

APPENDIX 1



FINANCIAL STRATEGIES AND MEDIUM TERM FINANCIAL PLAN 2026/27 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 2026/27 Local Government Finance Settlement on Ipswich Borough Council (IBC) 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 MHCLG covers a three-year period from 2026/27 to 2028/29. As a result, only one estimated further year is required for 2029/30. This multi-year settlement provides greater certainty for financial planning, although further detail on the review of local government funding arrangements is still expected.
- 1.4 The Council is expecting a government decision on the future local government reorganisation of Suffolk and Norfolk in Spring 2026. The MTFP will be reviewed along with the associated funding requirement when the decision is known, as the costs of LGR preparation may be significant.

National Context

- 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 2025. The nationally economy is improving with lower inflation and interest rates, which will help the council's budget.
- 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 November 2025 Economic and Fiscal Outlook which covers the MTFP period to 2029/30. Each of these paragraphs are supplemented in the OBR report by more detailed analysis and data tables.

i. Outlook (para 1.1, pg. 5)

“Real GDP is forecast to grow by 1.5 per cent on average over the forecast, 0.3 percentage points slower than we projected in March, due to lower underlying productivity growth. But cumulative real wage growth and inflation over the next

two years are forecast to be around $\frac{3}{4}$ and $\frac{1}{2}$ a percentage point higher than in March respectively. This means that total growth in nominal GDP over the forecast is only around 1 percentage point lower than in March and is more tax rich, thanks to a larger share accruing to labour income and consumption. This, combined with frozen personal tax thresholds, boosts pre-measures tax receipts by amounts rising to £16 billion by 2029/30 relative to our March forecast. But premeasures spending is also higher in every year and by £22 billion in 2029/30 due to higher spending by local authorities and on welfare and debt interest. The net result is a modest medium term deterioration in the pre-measures fiscal outlook, with borrowing £17 billion higher this year but only £6 billion higher in 2029/30 compared to our March forecast.

Against this backdrop, Budget policies increase spending in every year and by £11 billion in 2029/30, primarily to pay for the summer reversals to welfare cuts and lifting the two child limit in universal credit. The Budget also raises taxes by amounts rising to £26 billion in 2029/30, through freezing personal tax thresholds and a host of smaller measures and brings the tax take to an all-time high of 38 per cent of GDP in 2030/31. The net impact of Budget spending and tax policies increases borrowing by £5 billion on average over the next three years but then reduces it by £13 billion on average in the following two.

Taking forecast and policy changes together, borrowing is projected to fall from 4.5 per cent of GDP in 2025/26 to 1.9 per cent of GDP in 2030/31. Debt rises as a share of GDP from 95 per cent of GDP this year and ends the decade at 96 per cent of GDP, which is 2 percentage points higher than projected in March and twice the debt level of the average advanced economy. The current balance target is met in 2029/30 with a margin that fell from £10 billion in the March forecast, to £4 billion in the pre-measures forecast, but is then boosted to £22 billion by Budget policies. This is close to the £21 billion average absolute revision in the fourth year of our pre-measures forecast between fiscal events, and around three-quarters of the £29 billion average margin set aside by previous Chancellors. But it is only around two-fifths of the median £54 billion difference between our forecast for borrowing and final outturn four years hence it therefore remains a small margin compared to the uncertainties around our economy forecast, including the outlook for productivity, interest rates, equity prices, and earnings growth. It is also small by comparison to the wider risks around our fiscal forecast, which include risks from the uncertain yield from an array of complex tax changes, and pressures on welfare, health, education, asylum, defence, and local authority budgets.

ii. Consumer Price Index (CPI) forecast (para 1.8, pg. 7)

Greater domestically generated inflation, alongside higher food prices, mean we also expect inflation to stay higher for longer than in March. In this forecast, higher food and services prices push CPI inflation up to 3.5 per cent in 2025 and 2.5 per cent in 2026, respectively 0.2 and 0.4 percentage points higher than the March forecast. These upward pressures on prices are only partly offset by a 0.3 percentage point reduction in inflation in 2026 from Budget policy measures, primarily those that reduce household energy bills. CPI inflation returns to the Bank's 2 per cent target in 2027, a year later than in our March forecast. The increase in domestically generated inflation also means that

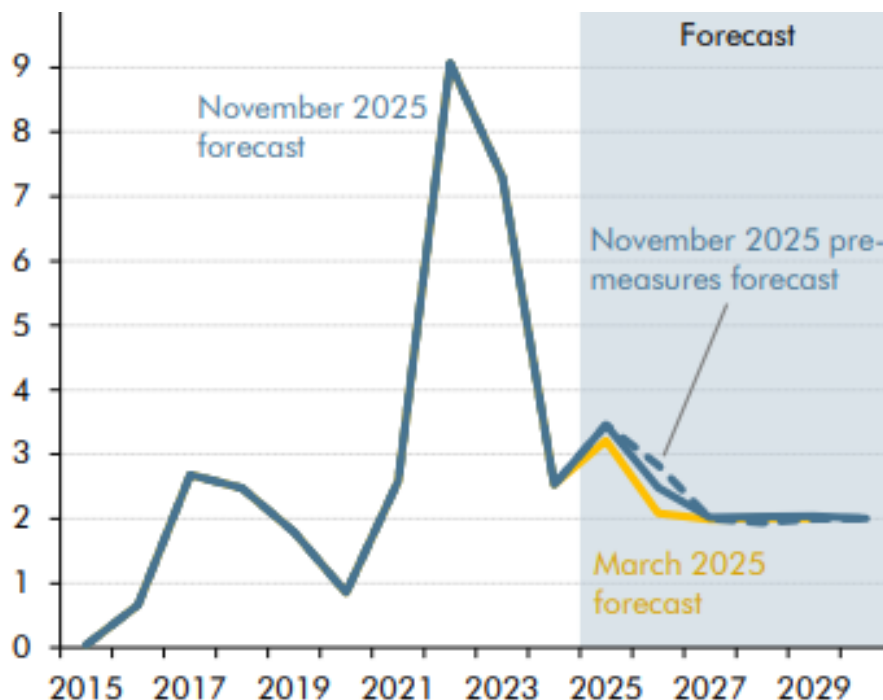
cumulative growth in the GDP deflator is 0.5 percentage points higher than in our March forecast.

iii. Gross Domestic product (GDP) (para 1.11, pg.8)

The overall impact of these changes is that growth in the nominal economy has not been downgraded by as much as productivity, and the composition of nominal GDP growth is more tax rich than in March. Cumulative nominal GDP growth, a key driver of tax revenues, is only 0.9 percentage points lower than in March over the forecast, because the downward revision to real GDP growth is partly offset by the upward revision to inflation. Moreover, cumulative growth in corporate profits has been revised down by significantly more than nominal GDP – by around 6 percentage points – while cumulative growth in labour income has been revised up by 0.9 percentage points. These changes boost tax receipts, as labour income has an effective tax rate of around 40 per cent, whereas corporate profits have an effective tax rate of around 17 per cent. Consistent with these revisions to income, we also now expect a more tax-rich composition of expenditure growth over the forecast. Nominal consumption growth (which has an effective tax rate of 10 per cent) has been revised down by less than nominal GDP, while corporate investment growth (which has a negative short-term effective tax rate, due to investment allowances) has been revised down significantly more than nominal GDP growth.“

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

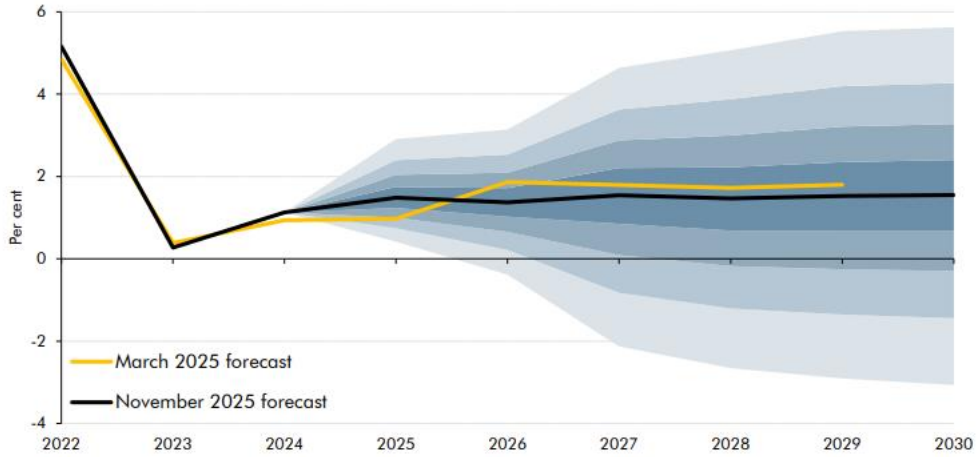
Chart One: OBR Consumer Price Index forecast to 2030



Source: ONS, OBR

- 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 2025, over the next few years.

Chart Two: OBR Gross Domestic Product forecast to 2030



Note: Successive pairs of lighter-shaded areas around our central forecast represent 20 per cent probability bands. The timing of past fiscal events means that one-year-ahead autumn forecast errors do not include 2020 in the average, narrowing the near-term swathe.
Source: ONS, OBR

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. The Corporate Finance Strategy supports this priority with the following vision and values.

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 supported by 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, and 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:

1. Revenue Strategy
2. Expenditure Management
3. Debt Management
4. Reserves Policy
5. Investment Strategy
6. Risk Management (internal and external risks)
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, IBC has significantly reduced its dependence on central government funding and is 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 and review of income streams and sources
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	3	Regular monitoring and budget reporting
6. Capital Financing	High investment levels stretch affordability levels	Accurate monitoring / forecasting	3	3	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	Inappropriate 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 Reset	Inaccurate estimation of NNDR1 over / understates income levels. Finance settlement takes account of the NNDR revaluation	Accurate collection of data. Forecasting.	3	3	Monitoring of movements in tax base, contact with the Valuation Office and internal e.g. Building Control, Planning. Establishment of income equalisation reserve
10. Business Rates Reset	Uncertain financial impact. No Suffolk pool for 2026/27	Robust forecast modelling with available data and governance arrangements	2	3	Partnership governance and monitoring arrangements. Review whether to have a Suffolk Pool for 2027/28 at the appropriate time
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 and monitoring government forecasts	2	3	Prudent budgeting, ongoing risk assessment, monitoring arrangements

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
13. LGR	Insufficient resource to properly prepare for LGR	Resource planning and robust governance arrangements	4	4	Review MTFP implications when decision is known. Approve a Flexible Capital Receipts Strategy

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	Risk Matrix (Corporate)			
	1 Negligible	2 Marginal	3 Critical	4 Catastrophic
Very High 6	Yellow	Red	Red	Red
High 5	Yellow	Red	Red	Red
Significant 4	Yellow	Yellow	Red	Red
Low 3	Green	Yellow	Yellow	Red
Very Low 2	Green	Green	Yellow	Yellow
Almost Impossible 1	Green	Green	Green	Yellow

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 “the body charged with governance”. The 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. These arrangements 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. 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 and promote economic development in the Ipswich area.
 - v) Maximise other income sources, including fees and charges, without impacting 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, which is a positive outcome. Strategic projects are progressing, including through the Towns Fund.

The General Fund Revenue Budget

- 3.6 The 2025/26 MTFP was approved by Council on 29 February 2025 (C/23/22), setting a revenue and capital budget for each of the General Fund and Housing Revenue Account covering the four years from 2025/26 to 2028/29. This has been extrapolated forward to 2029/30 to provide a starting point for this MTFP.

Table Two: Summary Financial Position per February 25 MTFP (C/23/22) extrapolated

£m	2025/26	2026/27	2027/28	2028/29	2029/30	Total
MTFP Use of Balances (Table Nine 25/26 MTFP Appendix 1)	1.327	-1.900	-0.084	-0.084	-0.084	-0.825
Corporate Savings Target	3.314	5.296	5.015	5.377	5.377	24.379
Opening Budget Gap Position	4.641	3.396	4.931	5.293	5.293	23.554
Budget Monitoring pressures from Q1	0.899	3.548	2.093	2.025	2.025	10.590
Revised Budget Gap Position	5.540	6.944	7.024	7.318	7.318	34.144

- 3.7 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 increases at 2.98% per annum
- Salary costs are uplifted by 2% per annum
- There will not be a Suffolk Rates Business Pool in 2026/27 due to the system reset and associated uncertainties. This will be reviewed in future years
- Income yield continues to increase

- 3.8 Since the last budget was agreed by Council in February 2025, there have been several significant additional financial pressures, which are summarised in the table below:

Table Three: General Fund Revenue Pressures

£m	2026/27	2027/28	2028/29	2029/30	Total
Non-pay Inflation	0.258	0.176	0.115	0.474	1.023
Pay Inflation	0.678	0.688	0.702	0.716	2.784
Contingencies Reinstatement	0.894	0.419	0.726	0.612	2.651
Better Recycling	1.100	1.100	1.100	1.100	4.400
LGR provision	0.230	-	-	-	0.230
General Reserve	2.292	0.696	0.122	-1.417	1.693
Capital financing	1.228	3.625	4.778	6.444	16.075
Subtotal	6.680	6.704	7.543	7.929	28.856

- 3.9 The following paragraphs explain the notable items in the above table. The references e.g. (1) refer to the above table.

- 3.10 As referred to in paragraph 1.7, the OBR forecast in November 2025 assumes the annual increase CPI will be higher in all years between 2025 and 2030 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 to the headline inflation levels is currently 80.3%. (1)

Table Four: Non-Pay Inflation

	2026/27	2027/28	2028/29	2029/30
OBR Oct 24 CPI Projection	2.30%	2.10%	2.00%	
OBR Oct 24 CPI Projection (IBC element - 82%) used in 25/26 MTFP	1.90%	1.70%	1.60%	
OBR May 25 CPI Projection	2.09%	1.99%	2.00%	2.00%
IBC Headline Rate	80.30%	80.30%	80.30%	80.30%
OBR May 25 CPI Projection (IBC element - 82%) used in 26/27 MTFP	1.68%	1.60%	1.61%	1.61%
Projected Inflation cost (£m)	1.281	1.639	1.998	2.357

- 3.11 The MTFP was based on a pay award of 2% for 2025/26. The national 2025 pay award (3.2%) was 1.2% higher than the predicted level (2.00%). 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 future inflation predictions. This is summarised in the table below. (2)

Table Five: Pay inflation

Pay Inflation	2025/26	2026/27	2027/28	2028/29	2029/30
2025/26 Assumption	2.00%	2.00%	2.00%	2.00%	2.00%
2026/27 Assumption	2.00%	2.00%	2.00%	2.00%	2.00%

- 3.12 Budget pressures reported in the quarterly Budget Monitoring reports have been managed through the use of contingencies. Provision has been made to replenish these contingencies to restore their original levels. (3)
- 3.13 Budget provision made to enhance recycling services and meet statutory obligations under Better Recycling, ensuring consistent collection of mixed recyclables from June 2026. (4)
- 3.14 The General reserve is available to cover any expected variances over the MTFP period. (5)
- 3.15 Capital financing budget provision has been made to acknowledge the impact of the General Fund capital programme shown in section six. (6)

2026/27 Local Government Finance Settlement

- 3.16 The Government has announced a three-year financial settlement for local government (the first such settlement in a decade). Funding for 2029/30 will be determined later, likely via the next Spending Review. Appropriate assumptions based on local government finance commentators have been applied for future years.
- 3.17 The final finance settlement was published on 9 February 2026.
- 3.18 The 2026/27 financial settlement reflects a significant shift in funding structure and provides a modest increase in overall resources for the Council. This includes:
- a) Core Spending Power rises from £29.1 million in 2025/26 to £30.6 million in 2026/27, an increase of £1.5 million (5.2%). This uplift is primarily driven by the introduction of the Fair Funding Allocation, which includes a Baseline Funding Level of £5.2 million and a Revenue Support Grant of £5.0 million. This translates to a £2.3m increase over the expectations for 2026/27 in the last MTFP published in February 2025. This is approximately 8% higher than the anticipated funds for the year.
 - b) Legacy funding streams, such as Business Rates (£2.4 million) and Legacy Grant Funding (£0.5 million), have been removed, aligning with the government's move to a simplified and fairer funding model.
 - c) The Council Tax Requirement increases by £0.6 million (3.3%), while targeted funding for homelessness and domestic abuse rises by 23.1%.
- 3.19 These changes mark the transition to a multi-year settlement framework, providing greater certainty for financial planning and supporting Ipswich's ability to deliver services effectively.
- 3.20 Following these changes, the Council's funding position for 2026/27 is summarised in the table below (the inclusion in the previous MTFP for the year is shown for comparative purposes). Overall, IBC's funding position has increased by 8% for next year (excluding the Extended Producer Responsibility Grant), compared to the average across England of 6.8% increase from 2025/26.

Table Six: Core Spending Power from Local Government Settlement

	2026/27 Previous MTFP £m	2026/27 Final Settlement £m	Change £m	Change %
Fair Funding Allocation				
Baseline Funding Level	-	5.2	5.2	
RSG	1.8	5.0	3.2	
Adjustment Grant		0.4	0.4	
Legacy Funding Assessment				
Legacy Business Rates	6.7	-	- 6.7	-100%
Council Tax Requirement	17.5	17.5	-	0%
Homelessness Rough Sleeping and Domestic Abuse	1.3	1.8	0.5	38%
Grants rolled into RSG	1.0	-	- 1.0	-100%
Recovery grant	-	0.7	0.7	100%
Core Spending Power	28.3	30.6	2.3	8%

Note: numbers rounded

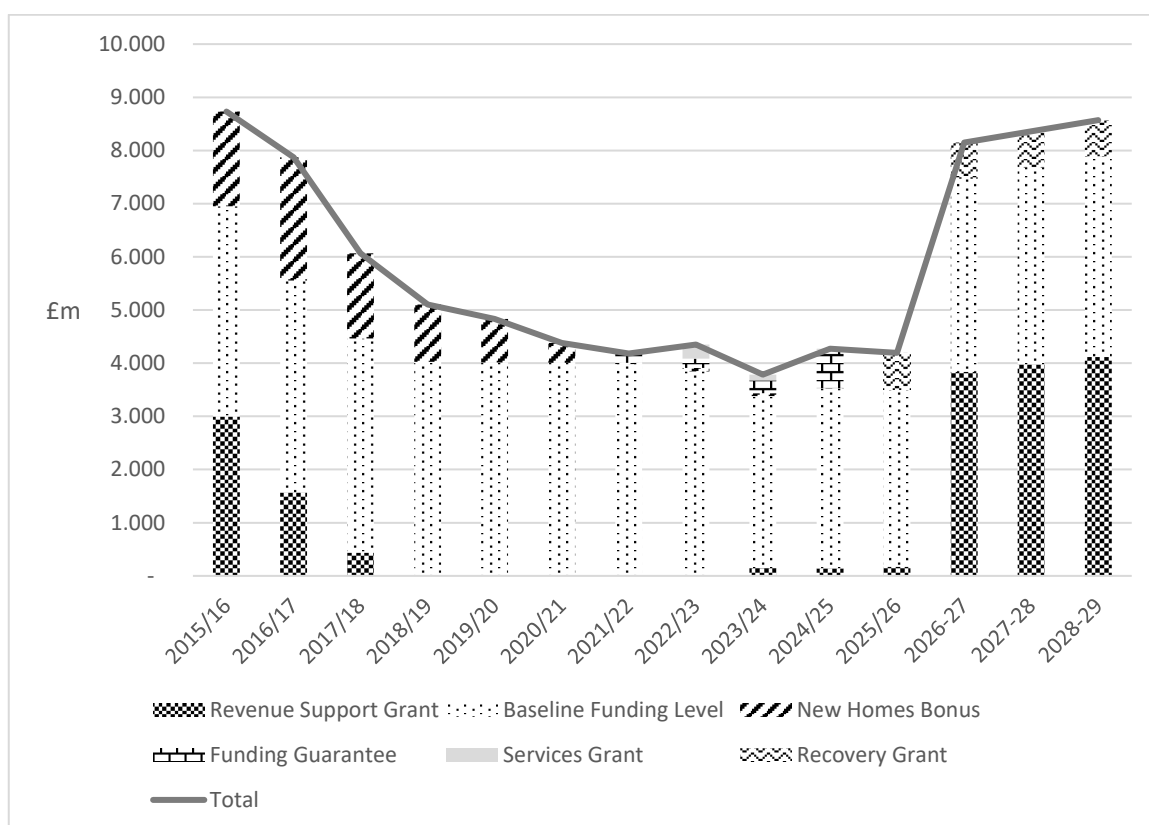
- 3.21 Assuming the funding levels are maintained across the MTFP period the Finance Settlement represents a £10.588 million increase over the MTFP. The following table summarises the change, compared to the previous MTFP estimate:

Table Seven: Impact of Local Government Finance Settlement on MTFP

£m	2026/27	2027/28	2028/29	2029/30	Total
Business Rates Baseline	1.601	1.548	1.512	1.702	6.363
Revenue Support Grant	-2.649	-3.287	-3.870	-3.945	-13.750
Adjustment Grant	-0.448	-	-	-	-0.448
Recovery Grant	-0.688	-0.688	-0.688	-0.688	-2.752
Total Impact of Finance Settlement	-2.184	-2.427	-3.046	-2.931	-10.588

- 3.22 In 2010/11, IBC received £11.91 million of Formula Grant in the Local Government Finance Settlement. If this had been increased by CPI, the 2025/26 Settlement would have been £21.15 million (before Council Tax and the compensation for the under-indexing of the business rate multiplier).
- 3.23 The graph below shows how the Settlement Funding has changed in real terms over the period 2015/16 to 2028/29. The increase in the overall settlement for 2026/27 is the best since 2016/17 taking account of the structural funding changes.

Chart Three: Government Funding by Year 2015/16 to 2028/29 (in real terms)



General Fund Budget – Changes

3.24 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	2026/27	2027/28	2028/29	2029/30	Total
Reserves Review	-0.693	0.000	0.000	-0.500	-1.193
Fees & Charges Yield Increase	-0.285	-0.285	-0.285	-0.285	-1.140
Opportunistic savings	-0.254	-0.191	-0.136	-0.136	-0.717
Pension contribution reduction	-1.126	-1.126	-1.126	-1.126	-4.504
Extended Producer Responsibility Grant	-1.000	-1.000	-1.000	-1.000	-4.000
Subtotal	-3.358	-2.602	-2.547	-3.047	-11.554

3.25 The following paragraphs explain the notable items in the above table. The references e.g. (1) refer to the above table.

3.26 All contingencies and reserves have been reviewed and funds that are no longer needed have been released as appropriate. (1)

3.27 Potential income yields have been reviewed for 2025/26 on a service-by-service basis, and an uplift has been applied where possible from 2026/27 onwards. (2)

- 3.28 Employer contribution rates to the Local Government Pension Scheme can reduce from 22% to 16.4% from April 2026 following the triennial valuation, reflecting the Fund's strong funding position. This change aligns with actuarial advice and harmonisation across Suffolk authorities ahead of LGR. (3)
- 3.29 Extended Producer Responsibility (EPR) payments will enable IBC to meet statutory waste management costs for packaging, including transitional costs for compliance with Better Recycling requirements. (4)

General Fund Summary Position

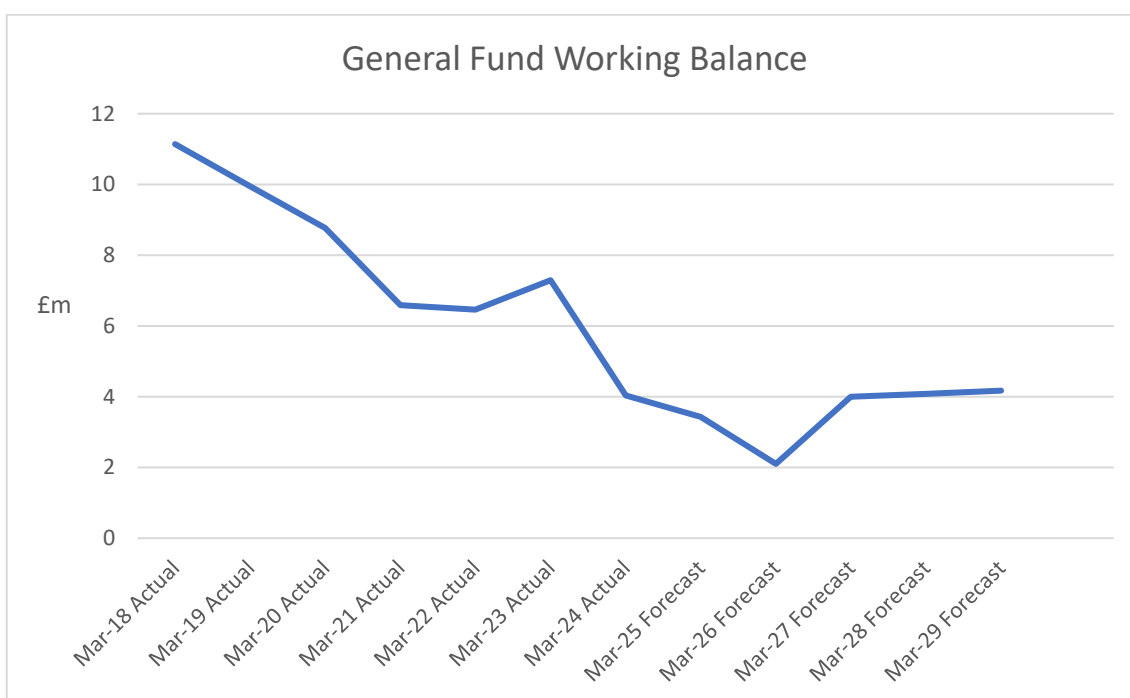
- 3.30 The summary position, taking account of the changes explained above, is detailed in the following table:

Table Nine: General Fund Summary Position

£m	2026/27	2027/28	2028/29	2029/30	Total
Opening Budget Gap (MTFP Table Two)	-0.262	-0.256	-0.531	-0.531	-1.580
Transitional Vacancy Provision	-1.420	-1.420	-1.420	-1.420	-5.680
Budget Pressures (MTFP Table Three)	6.680	6.704	7.543	7.929	28.856
Finance Settlement (MTFP Table Seven)	-2.184	-2.427	-3.046	-2.931	-10.588
General Fund Savings & Income (MTFP Table Eight)	-3.358	-2.602	-2.547	-3.047	-11.554
Reserves to Achieve Balance	-0.544	0.000	-0.001	0.000	-0.546
Opening Working Balance	3.706	4.250	4.251	4.252	
Closing Working Balance	4.250	4.251	4.252	4.252	

- 3.31 The use of earmarked reserves remains at the levels identified in the previous MTFP.
- 3.32 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 £4.250 million, and it was agreed to implement this change from 31 March 2027.
- 3.33 The actual and estimated General Fund Working Balance is shown below:

Chart Four: General Fund Working Balance



Chief Finance Officer's Statement

- 3.34 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.
- 3.35 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.
- 3.36 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.
- 3.37 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 Corporate Savings Programme is progressing well, with 79% of projects completed to date, providing increasing confidence that the remaining savings will be delivered
- 3.38 This view is supported by the review of risks, adequacy of reserves and analysis of the CIPFA Resilience Index, in the following paragraphs.
- 3.39 The updated financial position represents sound financial management by the Council and underpins sustainable financial progress.

3.40 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
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

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. 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 Programme not delivered	Unable to deliver services within financial provision	Officers actively monitoring. Implementation resources and 20% contingency provided	2	4	Regular progress monitoring

Specific Risks

3.41 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. Council Companies</u> Loan repayment risk	Inability of Council to repay PWLB loan if the companies back to back loan repayments are not made	Loans secured on assets. Shareholders representative has updates from the companies' management	3	3	All loans are regularly monitored. The treasury position is reported quarterly to Executive & semi-annually to Full Council
<u>3. 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>4. 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.

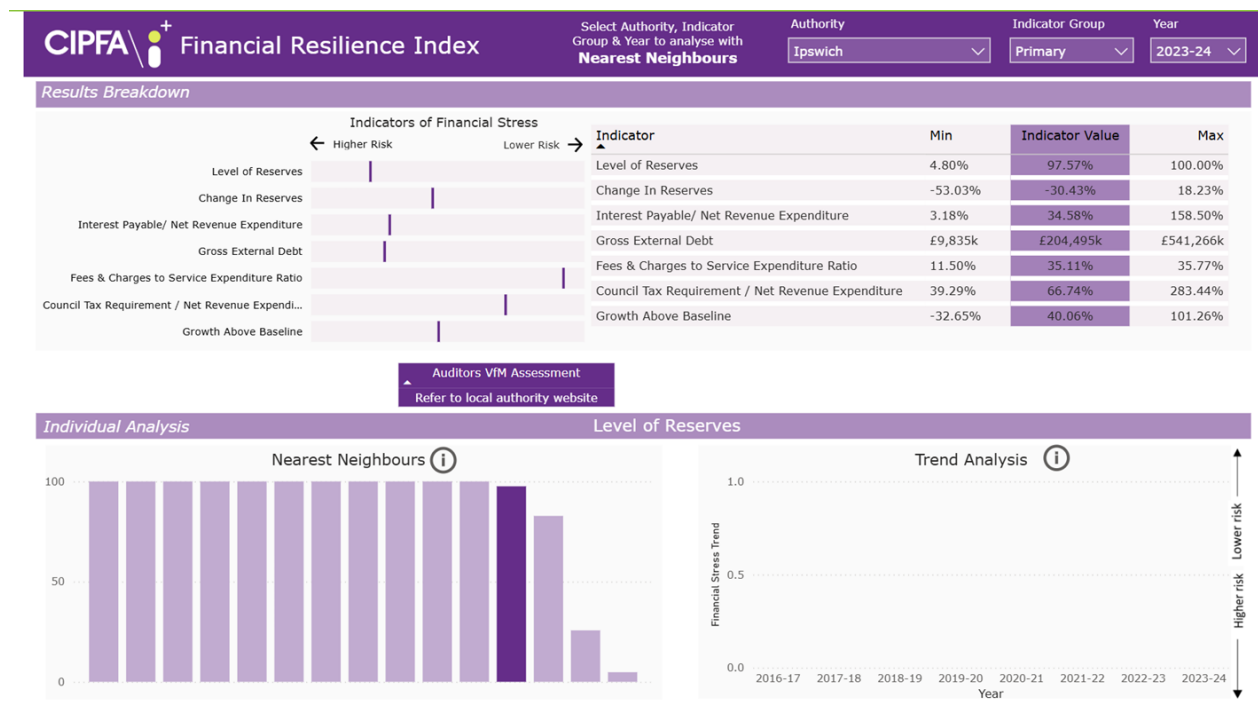
Adequacy of Working Balance and Reserves

3.42 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.

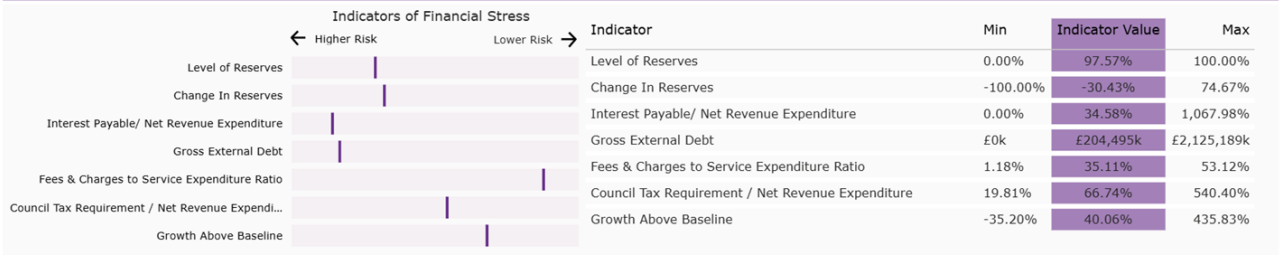
- 3.43 The requirement for financial reserves is acknowledged in statute. Sections 31 and 43 of the Local Government Finance Act 1992, as amended, require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the Council Tax requirement. There is no statutory minimum level of reserves that must be held.
- 3.44 At the time of writing this report the Council has £14.550 million of earmarked reserves available and set aside for specific eventualities.
- 3.45 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

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



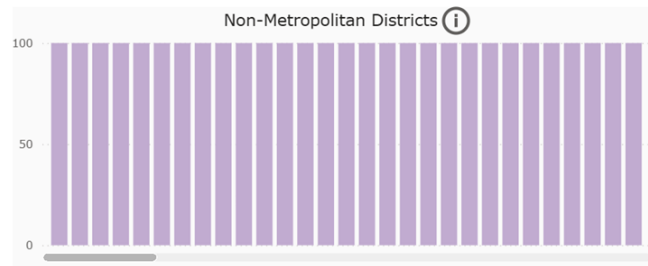
Results Breakdown



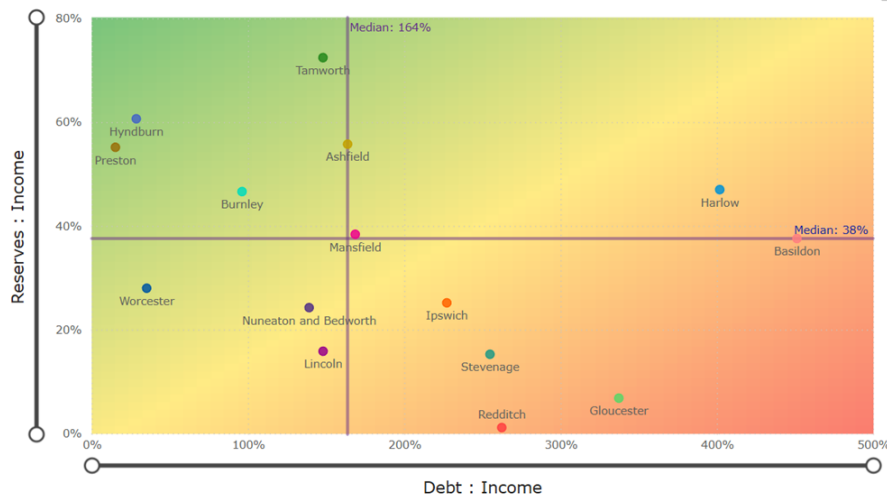
Auditors VFM Assessment
Refer to local authority website

Individual Analysis

Level of Reserves



Debt and Reserves Relative to Income



Authority	Reserves : Income	Debt : Income
Ashfield	56%	164%
Basildon	38%	451%
Burnley	47%	96%
Gloucester	7%	337%
Harlow	47%	402%
Hyndburn	61%	29%
Ipswich	25%	227%
Lincoln	16%	148%
Mansfield	38%	169%
Nuneaton and Bedworth	24%	139%
Preston	55%	15%
Redditch	1%	262%
Stevenage	15%	255%
Tamworth	72%	148%
Worcester	28%	35%

Income is calculated as council tax requirement and business rates plus sales, fees and charges and other service income from the Revenue Outturn Summary (RS).

Debt is gross external debt at 31st March, taken from the COR form (Capital Outturn Return).

Reserves are calculated as the sum of earmarked and unallocated reserves at 31st March, from the Revenue Summary.

The resilience index indicators are presented in three pages:

- Page 1: Indicators comparing an authority to its Nearest Neighbours
- Page 2: Same indicators as page 1 comparing an authority to others with similar structure (e.g. Counties)
- Page 3: Debt and reserve to income ratio heat chart

1. Select Authority

Select the authority from the dropdown list you wish to view.

2. Indicator Group

'Primary' indicators appear by default. Select 'Secondary' indicators to explore further.

3. Select Year

The Index defaults to the most recent year. Select other years to wish to display.

4. Select Indicator

In the top right box, hover over each indicator name for more details on its calculation and interpretation. Click on the indicator name to activate the comparator and trend graphs below.

5. View Results

- The Indicators of Financial Stress graph in the top left presents a risk indication relative to authorities in the comparator group. Bars further to the left indicate a higher level of relative financial stress.
- The comparator group analysis chart in the bottom left plots a bar for each authority in the selected comparator group. The dark purple bar is the selected authority. For larger comparator groups, scroll left or right to find the dark purple bar.
- The trend analysis chart shows the changes in relative financial risk levels relative to the comparator group over the last eight years of data available.

Debt & Reserves to Income Ratio Analysis

Select Authority to analyse by Nearest Neighbours or select 'Select All' in the 'Authority' dropdown and then use the others to filter by authority type or region.

Notes

If authorities' results are identical, they are arranged in alphabetical order in the 'Indicator of Financial Stress' and 'Comparator Group Analysis' charts.

Authorities who score 100 or more for the 'Reserves Sustainability Measure' have been automatically placed at the 'Lower Risk' end of the 'Indicator of Financial Stress' chart.

'na' signifies not available. The index is based on the data published by MHCLG from the RO forms. Where information is missing from the RO dataset it will also be missing from the index.

Please contact Florence if you have any queries.

3.47 This Index extract presents information from the 2023/24 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 but is mitigated by a much lower income to expenditure risk.
- External debt and the cover on interest payable is higher risk. However local circumstances need to be considered as IBC has an HRA and companies. The combined debt is currently £233.018 million 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

3.48 In determining the Council Tax Requirement for 2026/27, councillors and officers have refocused resources on investing in the Council's priorities.

3.49 There is a special levy for the East Suffolk Internal Drainage Board issued on IBC under the Internal Drainage Boards (Finance) Regulations 1990.

3.50 From 1 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.

- 3.51 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.
- 3.52 The financial settlement for IBC for next year was announced on 9 February 2026 and the settlement figures are summarised below.

Table Twelve: Council Tax Requirement 2026/27

£	2025/26	2026/27
Budget Requirement	21,910,983	26,323,660
Settlement Funding Adjustment	-5,028,763	-8,937,000
Collection Fund Adjustment	0	93,973
To be financed through Council Tax	16,882,220	17,480,633

- 3.53 As the Council has a Council Tax Requirement for 2026/27 of £17,480,633 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 2026/27 will be:

Table Thirteen: Proposed Change in Band B Council Tax 2026/27

Change in Band B Council Tax	2025/26	2026/27	Change
	£	£	%
IBC Charge	326.34	336.07	2.98%

- 3.54 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 2026/27 to 2029/30

	2026/27	2027/28	2028/29	2029/30
Council Tax Requirement	£17,480,633	£18,081,840	£18,702,399	£19,261,601

- 3.55 The Council Tax charge for IBC at each of the property bands, compared with 2025/26 is shown in the table below.

Table Fifteen: Proposed Council Tax Levels by Band 2026/27

Band	2025/26	2026/27	Change	Weekly increase	Dwellings	
	£	£	%	£	Number	%
A	279.72	288.06	2.98%	0.16	19,469	31.09
B	326.34	336.07	2.98%	0.19	23,293	37.19
C	372.96	384.08	2.98%	0.21	11,600	18.52
D	419.58	432.09	2.98%	0.24	4,521	7.22
E	512.82	528.11	2.98%	0.29	2,374	3.79
F	606.06	624.13	2.98%	0.35	965	1.54
G	699.30	720.15	2.98%	0.40	384	0.61
H	839.16	864.18	2.98%	0.48	21	0.03

- 3.56 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.
- 3.57 The Council collects Council Tax on behalf of Suffolk County Council and the Suffolk Police and Crime Commissioner.
- 3.58 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.
- 3.59 The Suffolk Police and Crime Commissioner increase in precept for a Band D property is assumed at £15 but has yet to be confirmed (this is the maximum allowable increase and equates to a 5.0% increase in the precept).
- 3.60 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 2026/27

Band	2025/26				2026/27				Total Increase
	IBC	SCC	PCC	Total	IBC	SCC	PCC	Total	
	£	£	£	£	£	£	£	£	£
A	279.72	1,099.62	193.02	1,572.36	288.06	1,154.46	202.98	1,645.50	73.14
B	326.34	1,282.89	225.19	1,834.42	336.07	1,346.87	236.81	1,919.75	85.33
C	372.96	1,466.16	257.36	2,096.48	384.08	1,539.28	270.64	2,194.00	97.52
D	419.58	1,649.43	289.53	2,358.54	432.09	1,731.69	304.47	2,468.25	109.71
E	512.82	2,015.97	353.87	2,882.66	528.11	2,116.51	372.13	3,016.75	134.09
F	606.06	2,382.51	418.21	3,406.78	624.13	2,501.33	439.79	3,565.25	158.47
G	699.30	2,749.05	482.55	3,930.90	720.15	2,886.15	507.45	4,113.75	182.85
H	839.16	3,298.86	579.06	4,717.08	864.18	3,463.38	608.94	4,936.50	219.42

* Details for SCC and PCC not yet confirmed

3.61 The highest number of properties in Ipswich are in Band B and the following table summarises the effect of the proposed increases:

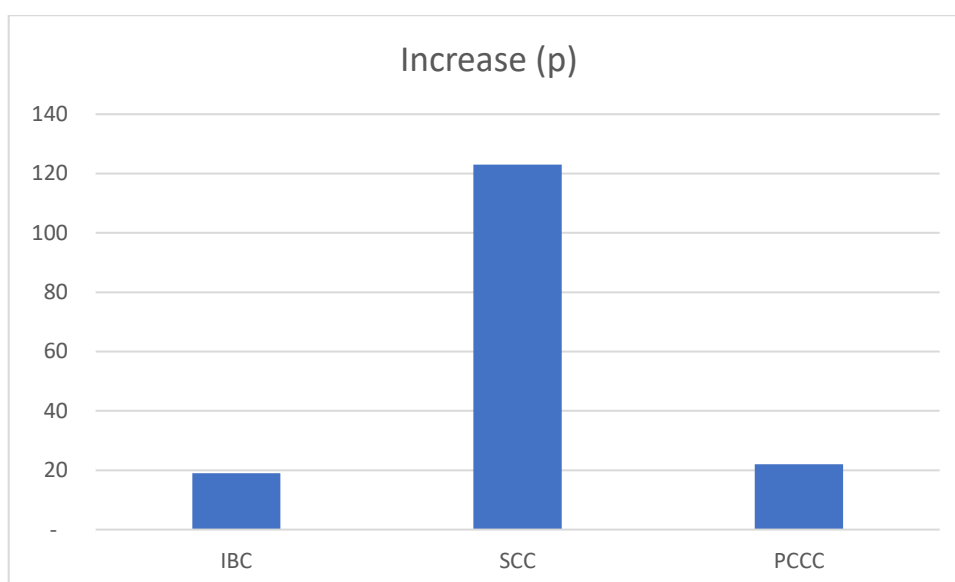
Table Seventeen: Proposed Council Tax increase by authority – Band B property

	2025/26	2026/27	Proposed Increase			
			£	£	Per year	
					p	%
Ipswich Borough Council	326.34	336.07	9.73	19	2.98%	
Suffolk County Council	1,282.89	1,346.87	63.98	123	4.99%	
Police & Crime Commissioner	225.19	236.81	11.62	22	5.16%	
Total	1,834.42	1,919.75	85.33	164	4.65%	

* Details for SCC and PCC not yet confirmed

3.62 The chart below shows the weekly increase in Council Tax for a Band B property in 2026/27 by authority.

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



Local Council Tax Reduction Scheme

3.63 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.

3.64 Income Bands are set for Universal Credit customers who have earnings from employment, and these set out what residents should expect to pay towards their Council Tax. All other incomes received are disregarded as these were

considered when determining entitlement to Universal Credit. The Income Bands set 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.

- 3.65 It is necessary to review Contribution Rates on an annual basis to reflect increases in Council Tax. For 2026/27, it is proposed to leave the income band ranges unchanged and to require no contribution towards the increase in Council Tax from those households who do not work or earn less than £309 per month. This ensures the scheme continues to support the most vulnerable households with a 100% Council Tax reduction.
- 3.66 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

Income Bands (Monthly)	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
£1,968 - £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

- 3.67 The Table above shows that customers earning less than £309 per month will have no requirement to pay Council Tax. The total cost of the LCTR Scheme in 2025/26 is in excess of £12.1 million. The schemes have assisted more than 10,200 residents.

General Fund MTFP

GENERAL FUND REVENUE FORECAST 2025/26 TO 2029/30

DESCRIPTION	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	ORIGINAL BUDGET £	DRAFT APPROX O/T £	FORECAST £	FORECAST £	FORECAST £	FORECAST £
SERVICE EXPENDITURE						
Employees	34,847,470	35,670,105	33,452,170	34,105,660	34,763,270	35,441,730
Premises	6,957,240	6,877,620	6,835,520	6,811,340	6,811,340	6,811,340
Transport	2,230,550	2,436,430	2,272,740	2,286,850	2,285,800	2,285,800
Supplies & Services	10,495,870	15,556,122	13,904,240	13,698,040	13,720,600	13,720,600
Agency & Contracted Services	1,181,040	1,222,080	1,095,040	1,095,040	1,095,040	1,095,040
Transfer Payments	31,444,900	31,076,080	31,444,900	31,444,900	31,444,900	31,444,900
Central & Departmental Support	1,104,570	1,284,220	1,155,470	1,178,580	1,202,150	1,226,190
Capital Financing	-	-	-	-	-	-
TOTAL SERVICE EXPENDITURE	88,261,640	94,122,657	90,160,080	90,620,410	91,323,100	92,025,600
SERVICE INCOME						
Government Grants	(31,623,010)	(33,932,389)	(31,001,010)	(31,054,010)	(31,109,010)	(31,109,010)
Other Grants, Contributions Etc	(8,450,120)	(8,499,141)	(8,675,720)	(8,962,460)	(9,087,650)	(9,215,180)
Sales	(708,820)	(675,800)	(1,248,940)	(1,294,940)	(1,255,400)	(1,255,400)
Fees & Charges	(18,251,240)	(19,711,297)	(22,254,880)	(22,300,041)	(22,301,491)	(22,301,491)
Rents	(3,919,720)	(5,584,655)	(4,318,670)	(4,264,810)	(4,264,810)	(4,264,810)
Interest	-	-	-	-	-	-
TOTAL SERVICE INCOME	(62,952,910)	(68,403,282)	(67,499,220)	(67,876,261)	(68,018,361)	(68,145,891)
NET SERVICE EXPENDITURE	25,308,730	25,719,375	22,660,860	22,744,149	23,304,739	23,879,709

GENERAL FUND REVENUE FORECAST 2025/26 TO 2029/30

DESCRIPTION	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30
	ORIGINAL BUDGET £	DRAFT APPROX O/T £	FORECAST £	FORECAST £	FORECAST £	FORECAST £
NET SERVICE EXPENDITURE	25,308,730	25,719,375	22,660,860	22,744,149	23,304,739	23,879,709
Contingencies etc:						
Additional Commitments	1,414,950	771,946	1,344,600	771,702	939,761	850,142
Transformation Invest to Save Fund	(600,000)	193,820	230,000	-	-	-
General Service Contingency	-	319,700	928,000	606,000	612,000	612,000
Non-pay Inflation Provision	541,800	311,840	1,100,740	1,452,900	1,803,470	2,162,470
Forecast Inflation	-	-	-	1,921	(125,770)	-
Savings Implementation Budget	1,675,000	1,639,950	78,230	469,880	60,380	60,380
Corporate Savings Programme (unposted)	(2,729,480)	(650,850)	(1,424,670)	(1,562,480)	(1,750,970)	(1,750,970)
Savings Programme Contingency	802,500	1,072,580	1,176,340	1,195,370	1,207,930	1,207,930
Transitional Vacancy Savings	(1,120,000)	(1,120,000)	(1,420,000)	(1,420,000)	(1,420,000)	(1,420,000)
Interest on Balances etc	395,080	395,080	242,230	51,460	51,460	51,460
External Interest etc	(344,180)	(344,180)	(306,000)	(275,000)	(275,000)	(275,000)
Dividends	-	-	-	-	-	-
Loan Repayments/Investment Income from IBC Companies	(5,499,590)	(5,499,590)	(5,285,170)	(5,241,790)	(5,169,790)	(5,169,790)
Capital Financing Costs	7,225,450	7,048,450	7,988,870	10,611,680	11,681,680	13,347,680
Net Expenditure	27,070,260	29,858,121	27,314,030	29,405,792	30,919,890	33,556,011
Revenue Support Grant	(246,000)	(246,000)	(5,030,016)	(5,480,502)	(5,909,752)	(6,137,000)
Recovery Grant	(688,000)	(688,000)	(687,584)	(687,584)	(687,584)	(688,000)
Adjustment Grant	-	-	(448,401)	-	-	-
Domestic Abuse Grant	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)	(36,000)
Employers National Insurance Contributions Grant	(247,000)	(179,000)	-	-	-	-
Business Rates Baseline	(4,782,000)	(4,897,500)	(5,164,696)	(5,283,166)	(5,389,745)	(5,200,000)
Retained Business Rates	(2,401,000)	(2,401,000)	-	-	-	-
New Homes Bonus Scheme	(5,000)	(5,000)	-	-	-	-
Transfer to/from (cr) reserves	(455,700)	(2,693,060)	989,300	163,300	(194,410)	(2,233,410)
(Use of) / contribution to GF revenue balance	(1,327,340)	(1,830,341)	544,000			
Unfunded Balance	-					
COUNCIL TAX REQUIREMENT	16,882,220	16,882,220	17,480,633	18,081,840	18,702,399	19,261,601

GF REVENUE BALANCE								
Balance b/fwd 1st April			(5,536,000)	(5,536,000)	(3,705,659)	(4,249,659)	(4,249,659)	(4,249,659)
Surplus(Cr)/deficit for year			1,327,340	1,830,341	(544,000)	-	-	-
Balance c/fwd 31st March			(4,208,660)	(3,705,659)	(4,249,659)	(4,249,659)	(4,249,659)	(4,249,659)

General Fund Budgets 2026/27 - 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	2026/27 Controllable Budget £
Chief Executive	4,188,760
Director Resources and Housing	8,105,710
Director Operations and Place	10,366,390
Net Service Expenditure	22,660,860

Service Grouping	2026/27 Controllable Budget £
Leader - Place	1,662,820
Deputy Leader - Strategy and Transformation	2,253,940
Culture and Customers	- 846,500
Communities and Sport	4,587,870
Resources	5,819,670
Planning and Museums	2,581,860
Housing	2,286,040
Parks and Climate Change	1,451,420
Environment and Transport	2,863,740
Net Service Expenditure	22,660,860

Leader - Place	
Service Area	2026/27 Controllable Budget £
Corporate Management Team	1,350,590
Economic Development	383,440
Major Capital Schemes	4,870
Estates & Facilities	
Corporate Properties	- 2,182,480
IP-City Centre	- 174,010
Property Services Management	1,369,320
Grafton House	326,110
Broomhill Pool	750
Strategy & External Affairs	
Communications and Marketing	584,230
Total	1,662,820

Deputy Leader - Strategy and Transformation	
Service Area	2026/27 Controllable Budget £
Human Resources	540,620
ICT	1,366,590
CMT Business Support	346,730
Total	2,253,940

Culture and Customers	
Service Area	2026/27 Controllable Budget £
Vibrant Town Services	
Cultural Development	185,580
Corn Exchange	292,740
Entertainments Box Office	- 299,450
Entertainments Management	541,860
Events and Festivals	242,840
Regent Theatre	- 396,760
Com Dev Employee Holding a/c	100,190
Town Centre Pedestrian Areas	49,870
Shopmobility	- 3,660
Enterprise Projects (inc market)	55,350
Health and Safety	103,250
Parking & Transport	
Green Travel Plan	- 3,250
Bus Route Subsidies - General	- 460
Bus Network Support - General	- 51,090
Footway Lighting	54,280
Street Names and Seats	20,000
Residents Parking Schemes	35,480
IBC Car Parks	- 2,595,340
Car Parks - Cromwell Square	7,040
Special Parking Areas	8,900
Transportation	76,440
Customer Services	
Customer Services Centre	729,690
Total	- 846,500

Communities and Sport	
Service Area	2026/27 Controllable Budget £
Community Support	
Emergency Planning	76,020
Community Engagement	444,460
Area Committees and Priority funds	-
Emergency Services Centre - HEARS	- 289,390
Community Safety	102,320
Emergency Services Centre - CCTV	543,820
Community Grants	173,280
Public Protection	
Housing Business Support Unit	165,640
Improvement Grants	- 6,230
M3 System Costs	5,100
Occupational Health	193,010
Food Safety	355,330
Private Sector Housing Services	363,980
Environmental Protection	515,690
Port Health	19,560
Animal Welfare	38,680
Waste Enforcement	83,630
Hackney Carriage and Private Hire Vehicles	- 37,420
Licensing and Enforcement	- 92,930
Active Ipswich	
Sports Centres	650,330
Sports and Leisure Development	361,970
Swimming Pools	921,020
Total	4,587,870

Resources	
Service Area	2026/27 Controllable Budget £
Audit Partnership	168,860
Financial Services	
Rent Allowances	529,000
Housing/Council Tax Benefit Administration	1,818,360
Financial Services	1,117,540
Corporate Management Direct Costs	672,770
Contributions to Central Overheads	- 386,540
Legal Services	
Legal Services	423,750
Information Governance	89,590
Local Land Charges	11,220
Procurement	171,310
Democratic Services & Elections	
Councillor Services	273,090
Registration of Electors	219,990
Borough Council Elections	159,440
Mayoral Services	117,010
Councillors' Costs	434,280
Total	5,819,670

Planning and Museums	
Service Area	2026/27 Controllable Budget £
Museums	1,222,490
Planning & Development	
Planning and Development	631,570
Planning Policy	166,960
Development Services Support	178,750
Caps System Costs	50,260
Historic Churches	49,780
Conservation of Historic Buildings	13,600
Drainage	51,240
Building Control	217,210
Total	2,581,860

Housing	
Service Area	2026/27 Controllable Budget £
Housing Advice	
Supervision and Management	250,510
Housing Options	1,406,090
Contributions to Housing Revenue Account	218,810
Bed and Breakfast Costs	134,640
Other Private Sector Accommodation Costs	8,850
Assistance to Voluntary Bodies	4,170
Hostels	- 36,310
Homelessness	415,280
Maintenance & Contracts	- 116,000
Total	2,286,040

Parks and Climate Change	
Service Area	2026/27 Controllable Budget £
Parks & Cemeteries	
Public Conveniences	84,950
Cemeteries and Crematorium	- 778,130
Parks and Open Spaces	1,626,620
Rangers	518,330
Allotments	- 350
Total	1,451,420

Environment and Transport	
Service Area	2026/27 Controllable Budget £
Waste & Fleet	
Refuse Collection	689,410
Climate Change	15,400
Waste Education and Promotion	87,800
Recycling	- 278,680
Waste and Fleet Management	684,690
Cleansing Services	1,665,120
Total	2,863,740

Section 4

The Housing Revenue Account

Context

- 4.1 The case for change within housing has never been greater. Whether it is 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 Housing Revenue Account (HRA). However, it is forecast that £0.169 million will be added to reserves in 2026/27 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, compliance with strengthened fire safety requirements, a need to invest in the Council's older person offer, delivery of a decarbonised heating programme and higher repairs and property turnover levels.
- 4.3 Tenancy services have continued to provide enhanced support and advice to tenants to help them sustain their tenancies and meet rent obligations. Rent income remains under pressure, driven by the continued increase in households on universal credit, and the wider cost of living impacts on disposable income.
- 4.4 The Social Housing Regulation Act, which came into force in April 2024, introduced a new regulatory framework with a strong focus on the quality of social housing and landlord services. The Regulator of Social Housing (RSH) now has powers to carry out proactive inspections and enforce compliance with the new consumer standard. As a provider of social housing, we have prioritised tenant safety and invested in improving housing stock condition data to ensure it is accurate, up to date and robust. This includes assessment for serious hazards such as damp and mould, in line with regulatory expectations.
- 4.5 The sheltered housing review has created notable cost pressures that must be addressed within the financial strategy, including rent loss during decant periods when properties are vacant for refurbishment, disturbance payments to compensate tenants for temporary relocation, and statutory home loss payments for residents who permanently lose their original home due to redevelopment or major repairs. These costs are significant and have material implications for the overall programme.
 - a. The Council owns 7,934 general needs and sheltered properties. During the current year (up to 18 December 2025) 80 properties have been sold under the Right to Buy scheme. The Autumn budget statement in November 2024 reduced the discount available under the Right to Buy scheme from the lesser of 70% and £102,400 to the lesser of 70% and £34,000. Over the past year the housing and legal teams have managed a surge in requests submitted ahead of the deadline for policy changes. This spike significantly boosted sales in the short term, however, once the backlog is cleared, actual sales

are expected to decline sharply. The HRA now forecasts a lower level of approximately 20 property sales per annum going forward. This reduction will impact capital receipts and consequently the funding available for reinvestment in new homes.

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 to 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 schemes in the New Build Programme have delivered additional homes at locations across the Town. The Programme output is summarised in the following table:

Table Nineteen - New Homes Programme delivery since 2018

Completed	Homes	Social Rent	Affordable Rent	Market Rent / Starter Homes
Coltsfoot Road	3	3	0	0
Whitton Church Lane	4	4	0	0
Bader Close	108	108	0	0
Ulster Avenue	22	22	0	0
Ainslie Road	2	2	0	0
Widgeon Close	5	5	0	0
Cauldwell Hall Road	17	17	0	0
Tooks	60	41	0	19
Small Sites	24	0	24	0
Grimwade Street	16	0	16	0
Ravenswood	96	0	67	29
Bibb Way	150	0	150	0
Fore Hamlet	30	0	30	0
Sub Total	537	202	287	48
In Development	Homes	Social Rent	Affordable Rent	Market Rent / Starter Homes
Hawke Road (Due Feb 2026)	26	0	26	0
Sub Total	26	0	26	0
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 had already received Brownfield Land Release 2 funding. The properties at Ravenswood are being part 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 2026/27
- 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 43% 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 next 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 2026/27. 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

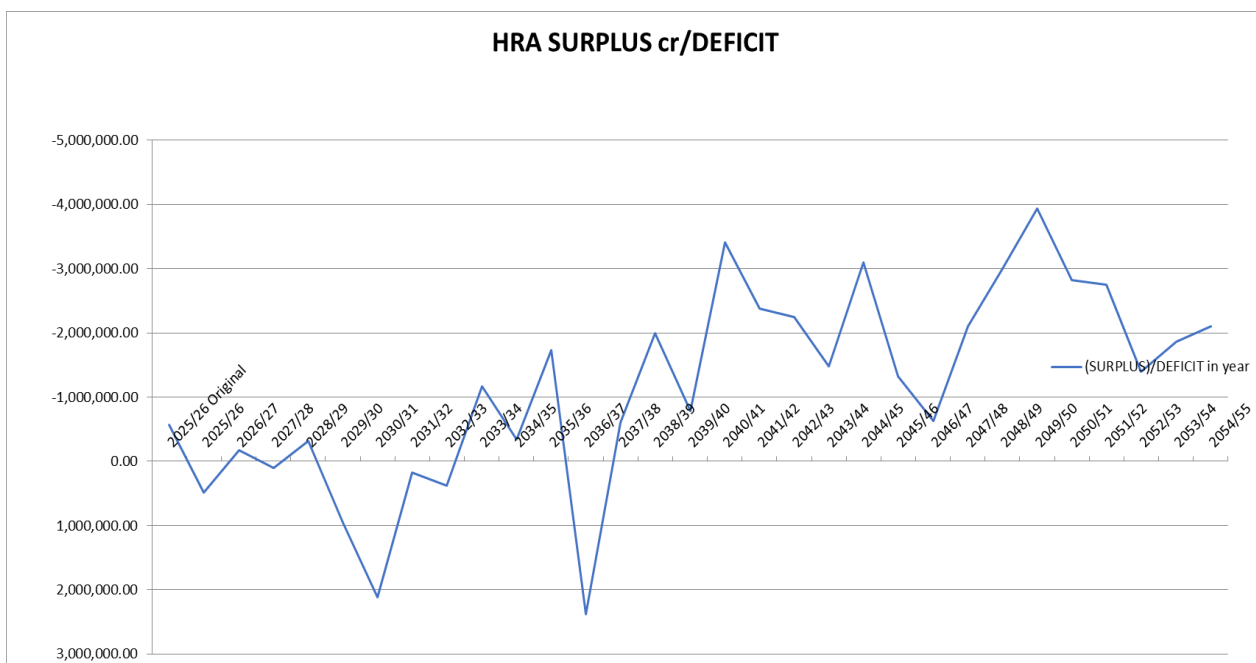
- (i) Includes all forecast budgets for Planned Maintenance, Kitchens & Bathrooms, Rewires, Heating, Disabled Adaptations, Balcony works
- (ii) Includes £20 million for fire safety works to ensure compliance with Fire Safety (England) Regulations 2022
- (iii) Includes £16 million for Sheltered Housing Review, modernising the offer to older households
- (iv) Includes £212 million for 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 2029/30 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 £2 million plus inflation from a reference point of 31 March 2026.

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 2025/26 (forecast outturn).

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

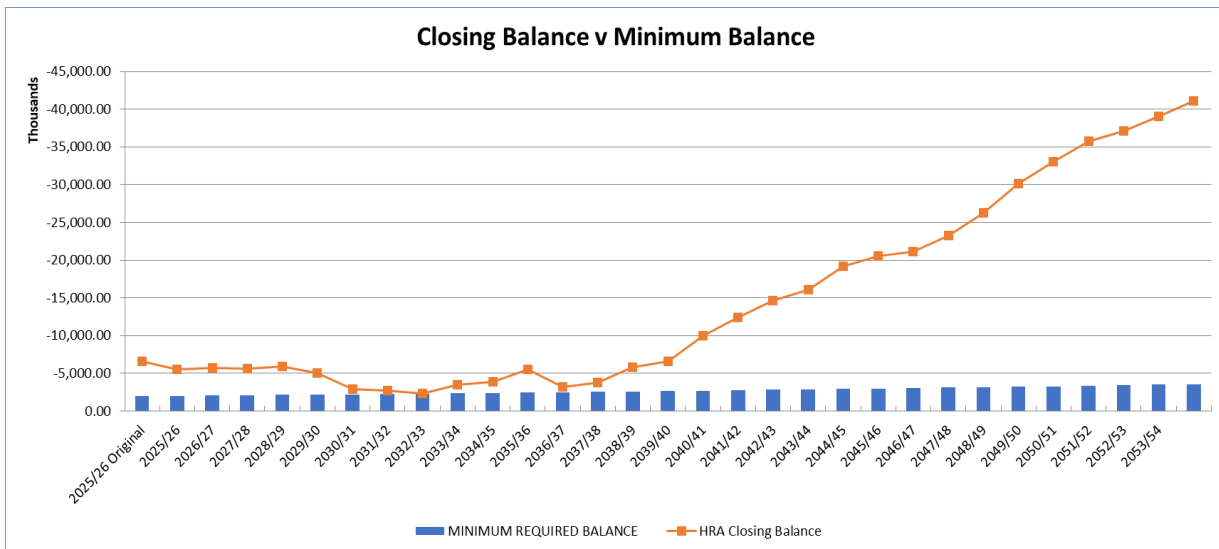


4.15 The fluctuating annual levels of surplus/deficit arise mainly from two reasons. Firstly, the spending profile of the Ipswich Standard capital programme, which is funded entirely from Housing Revenue Account revenue contributions. The Ipswich Standard Programme is the spending needed to replace house

components like kitchens and roofs to meet the replacement cycles identified in the Council's Asset Management Strategy. Secondly, the timing of investment in house building schemes causes fluctuations in the spend profile.

4.16 The HRA has a minimum recommended working balance of £2 million (plus annual inflation). The HRA working balance is expected to decrease by £2.693m over the 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



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

HOUSING REVENUE ACCOUNT FORECAST 2025/26 TO 2054/55						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
OUT TURN	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
£	£	£	£	£	£	£
<u>EXPENDITURE</u>						
MANAGEMENT & MAINTENANCE						
7,351,736 Supervision & Management General	7,493,135	7,267,484	7,415,723	7,564,542	7,715,607	7,869,920
3,749,140 Supervision & Management Special	4,285,320	4,074,938	4,160,061	4,240,085	4,324,761	4,411,260
26,130 Superannuation Backfunding	0	0	0	0	0	0
9,375,063 Responsive Repairs	8,713,600	8,583,938	8,757,150	8,934,851	9,113,281	9,295,550
2,239,334 Special / Contract Repairs	3,630,540	3,705,250	3,779,355	3,854,899	3,931,882	4,010,520
1,141,983 Planned Maintenance	1,223,110	882,010	694,940	708,831	722,987	737,450
23,883,387 MANAGEMENT & MAINTENANCE TOTAL	25,345,705	24,513,619	24,807,229	25,303,209	25,808,517	26,324,700
CAPITAL FINANCING COSTS						
21,883 Debt Management Expenses	20,679	24,590	26,595	30,087	33,814	33,814
3,144,259 Debt Principal - repayment	3,262,233	3,476,404	3,773,373	4,139,964	4,454,734	4,545,046
3,450,459 Debt Interest payable and similar charges	3,502,274	4,088,423	4,814,908	5,617,730	6,072,743	5,749,488
6,434,953 Depreciation	6,435,000	6,435,000	6,435,000	6,435,000	6,435,000	6,435,000
5,831,096 Impairment of Assets	5,831,000	5,831,000	5,831,000	5,831,000	5,831,000	5,831,000
18,882,651 TOTAL CAPITAL FINANCING COSTS	19,051,186	19,855,416	20,880,876	22,053,781	22,827,291	22,594,348

29,814Cr Provision for Bad Debts	212,790	218,110	223,560	229,150	234,880	240,750
148,500 HRA share of Corporate Democratic Core and Non Distributed Costs	151,780	157,910	164,280	168,380	172,590	176,040
5,201 HRA Share Climate change	7,100	7,740	8,410	9,850	10,770	10,990
26,048 HRA Share of Apprentice Levy	32,690	35,730	39,830	40,620	41,430	42,260
42,915,972 TOTAL EXPENDITURE	44,801,252	44,788,525	46,124,185	47,804,989	49,095,478	49,389,088
<u>INCOME</u>						
RENTAL & CHARGES FOR SERVICES / FACILITIES						
41,461,906Cr Rents	41,787,960Cr	45,414,640Cr	46,551,650Cr	47,717,390Cr	48,911,860Cr	50,135,070Cr
725,343Cr Commercial	648,720Cr	651,500Cr	664,540Cr	677,820Cr	691,376Cr	705,204Cr
3,994Cr Ground Rent	3,970Cr	4,050Cr	4,130Cr	4,210Cr	4,294Cr	4,380Cr
137,968Cr Garages	142,510Cr	156,320Cr	159,450Cr	162,640Cr	165,893Cr	169,211Cr
434,804Cr Shops	426,150Cr	434,680Cr	443,370Cr	452,240Cr	461,285Cr	470,510Cr
857,972Cr Service Charges	948,730Cr	1,137,670Cr	1,166,110Cr	1,195,260Cr	1,225,140Cr	1,255,770Cr
3,163Cr Electricity FIT income	15,220Cr	15,220Cr	15,220Cr	15,220Cr	15,220Cr	15,220Cr
43,625,150Cr RENTS / CHARGES FOR SERVICES TOTAL	43,973,260Cr	47,814,080Cr	49,004,470Cr	50,224,780Cr	51,475,068Cr	52,755,365Cr
218,810Cr G.F. RECHARGE	236,790Cr	241,526Cr	246,356Cr	251,283Cr	256,309Cr	261,440Cr
43,843,960Cr TOTAL INCOME	44,210,050Cr	48,055,606Cr	49,250,826Cr	50,476,063Cr	51,731,377Cr	53,016,805Cr
927,988Cr NET COST OF SERVICES	591,202	3,267,081Cr	3,126,641Cr	2,671,074Cr	2,635,899Cr	3,627,717Cr

HOUSING REVENUE ACCOUNT FORECAST 2025/26 TO 2054/55

	<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	2030/31
OUT TURN	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
£	£	£	£	£	£	£
927,988Cr NET COST OF SERVICES	591,202	3,267,081Cr	3,126,641Cr	2,671,074Cr	2,635,899Cr	3,627,717Cr
Summary/Contingency items						
0 RTB Sales estimated effect	657,720Cr	115,529	196,933	277,554	354,133	445,503
0 New Build estimated effect	0	390,356Cr	602,891Cr	869,488Cr	1,118,011Cr	1,434,117Cr
329,110 Pensions interest costs, expected returns & reversal of pension benefits & Employers pension contribution	0	0	0	0	0	0
0 Inflation Contingency	97,640	245,136	248,072	253,032	258,085	263,247
0 Tenancy growth pressures	152,800	986,100	764,740	567,420	578,750	590,330
0 M&C growth pressures	731,890	1,897,210	1,499,910	1,592,420	1,665,730	1,825,030
0 Recharges adjustments	20,000	144,840	169,480	172,870	176,327	179,854
967,772Cr 0 Misc Contribns to Reserves	17,390Cr	0	0	0	0	0
0 Customer Access Strategy - savings target	0	0	0	0	0	0
0 Staffing contingency (Agency cover)	125,000	134,810	134,810	134,810	134,810	134,810
0 Transitional Vacancy savings	48,615Cr	380,070Cr	391,472Cr	403,216Cr	413,297Cr	423,629Cr
0 New Depot interest / mrp	500,000	600,769	594,328	587,732	580,978	574,062
12,462,765Cr 0 Reverse All Depreciation & Deferred charges	12,382,340Cr	12,382,340Cr	12,382,340Cr	12,382,340Cr	12,382,340Cr	12,382,340Cr
12,322,430 0 Transfer to Major Repairs Reserve	11,162,500	11,762,500	12,386,500	11,575,000	13,315,000	15,445,000

1,105,615Cr Interest/investments (net)	116,332Cr	319,545Cr	116,861Cr	123,685	89,289	89,289
Borrowing costs 30/31 onwards - prev included in debt charges	0	0	0	0	0	421,491
HRA Housing review / Older Persons review - ongoing costs	0	0	0	0	0	250,000
Potential sheltered loss of rent - decant of residents / Home Loss / Disturbance	339,590	1,041,760	844,520	864,540	306,800	306,800
Offset sheltered pressures from decant reserve	163,760Cr					
Savings programme, outstanding targets (primrose & risk / contingency)	276,900	295,780	233,780	233,780	233,780	233,780
Additional savings identified (HRA impacts of GF savings etc)	49,480	118,000Cr	238,720Cr	238,630Cr	238,630Cr	238,630Cr
Additional staffing	170,310					
NI grant	45,950Cr					
Insurance - shortfall on premiums		127,600	130,150	132,750	135,410	138,120
Insurance - contribution to reserve to cover fires etc.		148,320	151,290	154,320	157,410	160,560
Potential property purchase borrowing costs (Now included in debt charges)		0	0	0	0	0
Rent convergence (announcement delayed until Jan - put back one year)			649,040Cr	973,450Cr	1,235,470Cr	1,369,970Cr
Repairs review	300,520Cr	430,771Cr	626,830	929,520	1,371,660	923,160
Pension reduction to 16.4%		395,650Cr	391,900Cr	391,900Cr	391,900Cr	399,738Cr
Apprentice rates increase		14,920	15,218	15,523	15,833	16,150
2,812,601Cr NET OPERATING EXPENDITURE	484,684	168,539Cr	96,696	315,143Cr	958,448	2,121,044
0 New Build RCCO	0	0	0	0	0	0
2,812,601Cr (SURPLUS)/DEFICIT in year	484,684	168,539Cr	96,696	315,143Cr	958,448	2,121,044
2,812,601Cr NET (SURPLUS)/DEFICIT in year	484,684	168,539Cr	96,696	315,143Cr	958,448	2,121,044

3,230,456Cr HRA Balance b/f 1st April	6,043,057Cr	5,558,374Cr	5,726,913Cr	5,630,217Cr	5,945,360Cr	4,986,911Cr
6,043,057Cr HRA Balance c/f 31st March	5,558,374Cr	5,726,913Cr	5,630,217Cr	5,945,360Cr	4,986,911Cr	2,865,868Cr
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 £4.250 million.

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 might be 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 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 £2.000 million from April 2025, plus inflation, to ensure the sustainability of the plan.

Repair and Renewal

5.16 This is held to cover future years' 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-25	Transfers In	Transfers Out	Balance 31Mar-26	Transfers In	Transfers Out	Balance 31Mar-27	Balance 31Mar-28	Balance 31Mar-29	Balance 31Mar-30
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Reserves										
Revenue:										
General Fund										
Working Balance	-5,535	0	1,829	-3,706	-544	0	-4,250	-4,250	-4,250	-4,250
Business Rates Reserve	-2,306	0	375	-1,931	0	0	-1,931	-1,931	-1,931	-1,431
Insurance Reserve	-634	0	0	-634	0	0	-634	-634	-634	-634
Legacies	-166	0	0	-166	0	0	-166	-166	-166	-166
Repair and Renewal	-1,134	-2	281	-855	0	0	-855	-855	-855	-855
Revenue Grants Reserve	-4,118	-202	717	-3,603	0	0	-3,603	-3,603	-3,603	-3,603
Service Based Reserves	-6,709	0	3,325	-3,384	0	0	-3,384	-3,384	-3,384	-3,384
s106 Commuted Sums	-19	0	0	-19	0	0	-19	-19	-19	-19
Transport Realisation Reserve	-252	0	0	-252	0	0	-252	-252	-252	-252
Total	-20,873	-204	6,527	-14,550	-544	0	-15,094	-15,094	-15,094	-14,594
Housing Revenue Account										
Working Balance	-6,043	0	485	-5,558	-169	0	-5,727	-5,630	-5,945	-4,987
Repair and Renewal	-500	0	0	-500	0	0	-500	-500	-500	-500
Sheltered Housing Reserve	-4,943	0	0	-4,943	0	0	-4,943	-4,943	-4,943	-4,943
HRA Insurance Reserve	0	0	0	0	-148	148	0	0	0	0
Service Reserves	-276	-16	58	-234	0	0	-234	-234	-234	-234
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	-12,077	-16	543	-11,550	-317	148	-11,719	-11,622	-11,937	-10,979
Capital:										
General Fund										
Usable Capital Receipts	-291	-450	0	-741	-300	1,041	0	0	0	0
Capital Financing	-713	0	683	-30	-2,030	2,030	-30	-30	-30	-30
s106 Capital Grants	-978	-303	0	-1,281	0	0	-1,281	-1,281	-1,281	-1,281
Total	-1,982	-753	683	-2,052	-2,330	3,071	-1,311	-1,311	-1,311	-1,311
Housing Revenue Account										
Usable Capital Receipts	-4,990	-4,542	7,508	-2,024	-4,542	6,171	-395	-28	-1,020	-2,481
Capital Financing	-2,270	0	2,269	-1	0	0	-1	-1	-1	-1
Major Repairs Reserve	-12,910	-11,162	9,463	-14,609	-11,763	16,552	-9,820	-5,744	-5,765	-3,292
Total	-20,170	-15,704	19,240	-16,634	-16,305	22,723	-10,216	-5,773	-6,786	-5,774
Total Reserves	-55,102	-16,677	26,993	-44,786	-19,496	25,942	-38,340	-33,800	-35,128	-32,658

Schedule of Working Balances, Reserves and Provisions continued

	Balance 31Mar-25	Transfers In	Transfers Out	Balance 31Mar-26	Transfers In	Transfers Out	Balance 31Mar-27	Balance 31Mar-28	Balance 31Mar-29	Balance 31Mar-30
Provisions	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund										
Insurance Provision	-343	-100	100	-343	-100	100	-343	-343	-343	-343
Provision for Bad Debts	-2,198	-100	100	-2,198	-100	100	-2,198	-2,198	-2,198	-2,198
Total	-2,541	-200	200	-2,541	-200	200	-2,541	-2,541	-2,541	-2,541
Housing Revenue Account										
Provision for Bad Debts	-508	-100	100	-508	-100	100	-508	-508	-508	-508
Total	-508	-100	100	-508	-100	100	-508	-508	-508	-508
Total Provisions	-3,049	-300	300	-3,049	-300	300	-3,049	-3,049	-3,049	-3,049

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 the accountable body for the Towns Fund, working with partners, secured £25 million of government investment to deliver 10 regeneration projects. Nearly £18 million has been spent or committed to date.
- 6.6 The Council has been awarded £1.5 million over two years through the government's Pride in Place Impact Fund, which forms part of a £5 billion national programme aimed at revitalising disadvantaged communities. The funding is intended to improve public spaces, high streets, and community facilities, empowering local people to shape projects that strengthen neighbourhoods and enhance quality of life.

Governance Arrangements

- 6.7 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.

6.8 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

6.9 The capital programme provides the primary investment for the Council's Corporate Strategy. The MTFP 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.

6.10 Key highlights for 2026/27 include:

- Delivery of Portman Road Multi Story Car Park
- Investing in Waterfront Western Gateway
- Investing in Ipswich Museum
- Replacement of cremators and redevelopment of chapel and cafe
- Fire Safety Improvement Works at East Villa
- Restoration works at Christchurch Mansion and Chantry Mansion
- Increasing and maintaining housing stock
- Delivery of the Town Fund Programme
- Further developing the Eastern Gateway site
- Improvements to Public Realm including Arras Square

6.11 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

6.12 The new schemes added to the capital programme are:

Portfolio Holder	Scheme	2026/27 (£)	2027/28 (£)	2028/29 (£)	2029/30 (£)
Communities and Sport	Aquatics centre	0	0	2,000,000	36,000,000
Communities and Sport	Gainsborough football hub	0	0	600,000	600,000
Communities and Sport	Gainsborough sports centre	0	300,000	0	0
Communities and Sport	Ransomes sports centre	0	250,000	250,000	0
Communities and Sport	Sports Centre Plant & Equipment	110,000	110,000	0	0
Communities and Sport	Sports Hall Floors	6,000	6,000	0	0
Communities and Sport	Swimming Pools - Plant & Equipment	55,000	0	0	0
Communities and Sport	Whitton sports centre	0	250,000	250,000	0
	Sub total	171,000	916,000	3,100,000	36,600,000

Portfolio Holder	Scheme	2026/27 (£)	2027/28 (£)	2028/29 (£)	2029/30 (£)
Culture and Customers	Car park improvements (Park Mark)	0	100,000	100,000	100,000
Culture and Customers	Car park ticket machine replacements	0	75,000	0	0
Culture and Customers	Corn Exchange acoustics	58,000	0	0	0
Culture and Customers	Corn Exchange seating	0	100,000	0	0
Culture and Customers	Corn Exchange Stage	0	200,000	0	0
Culture and Customers	Crown car park payment system upgrade	0	50,000	0	0
Culture and Customers	Market stall gazebos	25,000	0	0	0
Culture and Customers	Regent auditorium – refurb/redec	0	0	500,000	0
Culture and Customers	Regent backstage	0	0	0	2,000,000
Culture and Customers	Town Centre lighting	125,000	125,000	0	0
Culture and Customers	Town hall repurpose and refurb	0	0	2,250,000	2,250,000
	Sub total	208,000	650,000	2,850,000	4,350,000
Environment and Transport	RCV purchase	0	220,000	0	0
Environment and Transport	Town Centre bin replacement	62,800	67,000	67,000	67,000
	Sub total	62,800	287,000	67,000	67,000
Housing	Bond St site development	0	0	0	1,000,000
Housing	East Villa Planned Maintenance	1,000,000	0	0	0
	Sub total	1,000,000	0	0	1,000,000
Leader: Place	19 Tower Street works	330,000	330,000	0	0
Leader: Place	Alderman Rd Culvert Contamination	250,000	0	0	0
Leader: Place	Ancient house welfare	350,000	400,000	0	0
Leader: Place	Buildings at risk	250,000	125,000	50,000	50,000
Leader: Place	Carr St masterplan	0	500,000	500,000	500,000
Leader: Place	Chantry Mansion works	500,000	1,500,000	1,375,000	0
Leader: Place	Christmas lights	75,000	75,000	0	0
Leader: Place	Leisure facilities	0	252,960	0	0
Leader: Place	New Way Development	0	800,000	200,000	0
Leader: Place	NWSE Masterplanning	0	0	250,000	250,000
Leader: Place	Old Rep	250,000	250,000	0	0
Leader: Place	Town centre property	0	1,000,000	0	2,000,000
Leader: Place	West End Rd car park project	0	1,000,000	1,000,000	0
	Sub total	2,005,000	6,232,960	3,375,000	2,800,000
Parks and Climate Change	Bourne Park	0	0	75,000	75,000
Parks and Climate Change	Christchurch Park paths	0	150,000	0	0
Parks and Climate Change	Cremator replacement	1,525,000	1,500,000	0	0
Parks and Climate Change	Holywells Park	0	0	75,000	75,000
Parks and Climate Change	Landseer Park toilets & other improvements	0	75,000	0	0
Parks and Climate Change	Majors Corner toilets refurbishment	275,000	0	0	0
Parks and Climate Change	Millenium Cemetery	0	150,000	175,000	175,000
Parks and Climate Change	Old Cemetery	0	150,000	175,000	175,000
Parks and Climate Change	Orwell Country Park	0	150,000	175,000	175,000
Parks and Climate Change	Parks Infrastructure & Safety	71,500	0	0	0
Parks and Climate Change	Parks Plant & Equipment	49,500	0	0	0
Parks and Climate Change	Portman Rd Pocket park	0	0	0	1,000,000
Parks and Climate Change	Webb St Play Area	0	0	0	100,000
Parks and Climate Change	Whitton rec play area	0	125,000	0	0
	Sub total	1,921,000	2,300,000	675,000	1,775,000
Planning and Museums	Christchurch Mansion Surveys	0	0	250,000	0
Planning and Museums	Ipswich Art Gallery - Display	0	0	250,000	0
Planning and Museums	Art Gallery works	385,000	0	0	0
Planning and Museums	Christchurch Mansion works	600,000	445,000	0	0
Planning and Museums	Sub total	985,000	445,000	500,000	0
	TOTAL new additions	6,352,800	10,830,960	10,567,000	46,592,000

Funding Capital Expenditure

6.13 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 IBC to use additional capital resources, the value of the scheme and funding is automatically added to the capital programme.

- **Revenue Contributions to Capital Outlay (RCCOs)** - 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.

Flexible Use of Capital Receipts Strategy

- 6.14 The Local Government Finance Policy Statement 2025 to 2026 outlined the extension of the Flexible Use of Capital Receipts Direction until 2030. This Direction allows local authorities to deviate from the principle that capital receipts must only be used to finance capital investment and allows local authorities to use capital receipts from the sale of assets to fund transformation projects and other qualifying expenditures which are designed to help manage budgets more effectively. The objectives of the Direction are to enable: i). The generation of ongoing revenue savings in the delivery of public services. ii). The transformation of service delivery to reduce costs and iii). Support invest-to-save activities and facilitate the local management of budget pressures.
- 6.15 The transitional costs of Local Government Reorganisation (LGR) for Suffolk are expected to be around £15 million up to March 2028. This will need to be met by the County Council and Suffolk's five District and Borough Councils. The mechanism for how this will occur is yet to be agreed and will depend in part on the decision made by Government regarding the number of unitary councils to be created within the Suffolk area. Each Council is expecting to bear a fair proportion of these costs. IBC would use existing available reserves first but does not have capacity within its Budget or Useable Reserves to confidently meet these costs. As a result, it is recommended that the Council applies the Flexible Use of Capital Receipts Direction and uses available and uncommitted capital receipts to support the transitional costs of LGR on the basis that these are effectively invest-to-save costs to facilitate the local management of budget pressures, which is a key objective of LGR.
- 6.16 The statutory guidance on the Flexible Use of Capital Receipts requires that Full Council approve a Flexible Use of Capital Receipts Strategy outlining

proposals for how capital receipts are to be used flexibly. A recommendation seeking this approval is included within the covering report.

- 6.17 The guidance requires that the Flexible Use of Capital Receipts Strategy sets out the “project” to be funded through the flexible use of capital receipts. For the purposes of the Strategy, the “project” is the transitional work required to deliver LGR as specified in the English Devolution White Paper Devolution Priority Programme published by Government in December 2024.
- 6.18 The guidance also requires that details of the expected savings and transformation are provided within the Strategy. The details of these are dependent on which option for LGR is selected by Government, with a decision expected in March 2026. Two business cases for LGR have been submitted to Government for consideration, One Suffolk (sponsored by Suffolk County Council) and Suffolk to The Power of Three (sponsored by Suffolk’s District and Borough Councils). These business cases project ongoing annual savings following the transition period of between £34 million and £39.4 million.
- 6.19 The Council is forecasting £12.8m of available capital receipts in 2026/27 to 2027/28. Some of these capital receipts could be used to support transitional costs of LGR in 2026-27 and 2027-28 respectively, subject to the approval of this Strategy. These figures are only forecasts at present, with exact amounts available to be applied dependent both on the actual capital receipts generated in 2026/27 and 2027/28, and the overall reserves position of the Council over that period.
- 6.20 It is proposed that once the decision and associated LGR preparation costs are known, the funding of these costs will be identified using existing resources first with any balance needed coming from the flexible use of available capital receipts. The guidance requires that the Strategy reports on the impact of the Council’s Prudential Indicators of the proposal. The Council’s Prudential Indicators are outlined in Section 4 of this Appendix. The only area impacted is total external borrowing and will be assessed when the decision and associated financial implications are known. It is anticipated that the differences resulting from this proposal are minor and do not materially impact the financial health of the Council.
- 6.21 This is the first time the Council has sought to use the Flexible Use of Capital Receipts Direction, so there is nothing to report regarding previous years’ planned savings or service transformation.
- 6.22 It is a required condition of the Direction that authorities must send details setting out their Flexible Use of Capital Receipts Strategy incorporating their planned use of the flexibility to the Secretary of State in advance of its use for each financial year. This is to make sure that the Government is adequately sighted on the use of the flexibility and can monitor how it is used. It is not a process of approval and authorities do not require a response in order to use the flexibility. No format for submission is specified, however, the information must contain, as a minimum, the detail specified within the statutory guidance, and which has been included within this Strategy.

Performance Framework Overview

6.23 The Council has adopted Best Practice for:

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

6.24 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.

6.25 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.

6.26 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, providing they are within the overall programme Budget agreed by Full Council.

6.27 All projects are subject to evaluation and only once schemes are approved by Executive is the actual funding made available.

Performance Measures and Monitoring

6.28 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.
- The capital receipts forecast is updated on a quarterly basis.

6.29 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

6.30 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.

6.31 Each capital scheme has a clearly identified project manager responsible for delivery of the scheme within the delegated budget.

6.32 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.

6.33 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.

6.34 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

6.35 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.

6.36 All tenders with an aggregate spend of more than £300,000 require approval from Executive before contracts can be awarded and this will affect most capital projects.

6.37 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.

6.38 All procurements meeting FTS thresholds, as set out in the Public Procurement (Agreement on Government Procurement) (Thresholds) (Amendment) Regulations 2023 (which from 1 January 2024 are £214,904 inclusive of VAT for Goods & Services and £5,372,609 inclusive of VAT for works), are

managed by an officer Procurement Board through a gateway process. This ensures that procurements are robust and deliver best value.

- 6.39 All major contracts are detailed in the Council's contract register, and contracts due for renewal and forthcoming tenders are managed and monitored by the Procurement Board.
- 6.40 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

- 6.41 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

- 6.42 The Council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development and attend courses on an ongoing basis to keep up to date on new developments and skills.
- 6.43 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.
- 6.44 Internal and external training is offered to councillors to ensure they have up to date knowledge and expertise to understand, support and challenge capital and treasury decisions taken by the Section 151 Officer.

Detailed Capital Programme and Funding Sources

- 6.45 The £3.3m contingency budget for Broomhill Pool is currently provided in the 2025/26 Capital Programme. If unspent it will be carried forward into 2026/27 until required. The detailed capital programme and the sources of funding are presented below.

GF FULL CAPITAL PROGRAMME

Portfolio Holder	Scheme	2026/27 (£)	2027/28 (£)	2028/29 (£)	2029/30 (£)
Communities and Sport	Aquatics centre	0	0	2,000,000	36,000,000
Communities and Sport	Gainsborough football hub	0	0	600,000	600,000
Communities and Sport	Gainsborough sports centre	0	300,000	0	0
Communities and Sport	Ransomes sports centre	0	250,000	250,000	0
Communities and Sport	Sports Centre Plant & Equipment	110,000	110,000	0	0
Communities and Sport	Sports Hall Floors	6,000	6,000	0	0
Communities and Sport	Swimming Pools - Plant & Equipment	55,000	0	0	0
Communities and Sport	Whitton sports centre	0	250,000	250,000	0
	Sub total	171,000	916,000	3,100,000	36,600,000
Culture and Customers	Car park improvements (Park Mark)	0	100,000	100,000	100,000
Culture and Customers	Car park ticket machine replacements	0	75,000	0	0
Culture and Customers	Corn Exchange acoustics	58,000	0	0	0
Culture and Customers	Corn Exchange seating	0	100,000	0	0
Culture and Customers	Corn Exchange Stage	0	200,000	0	0
Culture and Customers	Crown car park payment system upgrade	0	50,000	0	0
Culture and Customers	Market stall gazebos	25,000	0	0	0
Culture and Customers	Regent auditorium – refurb/redec	0	0	500,000	0
Culture and Customers	Regent backstage	0	0	0	2,000,000
Culture and Customers	Regent Theatre Customer Improvements - FoH	68,000	0	0	0
Culture and Customers	Resurfacing Car Parks	50,000	50,000	50,000	50,000
Culture and Customers	Town Centre lighting	125,000	125,000	0	0
Culture and Customers	Town Hall Gallery Refurbishment	76,410	0	0	0
Culture and Customers	Town hall repurpose and refurb	0	0	2,250,000	2,250,000
	Sub total	402,410	700,000	2,900,000	4,400,000
Deputy Leader:Strategy and	HR Information System	116,620	0	0	0
Deputy Leader:Strategy and	Sports Facilities Strategy	795,000	0	0	0
	Sub total	911,620	0	0	0
Environment and Transport	Domestic Waste Containers	51,490	53,470	0	0
Environment and Transport	Machinery Replacement Programme	49,400	49,400	75,000	75,000
Environment and Transport	RCV purchase	0	220,000	0	0
Environment and Transport	Simpler Recycling	886,000	0	0	0
Environment and Transport	Street name plates	25,000	25,000	25,000	25,000
Environment and Transport	Town Centre bin replacement	62,800	67,000	67,000	67,000
Environment and Transport	Trade Waste Containers	125,000	126,990	0	0
	Sub total	1,199,690	541,860	167,000	167,000

Portfolio Holder	Scheme	2026/27 (£)	2027/28 (£)	2028/29 (£)	2029/30 (£)
Housing	Bond St car park redevelopment	0	0	0	1,000,000
Housing	Disabled Facilities Grants	1,000,000	1,000,000	1,000,000	1,000,000
Housing	East Villa fire safety works	1,000,000	0	0	0
Housing	Empty Homes Strategy	300,000	300,000	300,000	300,000
Housing	Improvement Grants	50,000	50,000	50,000	50,000
	Sub total	2,350,000	1,350,000	1,350,000	2,350,000
Leader: Place	19 Tower Street works	330,000	330,000	0	0
Leader: Place	Alderman Rd Culvert Contamination	250,000	0	0	0
Leader: Place	Ancient house welfare	350,000	400,000	0	0
Leader: Place	Buildings at risk	250,000	125,000	50,000	50,000
Leader: Place	Cap Reps - Unallocated	400,000	400,000	400,000	400,000
Leader: Place	Carr St masterplan	0	500,000	500,000	500,000
Leader: Place	Chantry entrance pier	64,000	0	0	0
Leader: Place	Chantry Mansion works	500,000	1,500,000	1,375,000	0
Leader: Place	Christmas lights	75,000	75,000	0	0
Leader: Place	Eastern Gateway phases 2b, 2c and 2d	2,422,140	0	0	0
Leader: Place	Grimwades building purchase and redevelopment	400,000	0	0	0
Leader: Place	Ips. Historic Churches Trust	69,370	0	0	0
Leader: Place	Leisure Facilities	0	252,960	0	0
Leader: Place	New Way Development	0	800,000	200,000	0
Leader: Place	Non-Op Asset Mngt - EPC Surveys and Tenant Wo	601,380	0	0	0
Leader: Place	Norwich Road Improvement Grant	185,000	0	0	0
Leader: Place	NWSE Masterplanning	0	0	250,000	250,000
Leader: Place	Office Accommodation Strategy	139,000	0	0	0
Leader: Place	Old Rep	250,000	250,000	0	0
Leader: Place	Opportunity Purchase/Infrastructure	0	0	0	0
Leader: Place	Portman Road Multi Storey car park	2,000,000	17,700,000	0	0
Leader: Place	Pride in Place	750,000	0	0	0
Leader: Place	Public Realm Arras Square	1,034,000	0	0	0
Leader: Place	Ravenswood GF - Market Rent Properties x19	100,000	0	0	0
Leader: Place	Ravenswood GF - Starter Homes x10	50,000	0	0	0
Leader: Place	Road Sweeper Store	33,330	0	0	0
Leader: Place	Town centre property	0	1,000,000	0	2,000,000
Leader: Place	Waterfront Western Gateway	3,600,000	750,000	0	0
Leader: Place	West End Rd car park project	0	1,000,000	1,000,000	0
	Sub total	13,853,220	25,082,960	3,775,000	3,200,000
Leader: Towns Deal	Digital Town Centre	1,177,170	0	0	0
Leader: Towns Deal	Greening Ipswich	272,000	0	0	0
Leader: Towns Deal	Shopping Parades	1,777,000	0	0	0
Leader: Towns Deal	Public Realm Improvements	994,000	0	0	0
Leader: Towns Deal	Regeneration Fund	2,943,000	0	0	0
Leader: Towns Deal	St Peter's Dock Public Realm	1,700,000	0	0	0
	Towns Deal Sub total	8,863,170	0	0	0
Parks and Climate Change	Back Hamlet Allotments	0	0	0	0
Parks and Climate Change	Bourne Park	0	0	75,000	75,000
Parks and Climate Change	Carbon Management Prog Invest to Save - unalloca	126,250	0	0	0
Parks and Climate Change	Chantry HLF Bid	0	1,250,000	0	0
Parks and Climate Change	Christchurch Park paths	0	150,000	0	0
Parks and Climate Change	Composting toilets	29,500	0	0	0
Parks and Climate Change	Cremator replacement	1,525,000	1,500,000	0	0
Parks and Climate Change	Fleet Replacement	391,160	1,154,400	1,002,070	2,041,320
Parks and Climate Change	Holywells Park	0	0	75,000	75,000
Parks and Climate Change	Landseer Park toilets & other improvements	0	75,000	0	0
Parks and Climate Change	Majors Corner toilets refurbishment	275,000	0	0	0
Parks and Climate Change	Millenium Cemetery	0	150,000	175,000	175,000
Parks and Climate Change	Mobile Elevated Working Platform	0	0	0	0
Parks and Climate Change	Old Cemetery	0	150,000	175,000	175,000
Parks and Climate Change	Orwell Country Park	0	150,000	175,000	175,000
Parks and Climate Change	Parks Infrastructure & Safety	71,500	0	0	0
Parks and Climate Change	Parks Plant & Equipment	49,500	0	0	0
Parks and Climate Change	Play Area Equipment	176,660	176,660	176,660	200,000
Parks and Climate Change	Portman Rd Pocket park	0	0	0	1,000,000
Parks and Climate Change	Webb St Play Area	0	0	0	100,000
Parks and Climate Change	Whitton rec play area	0	125,000	0	0
	Sub total	2,644,570	4,881,060	1,853,730	4,016,320
Planning and Museums	Christchurch Mansion Surveys	0	0	250,000	0
Planning and Museums	Museum	985,000	445,000	250,000	0
Planning and Museums	Museum Project	3,204,000	0	0	0
	Sub total	4,189,000	445,000	500,000	0
Resources	Cap. IT Dev. - Equipment	185,000	185,000	185,000	185,000
Resources	Contingency - additional Commitments	400,000	400,000	400,000	400,000
Resources	Finance System	25,000	0	0	0
	Sub total	610,000	585,000	585,000	585,000
	TOTAL GF Capital Programme	35,194,680	34,501,880	14,230,730	51,318,320

HRA CAPITAL PROGRAMME

<u>HRA Maintaining Properties</u>	2026/27 (£)	2027/28 (£)	2028/29 (£)	2029/30 (£)
Fire Safety Work	7,618,390	7,404,010	4,575,670	0
Social Housing Decarbonisation	1,576,210	7,235,500	7,380,920	7,093,620
Sheltered Housing Review	204,000	2,653,280	5,413,220	5,522,030
Communal Area Rewires	1,834,980	2,124,860	0	0
PV Panels	0	3,036,070	3,093,710	3,152,480
Capital Projects costs	1,050,800	1,071,920	1,093,470	1,115,450
Planned Maintenance	510,000	2,058,100	2,096,390	2,135,420
Kitchen and Bathroom Refurbishments	1,050,800	1,014,880	339,110	4,809,840
Communal Area Refurbishments	51,000	103,020	272,500	111,190
Neighbourhood & Community Improvements	459,000	0	0	0
Asbestos Removal	278,460	284,060	289,770	295,600
Central Heating	525,400	628,690	459,590	503,740
Electrics inc Voids	122,400	283,310	0	0
Electrical sub-mains replacements	149,450	152,010	109,350	0
Sheltered Imps/Lifts/Boilers	223,750	204,860	95,670	94,780
Disabled Adaptations	646,170	652,630	659,210	665,750
Balcony Works	102,000	1,935,330	1,954,690	1,869,140
Buybacks / Acquisitions capitalised repairs	348,870	406,260	414,420	422,760
HRA Capital - Total maintaining properties	16,751,680	31,248,790	28,247,690	27,791,800
<u>HRA New Build</u>	2026/27 (£)	2027/28 (£)	2028/29 (£)	2029/30 (£)
Ravenswood	540,580	0	0	0
Hawke Road	373,500	0	0	0
Fore Hamlet	239,540	0	0	0
Bibb Way	753,810	0	0	0
Buy backs	500,000	500,000	500,000	500,000
Acquisitions	2,000,000	2,000,000	2,000,000	2,000,000
Pipeline schemes	6,700,000	13,300,000	15,000,000	10,000,000
HRA Capital - Total New Build	11,107,430	15,800,000	17,500,000	12,500,000
Total HRA Capital Programme	27,859,110	47,048,790	45,747,690	40,291,800

FUNDING OF HRA CAPITAL PROGRAMME FOR 2025/26 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
2025/26 (current yr)										
Resources at start of the year	1,183,311	1,430,081	2,376,528	4,989,920	243,293	0	12,909,876	4,943,020	5,850,649	28,936,756
Resources forecast to be received during the year	423,162	2,492,078	1,626,480	4,541,720	3,456,377	4,861,840	11,162,500	0	0	24,022,437
Resources available in year	1,606,472	3,922,160	4,003,008	9,531,640	3,699,669	4,861,840	24,072,376	4,943,020	5,850,649	52,959,193
Use of Resources	707,644	3,268,280	3,531,767	7,507,691	3,699,669	4,861,840	9,463,160	186,100	5,850,000	31,568,460
Balance at year end	898,828	653,880	471,241	2,023,949	0	0	14,609,216	4,756,920	649	21,390,733
2026/27										
Resources at start of the year	898,828	653,880	471,241	2,023,949	0	0	14,609,216	4,756,920	649	21,390,733
Resources forecast to be received during the year	0	2,918,212	1,623,509	4,541,720	0	17,336,850	11,762,500	0	0	33,641,070
Resources available in year	898,828	3,572,091	2,094,749	6,565,669	0	17,336,850	26,371,716	4,756,920	649	55,031,803
Use of Resources	740,000	3,530,580	1,900,000	6,170,580	0	17,336,850	16,551,670	200,000	0	40,259,100
Balance at year end	158,828	41,511	194,749	395,089	0	0	9,820,046	4,556,920	649	14,772,703
2027/28										
Resources at start of the year	158,828	41,511	194,749	395,089	0	0	9,820,046	4,556,920	649	14,772,703
Resources forecast to be received during the year	0	2,921,213	1,620,508	4,541,720	0	23,388,992	12,386,500	0	0	40,317,212
Resources available in year	158,828	2,962,724	1,815,257	4,936,809	0	23,388,992	22,206,546	4,556,920	649	55,089,916
Use of Resources	158,828	2,950,000	1,800,000	4,908,828	0	23,388,992	16,462,925	2,288,050	0	47,048,795
Balance at year end	0	12,724	15,257	27,981	0	0	5,743,621	2,268,870	649	8,041,121
2028/29										
Resources at start of the year	0	12,724	15,257	27,981	0	0	5,743,621	2,268,870	649	8,041,121
Resources forecast to be received during the year	0	2,924,244	1,617,476	4,541,720	780,000	27,594,810	11,575,000	0	0	44,491,530
Resources available in year	0	2,936,968	1,632,733	4,569,702	780,000	27,594,810	17,318,621	2,268,870	649	52,532,651
Use of Resources	0	2,000,000	1,550,000	3,550,000	780,000	27,594,810	11,554,005	2,268,870	0	45,747,685
Balance at year end	0	936,968	82,733	1,019,702	0	0	5,764,616	0	649	6,784,966
2029/30										
Resources at start of the year	0	936,968	82,733	1,019,702	0	0	5,764,616	0	649	6,784,966
Resources forecast to be received during the year	0	2,927,305	1,614,415	4,541,720	2,340,000	19,084,515	13,315,000	0	0	39,281,235
Resources available in year	0	3,864,273	1,697,148	5,561,422	2,340,000	19,084,515	19,079,616	0	649	46,066,201
Use of Resources	0	2,000,000	1,080,000	3,080,000	2,340,000	19,084,515	15,787,265	0	0	40,291,780
Balance at year end	0	1,864,273	617,148	2,481,422	0	0	3,292,351	0	649	5,774,421

FUNDING OF GENERAL FUND CAPITAL PROGRAMME FOR 2025/26 AND FUTURE YEARS

	EXTERNAL FUNDING	USABLE CAPITAL RECEIPTS	REVENUE CONTRIBS TO CAPITAL OUTLAY	UNSUPPORTED BORROWING	TOTAL
2025/26					
Resources at start of the year	16,767,789	291,325	712,614	0	17,771,728
Resources forecast to be received during the year	14,550,995	450,000	-150,000	16,307,514	31,158,509
Resources available in year	31,318,784	741,325	562,614	16,307,514	48,930,237
Use of Resources	15,161,232	0	532,614	16,307,514	32,001,360
Balance at year end	16,157,552	741,325	30,000	0	16,928,877
2026/27					
Resources at start of the year	16,157,552	741,325	30,000	0	16,928,877
Resources forecast to be received during the year	1,750,000	300,000	2,030,200	21,009,985	25,090,185
Resources available in year	17,907,552	1,041,325	2,060,200	21,009,985	42,019,062
Use of Resources	11,113,170	1,041,325	2,030,200	21,009,985	35,194,680
Balance at year end	6,794,382	0	30,000	0	6,824,382
2027/28					
Resources at start of the year	6,794,382	0	30,000	0	6,824,382
Resources forecast to be received during the year	1,000,000	300,000	2,871,140	29,970,740	34,141,880
Resources available in year	7,794,382	300,000	2,901,140	29,970,740	40,966,262
Use of Resources	1,360,000	300,000	2,871,140	29,970,740	34,501,880
Balance at year end	6,434,382	0	30,000	0	6,464,382
2028/29					
Resources at start of the year	6,434,382	0	30,000	0	6,464,382
Resources forecast to be received during the year	1,400,000	300,000	500,000	12,030,730	14,230,730
Resources available in year	7,834,382	300,000	530,000	12,030,730	20,695,112
Use of Resources	1,400,000	300,000	500,000	12,030,730	14,230,730
Balance at year end	6,434,382	0	30,000	0	6,464,382
2029/30					
Resources at start of the year	6,434,382	0	30,000	0	6,464,382
Resources forecast to be received during the year	22,400,000	300,000	1,000,000	27,618,320	51,318,320
Resources available in year	28,834,382	300,000	1,030,000	27,618,320	57,782,702
Use of Resources	22,400,000	300,000	1,000,000	27,618,320	51,318,320
Balance at year end	6,434,382	0	30,000	0	6,464,382

Section 7

TREASURY MANAGEMENT STRATEGY AND POLICIES FOR 2026/27

Introduction

- 7.1 IBC 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 rate to 3.75% (from 4.0%) following its 18 December 2025 meeting. The Market forecasts indicate the base rate could fall to around 3.0% by 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 30 November 2025

	General Fund	HRA	Overall
	£m	£m	£m
Borrowing			
PWLB Maturity	73.500	34.151	107.651
PWLB Annuity	72.433	24.738	97.171
PWLB EIP	0.000	19.196	19.196
Market loans	0.000	9.000	9.000
Total Borrowing	145.933	87.085	233.018
Total Investments	137.782		137.782

7.5 If the Council were to borrow any long-term debt during 2026/27, 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 (%) (includes Certainty Rate reduction 0.2%)			
		5 year	10 year	25 year	50 year
Dec-25	3.75%	4.50%	5.00%	5.70%	5.40%
Mar-26	3.75%	4.30%	4.80%	5.50%	5.20%
Mar-27	3.50%	4.10%	4.60%	5.30%	5.10%
Sep-27	3.25%	4.00%	4.50%	5.20%	5.00%

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 as a temporary measure. This strategy of mixed borrowing and use of temporary cash balances is prudent as it helps to minimise counterparty risk.
- 7.9 The Council had been borrowing short term to maintain its cash flow, however, while 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. The HRA will need to borrow to fund its share of the capital program as its reserves are expected to be fully utilised.
- 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 2025 the Council held significant invested funds of £137.782 million, 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 (MMFs), 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
2025/26	4.04%
2026/27	3.38%
2027/28	3.20%
2028/29	3.20%
2029/30	3.20%

- 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 IFRS9 to allow English local authorities time to adjust their portfolio of all pooled investments ended 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. If it did then these would come under the scope of IFRS9.
- 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 1 January 2019 the largest UK banks, (those with more than £25 billion 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." While smaller banks with less than £25 billion in deposits are exempt, they can choose to opt in.
- 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 adopted 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 £60 million with an overall maximum exposure for this category of £60 million. 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 £5 million. The overall maximum exposure for this category is £50 million. 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 £20 million. 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 is £80 million.

- **Category 4 (Money Market Funds (MMF's))** - MMFs 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 MMFs, 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 MMFs eases the pressure on the Council's instant access account and gives us more flexibility. The overall maximum exposure for this category is £30 million, with a maximum of £7.5 million 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 £3 million. 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 £25 million.

- **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 £5 million. The overall maximum exposure for this category is £25 million.

- **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. While 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 1 April 2025.

There would be no time limit for investments in institutions in Category 7 and the overall maximum exposure for this category is £10 million, with a maximum of £5 million 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 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	12	20	240	80	Max 2 years
Category 4	4	7.5	30	30	Instant Access
Category 5	5	3	15	25	Max 365 Days
Category 6	29	5	145	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 has established 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 to 3.0% by the end of 2026. 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 shortly in advance of need at lower fixed rates, where compliant and appropriate.
- 7.54 There are three main types of investment made by the Council, each of which are discussed in turn below.
- a. Treasury Management Investments
 - b. Investments made to support service objectives

c. 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. 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 Committee 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 and continuing in 2026, an increased level of prudential indicator reporting is needed on investments (see investment indicators).
- 7.69 The current investment in the Council’s own companies is compliant with the Prudential Code. Although there are currently no new investment requests from the Council’s own companies, requests that are compliant with the permitted circumstances outlined in the Prudential Code, would be considered on their individual merits.

- 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 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 2025

	£m	£m
Treasury Management Investments:		
Fixed Term Investments	0.000	
Instant Access Accounts	0.110	
Money Market Funds	16.669	
Notice Accounts	0.000	16.779
Service Investments:		0.000
Commercial Investments:		
Inter Group Loans	121.003	121.003
Total Investments		137.782

- 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

	24/25 Actual £m	25/26 Estimate £m	26/27 Estimate £m	27/28 Estimate £m	28/29 Estimate £m	29/30 Estimate £m
Interest and investment income (excluding treasury management investments)	5.84	5.59	5.82	5.67	5.61	5.17
Income from Commercial Properties	0.85	0.34	0.17	0.17	0.17	0.17
Net revenue stream	25.74	25.29	26.39	26.99	27.69	27.69
Proportion of net income from commercial & service investments to net revenue stream	25.99%	23.45%	22.70%	21.64%	20.87%	19.28%

- 7.79 The proportion of service and residual IBC company investment is regarded as prudent, affordable, and proportionate because it represents approx. 23% 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	2024/25	2025/26	2026/27
	(actual)	(forecast)	(forecast)
Total Invested	128.667	134.571	126.55

Investment Indicator Two: Total Investments funded by borrowing.

£m	2024/25	2025/26	2026/27
	(actual)	(forecast)	(forecast)
Total Invested	128.667	134.571	126.55
Funded by Borrowing	99.801	92.241	89.065
%	77.57%	68.54%	70.38%

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

£m	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	(actual)	(forecast)	(forecast)	(forecast)	(forecast)	(forecast)
Lending to Companies	121.539	117.792	116.55	115.24	113.857	112.399
Total Net Service Expenditure	26.389	25.817	22.778	22.206	22.056	21.844
Multiple of Expenditure lent	4.6	4.6	5.1	5.2	5.2	5.1

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

£m	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	(actual)	(forecast)	(forecast)	(forecast)	(forecast)	(forecast)
Revenue Contribution	3.358	3.462	3.518	3.517	3.338	3.039

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

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	(actual)	(forecast)	(forecast)	(forecast)	(forecast)	(forecast)
Lending to Companies	121.539	117.792	116.55	115.24	113.857	112.399
Authorised Limit	500	510	510	530	530	570
% of Limit Used	24.31%	23.10%	22.85%	21.74%	21.48%	19.72%

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 councils to consider and set indicators for the next three years as part of their medium term financial planning. These indicators should be monitored during the year and must be reviewed annually.

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:

- a) capital expenditure and investment plans are affordable and proportionate
- b) all external borrowing and other long-term liabilities are within prudent and sustainable levels
- c) 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
- d) treasury management and other investment decisions are taken in accordance with professional good practice and that in taking decisions in relation to a) to d) above the local authority is 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 2025/26 to 2029/30

Year	General Fund (£m)	HRA (£m)	Overall (£m)
2025/26	32.001	43.968	75.969
2026/27	35.195	27.859	63.054
2027/28	34.502	47.049	81.551
2028/29	14.231	45.748	59.979
2029/30	51.318	40.292	91.610

- 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 2025/26 to 2029/30

Year	General Fund (£m)	HRA (£m)	Overall (£m)
2025/26	232.180	117.049	349.229
2026/27	246.516	118.504	365.020
2027/28	268.754	138.107	406.861
2028/29	250.532	161.532	412.065
2029/30	269.517	176.157	445.673

- 7.87 The Prudential Code identifies some key affordability indicators.

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

	24/25 Actual £m	25/26 Estimate £m	26/27 Estimate £m	27/28 Estimate £m	28/29 Estimate £m	29/30 Estimate £m
Financing costs	4.19	3.91	4.35	5.74	6.63	7.75
Net revenue stream	25.74	25.29	26.39	26.99	27.69	27.69
Financing costs to net revenue stream	16.28%	15.46%	16.48%	21.27%	23.94%	27.99%

- 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 2025/26 to 2029/30

Year	General Fund	HRA	Loans Made	Overall
	(£m)	(£m)	(£m)	(£m)
2025/26	4.601	3.262	3.746	11.609
2026/27	5.431	3.481	1.243	10.155
2027/28	6.423	3.786	1.31	11.519
2028/29	6.870	4.169	23.382	34.421
2029/30	7.176	4.46	1.458	13.094

7.89 MHCLG 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 be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined 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.

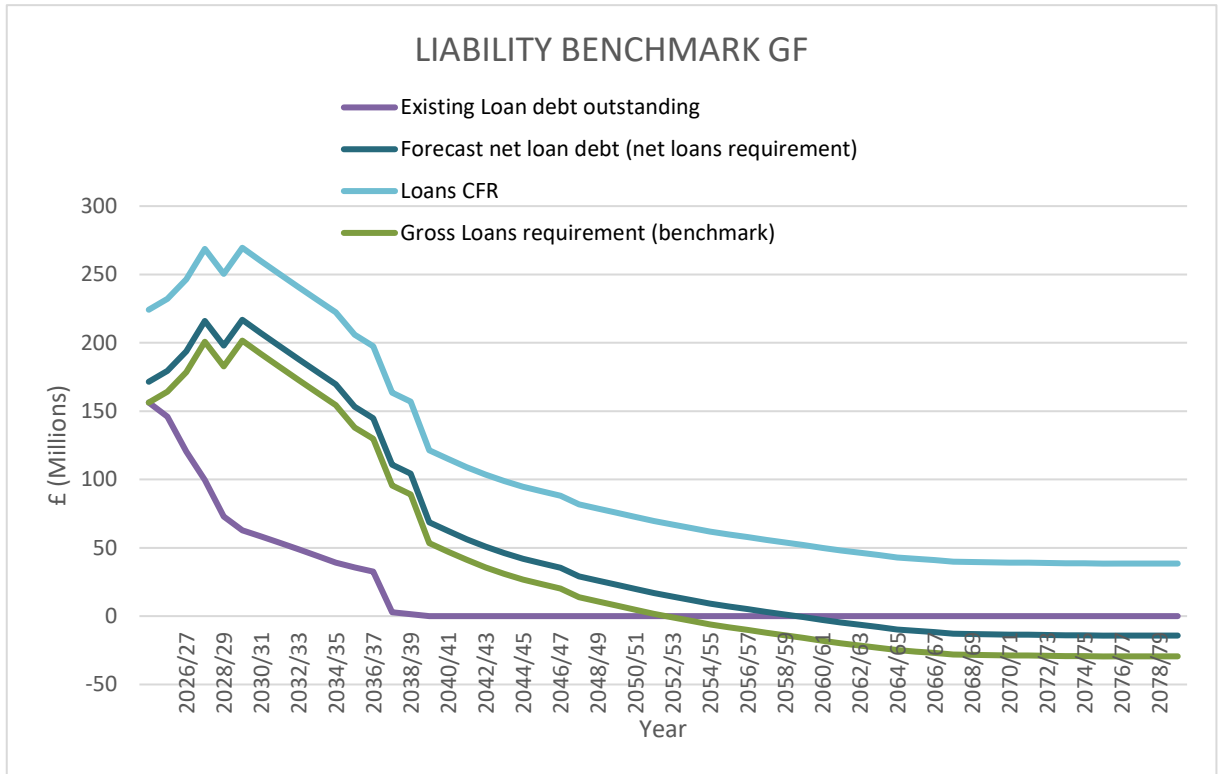
MRP will commence in the latter of the year following the year in which capital financing from borrowing is incurred, or the year after the asset is brought into use.

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 2026/27 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 Code, 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.

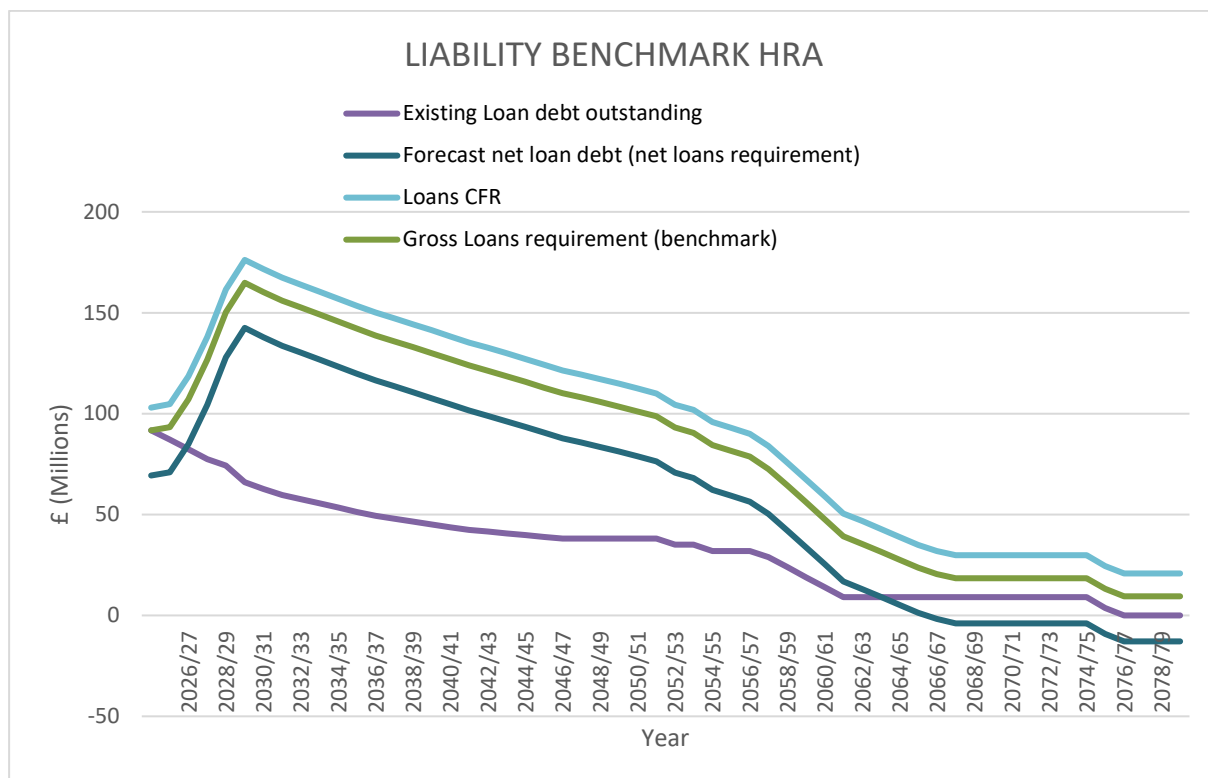
Chart Eight: Liability Benchmark (General Fund)



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)



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 2026/27 and future years 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
2025/26 Actual	510	450
2026/27 Proposed	510	450
2027/28 Estimate	530	480
2028/29 Estimate	530	480
2029/30 Estimate	570	520

- 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
2025/26	100%	50%
2026/27	100%	50%
2027/28	100%	50%
2028/29	100%	50%
2029/30	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	2025/26	2026/27	2027/28	2028/29	2029/30
Limit	£30m	£30m	£30m	£30m	£30m

Approved Organisations for Investment 2026/27

	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
Clydesdale Bank PLC	20
HSBC (RFB)	20
Handelsbanken PLC	20
National Bank of Kuwait (International) PLC	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	
Al Rayan Bank Plc	3
Coventry Building Society	3
Leeds Building Society	3
Skipton Building Society	3
Yorkshire Building Society	3
CATEGORY 5 - Maximum Exposure	25

Approved Organisations for Investment 2026/27 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 2026/27 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