.212	0.383	0.458	0.514	1.567
3	HR/Finance System	-	0.150	0.050	-	-	0.200
4	Asset Disposal (Net)	-	0.317	0.317	0.317	0.317	1.268
5	Local Government Review Reserve	-	0.250	-	-	-	0.250
6	Employers National Insurance	-	0.508	0.508	0.508	0.508	2.032
	Subtotal	2.298	2.975	2.355	2.380	2.436	12.444

- 3.10 The following paragraphs explain each of the items in the above table.
- 3.11 The 2024/25 variances reported in the quarterly budget monitoring reports to Executive have included significant base budget pressures which have been included in base budgets going forward. (1)
- 3.12 The reported Budget Monitoring Pressures above include a £0.027m p.a. increase in external audit fees associated with new audit requirements, as set by Public Sector Audit Appointments. (1)
- 3.13 The reported Budget Monitoring Pressures above also include the 2025/26 contribution to the Shared Revenues Partnership, which has been agreed at £2,741,097 and is an increase of £4,507 on the previously expected level. (1)
- 3.14 The 2025/26 contribution to the Colchester and Ipswich Joint Museum service has been agreed at £1,067,300, an increase of £17,800 which will be funded from the non-pay inflation contingency. (2)
- 3.15 As referred to in paragraph 1.7, the OBR forecast in October 2024 assumes the annual increase CPI will be higher in all years between 2024 and 2028 than was the case in the March 2024 Economic and Fiscal Outlook. As a result, it has been necessary to increase the non-pay inflation contingency. In addition, the Council has re-assessed its exposure to inflation based on a comparison of its basket of spend compared to the standard basket used by the Office of National Statistics and has identified that the Council's exposure the headline inflation levels is currently 82%. This is a decrease from 85% last year and can be attributed to slowing food, hotel and air travel, which has increased the proportion of spend inflation the Council is exposed to. (2)

Table Four: Non-Pay Inflation

	2025/26	2026/27	2027/28	2028/29
OBR Nov 23 CPI Projection	1.6%	1.5%	1.8%	N/A
OBR Nov 23 CPI Projection (IBC element - 85%) used in 24/25 MTFP	1.4%	1.3%	1.5%	N/A
OBR Oct 24 CPI Projection	2.7%	2.3%	2.1%	2.0%
OBR Oct 24 CPI Projection (IBC element - 82%) used in 25/26 MTFP	2.2%	1.9%	1.7%	1.6%

- 3.16 The MTFP was based on a pay award of 3% for 2024/25. The national 2024 pay award (3.9%) was over 0.9% higher than the predicted level (3.00%). However, as shown in Table Four, inflation is now at lower levels than the recent peak and is also expected to reduce in the future. The pay inflation contingency has been set to 2%, which is in line with the previous MTFP assumptions. This is summarised in the table below.

Table Five: Pay inflation

	2024/25	2025/26	2026/27	2027/28	2028/29
2024/25 MTFP Assumption	3.00%	2.00%	2.00%	2.00%	2.00%
2025/26 Assumption	3.90%	2.00%	2.00%	2.00%	2.00%

- 3.17 An estimate has been made for the potential implementation revenue costs associated with the new Financial Management System. (3)
- 3.18 Rental income will reduce in 2025/26 following the disposal of IBC assets. (4)
- 3.19 A Local Government Re-Organisation (LGR) Reserve is included within the MTFP to cover the anticipated preparatory work associated with the LGR during 2025/26. (5)
- 3.20 The Council has estimated the cost implications following the government recent announcement regarding an increase in the employer's national insurance rate of 1.2%, from 13.8% to 15%. (6)

2025/26 Local Government Finance Settlement

- 3.21 The Government has announced that for 2025/26 there will be a one-year financial settlement for Local Government (as has been the case for the last four years). Limited information has been provided about future years. However, the Council has sought advice from external advisors about the likely impact of future settlements and these estimates are used in developing the new MTFP.
- 3.22 The final finance settlement will be published in late January/early February 2025 and, in aggregate, is anticipated to be like the provisional settlement published on 18 December 2024. Key elements include: -

- (a) The Baseline Funding Level (i.e., the amount of Business Rates that Ipswich Borough Council gets to keep) has been increased by capped inflation of 1.2% in 2025/26 (4.6% increase in 2024/25).
- (b) Revenue Support Grant has increased by 22.4%.
- (c) Compensation for the under-indexation of the business rate multiplier, is 4.5% higher than for 2024/25, but that does include additional funding for the freezing of the small business rate multiplier 2025/26, which remains fixed at 49.9p. This means that, in 2025/26, it is expected that the Borough Council will get to keep approximately 13% of the business rates it is due to collect on behalf of HM Government. It should be noted that the under-indexation compensation is re-imbursement for the lost business rates income (by not increasing the multiplier, the Council's business rates income will be lower), it does not represent additional funding.
- (d) The Council Tax cap threshold relevant to Ipswich Borough Council has been maintained at 2.99% for 2025/26. This means that the Council can opt to increase Council Tax by the maximum of either 2.99% or £5 without needing a local referendum. All the Governments' calculations assume that the Council will increase Council tax by the maximum threshold amount.
- (e) New Homes Bonus continues for another year, but at a much lower amount than for 2025/26 (£0.005m compared to £0.007m). There is no funding for this after 2025/26.
- (f) The Council received no Funding Guarantee in the Finance Settlement (£1.005m in 2024/25). This is because the combination of the Baseline Funding Level and the Revenue Support Grant increase at 1.9% is more than the 1.3% limit required to be in receipt of this grant.
- (g) The Services Grant was abolished in the Autumn Budget (£0.030m in 2024/25).

3.23 Following these changes, the Council's funding position for 2025/26 is summarised in the Table below (the current year is shown for comparative purposes). Overall, IBC's funding position has increased by 1.3% for next year (excluding the Extended Producer Responsibility Grant), which is less than the current CPI inflation per the Office of Budget Responsibility at 2.7% (as at October 2024).

3.24 The Government allocation system is based on an assessment of local core spending power. This takes account of the government's predictions on Council Tax. Across England the average increase in Core Spending Power is 6.0%, and Ipswich increased by 1.3%.

Table Six: Core Spending Power from Local Government Settlement

Key Information	2024/25	2025/26	Change
	£m	£m	%
Baseline Funding Level	4.727	4.782	1.2%
Revenue Support Grant	0.201	0.246	22.4%
Settlement Funding Assessment	4.928	5.028	2.0%
Compensation for under-indexing the business rates multiplier	0.902	0.943	4.5%
Council Tax	16.076	16.623	3.4%
Services Grant	0.030	0.000	-100.0%
Recovery Grant	0.000	0.688	
Funding Guarantee	1.005	0.000	-100.0%
New Homes Bonus	0.007	0.005	-28.6%
Domestic Abuse Safe Accommodation Grant	0.035	0.036	2.9%
Grants rolled in	0.042	0.000	-100.0%
Total	23.025	23.323	1.3%

- 3.25 Assuming the funding levels are maintained across the MTFP period the Finance settlement for 2025/26 represents a £2.887m increase over the MTFP period, however that is not certain. The following table summarises the change, compared to the previous MTFP estimate, of those components of the Finance Settlement that can be classified as government funding.

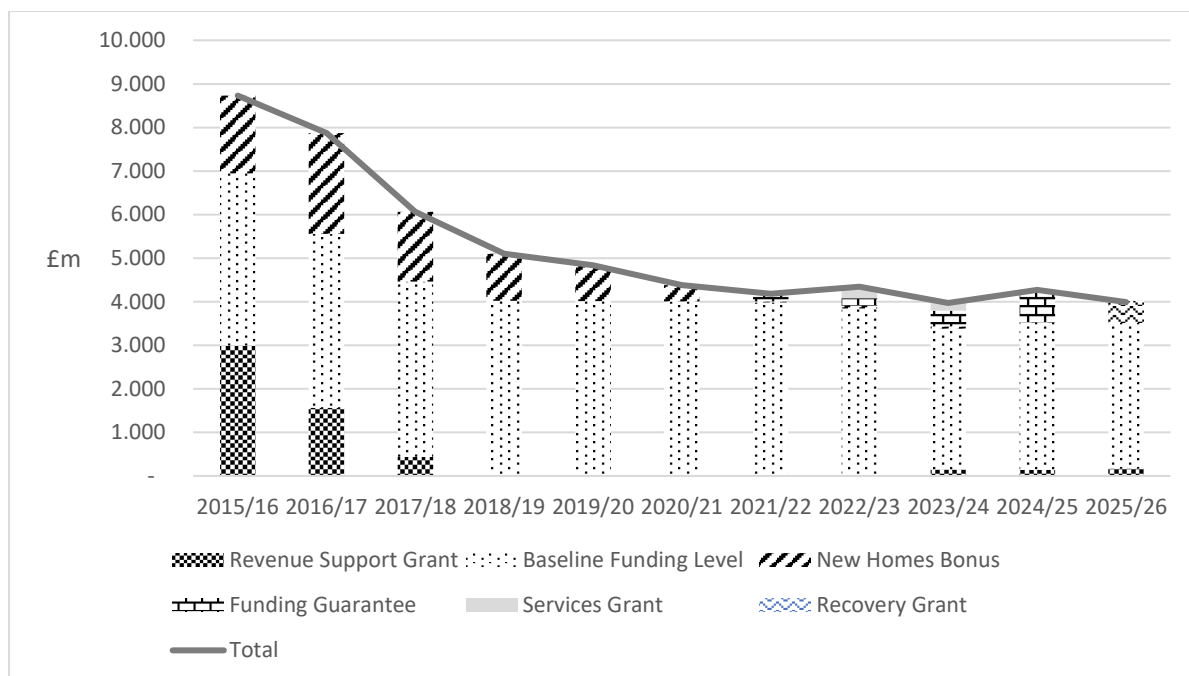
Table Seven: Impact of Local Government Finance Settlement on MTFP

£m	2025/26	2026/27	2027/28	2028/29	Total
Business Rates Baseline	-0.055	-0.121	-0.186	-0.257	-0.619
Revenue Support Grant	-0.045	-1.670	-1.605	-1.535	-4.855
Services Grant	0.028	0.028	0.028	0.028	0.112
Recovery Grant	-0.688	0.000	0.000	0.000	-0.688
Funding Guarantee	0.792	0.792	0.792	0.792	3.168
New Homes Bonus	-0.005	0.000	0.000	0.000	-0.005
Total Impact of Finance Settlement	0.027	-0.971	-0.971	-0.972	-2.887

- 3.26 In 2010/11, IBC received £11.91m of Formula Grant in the Local Government Finance Settlement. If this had been increased by cpi, the 2025/26 Settlement would have been £18.442m (before Council Tax and the compensation for the under-indexing of the business rate multiplier). The draft settlement of £5.72m represents a real terms reduction of £12.72m, which is a real terms reduction of £119m since 2010/11 at today's prices. The graph shows how the

Settlement Funding has changed in real terms over the period 2015/16 to 2025/26.

Chart Three: Government Funding by Year 2015/16 to 2025/26 (in real terms)



General Fund Budget - Changes

3.27 The Council has responded to these pressures and identified additional savings and income, as listed in the following table.

Table Eight: General Fund Revenue Savings & Income

	£m	2024/25	2025/26	2026/27	2027/28	2028/29	Total
1	Reserves Review	-0.419	0.000	0.000	0.000	0.000	-0.419
2	Fees & Charges Yield Increase	0.000	-0.244	-0.244	-0.244	-0.244	-0.976
3	Council Tax Base	0.000	-0.063	-0.021	0.026	0.000	-0.058
4	Capital Financing/Investment Income	0.513	-0.750	-1.772	-2.199	-2.435	-6.643
5	2023/24 Favourable Out-turn Variance	-2.236	0.000	0.000	0.000	0.000	-2.236
6	Regent Theatre/Corn Exchange	0.000	0.469	-0.257	-0.257	-0.257	-0.302
7	Retained Business Rates	0.000	-0.372	0.000	0.000	0.000	-0.372
8	Building Safety Grant	0.000	-0.068	0.000	0.000	0.000	-0.068
9	Extended Producer Responsibility Grant	0.000	-1.250	-1.000	-1.000	-1.000	-4.250
	Total	-2.142	-2.278	-3.294	-3.674	-3.936	-15.324

- 3.28 The following paragraphs explain the notable items in the above table. The references e.g. (1) refer to the above table.
- 3.29 All contingencies and reserves have been reviewed and funds released as appropriate. (1)
- 3.30 Potential income yields have been reviewed for 2024/25 on a service-by-service basis and an uplift has been applied where possible from 2025/26 onwards. (2)
- 3.31 The council tax budget requirement has been updated to reflect the changes announced in the budget regarding second homes, empty homes, single person discounts and council tax reduction schemes. (3)
- 3.32 A review of capital projects with consequent savings on MRP and interest charges and increased investment income has been applied. (4)
- 3.33 The 2023/24 Out-turn report, E/21/24, reported an out-turn position that was £2.236m more favourable than that predicted in the 2024/25 MTFP. (5)
- 3.34 Following the redevelopment of the Regent Theatre in 2025, additional annual income of £0.257m is anticipated through an increase in rental charges and ticket prices. (6)
- 3.35 The details contained within the Finance Settlement, including the compensation for the under-indexing of the business rates multiplier, as referred to in paragraph 3.21, has provided the opportunity to review the levels of retained business rates. (7)
- 3.36 An additional Building Safety Grant has been received from MHCLG for building safety enforcement work on high rise buildings. (8)
- 3.37 Additional income from the Extended Producer Responsibility Grant for packaging will be received by local authorities from 2025/26 onwards. (9)

General Fund Summary Position

- 3.38 The summary position, taking account of the changes explained above, is detailed in the following table:

Table Nine: General Fund Summary Position

£m	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Opening Budget Gap (Table Two)	1.676	5.540	6.944	7.024	7.318	28.502
Transitional Vacancy Provision (Table Two)	-1.120	-1.120	-1.120	-1.120	-1.120	-5.600
Budget Pressures (Table Three)	2.298	2.975	2.355	2.380	2.436	12.444
Finance Settlement (Table Seven)	0.000	0.027	-0.971	-0.971	-0.972	-2.887
General Fund Savings & Income (Table Eight)	-2.142	-2.278	-3.294	-3.674	-3.936	-15.324
Corporate Savings Programme	-0.108	-3.817	-5.814	-3.723	-3.810	-17.272
Reserves to Achieve Balance	0.604	1.327	-1.900	-0.084	-0.084	-0.137
Opening Working Balance	4.031	3.427	2.100	4.000	4.084	
Closing Working Balance	3.427	2.100	4.000	4.084	4.168	

3.39 The Corporate Savings Programme has been developed to address the budget gap. This is the combination of:

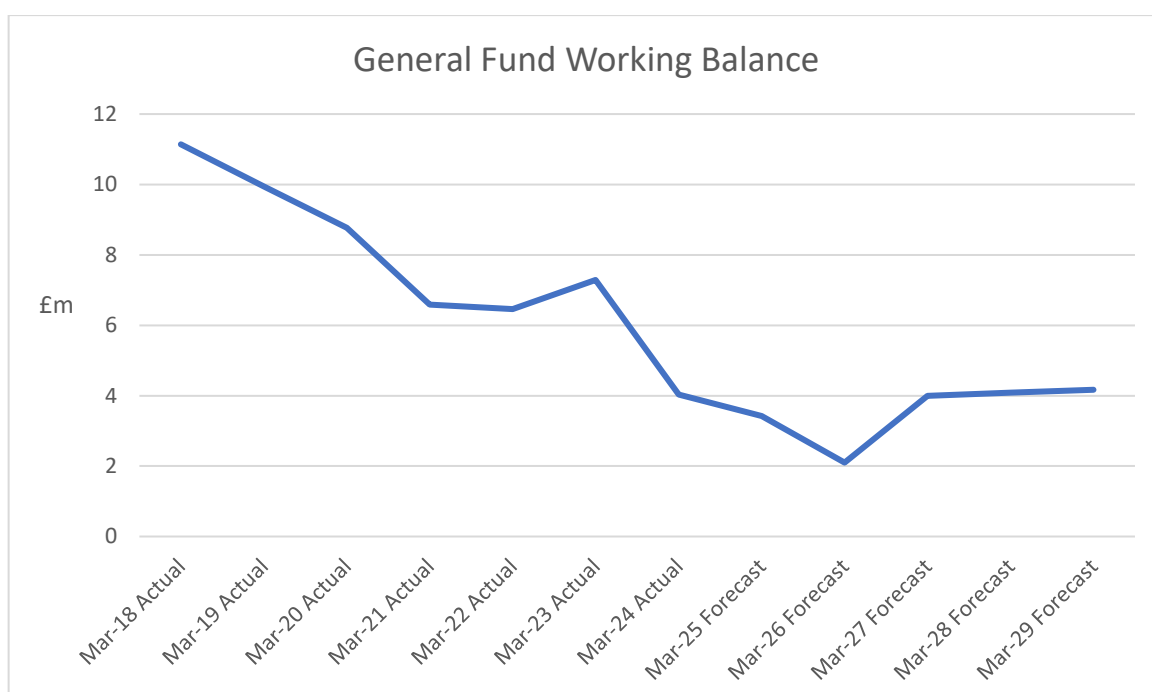
- the £14.438m (£10.160m for the period: 2024/25-2027/28) savings programme, net of contingency and implementation costs, plus the £0.600m drawdown from the Invest to Save Contingency approved in the September Executive report E/24/17 and Council report C/24/07 and,
- additional savings of £2.234m to meet the remaining budget gap. These identified savings will be considered for approval in accordance with the Council's decision-making arrangements at the appropriate times.

3.40 A summary of the key messages from the table:

- **The Council has been hit by significant cost increases outside of our control.**
- **The additional money the Council received from the Government hasn't been anywhere enough to cover those pressures.**
- **The additional money from council tax won't cover the gap either.**
- **The Council has made large savings but still has a significant savings programme to deliver in future.**
- **Because of the early action the Council has taken, it has been able to put the Council's finances on a more sustainable footing, reducing the size of the future savings programme and increasing the level of the working balance.**

- 3.41 The earmarked reserve use remains at the levels identified in the previous MTFP.
- 3.42 The Council's working balance has been reviewed using the CIPFA best practice guide. This Working Balance is used for several purposes including cushioning the impact of unexpected in-year financial shocks and the impact of uneven cashflows, to avoid unnecessary temporary borrowing. As the general level of spend or the economic volatility decreases so should the minimum working balance. The results from the CIPFA best practice guide are that the minimum working balance should be reduced to £4.0m and it was agreed to implement this change from 31 March 2027.
- 3.43 The actual and estimated General Fund Working Balance is shown below:

Chart Four: General Fund Working Balance



Chief Finance Officer's Statement

- 3.44 Section 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.
- 3.45 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. A balanced budget is presented, and this report fulfils that obligation.

- 3.46 External Auditors have regard to these legal requirements and the Council's code of corporate governance when reviewing the arrangements in place to ensure that financial standing is soundly based.
- 3.47 The Chief Finance Officer is satisfied with the robustness of the estimates and the adequacy of working balance and reserves, which are reported fully in the MTFP. The budget gap is a particular challenge in 2025/26 to 2026/27. However, the identified corporate savings programme is expected to address the known budget gap, providing the savings programme is fully delivered. This is the intention; the programme is on track and the Council has a good track record of delivering savings. This view is supported by the review of risks, adequacy of reserves and analysis of the CIPFA Financial Index, in the following paragraphs.
- 3.48 The updated financial position represents sound financial management by the Council and underpins sustainable financial progress.
- 3.49 Assessments of financial risks associated with the budgets in this MTFP are shown below. These risks are taken account of in setting the level of reserves.

Table Ten: Financial Risk Assessment for MTFP period

Risk Description	Consequence of Risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1- almost impossible 6 - very high)	Impact of risk if it occurred taking account of actions (scale 1- negligible; 4 – catastrophic)	Actions to mitigate Risk
1. Accuracy of estimates	Unable to deliver services within financial provision	Consider current economic predictions. Service Group based budget process. Revenue & capital programme set together. All known future changes included in budget.	2	4	Sign-off of detailed budgets by Heads of Service.
2. Adequacy of reserves/ balances/bad debt provision	Possible impact on service provision	Risk Management assessment, insurance policy	3	3	Regular monitoring
3. Significant variances due to poor budgetary control	Unable to deliver services within financial provision	Monthly Budgetary Control process	2	2	Quarterly reporting to Executive based on monthly exception reporting

Risk Description	Consequence of Risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1- almost impossible 6 - very high)	Impact of risk if it occurred taking account of actions (scale 1- negligible; 4 – catastrophic)	Actions to mitigate Risk
4. Long term unsustainable/ imprudent financial planning	Intervention by Secretary of State	Medium term financial planning, Prudential Indicator framework	2	2	Regular monitoring
5. Partnership/ Joint Working – poor control/ definition resulting in financial liability	Non delivery of agreed outcomes	Clear & concise contractual arrangements	2	3	Monitoring by Joint Committees
6. Corporate projects – predicting financial implications	Overspends or non-delivery	Corporate projects managed using Prince 2 based methodology	3	3	Regular monitoring
7. Changing goals/ expectations	Uncertainty over service delivery	Corporate Plan, Strategic framework	2	3	Clear communication
8. Failure of "Approved Organisation for Investment"	Potential loss of investment	Reviewed Treasury Management Strategy	2	4	Daily monitoring of investment counterparties
9. Poor Corporate Governance/ financial control	Lack of control	New Corporate Governance, Audit review, Standing Orders	1	3	Regular reporting & monitoring
10. Changes in proper accounting practice	Statement of accounts not approved by external audit	The Council adheres to the latest Statement of Recommended Practice	1	2	Training and liaison with External audit
11.Unexpected changes in demographic/ service expectations due to the current economic situation	Services under or over provided	Officers actively monitor potential future changes	2	2	Monitoring information used to predict future requirements
13.Corporate savings	Unable to deliver services within financial provision	Officers actively monitoring. Implementation	2	4	Regular progress monitoring

Risk Description	Consequence of Risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1- almost impossible 6 - very high)	Impact of risk if it occurred taking account of actions (scale 1- negligible; 4 – catastrophic)	Actions to mitigate Risk
Programme not delivered		resources and 20% contingency provided			

Specific Risks

3.50 There are also some known key specific risks, and these are identified below:

Table Eleven: Specific Risks Identified

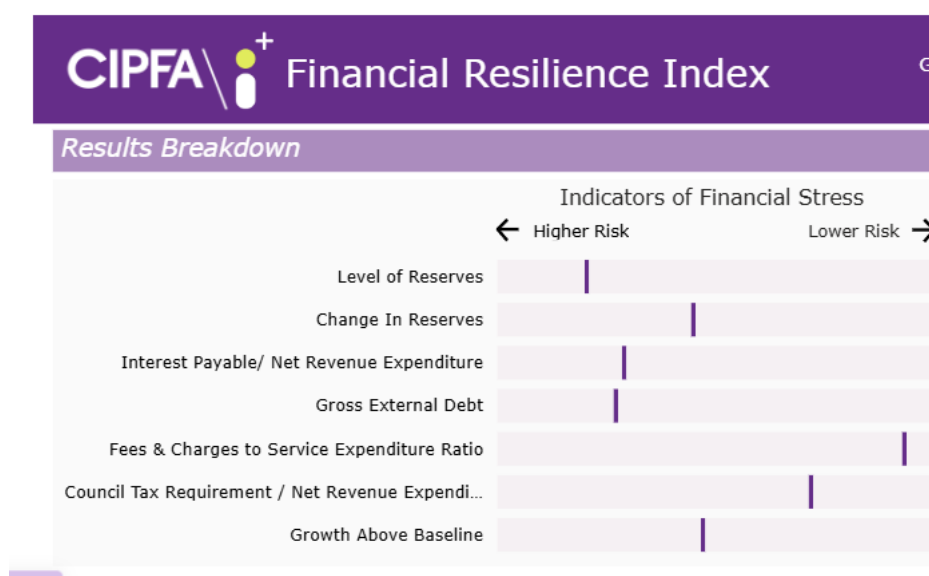
Risk Description	Consequence of Risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1- almost impossible 6 - very high)	Impact of risk if it occurred taking account of actions (scale 1- negligible; 4 – catastrophic)	Actions to mitigate Risk
<u>1. Capital</u> Ability to fund/finance	Capital programme not delivered	Capital receipts forecast. Prudential borrowing code of practice adopted. All known future changes included in budget	4	3	Funding forecast
<u>2. PWLB</u> increases in interest rate announced by HM Treasury with minimal notice	Increased cost of delivering capital programme. Reduced margin on financing companies which will reduce the contribution made to the General Fund revenue budget.	Continued monitoring, prudent budgeting. Treasury Management Strategy and Capital Strategy as set out in this document.	2	3	Alternative sources of finance, e.g., Municipal Bonds Agency. Regular review of capital programme.
<u>3. Housing Revenue Account</u> Ability to deliver house building programme	Lack of available social housing	Capital receipts forecast. Prudential borrowing code of practice adopted. All known future changes included in budget	3	3	Funding forecast. Updated business plan. Use of capital financing requirement.

Adequacy of Working Balance and Reserves

- 3.51 The Council complies with the requirements of Local Authority Accounting Bulletin 77 (November 2008) as updated by the Local Authority Accounting Bulletin 99 (July 2014) on the establishment and maintenance of local authority reserves and balances. The guidance represents good financial management and should be followed as a matter of course.
- 3.52 The requirement for financial reserves is acknowledged in statute. Sections 31 and 43 of the Local Government Finance Act 1992, as amended, require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the council tax requirement. There is no statutory minimum level of reserves that must be held.
- 3.53 At the time of writing this report the Council has £15.037m of earmarked reserves available and set aside for specific eventualities.
- 3.54 The Chief Finance Officer has recommended the level of reserves and put in place protocols for their establishment and use, as required. The Reserves and Provisions Policy is included as Section Five.

CIPFA Financial Resilience Index

- 3.55 CIPFA have produced a new Financial Resilience Index. A summary extract of the 2023/24 Index for the Council is shown below:



- 3.56 This Index extract presents information from the 2022/23 revenue outturn forms. It is intended to give an indication of financial resilience, compared to nearest neighbours for use by Section 151 Officers. The key messages in the table are
- Ipswich has a mix of risk indicators, which indicates capacity to better manage the high-risk elements
 - the level of reserves is higher risk than comparators
 - External debt and the cover on interest payable is higher risk. However local circumstances need to be considered as Ipswich has an HRA and companies. The combined debt is currently £224.49m but there is additional cover from HRA rents and offsetting interest payments received from the companies. The position continues to be carefully monitored.
 - The expenditure cover from fees and charges, council tax and business rates are regarded as low risk.

GENERAL FUND AND COUNCIL TAX REQUIREMENT

- 3.57 In determining the Council Tax Requirement for 2025/26, councillors and officers have refocused resources on investing in the Council's priorities.
- 3.58 There is a special levy for the East Suffolk Internal Drainage Board issued on Ipswich Borough Council under the Internal Drainage Boards (Finance) Regulations 1990.
- 3.59 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.
- 3.60 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 provided for. Any estimated surplus or deficit must be considered in calculating basic amounts of tax.
- 3.61 The financial settlement for Ipswich Borough Council for next year is due to be announced shortly and the draft settlement figures are summarised below.

Table Twelve: Council Tax Requirement 2025/26

£	2024/25	2025/26
Budget Requirement	20,984,770	21,910,983
Settlement Funding Adjustment	-4,928,400	-5,028,763
Collection Fund Adjustment	20,000	0
To be financed through Council Tax	16,076,370	16,882,220

- 3.62 As the Council has a Council Tax Requirement for 2025/26 of £16,882,220 which equates to the gap between government funding and the net cost of

services, the Council's element of the Ipswich charge for a Band B property (the modal average in Ipswich) in comparison with 2024/25 will be:

Table Thirteen: Proposed Change in Band B Council Tax 2025/26

Proposed Change in Band B Council Tax	2024/25	2025/26	Change
	£:p	£:p	%
IBC Charge	316.89	326.34	2.98

- 3.63 The Council Tax requirement for Ipswich over the four-year forecast is shown by year in the Table below:

Table Fourteen: Forecast Council Tax Requirement 2025/26 to 2028/29

	2025/26	2026/27	2027/28	2028/29
Council Tax Requirement	£16,882,220	£17,465,210	£18,067,970	£18,766,330

- 3.64 The Council Tax charge for Ipswich Borough Council at each of the property bands, compared with 2024/25 is shown in the Table below.

Table Fifteen: Proposed Council Tax Levels by Band 2025/26

Band	2024/25	2025/26	Change	Weekly Increase	Dwellings	
	Tax (£:p)	Tax (£:p)	%		Ipswich	
					Number	%
A	271.62	279.72	2.98%	0.16	18,766	30.79
B	316.89	326.34	2.98%	0.18	22,852	37.49
C	362.16	372.96	2.98%	0.21	11,312	18.56
D	407.43	419.58	2.98%	0.23	4,407	7.23
E	497.97	512.82	2.98%	0.29	2,278	3.74
F	588.51	606.06	2.98%	0.34	951	1.56
G	679.05	699.30	2.98%	0.39	367	0.60
H	814.86	839.16	2.98%	0.47	21	0.03

- 3.65 Central Government has set an annual 'referendum' level of 3% which, if proposed to be exceeded, would mean that a referendum would be needed to obtain support for any rise above that level. The increase proposed is within the level which would not require a referendum.
- 3.66 The Council collects Council Tax on behalf of Suffolk County Council and the Suffolk Police and Crime Commissioner.
- 3.67 The Suffolk County Council increase in precept for a Band D property is assumed at a 2.99% increase in Council Tax and a 2% increase in the Adult Social Care precept but has yet to be confirmed.

- 3.68 The Suffolk Police and Crime Commissioner increase in precept for a Band D property is assumed at £13.95 but has yet to be confirmed (this is the maximum allowable increase and equates to a 5.06% increase in the precept).
- 3.69 Factoring the changes confirmed by the Police and Crime Commissioner and proposed by Suffolk County Council, the overall Council Tax position for Ipswich residents will be as shown in the table below.

Table Sixteen: Proposed Council Tax Levels by Authority 2025/26

	2024/25				2025/26				Total Increase
	IBC	SCC	PCC	Total	IBC	SCC*	PCC*	Total	
Band	£	£	£	£	£	£	£	£	
A	271.62	1,047.36	183.72	1,502.70	279.72	1,099.62	193.02	1,572.36	69.66
B	316.89	1,221.92	214.34	1,753.15	326.34	1,282.89	225.19	1,834.42	81.27
C	362.16	1,396.48	244.96	2,003.60	372.96	1,466.16	257.36	2,096.48	92.88
D	407.43	1,571.04	275.58	2,254.05	419.58	1,649.43	289.53	2,358.54	104.49
E	497.97	1,920.16	336.82	2,754.95	512.82	2,015.97	353.87	2,882.66	127.71
F	588.51	2,269.28	398.06	3,255.85	606.06	2,382.51	418.21	3,406.78	150.93
G	679.05	2,618.40	459.30	3,756.75	699.30	2,749.05	482.55	3,930.90	174.15
H	814.86	3,142.08	551.16	4,508.10	839.16	3,298.86	579.06	4,717.08	208.98

* Details for SCC and PCC not yet confirmed

- 3.70 The highest number of properties in Ipswich are in band B and the following table summarises the effect of the proposed increases:

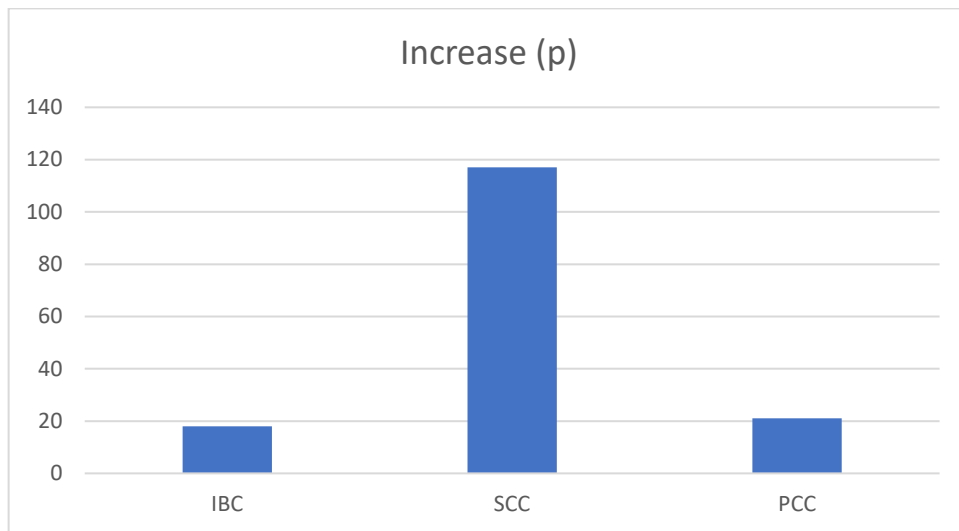
Table Seventeen: Proposed Council Tax increase by authority – Band B property

	Proposed Increase				
	2024/25	2025/26	Per year	Per week	
	£	£	£	p	%
Ipswich Borough Council	316.89	326.34	9.45	18	2.98%
Suffolk County Council *	1,221.92	1,282.89	60.97	117	4.99%
Police & Crime Commissioner *	214.34	225.19	10.85	21	5.06%
Total	1,753.15	1,834.42	81.27	156	4.64%

* Details for SCC and PCC not yet confirmed

- 3.71 The chart below shows the weekly increase in Council Tax for a Band B property in 2025/26 by authority.

Chart Five: Weekly Band B Council Tax increase in Ipswich Borough (p)



Local Council Tax Reduction Scheme

- 3.72 The Council introduced a Local Council Tax Reduction (Working Age) Scheme (LCTRS) in 2023/24 and continues to offer a maximum reduction in Council Tax liability of 100%, aligning the Working Age Scheme with the Pension Age Scheme. The scheme also introduced an Income Band Element for Universal Credit customers with earnings which will reduce administration costs from the cessation of monthly recalculations.
- 3.73 The Income Bands sets out what customers can expect to pay towards their Council Tax if they are in receipt of Universal Credit and earned income. All other incomes are disregarded as these are considered when calculating entitlement to Universal Credit.
- 3.74 It is necessary to make changes to Contribution Rates to acknowledge inflation and changes in earning levels for 2025/26. It is proposed to leave the bandings as last year while increasing the contribution rates to ensure the scheme continues to support the most vulnerable households and increase the contribution by the council tax increase (2.98%) to broadly keep the cost of the LCTR Scheme as for 2024/25 and ensure the scheme remains affordable and sustainable.
- 3.75 The Income Bands used for the calculation of weekly Council Tax contribution are shown below:

Table: Eighteen: Income Bands for Local Council Tax Reduction Scheme

	Monthly Contribution	Income Bands (Weekly)	Weekly Contribution
Not in work or less than £309	£0	Not in work or less than £71.30	£0
£309 - £649.99	£47	£71.30 - £149.99	£10.85
£650-£1,236.99	£95	£150 - £285.46	£21.92
£1,237-£1,967.99	£137	£285.47-£454.15	£31.62
£1,268-£2,527.99	£206	£454.16 - £583.38	£47.54
£2,528-£2,999.99	£265	£583.39 - £692.30	£61.15
Over £3,000	No entitlement to LCTR	Over £692.31	No entitlement to LCTR

3.76 The Table, above, shows that customers earning less than £309 per month will have no requirement to pay Council Tax. The estimated cost of the LCTR Scheme for 2025/26 is £5,501,932.93. This is an overall increase of £113,032.11. There were 10,350 customers who benefited from the LCTRS in 2024/25.

Empty and Second Homes Council Tax changes

3.77 The changes to the empty homes premium (charging a premium where a property has been empty over 1 year), agreed at Full Council, at its meeting on 22nd February 2023 was implemented on the 1st April 2024. The second home premium, also agreed at the same meeting will be implemented from the 1st April 2025, as there was a requirement to give 12 months' notice to households owning second homes.

Section 3

General Fund MTFP

GENERAL FUND REVENUE FORECAST 2024/25 TO 2028/29						
DESCRIPTION	2024/25 ORIGINAL BUDGET £	2024/25 DRAFT APPROX O/T £	2025/26 FORECAST £	2026/27 FORECAST £	2027/28 FORECAST £	2028/29 FORECAST £
SERVICE EXPENDITURE						
Employees	33,430,840	35,412,480	34,847,470	35,721,210	36,425,140	37,138,940
Premises	6,684,970	7,333,530	6,957,240	7,219,380	7,203,060	7,203,060
Transport	2,236,020	2,257,240	2,230,550	2,230,900	2,230,900	2,230,900
Supplies & Services	13,821,880	17,913,020	10,495,870	11,730,620	11,764,610	11,764,610
Agency & Contracted Services	1,181,040	1,219,040	1,181,040	1,181,040	1,181,040	1,181,040
Transfer Payments	33,342,720	31,444,900	31,444,900	31,444,900	31,444,900	31,444,900
Central & Departmental Support	982,940	1,278,160	1,104,570	1,016,350	1,036,680	1,057,410
TOTAL SERVICE EXPENDITURE	91,680,410	96,858,370	88,261,640	90,544,400	91,286,330	92,020,860
SERVICE INCOME						
Government Grants	-33,981,830	-34,455,140	-31,623,010	-31,570,010	-31,570,010	-31,570,010
Other Grants, Contributions Etc	-6,878,960	-7,948,620	-8,450,120	-8,210,980	-8,504,430	-8,636,450
Sales	-1,022,190	-1,002,570	-708,820	-1,241,680	-1,254,100	-1,266,640
Fees & Charges	-18,582,950	-19,849,580	-18,251,240	-21,168,030	-21,384,560	-21,569,650
Rents	-4,517,930	-5,700,410	-3,919,720	-4,155,670	-4,101,810	-4,101,810
TOTAL SERVICE INCOME	-64,983,860	-68,956,320	-62,952,910	-66,346,370	-66,814,910	-67,144,560
NET SERVICE EXPENDITURE	26,696,550	27,902,050	25,308,730	24,198,030	24,471,420	24,876,300

GENERAL FUND REVENUE FORECAST 2024/25 TO 2028/29

DESCRIPTION	2024/25 ORIGINAL BUDGET £	2024/25 DRAFT APPROX O/T £	2025/26 FORECAST £	2026/27 FORECAST £	2027/28 FORECAST £	2028/29 FORECAST £
NET SERVICE EXPENDITURE	26,696,550	27,902,050	25,308,730	24,198,030	24,471,420	24,876,300
Contingencies etc:						
Additional Commitments	608,230	944,670	1,167,950	841,450	692,230	728,420
Transformation Invest to Save Fund	-78,000	716,220	-600,000	0	0	0
General Service Contingency	0	845,850	0	0	0	0
Non-pay Inflation Provision	537,100	355,640	541,800	1,023,800	1,462,800	1,882,800
Savings Implementation Budget	0	316,690	1,675,000	43,000	390,000	0
Corporate Savings Programme (unposted)	-1,500,000	401,470	-2,729,480	-3,664,480	-1,753,510	-1,450,510
Savings Programme Contingency	0	88,310	802,500	841,170	818,370	818,370
Transitional Vacancy Savings	-1,120,000	-201,580	-1,120,000	-1,120,000	-1,120,000	-1,120,000
Interest on Balances etc	905,650	905,650	395,080	242,230	51,460	51,460
External Interest etc	-490,820	-656,820	-344,180	-306,000	-275,000	-275,000
Loan Repayments/Investment Income from IBC Companies	-5,817,470	-5,816,470	-5,499,590	-5,285,170	-5,241,790	-5,169,790
Capital Financing Costs	6,375,010	7,091,400	7,225,450	7,460,880	7,183,690	6,875,690
Net Expenditure	26,116,250	32,893,080	26,823,260	24,274,910	26,679,670	27,217,740
Revenue Support Grant	-201,000	-201,000	-246,000	-1,871,000	-1,806,000	-1,736,000
Funding Guarantee	-1,005,000	-1,005,000	0	0	0	0
Services Grant	-30,000	-30,000	0	0	0	0
Recovery Grant	0	0	-688,000	0	0	0
Domestic Abuse Grant	0	0	-36,000	-36,000	-36,000	-36,000
Business Rates Baseline	-4,727,000	-4,727,000	-4,782,000	-4,848,000	-4,913,000	-4,984,000
Retained Business Rates	-4,116,000	-4,116,000	-2,401,000	-1,918,000	-1,918,000	-1,918,000
Collection Fund surplus(cr)/deficit 31st March (net)	20,000	20,000	0	0	0	0
New Homes Bonus Scheme	-7,000	-7,000	-5,000	0	0	0
Transfer to/from (cr) reserves	-917,700	-3,910,440	-455,700	-36,700	-22,700	138,590
Use of(-) / contribution to GF revenue balance	943,820	-2,840,270	-1,327,340	1,900,000	84,000	84,000
Unfunded Balance	0	0	0	0	0	0
COUNCIL TAX REQUIREMENT	16,076,370	16,076,370	16,882,220	17,465,210	18,067,970	18,766,330
GF REVENUE BALANCE						
Balance b/fwd 1st April	-4,031,610	-6,267,610	-3,427,340	-2,100,000	-4,000,000	-4,084,000
Surplus(-)/deficit for year	-943,820	2,840,270	1,327,340	-1,900,000	-84,000	-84,000
Balance c/fwd 31st March	-4,975,430	-3,427,340	-2,100,000	-4,000,000	-4,084,000	-4,168,000

General Fund Budgets 2025/26 - Service Group Analysis

The Controllable Budget figures below identify the expenditure and income coded directly to the service groupings. For reference the budget is shown below at Service Group and Portfolio Holder level. Note - they exclude any recharges between General Fund Services and represent the "bottom-line."

Service Grouping	2025/26 Controllable Budget £
Director Resources and Housing	7,917,880
Director Operations and Place	13,223,230
Chief Executive	4,167,620
Net Service Expenditure	25,308,730

Portfolio Holder Grouping	2025/26 Controllable Budget £
Leader - Place	2,449,450
Deputy Leader - Strategy and Transformation	2,200,470
Culture and Customers	598,400
Communities and Sport	5,268,040
Resources	5,802,060
Planning and Museums	2,183,900
Housing	2,115,820
Parks and Climate Change	1,593,980
Environment and Transport	3,096,610
Net Service Expenditure	25,308,730

Leader - Place	
Service Area	2025/26 Controllable Budget £
Corporate Management Team	
Communications and Marketing	561,100
Corporate Management Team	1,406,050
Economic Development	275,080
Major Capital Schemes	101,880
Property Services	
Corporate Properties	-2,116,480
Grafton House	986,890
IP-City Centre	-173,280
Property Services Management	1,408,210
Total	2,449,450

Deputy Leader - Strategy and Transformation	
Service Area	2025/26 Controllable Budget £
Transformation	476,860
Human Resources	565,730
ICT	1,157,880
Total	2,200,470

Culture and Customers	
Service Area	2025/26 Controllable Budget £
Vibrant Town Services	
Corn Exchange	305,500
Cultural Development	185,570
Enterprise Projects (inc market)	55,220
Entertainments Box Office	45,810
Entertainments Management	545,000
Events and Festivals	248,870
Health and Safety	171,240
Regent Theatre	198,150
Shopmobility	12,180
Footway Lighting	54,280
IBC Car Parks	-2,057,770
Residents Parking Schemes	-155,680
Street Names and Seats	20,000
Town Centre Pedestrian Areas	49,870
Bus Route Subsidies - General	-28,550
Transportation	103,590
Customer Services	
Customer Services Centre	845,120
Total	598,400

Communities and Sport	
Service Area	2025/26 Controllable Budget £
Community Support	
Area Committees and Priority Funds	221,850
Community Grants	181,280
Community Engagement	236,560
Community Safety	297,730
Emergency Planning	76,020
Emergency Services Centre - CCTV	698,380
Emergency Services Centre - HEARS	-149,690
Public Protection	
Animal Welfare	8,680
Environmental Protection	570,770
Food Safety	348,880
Hackney Carriage and Private Hire Vehicles	-41,440
Housing Business Support Unit	166,720
Improvement Grants	-6,230
Licensing and Enforcement	-96,860
M3 System Costs	5,100
Occupational Health	256,130
Port Health	19,560
Private Sector Housing Services	337,720
Waste Enforcement	119,570
Sports and Leisure	
Sports and Leisure Development	365,170
Sports Centres	667,390
Swimming Pools	984,750
Total	5,268,040

Resources	
Service Area	2025/26 Controllable Budget £
Audit Partnership	185,000
Financial Services	
Contributions to Central Overheads	-381,510
Corporate Management Direct Costs	682,770
Financial Services	1,159,490
Rent Allowances	529,000
Housing/Council Tax Benefit Administration	1,818,360
Legal & Democratic	
Borough Council Elections	159,440
Councillor Services	274,870
Councillors' Costs	407,080
Democratic and Business Support	81,790
Legal Services	384,230
Local Land Charges	2,020
Mayoral Services	116,110
Registration of Electors	221,030
Procurement	162,380
Total	5,802,060

Planning and Museums	
Service Area	2025/26 Controllable Budget £
<u>Building Control</u>	-61,590
<u>Museums</u>	1,321,360
<u>Planning and Development</u>	
Caps System Costs	50,260
Conservation of Historic Buildings	13,600
Development Services Support	182,670
Drainage	48,240
Historic Churches	33,780
Planning and Development	428,620
Planning Policy	166,960
Total	2,183,900

Housing	
Service Area	2025/26 Controllable Budget £
<u>Housing Advice</u>	
Bed and Breakfast Costs	134,640
Contributions to Housing Revenue Account	218,810
Homelessness	679,050
Hostels	-24,800
Housing Options	868,900
Other Private Sector Accommodation Costs	8,850
Supervision and Management	230,370
Total	2,115,820

Parks and Climate Change	
Service Area	2025/26 Controllable Budget £
<u>Parks and Cemeteries</u>	
Allotments	87,200
Cemeteries and Crematorium	-684,310
Parks and Open Spaces	1,487,550
Public Conveniences	87,580
Rangers	615,960
Total	1,593,980

Environment and Transport	
Service Area	2025/26 Controllable Budget £
<u>Waste and Fleet</u>	
Cleansing Services	1,735,830
Climate Change	34,420
Recycling	146,940
Refuse Collection	434,340
Waste and Fleet Management	655,520
Waste Education and Promotion	89,560
Total	3,096,610

Section 4

The Housing Revenue Account

Context

- 4.1 The case for change within housing has never been greater. Whether it's the need to increase the supply of new affordable homes to meet the growing demand, investing in existing homes to ensure decency, quality, and safety, responding to the most significant changes in a generation with respect to regulating the social housing sector, making homes energy efficient or responding to increased demand for services.
- 4.2 Recent years have been challenging for the HRA. However, it is forecast that £1.3m will be added to reserves in 2024/25 and the business plan has been reviewed to bring future HRA financial activity into a balanced position. Some of the key financial challenges are rent collection pressures, new fire safety requirements, a need to invest in the Council's older person offer, introducing a decarbonised heating programme and higher repairs and property turnover levels.
- 4.3 Tenancy services have increased support and advice to tenants to help them pay their rent and retain their tenancies. Rent income has been impacted by the increasing number of households on universal credit, and the impact on household disposable income.
- 4.4 The Social Housing Regulation Act, which received Royal Assent in July 2023, places a strong focus on the quality of social housing and the services landlords provide to tenants. RSH will have new powers to hold landlords to account from next April, including a new programme of inspections, and it recently consulted on a new set of consumer standards that all providers will need to meet. As a provider of social housing, we must prioritise the safety of our tenants and ensure we hold accurate, up-to-date, and robust stock data that assesses the presence of serious hazards in tenants' homes, including damp and mould.
- 4.5 The Council owns 7,795 general needs and sheltered properties. During the current year (up to 30 November 2024) 29 properties have been sold under the 'right-to-buy' scheme. The Autumn budget statement reduced the discount offered under the 'right-to-buy scheme from the lesser of 70% and £102,400 to the lesser of 70% and £34,000 from 22 November 2024. Given the reduction in discount, the HRA forecast assumes a lower level of 20 property sales per annum moving forwards.

New Affordable Homes Programme

- 4.6 The New Build Programme was established to ensure that the Council has a stable and long-term supply of affordable housing. Resources have been earmarked in the Business Plan, mainly from revenue contributions and Right to Buy receipts, with some Homes England funding. New homes are offered at affordable rents allowing the HRA will offer a mix of social and affordable tenure homes. The Council can apply for Homes England funding on future schemes.

- 4.7 In addition to market acquisitions and repurchasing Right to Buy homes, the four current schemes in the New Build Programme will deliver an additional 302 homes at locations across the Town. The Programme output is summarised in the following table:

Table Nineteen - New Homes Programme delivery since 2018

	Total Homes	Social Rent	Affordable Rent	Market Rent / Starter Homes
Completed				
Coltsfoot Road	3	3	-	-
Whitton Church Lane	4	4	-	-
Bader Close	108	108	-	-
Ulster Avenue	22	22	-	-
Ainslie Road	2	2	-	-
Widgeon Close	5	5	-	-
Cauldwell Hall Road	17	17	-	-
Tooks	60	41	-	19
Small Sites	24	-	24	-
Grimwade Street	16	-	16	-
Sub-Total	261	202	40	19
In Development				
Ravenswood	96	-	67	29
Hawke Road	26	-	26	-
Fore Hamlet	30	-	30	-
Bibb Way	150	-	150	-
Sub-Total	302	-	273	29
Total	563	202	313	48

- 4.8 A pipeline of future schemes at affordable rent has been developed to ensure a steady supply of new homes. As a result, in future, the HRA will offer a mix of social and affordable tenure homes. The Council received funding from Homes England for Hawke Road, Fore Hamlet, and Bibb Way, all of which already received Brownfield Land Release 2 funding. The properties at Ravenswood are being funded from Right to Buy receipts.

HRA Business Plan

- 4.9 The HRA Business plan has been updated for current financial circumstances and planned investment. It assumes current service levels are maintained unless there is a known change.
- 4.10 The business plan is based on some key assumptions, which are summarised below.
- Pay inflation at 2% p.a. from 2025/26
 - Non-pay inflation rates updated per the Office of Budget Responsibility's (OBR's) latest forecast
 - Interest rates updated per the OBR's latest forecast
 - Repairs demand based on the latest trend data
 - Void property levels based on the latest trend data
 - 20 Right to Buy sales per annum
- 4.11 The Business Plan makes the following key assumptions.

Revenue

- Rents – Rental income is the primary funding for the HRA housing services and investment in council homes. The Council's average rent level has fallen to around 42% of market rent. Once initially set, the maximum annual rent increases are nationally determined. Rents are assumed to be inflated at CPI + 1% for a 10-year period, then just CPI for the remaining 20 years.

There is also additional rent anticipated from the New Build properties that are coming on stream in future years. Supporting the increasing number of households on universal credit is a key focus, with the rollout speeding up in 2025/26. Tenancy Services continue to prioritise supporting tenants to pay their rent and offer early help.

- Voids & Repairs – The higher levels of demand seen since the Covid pandemic have been reflected in the business plan.
- New Build – the new build pipeline and associated additional income and costs.

Capital

- Capital Maintenance
 - (i) Includes all forecast budgets for Planned Maintenance, Kitchens & Bathrooms, Rewires, Heating, Disabled Adaptations, Balcony works
 - (ii) Includes £20m for fire safety works to ensure compliance with Fire Safety (England) Regulations 2022 (assumed £6.8m is funded from borrowing)

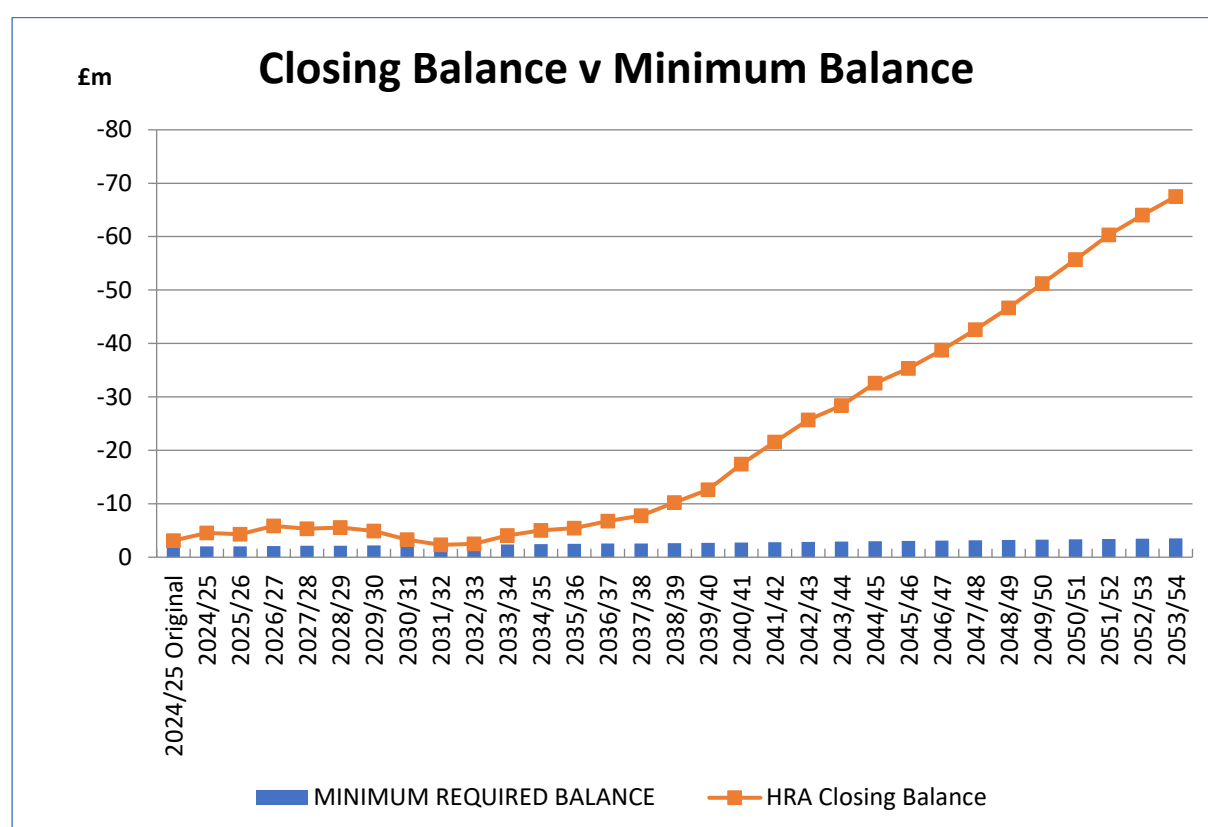
- (iii) Includes £15m for Sheltered Housing Review, modernising the offer to older households (assumed £10m to be funded from borrowing and £5m from reserves)
- (iv) Decarbonisation, budgets include for Photovoltaic Panels and a Decarbonisation Programme
- (v) Budgets are inflated throughout the 30-year period

4.12 The Capital Programme to 2028/29 is set out in Section Six of the MTFP document and the business plan includes the associated revenue financial implications.

4.13 The HRA Business Plan maintains a minimum working balance of £2m plus inflation from a reference point of 31 March 2024.

4.14 The following charts show the annual forecast surplus or deficit and the resulting HRA working balance. Surplus (-) and deficit (+) predicted for each future year. Year 1 is 2024/25 (forecast outturn).

Chart Six: 30 Year HRA Forecast Surplus(-)/Deficit by year

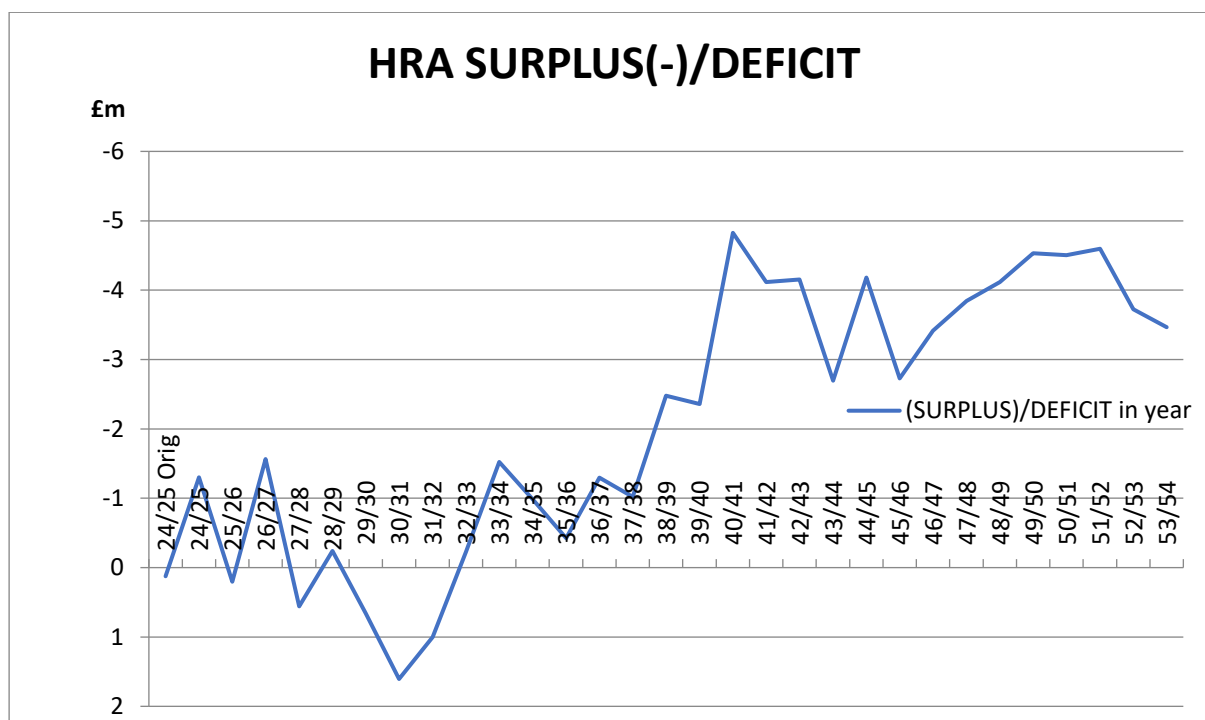


4.15 The fluctuating annual levels of surplus/deficit arise mainly from two reasons. Firstly, the spending profile of the Ipswich Standard capital programme, which is funded entirely from Housing Revenue Account revenue contributions. The Ipswich Standard Programme is the spending needed to replace house components like kitchens and roofs to meet the replacement cycles identified in

the Council's Asset Management Strategy. Secondly, the timing of investment in housebuilding schemes causes fluctuations in the spend profile.

- 4.16 The HRA has a minimum recommended working balance of £2m (plus annual inflation). The HRA working balance is expected to increase by £2.4m over the 4-year MTFP period. The graph below shows the forecast position of the closing HRA balance v the Minimum balance that demonstrates the viability of the 30-year Plan.

Chart Seven: 30-year plan of HRA balances and minimum reserve levels



4.17 The first six years of the 30-year business plan are shown in the table below.

HOUSING REVENUE ACCOUNT FORECAST						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	£	£	£	£	£	£
<u>EXPENDITURE</u>						
MANAGEMENT & MAINTENANCE						
Supervision & Management General	7,428,030	7,173,211	7,293,454	7,442,949	7,591,640	7,743,470
Supervision & Management Special	3,934,930	3,668,767	3,744,712	3,822,241	3,898,599	3,976,570
Responsive Repairs	8,783,570	8,455,606	8,309,331	8,475,995	8,645,324	8,818,230
Special/Contract Repairs	2,969,280	3,621,306	3,693,732	3,767,578	3,842,845	3,919,700
Planned Maintenance	1,191,770	1,224,194	874,550	689,313	703,084	717,150
MANAGEMENT & MAINTENANCE TOTAL	24,307,580	24,143,084	23,915,779	24,198,077	24,681,491	25,175,120
CAPITAL FINANCING COSTS						
Debt Management Expenses	19,917	20,338	20,058	26,831	26,407	0
Debt Principal - repayment	3,106,014	3,196,461	3,292,611	3,539,680	3,725,790	3,773,802
Debt Interest payable and similar charges	3,183,189	3,409,070	3,660,624	4,918,065	5,713,417	5,548,658
Depreciation	4,225,490	4,225,490	4,225,490	4,225,490	4,225,490	4,225,490
TOTAL CAPITAL FINANCING COSTS	10,534,610	10,851,359	11,198,784	12,710,066	13,691,104	13,547,950
Provision for Bad Debts	207,600	212,790	218,110	223,560	229,150	234,880
HRA share of Corporate Democratic Core and Non Distributed Costs	145,880	151,776	157,902	164,274	168,380	171,750
HRA Share Climate change	15,450	16,075	16,719	17,393	18,830	19,210
HRA Share of Apprentice Levy	30,510	32,691	35,727	39,827	40,620	41,430
TOTAL EXPENDITURE	35,241,630	35,407,775	35,543,021	37,353,197	38,829,575	39,190,340

HOUSING REVENUE ACCOUNT FORECAST						
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	£	£	£	£	£	£
<u>INCOME</u>						
RENTAL & CHARGES FOR SERVICES/FACILITIES						
Rents	-40,732,820	-41,787,960	-42,832,460	-43,905,190	-45,002,110	-46,127,270
Commercial	-626,200	-638,720	-651,500	-664,530	-677,821	-691,377
Ground Rent	-3,970	-3,970	-4,050	-4,130	-4,213	-4,297
Garages	-148,790	-152,510	-156,320	-159,450	-162,639	-165,892
Shops	-447,010	-426,150	-434,680	-443,370	-452,237	-461,282
Service Charges	-863,700	-1,109,920	-1,137,670	-1,166,110	-1,195,260	-1,225,140
Electricity FIT income	-15,220	-15,220	-15,220	-15,220	-15,220	-15,220
RENTS/CHARGES FOR SERVICES TOTAL	-42,837,710	-44,134,450	-45,231,900	-46,358,000	-47,509,500	-48,690,478
G.F. RECHARGE	-232,150	-236,793	-241,529	-246,359	-251,287	-256,310
TOTAL INCOME	-43,069,860	-44,371,243	-45,473,429	-46,604,359	-47,760,786	-48,946,788
NET COST OF SERVICES	-7,828,230	-8,963,468	-9,930,408	-9,251,163	-8,931,212	-9,756,447

HOUSING REVENUE ACCOUNT FORECAST						
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	£	£	£	£	£	£
NET COST OF SERVICES	-7,828,230	-8,963,468	-9,930,408	-9,251,163	-8,931,212	-9,756,447
Summary/Contingency items						
RTB Sales estimated effect	-212,490	359,864	440,038	517,494	588,843	681,317
New Build estimated effect	0	-968,237	-1,400,191	-1,625,499	-1,995,920	-2,427,115
Inflation Contingency	230,810	241,431	119,579	120,990	123,407	125,876
Tenancy growth pressures	75,840	644,740	387,230	393,880	400,630	407,530
M&C pressures	75,710	574,550	665,890	728,560	742,760	755,810
Contingency for Sheltered Review	1,000,000	0	0	0	0	0
Recharges/rescheduling	2,000	65,000	144,840	169,480	172,870	176,327
Misc Contribns to Reserves	-1,766,640	0	0	0	0	0
Customer Access Strategy - savings target	0	-25,280	-25,280	-25,280	-25,280	-25,280
Staffing contingency (Agency cover)	27,750	125,000	125,000	125,000	125,000	125,000
Transitional Vacancy savings to find	-170,580	-357,510	-361,261	-368,764	-377,983	-387,433
New Depot interest / mrp	259,200	500,000	600,769	594,328	587,732	580,978
Gipping House Lease savings	0	0	-80,000	-80,000	-80,000	-80,000
Reverse All Depreciation & Deferred charges	-4,341,830	-4,341,830	-4,341,830	-4,341,830	-4,341,830	-4,341,830
Transfer to Major Repairs Reserve	12,512,430	11,162,500	11,762,500	12,386,500	11,575,000	13,175,000
Interest/investments (net)	-1,520,019	-378,972	-204,262	141,988	243,325	0
Utility increase (Gas)	0	71,400	72,828	74,285	75,770	77,286
Borrowing costs (included in debt charges up to and incl 28/29)	0	0	0	0	10,673	781,004
HRA Housing review / Older Persons review - ongoing costs	0	0	0	250,000	500,000	500,000
Civica - executive report impact	154,210	15,710	-82,730	0	0	0

HOUSING REVENUE ACCOUNT FORECAST						
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	£	£	£	£	£	£
HHSRS Executive report	31,880	127,500	127,500	127,500	127,500	95,620
Gas servicing contract	0	183,940	183,940	183,940	183,940	183,940
Pay award 24/25 not settled	0	89,760	91,560	93,390	95,260	97,170
RTB Target from 70 to 20	0	69,000	69,000	69,000	69,000	69,000
Sheltered schemes review	9,510	705,710	244,258	625,440	0	0
Savings Programme	-15,000	-390,500	-703,500	-703,000	-402,000	-402,000
Savings Programme risk contingency	23,000	206,000	268,000	206,000	145,000	145,000
Savings Programme implementation budget	150,000	50,000	0	0	0	0
Accommodation software increase	0	10,000	10,200	10,400	10,610	10,820
National Insurance impact	0	179,050	182,631	186,284	190,009	193,809
National Insurance impact - assumed 90% grant	0	-45,952	-46,871	-47,808	-48,765	-49,740
Additional savings identified (HRA impacts of GF savings etc)	0	37,520	-164,690	-315,590	-315,480	-315,480
Risk contingency / implementation costs for additional savings	0	7,504	32,938	63,118	63,096	63,096
Additional staffing	0	250,000	250,000	250,000	250,000	200,000
SURPLUS(-)/DEFICIT in year	-1,302,449	204,430	-1,562,323	558,641	-238,044	659,259
HRA Balance b/f 1st April	-3,230,456	-4,532,905	-4,328,475	-5,890,798	-5,332,156	-5,570,201
HRA Balance c/f 31st March	-4,532,905	-4,328,475	-5,890,798	-5,332,156	-5,570,201	-4,910,942
MINIMUM REQUIRED BALANCE	2,000,000	2,040,000	2,080,800	2,122,420	2,164,870	2,208,170

Section 5

RESERVES AND PROVISIONS POLICY

- 5.1 The Council complies with the requirements of the Local Authority Accounting Bulletin 99 (2014) on the establishment and maintenance of local authority provisions, reserves, and balances. Compliance with current bulletins is recommended in the CIPFA Statement of the Role of the Chief Finance Officer in Local Government.
- 5.2 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.
- 5.3 Reserves can be held for three main purposes.
- i) a working balance to cope with uneven cash flows and reduce temporary borrowing.
 - ii) a contingency to deal with unexpected events or emergencies.
 - iii) earmarked reserves to build up funds to meet known future requirements.
- 5.4 It is the responsibility of the Section 151 Officer to recommend the level of reserves and put in place protocols for their establishment and use.
- 5.5 The Statement of Recommended Accounting Practice (SORP) 2009 requires Provisions when:
- i) there is a present obligation as a result of a past event.
 - ii) it is probable that the obligation will arise.
 - iii) the amount of the obligation can be estimated.

Reserves held by Ipswich Borough Council

General Fund

Working Balance

- 5.6 The level of the General Working Balance to be held by the Council is determined by consideration of strategic, operational, and financial risks.
- 5.7 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.

- 5.8 The Council's minimum working balance has been reviewed using the CIPFA best practice guide. This Working Balance is used for several purposes including cushioning the impact of unexpected in-year financial shocks and the impact of uneven cashflows, to avoid unnecessary temporary borrowing. As the general level of spend or the economic volatility increases so should the minimum working balance. The results from the CIPFA best practice guide are that the minimum working balance can be reduced to £4.0m.

Ipswich Buses Ltd – Debenture Loan

- 5.9 The Transport Realisation Account represents the initial investment in Ipswich Buses, less the write down of accumulated losses (no further losses are anticipated).

Insurance Reserve

- 5.10 The Insurance Reserve is required to cover the potential liability for excess payments arising from claims below the insurance threshold and uninsured risks – that have not yet been made.

Service Based Reserves

- 5.11 Service Based Reserves are sums earmarked for anticipated service delivery costs. In most cases this is due to expenditure being deferred from one year to the next.

Repair and Renewal

- 5.12 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.

Business Rates Reserve/NNDR Equalisation Fund

- 5.13 The NNDR Equalisation Fund has been established to help mitigate the impact of unforeseen/controllable variations in the amount of income received by way of retained Business Rates from year to year. This is deemed necessary because whereas the risk of business collapses or revaluations was formerly pooled nationally before being reallocated as Revenue Support Grant, this risk has now been transferred to each individual local authority.

Revenue Grants/Contributions

- 5.14 These are earmarked funds received for a specific purpose and are only available for those purposes. Examples include commuted sums and Community Safety grants.

Housing Revenue Account

Working Balance

- 5.15 The HRA Working Balance is maintained to provide a contingency for dealing with potentially significant variances that could arise due to changes associated with the HRA business plan. As a result, the minimum working balance is kept at £2.000m, plus inflation, to ensure the sustainability of the plan.

Repair and Renewal

- 5.16 This is held to cover future year's programmes or unforeseen emergency repairs to the Council's housing stock.

Sheltered Scheme Reserve

- 5.17 This reserve is held to help determine the future requirements for sheltered accommodation.

Insurance Reserve

- 5.18 The Insurance Reserve is required to cover the potential liability for excess payments arising from claims below the insurance threshold and uninsured risks that have not yet been made.

Service Based Reserves

- 5.19 Service Based Reserves are sums set aside for anticipated service delivery costs. In the majority of cases this is due to expenditure being deferred from one year to the next

Miscellaneous

- 5.20 Miscellaneous Housing Reserves include sums set aside to cover costs associated with potential new build schemes that ultimately don't come to fruition.

Provisions held by Ipswich Borough Council

General Fund

Insurance Provision

- 5.21 The Insurance Provision represents funds set aside to meet the value of outstanding unsettled claims that are not covered by the Council's insurance premiums, as advised by our external insurers.

Bad Debts

- 5.22 The provision for bad debts comprises of individual provisions for Corporate Rents and Sundry Debtors. The level of Provision is based upon experience of default. The Council Tax and Non-Domestic Rates provisions for bad debts are held within the Collection Fund and form part of the balance owed to/from the Council.

Housing Revenue Account

Bad Debts

- 5.23 The provision for bad debts comprises of individual provisions for Housing Rents, Service Charges and Sundry Debtors – the level of provision is based upon past experience of default.

Schedule of Working Balances, Reserves and Provisions

	Balance 31Mar-24	Transfers In	Transfers Out	Balance 31Mar-25	Transfers In	Transfers Out	Balance 31Mar-26	Balance 31Mar-27	Balance 31Mar-28	Balance 31Mar-29
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Reserves										
Revenue:										
General Fund										
Working Balance	-6,268	0	2,840	-3,427	0	1,327	-2,100	-4,000	-4,084	-4,168
Business Rates Reserve	-2,981	0	675	-2,306	0	375	-1,931	-1,931	-1,931	-1,931
Insurance Reserve	-550	-128	0	-678	-128	0	-806	-934	-1,062	-1,190
Legacies	-166	0	0	-166	0	0	-166	-166	-166	-166
Repair and Renewal	-861	-126	0	-987	-11	0	-998	-1,009	-1,020	-1,030
Revenue Grants Reserve	-4,046	-339	679	-3,705	0	95	-3,610	-3,515	-3,420	-3,420
Service Based Reserves	-6,656	0	3,148	-3,508	0	124	-3,384	-3,304	-3,238	-3,238
s106 Commuted Sums	-6	0	0	-6	0	0	-6	-6	-6	-6
Transport Realisation Reserve	-252	0	0	-252	0	0	-252	-252	-252	-252
Total	-21,787	-593	7,342	-15,037	-139	1,922	-13,254	-15,117	-15,179	-15,401
Housing Revenue Account										
Working Balance	-3,230	-1,302	0	-4,533	0	204	-4,328	-5,891	-5,332	-5,570
Repair and Renewal	-1,500	0	1,000	-500	0	0	-500	-500	-500	-500
Sheltered Housing Reserve	-3,943	0	0	-3,943	0	0	-3,943	-3,943	-3,943	-3,943
HRA Insurance Reserve	-274	0	0	-274	0	0	-274	-274	-274	-274
Service Reserves	-970	0	790	-180	0	0	-180	-180	-180	-180
Abortive New Build	-300	0	0	-300	0	0	-300	-300	-300	-300
Revenue Grants Reserve	-15	0	0	-15	0	0	-15	-15	-15	-15
Total	-10,232	-1,302	1,790	-9,745	0	204	-9,540	-11,103	-10,544	-10,782
Capital:										
General Fund										
Usable Capital Receipts	-153	-103	103	-153	-450	138	-465	-465	-465	-465
Capital Financing	-713	0	31	-682	0	0	-682	-682	-682	-682
s106 Capital Grants	-689	-286	0	-975	0	0	-975	-975	-975	-975
Total	-1,555	-389	134	-1,809	-450	138	-2,121	-2,122	-2,122	-2,122
Housing Revenue Account										
Usable Capital Receipts	-11,591	-4,360	12,632	-3,319	-4,360	6,340	-1,339	-101	-11	-1,561
Capital Financing	-20,872	0	18,582	-2,289	0	2,216	-73	-3	-3	-3
Major Repairs Reserve	-10,459	-12,612	10,511	-12,561	-11,800	13,276	-11,085	-2,797	-805	-2
Total	-42,921	-16,972	41,725	-18,169	-16,160	21,832	-12,497	-2,902	-820	-1,567
Total Reserves	-76,495	-19,256	50,991	-44,760	-16,749	24,096	-37,413	-31,243	-28,664	-29,872

Schedule of Working Balances, Reserves and Provisions continued

	Balance 31Mar-24	Transfers In	Transfers Out	Balance 31Mar-25	Transfers In	Transfers Out	Balance 31Mar-26	Balance 31Mar-27	Balance 31Mar-28	Balance 31Mar-29
<u>Provisions</u>	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund										
Insurance Provision	-386	-200	200	-386	-200	200	-386	-386	-386	-386
Provision for Bad Debts	-2,620	-100	100	-2,620	-100	100	-2,620	-2,620	-2,620	-2,620
Total	-3,006	-300	300	-3,006	-300	300	-3,006	-3,006	-3,006	-3,006
Housing Revenue Account										
Provision for Bad Debts	-743	-100	100	-743	-100	100	-743	-743	-743	-743
Total	-743	-100	100	-743	-100	100	-743	-743	-743	-743
Total Provisions	-3,749	-400	400	-3,749	-400	400	-3,749	-3,749	-3,749	-3,749

Section 6

CAPITAL STRATEGY / PROGRAMME

Introduction

- 6.1 The CIPFA Prudential Code for Capital Finance in Local Authorities introduced a requirement for Local Authorities to develop, determine and publish a Capital Strategy.
- 6.2 The Capital Strategy is reviewed and refreshed annually, linking to the Council's revenue budget, treasury management strategy and asset management plans.
- 6.3 It is essential that the agreed capital programme is one that:
- Ensures the Council's resources are used to support the delivery of priorities within the Corporate Strategy.
 - Links with the Council's Asset Management Plan.
 - Is affordable, financially prudent, and sustainable.
 - Ensures the most cost-effective use is made of existing assets and new capital investment.
 - Supports service specific plans and strategies.
- 6.4 The CIPFA Prudential Code is clear that Councils must not borrow to invest in schemes primarily for yield unless it is one of the permitted circumstances. The capital programme included in this MTFP is fully compliant with this requirement.
- 6.5 The Council as 'accountable body' for the Town Fund, working with partners, has secured a £25m capital investment towards 10 projects.

Governance Arrangements

- 6.6 The capital programme is reviewed and updated with new bids and priorities and presented to Council for consideration, together with the corporate objectives and asset management plan (appendix 2). Assessment of the revenue impact and overall risk is considered in developing the capital programme.
- 6.7 Once approved, the capital programme is monitored as part of the monthly budget monitoring arrangements and is reported quarterly to Executive. The Audit and Governance Committee also see these reports and consider them from a governance perspective.

Key Areas of Capital Expenditure

6.8 The capital programme provides the primary investment for the Council's Corporate Strategy. The Medium-Term Financial Plan sets out the capital programme and funding requirements. The Council is investing in schemes to deliver new affordable homes across the town, reduce carbon emissions, regenerate the Town Centre, and support the local economy.

6.9 Key highlights for 2025/26 include:

- Increasing and maintaining housing stock, including four new build schemes
- Delivery of projects to address the climate emergency and reduce carbon emissions, including fleet replacement and a new BREEAM 'Outstanding' rated Depot
- Delivery of the Town Fund Programme
- Investing in the Waterfront
- Investing in the Ipswich Museum
- Further developing the Eastern Gateway site
- Continuing to invest in the Play Strategy, and improving facilities in open spaces
- Investing in Sports facilities, including the Broomhill redevelopment
- Improvements to Public Realm including Arras Square

6.10 Capital bids have been reviewed against key criteria, namely:

- Contribution to the Corporate Strategy
- Health & Safety/ service benefit
- Best timing is now
- Value for money and
- Delivery confidence level

6.11 The new schemes added to the capital programme are:

	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
General Fund					
Agricultural Tractor	-	130,000	-	-	-
Crown Pools Hoist	-	30,000	-	-	-
East Villa Fire Doors	27,210	-	-	-	-
East Villa Water Hygiene Design Consultants *	59,980	-	-	-	-
East Villa Water Hygiene *	-	500,000	-	-	-
Mobile Elevated Working Platform (MEWP)	-	75,000	-	-	-
Total	87,190	735,000	-	-	-

**East Villa water hygiene involves the replacement of all the water pipes.*

Funding Capital Expenditure

6.12 To fund its capital investment requirements, the Council has access to limited sources of funding, and will have to make decisions about how, when, and how much of the different funding sources will be used.

- **Government Grants** – These are contributions received from Government bodies. They are normally attributable to specific schemes or programmes.
- **External Funding** - These are contributions received from any other bodies e.g., developers, National Heritage Lottery Fund (NHLF) for specific schemes. Where schemes attract external funding, which does not require Ipswich Borough Council to use additional capital resources, the value of the scheme and funding is automatically added to the capital programme.
- **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 and to invest in the provision of new affordable housing. The General Fund does not normally make contributions towards capital expenditure.
- **Capital Receipts** - These are contributions received from the sale of the Council's assets.
- **Borrowing** - This is unsupported borrowing. Any schemes funded through this method will incur revenue expenditure in respect of principal and interest charges. Provision is made in the General Fund and HRA budgets for the revenue cost of unsupported borrowing. Gilt prices have increased, driving up the cost of borrowing during the past year, as a consequence of economic uncertainty.
- **Leasing** - The Council has moved away from this funding source in previous years, but with the recently confirmed changes to Public Works Loan Board rates, this funding source will be looked at again.

Performance Framework Overview

6.13 The Council has adopted Best Practice for:

- Service Investment Prioritisation and Planning.
- Project Appraisal and Resourcing Options.
- Capital Programme Performance Monitoring.
- Asset Management.

6.14 Options for capital projects are considered on a 'value-for-money' basis and must be able to demonstrate that they meet the Council's objectives. Before a capital bid is submitted, all options need to be considered including "do nothing"

and the best option is progressed, both in terms of value for money and meeting the Council's objectives.

- 6.15 As part of the annual budget setting process, capital bids are considered by a senior officer group and Councillors, with successful bids being added to the draft capital programme, which is then considered by Executive and Council as part of this MTFP.
- 6.16 Changes requested to the capital programme in-year are submitted for consideration by Executive. Only once Executive have given approval are any additions or other changes made to the Capital Programme.
- 6.17 All projects are subject to evaluation and only once schemes are approved by Executive is the actual funding made available.

Performance Measures and Monitoring

- 6.18 The Capital Programme is monitored and reviewed in the following ways: -
- Budget Managers are responsible for monitoring individual schemes.
 - Online financial information is available to all Directors/Assistant Directors and Project Managers, including details of any commitments, via the Council's financial reporting system.
 - Monthly budget monitoring reports are produced for Directors/Assistant Directors and Project Managers.
 - Delivery against each capital scheme is reviewed monthly at Capital Working Group, chaired by the Section 151 Officer.
 - The Capital Programme is monitored monthly through Monthly Monitoring Returns, which are consolidated into a report for review by the Corporate Management Team. Any additional resources required/surplus resources that are not needed are therefore identified at an early stage.
 - Quarterly Budget Monitoring reports are presented to Executive and Audit & Governance Committee showing the latest Capital Programme and estimated resources.
 - An annual report to Executive and Audit & Governance Committee detailing the reasons for budget carry forwards, together with explanations for any variances >10% (+/-) of budgeted scheme cost; and
 - The capital receipts forecast is updated on a quarterly basis.
- 6.19 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.

Risk & Governance

- 6.20 The Chief Finance Officer is responsible for ensuring that a Capital Programme is prepared on an annual basis for consideration by the Executive before submission to the Council.

- 6.21 Each capital scheme has a clearly identified project manager responsible for delivery of the scheme within the delegated budget.
- 6.22 For a scheme to be added to the capital programme, approval must be given by Executive. Directors are responsible for ensuring that a detailed business case is prepared for each project within their respective service area.
- 6.23 The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The Chief Financial Officer must monitor and control expenditure and income against budget allocations and report to the Executive on the overall position on a regular basis.
- 6.24 Expenditure and delivery of each Capital Project is monitored monthly through Capital Working Group, chaired by the Chief Finance Officer, and reported to Executive as part of the Quarterly Budget Monitoring Report. This report is also presented to Audit & Governance Committee.

Capital Procurement

- 6.25 Procurement rules are set out by the Contract Standing Orders. These form part of the constitution and are routinely monitored to ensure they are kept relevant.
- 6.26 All tenders with an aggregate spend more than £250,000 require approval from Executive before contracts can be awarded – this will affect most capital projects.
- 6.27 Following the UK's departure from the European Union, the Official Journal of the European Union (OJEU) was replaced by the Find a Tender service (FTS). This was set out in Procurement Policy Note 08/20.
- 6.28 All procurements meeting FTS thresholds, as set out in the Public Procurement (Agreement on Government Procurement) (Thresholds) (Amendment) Regulations 2023 (which from 1st January 2024 are £214,904 inclusive of VAT for Goods & Services and £5,372,609 inclusive of VAT for works), are managed through Procurement Board following a gateway process. This ensures that the procurement exercise is of a high process, following due process throughout and delivering best value.
- 6.29 All major contracts are detailed in the Council's contract register, and contracts due for renewal and forthcoming tenders are listed within the Procurement Pipeline document which is monitored by the Procurement Board.
- 6.30 Procurement frameworks are used where possible to expedite the procurement process. This still requires a detailed specification and evaluation process to be in place during the procurement.

Other Long-Term Liabilities

- 6.31 Any long-term liabilities and guarantees for a capital investment are identified and considered at the approval stage, in accordance with the Council's Standing Orders. These are monitored within the corporate budget monitoring process and any changes reported to Executive, as necessary.

Developing Knowledge and Skills

- 6.32 The Council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.
- 6.33 The Council establishes project teams from all the professional disciplines from across the council as required. External professional advice is taken if necessary and will always be sought in consideration of any major investment decision.
- 6.34 Internal and external training is offered to councillors to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the Section 151 Officer.

Detailed Capital Programme and Funding Sources

- 6.35 The detailed capital programme and the sources of funding are presented below.

General Fund Capital Programme

Town Deal	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Digital Town Centre	957,510	1,290,000	-	-	-
Greener Ipswich	448,530	1,871,300	-	-	-
Shopping Parades	262,910	2,309,000	-	-	-
Pedestrian/Cycle Bridge	405,000	905,000	-	-	-
Public Realm Improvements	50,880	1,499,700	34,000	-	-
Regeneration Fund	499,730	9,973,110	-	-	-
Sub-Total	2,624,560	17,848,110	34,000	-	-

Handford Homes Development Schemes	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Ravenswood GF - Market Rent Properties x19	2,489,340	600,000	139,000	-	-
Ravenswood GF - Starter Homes x10	1,312,300	314,980	75,000	-	-
Princes St Area Multi Storey car park	176,350	6,289,740	8,180,000	262,750	-

Handford Homes Development Schemes	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Depot Construction	12,522,690	712,000	-	-	-
Sub-Total	16,500,680	7,916,720	8,394,000	262,750	-

Annual Core Investments	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Cap Reps - Cemetery/ Crematorium	50,040	-	-	-	-
Cap Reps - Crown Pools	35,000	-	-	-	-
Cap Reps - Historic Churches	10,000	-	-	-	-
Cap Reps - Christchurch Mansion	75,000	-	-	-	-
Cap Reps - Museum	3,950	-	-	-	-
Cap Reps - Regent Theatre	73,350	-	-	-	-
Cap Reps - Corn Exchange	31,000	-	-	-	-
Cap Reps - Town Hall	800	-	-	-	-
Cap Reps - Car Parks	1,120	-	-	-	-
Cap Reps - Corporate Properties	40,000	-	-	-	-
Cap Reps - Grafton House	97,500	-	-	-	-
Cap Reps - Unallocated	-	400,000	400,000	400,000	400,000
Disabled Facilities Grants	963,330	1,000,000	1,000,000	1,000,000	1,000,000
Improvement Grants	51,400	50,000	50,000	50,000	50,000
Play Area Equipment	286,110	200,000	200,000	200,000	200,000
Cap. IT Dev. - Equipment	185,000	185,000	185,000	185,000	185,000
Sub-Total	1,903,600	1,835,000	1,835,000	1,835,000	1,835,000

Contingency & Other	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Carbon Management Programme	41,770	-	-	-	-
DEFRA Air Quality grant funded project Capital	1,690	-	-	-	-
Empty Homes Strategy	-	50,000	300,000	300,000	300,000
Fleet Replacement	771,530	805,000	441,000	1,715,000	585,000
Machinery Replacement Programme	63,400	49,400	49,400	49,400	75,000
Office Accommodation Strategy	11,000	139,000	-	-	-
Simpler Recycling	-	1,630,450	-	-	-
Trade Waste Containers	53,600	126,100	130,100	132,090	-
Wastesaver Waste Stations	30,400	-	-	-	-
Contingency - Additional Commitments	156,810	400,000	400,000	400,000	400,000
Sub-Total	1,130,200	3,199,950	1,320,500	2,596,490	1,360,000

Major Capital Investments	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Alderman Rd Culvert Contamination	56,280	-	-	-	-
Back Hamlet Allotments	5,290	-	-	-	-
Bishops Hill Access Road	16,500	37,500	-	-	-
Broomhill Pool	599,990	2,587,430	-	-	-
Cemeteries Software	7,000	-	-	-	-
Changing Places Christchurch and Chantry	62,910	-	-	-	-
Chantry Entrance Chantry Pier	11,000	64,000	-	-	-
Chantry HLF Bid	300,000	-	-	1,250,000	-
Composting Toilets P&C	55,000	29,000	29,500	-	-
Creative Hub	-	875,000	-	-	-
Crown Pools Chemical Delivery	45,000	-	-	-	-
Crown Pools Roof	76,290	-	-	-	-
Domestic Waste Containers	104,600	75,100	77,100	79,080	-
Eastern Gateway phases 2b, 2c and 2d	816,710	3,474,320	176,140	-	-
East Villa Water Hygiene Design Consultants					
Elm St Car Park (former Police Station)	30,000	-	-	-	-
Europa Way archaeology	102,960	88,000	-	-	-
EV Chargepoints	10,000	115,000	-	-	-
Fore St Pool Energy Efficiency Works	252,380	-	-	-	-
Grimwades Building	2,515,000	-	-	-	-
Ip-City Facility Improvements (incl M&E)	18,270	-	-	-	-
Ips. Historic Churches Trust	229,280	181,550	18,370	-	-
Legal Case Management System	28,300	-	-	-	-
Museum Project	4,452,150	5,325,700	-	-	-
Non-Op Asset Mngt - EPC Surveys and Tenant Works	97,580	450,000	471,380	-	-
Norwich Road Shopfront Grant	110,000	90,000	-	-	-
Open Spaces Repairs - Alderman Rd Rec Canal	55,310	15,000	-	-	-
Open Spaces Repairs - Fencing Programme	164,030	-	-	-	-
Parks Improvements	43,380	-	-	-	-
Pond Hall Farm	50,000	50,000	-	-	-
Public Realm Arras Square	20,000	906,930	-	-	-
R&M Replacement Programme	50,940	-	-	-	-

Major Capital Investments	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Regent Theatre Customer Improvements - FoH	115,200	3,267,000	68,000	-	-
Regent Theatre Lighting Rig	14,000	-	-	-	-
Regent Theatre Modular Build Project	11,000	-	-	-	-
Resurfacing Car Parks	13,470	114,000	50,000	50,000	50,000
Road Sweeper Store	30,000	-	-	-	-
Sports Facilities Strategy	249,510	759,000	-	-	-
Sports Schemes	10,010	-	-	-	-
St Stephens Church	43,070	-	-	-	-
Street Lighting Transfer	-	250,000	85,000	-	-
Street Name Plates	50,000	25,000	25,000	25,000	25,000
Temple of Remembrance redecoration	-	50,000	-	-	-
Town Hall Gallery Refurbishment	29,000	71,000	-	-	-
Warehouse	1,500,000	-	-	-	-
Waste and Fleet Software	-	229,000	-	-	-
WS_4 College Street	13,400	-	-	-	-
WS_Burtens Building	-	1,802,000	2,728,390	-	-
Sub-Total	12,464,810	20,931,530	3,728,880	1,404,080	75,000

General Fund Total	34,711,040	52,466,310	15,312,380	6,098,320	3,270,000
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Housing Revenue Account Capital Programme

Housing Revenue Account	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Maintenance and Contracts					
Asbestos Removal	200,000	270,300	273,000	275,730	278,490
Balcony Works	-	-	1,860,020	1,878,600	-
Buy Backs/Acquisitions capitalised repairs	220,500	290,700	342,030	394,350	398,290
Capital Projects Costs M&C	1,000,000	1,020,000	1,030,200	1,040,500	1,050,910
Central Heating (Affordable Warmth)	2,003,670	1,326,000	515,100	1,646,450	1,275,450
Communal Area refurbishments	-	98,190	130,080	131,380	261,890
Communal Area Rewires	-	-	1,356,910	1,370,480	1,384,180
Disabled Adaptations	588,050	599,810	605,810	611,870	617,990
Electrical sub-mains replacements	180,000	102,000	103,020	104,050	105,090
Fire Safety Work	700,000	3,646,500	7,365,930	6,321,050	2,627,270
Insulation/Ventilation	100,000	51,000	51,510	52,030	-
Kitchens & Bathrooms Refurbishments	2,000,000	2,844,510	1,030,200	260,130	1,050,910
Neighbourhood & Community Projects	-	325,000	-	-	-
Planned Maintenance	2,483,330	1,428,000	1,684,740	1,701,580	1,718,600
PV Panels	520,000	-	1,298,050	2,622,070	2,648,290
Rewires Programme inc. Voids	100,000	459,000	463,590	468,230	-
Sheltered Housing Review	95,000	-	2,575,500	5,202,510	5,254,540
Sheltered Imps/Lifts/Boilers	220,000	177,480	319,360	98,850	91,950
Social Housing Decarbonisation	-	-	1,545,300	7,023,390	7,093,610
Sub-Total M&C	10,410,550	12,638,490	22,550,350	31,203,250	25,857,460

Housing Revenue Account	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
New Build Programme					
Housing Delivery Program - General	-	-	6,700,000	13,300,000	5,000,000
Ravenswood UVW	8,992,070	2,806,110	1,133,880	-	-
Hawkes Road Development	3,892,480	5,257,270	251,060	-	-
Bibb Way	21,119,160	4,436,980	1,332,330	-	-
Hope Church	3,237,160	4,917,600	245,290	-	-
Buybacks	500,000	500,000	500,000	500,000	500,000
Housing Acquisitions	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000
Sub-Total New Build	40,240,870	19,917,960	12,162,560	15,800,000	7,500,000

Housing Revenue Account	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Housing Revenue Account Total	50,651,420	32,556,450	34,712,910	47,003,250	33,357,460

FUNDING OF HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME FOR 2024/25 AND FUTURE YEARS

	USABLE CAPITAL RECEIPTS	RESTRICTED CAPITAL RECEIPTS NEW BUILD ONLY	RESTRICTED CAPITAL RECEIPTS ALLOWABLE DEBT	TOTAL CAPITAL RECEIPTS	EXTERNAL FUNDING	BORROWING	MAJOR REPAIRS RESERVE	REVENUE CONTRIBS TO CAPITAL OUTLAY (SHELTERED RESERVE)	REVENUE CONTRIBS TO CAPITAL OUTLAY (NEW BUILD)	TOTAL
<u>2024/25 (current yr)</u>										
Resources at start of the year	1,665,866	7,860,093	2,064,739	11,590,697	0	0	10,458,608	3,943,020	20,871,524	46,863,849
Resources forecast to be received during the year	424,392	2,545,404	1,390,212	4,360,008	9,026,635	0	12,512,430	1,000,000	0	26,899,073
Resources available in year	2,090,258	10,405,497	3,454,950	15,950,705	9,026,635	0	22,971,038	4,943,020	20,871,524	73,762,922
Use of Resources	1,282,905	9,512,070	1,837,095	12,632,070	9,026,635	0	10,410,550	0	18,582,165	50,651,420
Balance at year end	807,353	893,427	1,617,855	3,318,635	0	0	12,560,488	4,943,020	2,289,359	23,111,502
<u>2025/26</u>										
Resources at start of the year	807,353	893,427	1,617,855	3,318,635	0	0	12,560,488	4,943,020	2,289,359	23,111,502
Resources forecast to be received during the year	426,897	2,545,841	1,387,270	4,360,008	5,298,877	6,062,973	11,162,500	0	0	26,884,358
Resources available in year	1,234,250	3,439,268	3,005,125	7,678,643	5,298,877	6,062,973	23,722,988	4,943,020	2,289,359	49,995,860
Use of Resources	782,936	2,990,240	2,567,064	6,340,240	5,298,877	6,062,973	12,638,490	0	2,215,870	32,556,450
Balance at year end	451,314	449,028	438,061	1,338,403	0	0	11,084,498	4,943,020	73,489	17,439,410
<u>2026/27</u>										
Resources at start of the year	451,314	449,028	438,061	1,338,403	0	0	11,084,498	4,943,020	73,489	17,439,410
Resources forecast to be received during the year	429,427	2,546,283	1,384,298	4,360,008	0	6,495,620	11,762,500	0	0	22,618,128
Resources available in year	880,741	2,995,311	1,822,360	5,698,411	0	6,495,620	22,846,998	4,943,020	73,489	40,057,538
Use of Resources	806,940	2,990,000	1,800,000	5,596,940	0	6,495,620	20,050,350	2,500,000	70,000	34,712,910
Balance at year end	73,801	5,311	22,360	101,471	0	0	2,796,648	2,443,020	3,489	5,344,628
<u>2027/28</u>										
Resources at start of the year	73,801	5,311	22,360	101,471	0	0	2,796,648	2,443,020	3,489	5,344,628
Resources forecast to be received during the year	431,982	2,546,729	1,381,297	4,360,008	0	25,731,980	12,386,500	0	0	42,478,488
Resources available in year	505,782	2,552,040	1,403,657	4,461,479	0	25,731,980	15,183,148	2,443,020	3,489	47,823,116
Use of Resources	500,000	2,550,000	1,400,000	4,450,000	0	25,731,980	14,378,250	2,443,020	0	47,003,250
Balance at year end	5,782	2,040	3,657	11,479	0	0	804,898	0	3,489	819,866
<u>2028/29</u>										
Resources at start of the year	5,782	2,040	3,657	11,479	0	0	804,898	0	3,489	819,866
Resources forecast to be received during the year	431,982	2,546,729	1,381,297	4,360,008	780,000	17,390,000	11,575,000	0	0	34,105,008
Resources available in year	437,764	2,548,769	1,384,954	4,371,487	780,000	17,390,000	12,379,898	0	3,489	34,924,874
Use of Resources	430,000	1,000,000	1,380,000	2,810,000	780,000	17,390,000	12,377,460	0	0	33,357,460
Balance at year end	7,764	1,548,769	4,954	1,561,487	0	0	2,438	0	3,489	1,567,414

FUNDING OF GENERAL FUND CAPITAL PROGRAMME FOR 2024/25 AND FUTURE YEARS

	EXTERNAL FUNDING	USABLE CAPITAL RECEIPTS	REVENUE CONTRIBS TO CAPITAL OUTLAY	UNSUPPORTED BORROWING	TOTAL
2024/25					
Resources at start of the year	16,121,947	152,647	712,614	0	16,987,208
Resources forecast to be received during the year	13,205,502	103,000	0	27,834,450	41,142,952
Resources available in year	29,327,449	255,647	712,614	27,834,450	58,130,160
Use of Resources	6,743,240	102,960	30,390	27,834,450	34,711,040
Balance at year end	22,584,209	152,687	682,224	0	23,419,120
2025/26					
Resources at start of the year	22,584,209	152,687	682,224	0	23,419,120
Resources forecast to be received during the year	5,204,773	450,000	0	28,828,460	34,483,233
Resources available in year	27,788,982	602,687	682,224	28,828,460	57,902,353
Use of Resources	23,499,850	138,000	0	28,828,460	52,466,310
Balance at year end	4,289,132	464,687	682,224	0	5,436,043
2026/27					
Resources at start of the year	4,289,132	464,687	682,224	0	5,436,043
Resources forecast to be received during the year	10,858,300	300,000	0	13,379,970	24,538,270
Resources available in year	15,147,432	764,687	682,224	13,379,970	29,974,313
Use of Resources	1,632,410	300,000	0	13,379,970	15,312,380
Balance at year end	13,515,022	464,687	682,224	0	14,661,933
2027/28					
Resources at start of the year	13,515,022	464,687	682,224	0	14,661,933
Resources forecast to be received during the year	1,108,130	300,000	0	4,767,520	6,175,650
Resources available in year	14,623,152	764,687	682,224	4,767,520	20,837,583
Use of Resources	1,030,800	300,000	0	4,767,520	6,098,320
Balance at year end	13,592,352	464,687	682,224	0	14,739,263
2028/29					
Resources at start of the year	13,592,352	464,687	682,224	0	14,739,263
Resources forecast to be received during the year	0	300,000	0	1,970,000	2,270,000
Resources available in year	13,592,352	764,687	682,224	1,970,000	17,009,263
Use of Resources	1,000,000	300,000	0	1,970,000	3,270,000
Balance at year end	12,592,352	464,687	682,224	0	13,739,263

Section 7

TREASURY MANAGEMENT STRATEGY AND POLICIES FOR 2025/26

Introduction

7.1 Ipswich Borough Council has adopted the following to define the policies and objectives of its treasury management activities as recommended in the CIPFA Code of Practice on Treasury Management 2021 (TM Code):

- a) The Council defines its treasury management activities as “the management of the organisation’s borrowing, investments, and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”.
- b) The Council regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- c) The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.

7.2 The Council’s Treasury Management Strategy (including borrowing and investment strategies) and its treasury activities are strictly regulated by statutory requirements in the TM Code and the CIPFA Prudential Code 2021. Section 5 of the TM Code recommends that all public service organisations adopt the following 4 clauses.

- I. This organisation will create and maintain, as the cornerstones for effective treasury and investment management:
 - a treasury management policy statement stating the policies, objectives, and approach to risk management of its treasury management activities.
 - suitable treasury management practices (TMPs) setting out the way the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

- investment management practices (IMPs) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Sections 6, 7 and 8 of the TM Code, subject only to amendment where necessary to reflect the circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the TM Code's key principles.

- II. This organisation will receive reports on its treasury and investment management policies, practices, and activities, including, as a minimum, an annual strategy and plan of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs and IMPs.
- III. This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to its Executive, and for the execution and administration of treasury management decisions and functions to the Section 151 Officer, who will act in accordance with the organisation's policy statement, TMPs and IMPs, and if they are a CIPFA member, CIPFA's Standard of Professional Practice on treasury management.
- IV. This organisation nominates Audit & Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Current Position

7.3 The Bank of England reduced the base rates from 5.25% to 5% on 31 July 2024 meeting and further to 4.75% at its meeting on 7 November the following quarter. It is expected to continue to fall slowly until it plateaus at 3.5% December 2026. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

7.4 The table below shows the Council's treasury portfolio position.

Table Twenty: Treasury Portfolio Position as at 30th November 2024

	General Fund	HRA	Overall
	£m	£m	£m
Borrowing			
PWLB Maturity	70.950	34.151	105.101
PWLB Annuity	80.374	23.416	103.790
PWLB EIP	0.000	21.162	21.162
Market loans	0.000	9.000	9.000
Total Borrowing	151.324	87.729	239.053
Total Investments	138.956		138.956

- 7.5 If the Council were to borrow any long-term debt during 2025/26, the current expectation for interest rates (including the 0.2% certainty rate discount), depending on borrowing period and loan type, is shown below.

Table Twenty-one: Estimated Interest Rates for Future Periods

	Bank Rate (%)	PWLB Borrowing Rates (%)			
		5 year	10 year	25 year	50 year
Dec-24	4.75%	5.00%	5.30%	5.60%	5.40%
Mar-25	4.50%	4.90%	5.10%	5.50%	5.30%
Mar-26	3.75%	4.50%	4.70%	5.10%	4.90%
Mar-27	3.50%	4.10%	4.30%	4.70%	4.50%

Based on Link update 11th Nov 24

Borrowing Strategy

- 7.6 The Council has adopted a two debt-pool approach, one for the HRA and one for GF so any loans taken out are specific to one or the other.
- 7.7 Since 2014/15, the council's accounting policy is, where appropriate, to capitalise borrowing costs on capital schemes.
- 7.8 The capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt, as the Council's reserves have been supported by balances and cash flow, as a temporary measure. This strategy of mixed borrowing and use of temporary cash balances is prudent as it helps to minimise counterparty risk. This means the Council is currently maintaining an under-borrowed position and takes advice from its treasury advisor regarding any changes to this.
- 7.9 The Council had been borrowing short term to maintain its cash flow, however, whilst this limits us to long term high-interest rate exposure it does increase the level of interest payments which impacts the General Fund revenue account. At present the HRA doesn't need to borrow as it still has reserves to fund its share of the capital program however this is likely to change in the next few years.
- 7.10 Historically the Council has borrowed most of its financing from the Public Works Loan Board (PWLB). Local Authorities are now required to submit high level capital plans for three years when accessing PWLB lending and the Section 151 Officer is required to confirm that there is no intention to buy investment assets primarily for yield at any point during that three-year period. This does however allow us to borrow at the Certainty rate which is 0.2% below the quoted standard interest rate.

- 7.11 If the Council needs to borrow for any short-term cash flow situations, there are several providers in the market who can supply the Council with funds for the periods required. Consideration will also be given to identify if there is any residual potential for making savings by reducing investment balances to repay debt prematurely, as short-term rates on investments are likely to be lower than rates paid on current debt. However, PWLB debt has a premium for early repayment, which may reduce the opportunities available unless offset by favourable interest rate movements.
- 7.12 The current strategy is only to borrow when we are certain it is required rather than in advance of actual need in case the proposed investment (capital project) is delayed or cancelled to reduce the risk of incurring additional costs unnecessarily.

Sources of Borrowing

- 7.13 Finance will only be raised in accordance with the Local Government Act 2003, and within this limit the Council has several approved methods and sources of raising capital finance. No changes are proposed. These currently are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●
Other Methods of Financing		
● Government & other bodies Capital Grants		
● Lottery monies		

INVESTMENT STRATEGY

- 7.14 As at 30 November 2024 the Council held significant invested funds of £138.956m, representing income received in advance of expenditure plus balances and reserves held. The majority of this is invested in Council owned companies through loans provided. The other investments are in short term

instant access accounts/funds and are used daily to maintain the Council's cash flow.

- 7.15 The Council's underlying strategy is to hold investments to maturity, to collect contractual cash flows, rather than trade in the underlying instruments.
- 7.16 The Council will not borrow to invest primarily for financial return. The Council will not borrow more than, or in advance of, its needs to profit from investment of the extra sums being borrowed. Exceptionally, circumstances may change after borrowing has been arranged which could result in the Council having more cash than anticipated for a short period.
- 7.17 The Council regularly takes advice from its external financial advisors and the Council will take appropriate advice from specialists before any decision is taken to invest in new types of investment.
- 7.18 The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return and its primary principle governing investment priorities will be security, liquidity and then yield when choosing where and how to invest any surplus cash, though non-financial considerations will also be considered.
- 7.19 After this main principle, the Council will ensure:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security; and
 - It has sufficient liquidity in its investments to meet its current liabilities. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed.
- 7.20 In accordance with the above, and to minimise the risk to investments, the Council has clearly stipulated, below, the minimum acceptable credit quality of counterparties for inclusion on the lending list.
- 7.21 The credit-worthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies. Using the ratings system of the Council's treasury management advisors, banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.
- 7.22 Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate.

- 7.23 The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “Credit Default Swaps” to augment the credit ratings data.
- 7.24 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 7.25 All counterparties on the Council’s list (detailed at the end of this Section) will be subject to meeting the minimum criteria where applicable before any investments are made.
- 7.26 The aim of the strategy is to generate a list of highly credit-worthy counterparties which will also enable diversification and thus avoidance of concentration risk. Since 2009, all new investments have only been with UK financial institutions. Foreign based financial institutions have been included on the list for the past few years and if deemed appropriate investments would be made with them.
- 7.27 There are several operational issues considered in developing the future Counterparty list and these are detailed below.
- 7.28 The Council currently has an Instant Access Account with its current bankers and four Money Market Funds (MMF’s), which are used to manage the Council’s working capital and ensure the Council always has funds to meet its liabilities. These types of investments are very secure and gives the Council instant access to funds when required.
- 7.29 The security and return of investments are the biggest priority, especially given the current economic circumstances. As a rule, the more security an investment has, the lower the interest rate is.
- 7.30 In terms of these investments, the expected returns over the next few years are shown in the table below:

Table Twenty-two: Expected investment returns:

Year	Expected Returns
2024/25	4.78%
2025/26	4.18%
2026/27	3.59%
2027/28	3.50%
2028/29	3.50%

- 7.31 The maximum period for an investment in the government’s debt management account is six months. The longer an investment can be made for, the more certainty there is on the Council’s budget in terms of investment income.

- 7.32 Although the introduction of the banking stress tests helps, any uncertainty over counterparty creditworthiness suggests shorter dated investments would provide better security even though, ideally, investments would be invested longer to secure better returns. The current rising interest rates means the Council may not wish to invest for too long in case the investment return becomes a drag on performance.
- 7.33 The Council sets group limits for counterparties on its lending list, so it does not get over-exposed to any one group. However, the merging of banks and building societies reduces the number of counterparties the Council can deal with. Another factor is, when the Council wants to undertake long-term investments, not all counterparties are available to deal with.
- 7.34 A temporary statutory override (effective from 2018) to delay implementation of IFRS 9 to allow English local authorities time to adjust their portfolio of all pooled investments ends on 31 March 2025. The Council does not have any pooled investments at present. The Council's investments in its arms-length companies come under the scope of IFRS9 but these do not currently require a fair value adjustment and are therefore accounted for at amortised cost.
- 7.35 The Council may consider Property Funds as an opportunity for investment. These will come under the scope of IFRS9 and will be covered by the override until 31 March 2025.
- 7.36 The management of the Council's counterparty list is delegated to the Section 151 Officer, and it is their duty to act within the confines of this list and the limits set, except that the Section 151 Officer with the agreement of the Finance Portfolio Holder is authorised to amend the terms of any existing investments, if in their view, it is beneficial to the Council. The counterparty limits reflect the minimum size of deposit required, time limits within which institutions will take funds and the flexibility of the market when the Council is looking to place funds.
- 7.37 The Council's full counterparty list for investments and the limits must be agreed by Council. If any institution needs to be added to the list or limits changed upwards, this needs to be agreed by Council, so in preparing the future counterparty list, the Council needs to consider the economic climate but also needs to include enough flexibility within the list to help officers act in the Council's best interests.
- 7.38 The full counterparty list agreed by Council identifies the maximum range and extent of counterparties that can be used. The Section 151 Officer uses this list to draw up an appropriate operational list for use by officers. This operational counterparty list will be subject to change depending on the economic climate, credit rating changes and other market intelligence. Changes that are automatically triggered such as credit rating changes will be acted upon immediately.
- 7.39 The Section 151 Officer will maintain the full counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for

approval, as necessary. This criterion selects which counterparties the Council will choose rather than defining what its investments are.

- 7.40 The Council's treasury consultants advise on all active counterparties that comply with the criteria below and supply credit rating information on a real time basis. Any counterparty failing to meet the criteria would be omitted from the counterparty list.
- 7.41 Any rating changes, rating watches (notification of a likely change in the short term), rating outlooks (indication of any bias to ratings over the medium term) are considered before dealing.
- 7.42 Additional requirements under the Code of Practice now require the Council to supplement credit rating information. Additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps or equity prices) will be applied to compare the relative security of differing investment counterparties.
- 7.43 From the 1st January 2019 the largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities. This is known as "ring-fencing." Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up.
- 7.44 Ring-fencing is a regulatory initiative created in response to the 2008 global financial crisis. It mandates the separation of retail and SME deposits from investment banking, to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.
- 7.45 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered) will be considered for investment purposes. The Council will look to place investments with the ring-fenced part of the bank.
- 7.46 MIFID II requirements came into effect from 3 January 2018 and the Council has opted up to professional status with all relevant counterparties and bodies.
- 7.47 The Council has drawn up a list of seven different categories in which investments can be made, which all have different levels of security, monetary limits, and time limits. The Council would look to spread investments over different institutions so as not to be left overexposed to any one institution. The limits drawn up for each of the institutions has been based on security. The

categories are also listed in order of security available (highest security first). The investment limits below are based on the Council borrowing up to its available capital financing requirement and therefore having a higher level of investments:

- **Category 1 (Government Debt Management Account)** - The Government has a debt management account and guarantees all deposits. However, investments can only be for a maximum of 6 months. The maximum amount to be invested is £60m with an overall maximum exposure for this category of £60m. The reason for the high limit is that if other counterparties are removed from our counterparty list and there are other uncertainties in the market this should be the safest place for the Council to place its investments. Also, if market conditions deteriorated sharply the Council would want the ability to potentially place all investments here.
- **Category 2 (Local Authorities)** - Even though most Local Authorities are not rated, investments made in them have a high security rating, as local authorities must set legal budgets and have guaranteed borrowing help available to them through government sources. However, most investments in local authorities are normally borrower led. This market is increasing and the time span for investments and interest rates have been increasing. The time limit for investments in local authorities is 2 years and the maximum amount to be invested in any one local authority is £5m. The overall maximum exposure for this category would be £50m. Before investing in local authorities, other information will be sought, such as short-term borrowing exposure and potential financial difficulties.
- **Category 3 (Major UK Financial Institutions)** - This category is for major UK financial institutions and includes the nationalised and part-nationalised UK banks. Before undertaking investments, the Council will use generally available market information, and UK banks and Building Societies, which have the following ratings from at least two of the three rating agencies (Fitch, Moody's, and Standard & Poor's).

	Fitch	Moody's	Standard & Poor's
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

The maximum time limit for investments in institutions falling in Category 3 is 2 years and the maximum amount to be invested in any one group is £20m. In addition, consideration will be given to the length of time any investments are made which will be dependent on their market outlook rating i.e., their rating direction. The overall maximum exposure for this category would be £80m.

- **Category 4 (Money Market Funds (MMF's))** - MMF's are for managing short-term cash balances only and offer instant access to funds. They are AAA rated products and interest rates are less volatile than base rates. There are two types of MMF's, one that invests in money market instruments

that have been in existence for several years with the other being money market funds that invest in Government backed securities. To date the returns on investments in the money market instruments have performed better than the government backed securities (due to respective security levels). One of the characteristics to note is that investments can be made in Government securities and financial institutions outside the UK if they are sterling denominated. The use of MMF's eases the pressure on the Council's instant access account and gives us more flexibility. The overall maximum exposure for this category would be £30m, with a maximum of £7.5m in any one fund.

- **Category 5 (Other UK Financial Institutions)** - The Council will use UK banks and Building Societies who do not meet the credit ratings criteria of the financial institutions in **Category 3**, but they must have met at least one of its credit ratings criteria.
- The time limit for investments in institutions falling in **Category 5** is 365 days and the maximum amount to be invested in any one group is £3m. If a **Category 3** institution is downgraded to a **Category 5** then the **Category 5** limits will be applied. As a minimum, financial institutions in this category would need to have credit ratings from at least one credit ratings agency. Other available market information would also be considered. For most financial institutions, the maximum amount to be invested in any one group will be a lower figure, and some financial institutions will have shorter investment periods. The overall maximum exposure for this category would be £25m.
- **Category 6 (Foreign Financial Institutions)** - The Council will use foreign banks where the sovereign rating of the country is a minimum of AA+. In addition, before undertaking investments, the Council will use generally available market information, which have the following ratings from at least two of the three rating agencies (Fitch, Moody's, and Standard & Poor's).

	Fitch	Moody's	Standard & Poor's
Short Term	F1	P1	A1
Long Term	AA-	Aa3	AA-

The time limit for investments in institutions falling in Category 6 is 365 days and the maximum amount to be invested in anyone banking group is £5m. The overall maximum exposure for this category would be £25m.

- **Category 7 (Property Funds)** – These are long term investments and are designed to generate an enhanced return over several years. The use of these instruments may be deemed to be capital expenditure and as such will be an application of capital resources. The Council will seek guidance on the status of any fund it may consider using. There are two aspects to any return, rental yields, and capital value. Whilst rental yields do not fluctuate greatly the capital value can be volatile. Many local authorities have invested in

Property funds over the past few years. Before any investments are placed, due diligence would be undertaken.

Investments in property funds can have potential financial implications for the General Fund under IFRS9 regulations which come into force from 1st April 2025.

There would be no time limit for investments in institutions in Category 7 and the overall maximum exposure for this category would be £10m, with a maximum of £5m in any one fund.

- 7.48 As part of the investment strategy the Council has to differentiate between specified and non-specified investments. These are detailed below: -

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 considered low risk assets where the possibility of loss of principal or investment income is small. These would include investments in Categories 1 and 4.

Non-Specified Investments – Non-specified investments are any other type of investment. These would include investments in Categories 2, 3, 5, 6, and 7.

- 7.49 The time limits for institutions and the maximum exposure to any one group on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments). This table takes account of the level of security and the number of institutions within the category. The potential exposure is the maximum amount we could invest if we invested the maximum amount with each counterparty in a category. The maximum exposure is the highest level of exposure we would have within any category of investments. The reason that Category 5 has a higher maximum exposure than potential exposure, is that financial institutions that are in Category 3 could be downgraded and therefore not meet the criteria in Category 3. If this were the case, they would be downgraded to Category 5. By having a higher maximum exposure than potential exposure in Category 5, this gives the Council scope if this ever happens.

Table Twenty-three: Potential and Maximum Exposure by Category

	Number of Institutions in category	Maximum exposure per Institution (£m)	Potential Exposure (£m)	Maximum Exposure (£m)	Time Limit
Category 1	1	60	60	60	Max 6 Months
Category 2	Unlimited	5	50	50	Max 2 years
Category 3	9	20	180	80	Max 2 years
Category 4	4	7.5	30	30	Instant Access
Category 5	5	3	15	25	Max 365 Days
Category 6	28	5	140	25	Max 365 Days
Category 7	4	5	20	10	Unlimited

- 7.50 In the normal course of the council's cash flow operations, it is expected that both Specified and Non-Specified investments will be utilised for the control of liquidity as both categories allow for short-term investments.
- 7.51 The use of longer-term instruments (greater than one year from inception to repayment) will- fall in the non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded.
- 7.52 After considering the above operational issues and the counterparty framework set out the Council expects to follow the following future strategy.
- 7.53 Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the Bank of England base rate reducing 0.25% per quarter until mid-2025. The criteria for choosing counterparties set out above, provides a sound approach to investment in "normal" market circumstances. Councillors are asked to approve these base criteria above. The Section 151 Officer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval, dependent on future economic circumstances. It could also include borrowing in advance of need at lower fixed rates, where appropriate.
- 7.54 There are three main types of investment made by the council, each of which are discussed in turn below.
- Treasury Management Investments
 - Investments made to support service objectives
 - Investing in Council-owned companies

Treasury Management Investments

- 7.55 The Council typically receives its cash income (e.g., from taxes and grants) in advance of when it is required operationally to pay for its expenditure in cash (e.g., through payroll and invoices). The Council also holds cash reserves to manage financial uncertainty and future requirements. This means that the Council's cash position is managed daily by the Finance team.
- 7.56 These day-to-day activities and the timing of borrowing decisions can lead to a cash surplus which can be invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.
- 7.57 The contribution that these investments make to the objectives of the Council is to support effective Treasury Management activities and will rarely be capital expenditure. The Council's policies and its plan for future Treasury Management investments are covered in the Treasury Management Strategy in Section 8 of this document.
- 7.58 The Council will not ordinarily invest in financial investments not covered by the Treasury Management strategy. Should the Section 151 Officer determine that a suitable opportunity for such an investment has arisen, Executive will be asked for their approval before the Council proceeds. This will require a business case for the investment setting out the benefits and risks of the investment, the maximum term permitted and a limit for the sum of cash to be invested. Any such case should include a summary of the advice received from the Council's external financial advisors.

Investments Made to Support Service Objectives

- 7.59 The Council may spend money which supports the delivery of local public services. These will normally constitute capital expenditure, and it may be appropriate to borrow to finance service investments.
- 7.60 This category can also cover wider service objectives – for example, the economic development of Ipswich town centre.
- 7.61 It is important to note that in all cases the security and liquidity of taxpayers' money will remain key considerations and must be addressed by the business case for a scheme prior to that scheme proceeding.
- 7.62 This could include, but is not limited to, considering the credit rating of the creditor receiving Council monies, the Balance Sheet and financial statements of any external party involved in transactions, or an independent assessment of the sector in which the monies are being invested.
- 7.63 The business case for any such capital scheme will be considered and approved by Executive prior to proceeding. Part of the case to be considered will be the wider benefits of investing the money and the consequence on the revenue budget of investing the money.

- 7.64 It is important that the timescale for the repayment of the money invested is proportionate to the nature of the scheme. It is a minimum requirement that the scheme should generate sufficient revenue income each year to cover the capital charges incurred through investing the money including Minimum Revenue Provision associated with the scheme.
- 7.65 Any schemes will be listed and clearly named on the capital programme reported to Executive and Audit & Governance committees each quarter within the Budget Monitoring reports.

Investing in Council-owned Companies and for Commercial Purposes

- 7.66 The Council has invested and continues to invest in Council-owned companies. The change in the Prudential Code to not investing for yield, other than in permitted circumstances, had immediate effect from 1 January 2022, and covered any new investment. This was supported by a similar limitation on borrowing for “purchasing investment assets primarily for yield” from the Public Works Loans Board. Any future investment must meet these criteria.
- 7.67 The main change to the Prudential Code is contained in paragraph 51 of the Code. *“The Prudential Code determines that certain acts or practices are not prudent activity for a local authority and incur risk to the affordability of local authority investment:*
- *In order to comply with the Prudential Code, an authority must not borrow to invest primarily for financial return.*
 - *It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.”*
- 7.68 Commercial property is any property which the local authority purchases or holds primarily for financial return. This is not a financial investment but is within the scope of this Code and is included in the prudential indicator for net income from commercial and service investments. The Prudential Code confirms that existing commercial investments are not required to be sold or exited. From April 2023 an increased level of prudential indicator reporting is needed on investments (see investment indicators).
- 7.69 There are currently no anticipated new investment requests from the Council’s own companies, although extension of current loan amounts that are compliant with the permitted circumstances outlined in the prudential code would be considered.
- 7.70 Where investment in Council-owned companies meets the Prudential Code criteria, it will be undertaken based on a signed loan agreement setting out, as

a minimum, the sum to be borrowed, the rate at which interest will accrue, the frequency of repayments and a repayment schedule. This loan agreement must be signed by the Section 151 Officer and the Company's Finance Director before proceeding. It is on this basis that investment in Council-owned companies will ordinarily be solely payments of principal and interest (SPPI).

- 7.71 Lending will only be offered to Council-owned companies at terms commercially available to the companies elsewhere and will be compliant with the Prudential Code.
- 7.72 Where the Council borrows money to finance lending to Council-owned companies, it must be at the best available terms and for a repayment period no longer than that of the loan being made to the company. The Council will require a minimum of five working days' notice from the company.
- 7.73 Borrowing undertaken by the Council to finance lending to Council-owned companies will ordinarily be repaid on an annuity basis, unless there are sound financial reasons for different repayment terms being agreed, irrespective of the terms being agreed with the Council-owned company.
- 7.74 The Council will undertake its own assessment of the risks associated with any investment. This may include an independent assessment of the sector in which the investment is being made or the wider economic outlook and any sector-specific risks that need to be considered and mitigated.
- 7.75 The Council has complied with paragraphs 51 to 53 of the Prudential Code in relation to investments for commercial purposes, and in particular the requirement that an authority must not borrow to invest for the primary purpose of financial return.

Investment Indicators

- 7.76 The Treasury Management Code requires that investments be analysed between investments for treasury management, service, and commercial purposes.
- 7.77 The following table analyses the Council's investments into the three types:

Table Twenty-four: Investment Types as at 30th November 2024

	£m	£m
Treasury Management Investments:		
Fixed Term Investments	0.000	
Instant Access Accounts	0.862	
Money Market Funds	15.255	
Notice Accounts	0.000	16.117
Service Investments:		0.000
Commercial Investments:		
Inter Group Loans	122.839	122.839
Total Investments		138.956

- 7.78 The following table shows the net financial impact on the Council of its entire non-treasury investment income:

Table Twenty-five: Estimate of Net Income from Commercial & Service Investments to Net Revenue Stream

	23/24 Actual £m	24/25 Estimate £m	25/26 Estimate £m	26/27 Estimate £m	27/28 Estimate £m
Interest and investment income (excluding treasury management investments)	5.63	5.82	5.43	5.21	5.17
Income from Commercial Properties	0.96	0.85	0.17	0.17	0.17
Net revenue stream	24.85	26.14	24.60	25.11	25.76
Proportion of net income from commercial & service investments to net revenue stream	26.52%	25.52%	22.76%	21.43%	20.73%

- 7.79 The proportion of service and residual IBC company investment is regarded as prudent, affordable, and proportionate because it represents 30% of the Council's overall budget and losses could be absorbed in a managed way without detriment to local services.
- 7.80 The following quantitative indicators have been set to allow councillors and the public to assess the Council's total risk exposure as a result of its investment decisions. They consider the types of investment made by the Council.

Investment Indicator One: Total exposure to investment losses

£m	2023/24 (actual)	2024/25 (forecast)	2025/26 (forecast)
Total Invested	129.284	138.956	129.245

Investment Indicator Two: Total Investments funded by borrowing.

£m	2023/24 (actual)	2024/25 (forecast)	2025/26 (forecast)
Total Invested	129.284	138.956	129.245
Funded by Borrowing	102.847	99.801	96.691
%	79.55%	71.82%	74.81%

Investment Indicator Three: Lending to Council-Owned Companies as a multiple of Net Service Expenditure

£m	2023/24 (actual)	2024/25 (forecast)	2025/26 (forecast)	2026/27 (forecast)	2027/28 (forecast)	2028/29 (forecast)
Lending to Companies	123.271	122.839	119.245	118.325	117.362	116.355
Total Net Service Expenditure	23.185	27.902	25.309	24.198	24.471	24.876
Multiple of Expenditure lent	5.3	4.4	4.7	4.9	4.8	4.7

Investment Indicator Four: Net Contribution made by non-TM Investments to Revenue budget.

£m	2023/24 (actual)	2024/25 (forecast)	2025/26 (forecast)	2026/27 (forecast)	2027/28 (forecast)	2028/29 (forecast)
Revenue Contribution	3.288	3.595	3.396	3.248	3.461	2.829

Investment Indicator Five: % of Authorised Limit for External Debt used for Company Lending

	2023/24 (actual)	2024/25 (forecast)	2025/26 (forecast)	2026/27 (forecast)	2027/28 (forecast)	2028/29 (forecast)
Lending to Companies	123.271	122.839	119.245	118.325	117.362	116.355
Authorised Limit	480	500	510	510	520	510
% of Limit Used	25.68%	24.57%	23.38%	23.20%	22.57%	22.81%

- 7.81 The Council uses external treasury management advisors. The Council recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills, resources, and information. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

PRUDENTIAL INDICATORS

- 7.82 In addition, the CIPFA Prudential Code (2021) also requires Council's 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.
- 7.83 "The framework established by the Prudential Code should support:
- a) local strategic planning
 - b) local asset management planning
 - c) proper option appraisal including ensuring that capital expenditure is in accordance with the corporate objectives of the authority.
- 7.84 The objectives of the Prudential Code are to provide a framework for local authority capital finance that will ensure for individual local authorities that:
- d) capital expenditure and investment plans are affordable and proportionate
 - e) all external borrowing and other long-term liabilities are within prudent and sustainable levels
 - f) the risks associated with investments for service and commercial purposes are proportionate to their financial capacity – i.e., that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services
 - g) treasury management and other investment decisions are taken in accordance with professional good practice and that in taking decisions in relation to d) to g) above the local authority is:
 - h) accountable, by providing a clear and transparent framework.

In exceptional circumstances the objective of the Prudential Code is to provide a framework that will demonstrate that there is a danger of not ensuring the above, so that the authority can take timely remedial action."

- 7.85 The Council must 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.

Table Twenty-six: Estimated Capital Expenditure by Year 2024/25 to 2028/29

Year	General Fund (£m)	HRA (£m)	Overall (£m)
2024/25	34.711	50.651	85.362
2025/26	52.466	32.556	85.022
2026/27	15.312	34.713	50.025
2027/28	6.098	47.003	53.101
2028/29	3.270	33.357	36.627

- 7.86 The Council's Capital Financing Requirement (CFR) is set out in the table below and is essentially the total outstanding capital expenditure, which has not yet

been paid for from either revenue or capital resources. The CFR is therefore an indication of Council's underlying borrowing need.

Table Twenty-seven: Estimated Capital Financing Requirement 2024/25 to 2028/29

Year	General Fund (£m)	HRA (£m)	Overall (£m)
2024/25	232.136	101.724	333.860
2025/26	251.935	104.590	356.525
2026/27	258.444	107.788	366.232
2027/28	256.366	129.956	386.322
2028/29	229.616	143.558	373.175

7.87 The prudential code identifies some key affordability indicators.

Table Twenty-eight: Financing Costs to Net Revenue Stream (General Fund)

	23/24 Actual £m	24/25 Estimate £m	25/26 Estimate £m	26/27 Estimate £m	27/28 Estimate £m
Financing costs	2.40	3.55	4.50	5.02	5.23
Net revenue stream	24.85	26.14	24.60	25.11	25.76
Financing costs to net revenue stream	9.66%	13.58%	18.29%	19.99%	20.30%

7.88 The Council is required to pay an annual revenue charge (the Minimum Revenue Provision (MRP)), which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

Table Twenty-nine: Estimated Minimum Revenue Provision Charge 2024/25 to 2028/29

Year	General Fund (£m)	HRA (£m)	Loans Made (£m)	Overall (£m)
2024/25	3.909	3.144	0.382	7.435
2025/26	4.571	3.197	3.746	11.514
2026/27	5.628	3.298	1.242	10.168
2027/28	5.536	3.564	1.31	10.41
2028/29	5.337	3.788	23.382	32.507

7.89 DLUHC Regulations have been issued which require Council to approve an MRP Statement in advance of each year. A variety of options is provided to councils, so long as there is prudent provision.

- 7.90 It is recommended that Council approve the following MRP Statement which is unchanged from last year.:

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 MHCLG Regulations.

However, with effect from 1 April 2016 the Council charged pre 2007/08 borrowing at 2% (rounded up) of the balance as at 31 March 2016, fixed at the same cash value so that the whole of the debt is repaid after 50 years.

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 regulations.

MRP will commence in the latter of the year following the year in which capital financing from borrowing is incurred, or the year after the asset is brought into use.

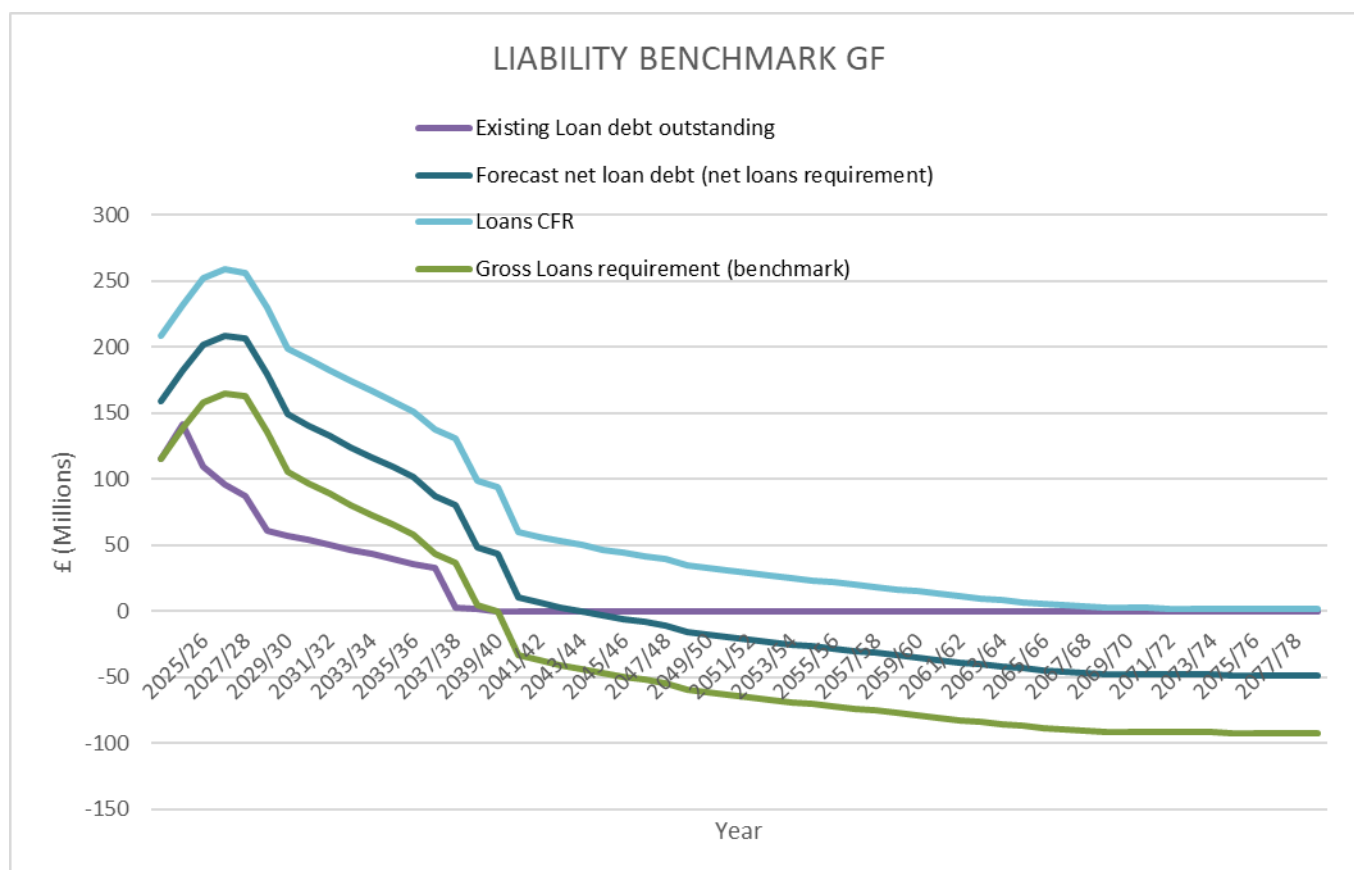
All finance leases from the date of inception of the lease will be treated under the asset life method.

In respect of loans made to third parties, MRP will be provided for upon repayment of the loan or any part of the loan.

- 7.91 The Council must set prudential limits for its total gross debt which should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year, plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.
- 7.92 The Section 151 Officer 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.
- 7.93 The Council maintains the minimum level of debt for the Council to keep the Council Tax level low, subject to optimum use of the Treasury Management and Prudential Codes, when opportunities arise that are beneficial to the Council.
- 7.94 **The liability benchmark** covers the forthcoming and following two years, as a minimum. The chart is intended to show how the minimum revenue provision (MRP) and other cash flows affect the future debt requirement, through four balances.

1. Existing loan debt outstanding: the authority's existing loans that are still outstanding in future years.
2. Loans CFR: calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP, taking account of approved prudential borrowing.
3. Net loans requirement: the authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. Liability benchmark (or gross loans requirement) equals net loans requirement plus short-term liquidity allowance.

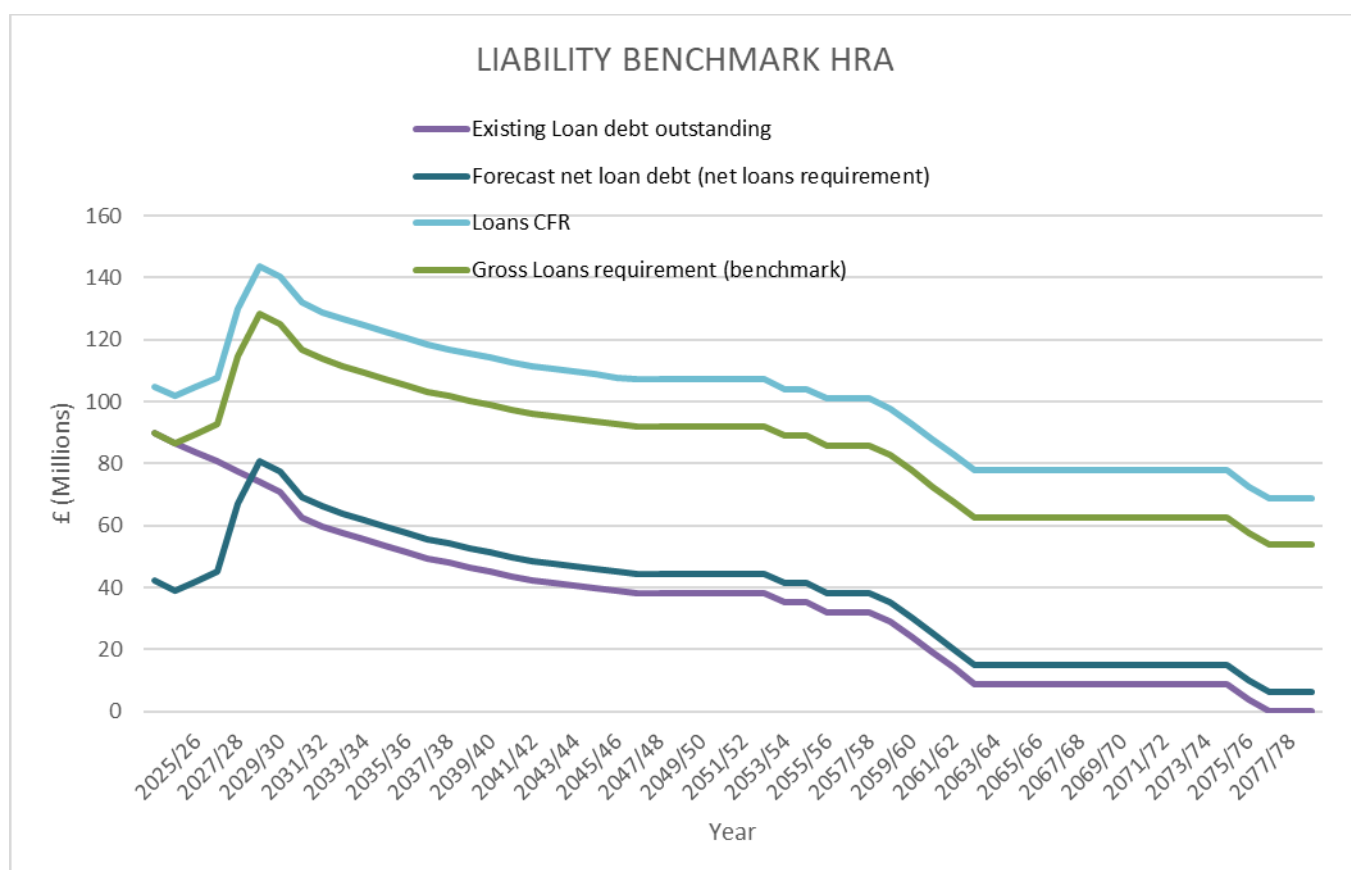
Chart Eight: Liability Benchmark (General Fund)



If the Purple line is ABOVE the Green line IBC needs to INVEST the excess

If the Purple line is BELOW the Green line IBC needs to BORROW to meet the shortfall

Chart Nine: Liability Benchmark (Housing Revenue Account)



If the Purple line is ABOVE the Green line IBC needs to INVEST the excess

If the Purple line is BELOW the Green line IBC needs to BORROW to meet the shortfall

- 7.95 A further two prudential indicators control or anticipate the overall level of borrowing and consider the above. The Council is asked to approve the following Authorised Limit and Operational Boundary:

The Authorised Limit for External Debt – This represents a statutory limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. The limit for 2025/26 and future year's takes account of the future plans of the Council.

The Operational Boundary for External Debt – This indicator is based on the expected maximum external debt during the year; it is not a limit. The operational boundary is also used as an indicator to set the authorised limit for future years.

Table Thirty: Authorised Limit and Operational Boundary

Year	Authorised Limit £m	Operational Boundary £m
2024/25 Actual	500	440
2025/26 Proposed	510	450
2026/27 Estimate	510	450
2027/28 Estimate	520	460
2028/29 Estimate	510	450

- 7.96 The Council must place an upper limit on the total amount of borrowing, which is at fixed and variable rates, which are shown below. The current borrowing rate split is 100% fixed.

Table Thirty-one: Upper Limits for fixed/variable borrowing

Year	Fixed Rate	Variable Rate
2024/25	100%	50%
2025/26	100%	50%
2026/27	100%	50%
2027/28	100%	50%
2028/29	100%	50%

- 7.97 The Council must set upper and lower limits with respect to the maturity (debt profile) structure of its borrowing. No changes are proposed to the current prudential limits below as these provide enough flexibility for future interest changes without increasing any risks.

Table Thirty-two: Debt Profile structure

Period	Lower Limit	Upper Limit
Up to 1 Year	0%	50%
1 Year to 2 Years	0%	50%
2 Years to 5 Years	0%	50%
5 Years to 10 Years	0%	75%
10 Years to 20 Years	0%	100%
Over 20 Years	0%	100%

- 7.98 Authorities can invest for longer than 365 days and 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 longer than 365 days as follows:

Table Thirty-three: Deposit limits >365 days

Year	2024/25	2025/26	2026/27	2027/28	2028/29
Limit	£30m	£30m	£30m	£30m	£30m

Approved Organisations for Investment 2025/26

	Lending Limit £Million
CATEGORY 1 - Government Debt Management Account	60
CATEGORY 2 - Local Authorities (Max £5m per authority)	50
CATEGORY 3 - UK Financial Institutions	
Barclays Bank UK PLC (Ring Fenced Bank RFB)	20
Goldman Sachs International Bank	20
HSBC (RFB)	20
Nationwide Building Society	20
Lloyds Banking Group (RFB) - Bank of Scotland PLC (RFB) - Lloyds Bank PLC (RFB)	20
Santander UK PLC	20
Standard Chartered Bank	20
SMBC Bank International Ltd	20
Nationalised & part Nationalised Banks - National Westminster Bank (RFB) - The Royal Bank of Scotland (RFB)	20
CATEGORY 3 - Maximum Exposure	80
CATEGORY 4 - Money Market Funds (Max £7.5m per Fund)	30
CATEGORY 5 - UK Financial Institutions that do not meet the criteria of Category 3	
Coventry Building Society	3
Handelsbanken PLC	3
National Bank of Kuwait (International) PLC	3
Skipton Building Society	3
Yorkshire Building Society	3
CATEGORY 5 - Maximum Exposure	25

Approved Organisations for Investment 2025/26 continued

	Lending Limit £Million
CATEGORY 6 - Foreign Financial Institutions	
<u>Australia</u>	
Australia and New Zealand Banking Group Ltd	5
Commonwealth Bank of Australia	5
National Australia Bank Ltd	5
Westpac Banking Corporation	5
<u>Canada</u>	
Bank of Montreal	5
Bank of Nova Scotia	5
Canadian Imperial Bank of Commerce	5
Royal Bank of Canada	5
Toronto-Dominion Bank	5
<u>Finland</u>	
Nordea Bank Abp	5
OP Corporate Bank plc	5
<u>Germany</u>	
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	5
Landwirtschaftliche Rentenbank	5
NRW Bank	5
<u>Netherlands</u>	
Bank Nederlandse Gemeenten	5
ING Bank N.V.	5
Nederlandse Waterschapsbank N.V	5
<u>Norway</u>	
DNB Bank ASA	5

Approved Organisations for Investment 2025/26 continued

	Lending Limit £Million
<u>Singapore</u>	
DBS Bank Ltd	5
Oversea-Chinese Banking Corp Ltd	5
United Overseas Bank Ltd	5
<u>Sweden</u>	
Skandinaviska Enskilda Banken	5
Svenska Handelsbanken	5
Swedbank	5
<u>USA</u>	
Bank of America N.A	5
Bank of New York Mellon, The	5
JPMorgan Chase Bank N.A	5
Wells Fargo Bank, N.A	5
CATEGORY 6 - Maximum Exposure	25
CATEGORY 7 – Property Funds (£5m per Fund)	10