APPENDIX 4b

Boston Borough Council

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2025/26

1. Introduction

1.1 Background

The Council is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

> *"The management of the local authority'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."*

The Council's treasury function is undertaken by Public Sector Partnership Services Ltd (PSPSL) on behalf of the Council. PSPSL is responsible for the:

- Production of the annual treasury management strategy
- Production of regular treasury management policy reports
- Production of treasury management practices
- Production of budget and budget variations relating to the treasury management function
- Production of management information reports

- Provision of adequate treasury management resources and skills, and effective division of responsibilities within the treasury management function
- Arrangement of the appointment of external service providers.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management reporting

The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
  - the capital plans (including prudential indicators);
  - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
  - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
  - an Annual Investment Strategy (the parameters on how investments are to be managed).

- **A mid year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Council will receive quarterly update reports.

- **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Audit and Governance Committee.

Quarterly reports

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) has also been required. However, these additional reports do not have to be reported to Full Council/Cabinet but do require to be adequately scrutinised. This role is undertaken by the Audit and Governance Committee. The reports, specifically, should comprise updated Treasury/Prudential Indicators.

1.3 Treasury Management Strategy for 2025/26

The strategy for 2025/26 covers two main areas:

Capital Issues
- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, Department for Levelling Up, Housing and Communities (DLUHC now MHCLG)

Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The Council addresses this by targeted training courses for relevant members.

The training needs of PSPSL treasury management officers are periodically reviewed and is supplemented by targeted training as necessary and technical advice from our treasury management advisors.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and members.
- Require treasury management officers and members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the Council).
- Have regular communication with officers and members, encouraging them to highlight training needs on an ongoing basis.

Training for members will be arranged as required and the training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained by the Treasury and Investments Manager (PSPSL). Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by Democratic Services.

1.5 Treasury management consultants

PSPSL uses MUFG Corporate Markets (previously Link Group) as its external treasury management advisors for the Council.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. 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.

2 The Capital Prudential Indicators 2025/26 – 2029/30

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

2.1 Capital Expenditure and financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts.

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The capital expenditure plans mirror those within the budget report and will be amended throughout the year as spending plans alter.

The following table summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

CAPITAL PROGRAMME £'000	2024/25 £'000 Estimate	2025/26 £'000 Estimate	2026/27 £'000 Estimate	2027/28 £'000 Estimate	2028/29 £'000 Estimate	2029/30 £'000 Estimate
Non Towns Fund	2,425	3,338	1,067	3,338	1,310	885
Towns Fund	9,913	12,740	5,592	-	-	-
UKSPF Projects	526	-	-	-	-	-
LUF Projects	2,700	10,547	1,600	-	-	-
LUP Projects	4,488	5,497	-	-	-	-
New Bids	0	1,199	155	525	-	-
GRAND TOTAL	**20,052**	**33,321**	**8,414**	**3,863**	**1,310**	**885**
FUNDED BY						
External Grants	(19,337)	(30,298)	(3,256)	(785)	(785)	(785)
Capital Reserves	(105)	(786)	(155)	-	-	-
Section 106	-	(1,074)	-	-	-	-
Housing Reserve	(157)	-	-	-	-	-
COVID 19 Reserve	(57)	-	-	-	-	-
TOTAL FUNDING	**(19,656)**	**(32,158)**	**(3,411)**	**(785)**	**(785)**	**(785)**
BORROWING REQUIREMENT	**396**	**1,163**	**5,003**	**3,078**	**525**	**100**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. Public Finance Initiative (PFI) schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The CIPFA LAASAC Local Authority Accounting Code Board deferred implementation of IFRS16 Accounting for Leases until 1 April 2024, the 2024/25 financial year. Work is currently being undertaken to calculate the full value of lease liabilities which need to be included in the Council's CFR.

As part of the formal governance process, the Council approves the cumulative CFR projections as follows:

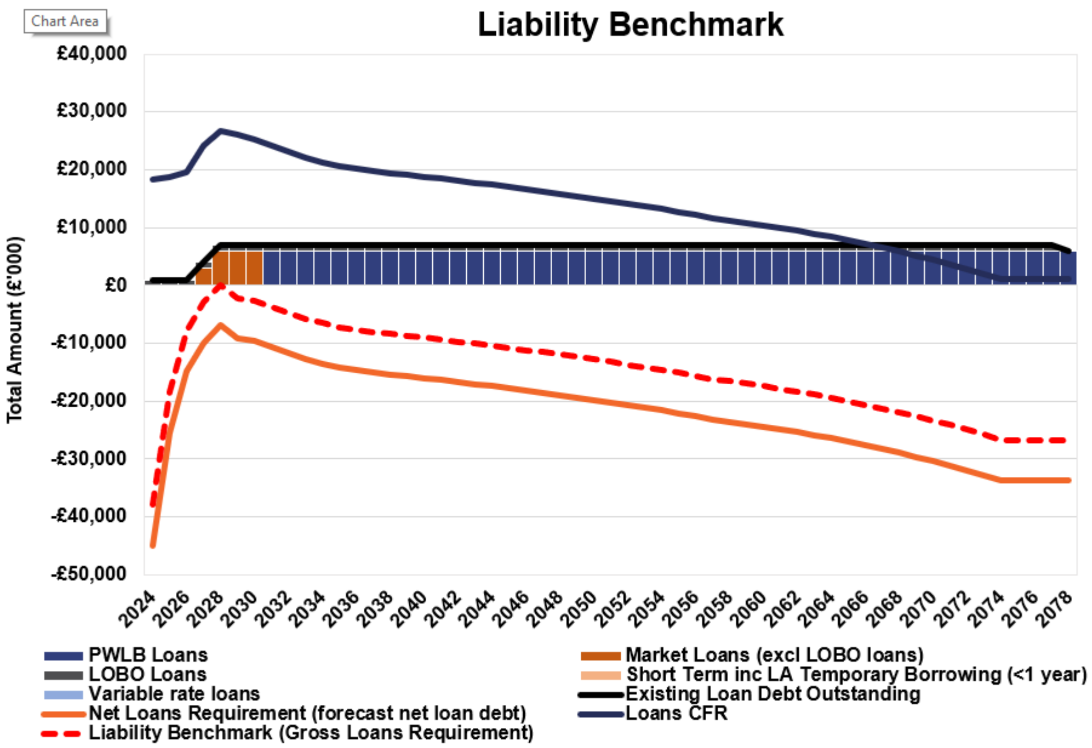
£000's	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**	**2027/28 Estimate**	**2028/29 Estimate**	**2029/30 Estimate**
CFR – General Fund	2,460	3,471	8,152	10,692	10,235	9,304
CFR - Non-treasury investments	16,194	16,139	16,080	16,018	15,952	15,883
Total CFR	**18,654**	**19,610**	**24,232**	**26,710**	**26,187**	**25,187**
Movement in CFR	**248**	**956**	**4,622**	**2,478**	**(523)**	**(1,000)**
Net financing need for the year above)	396	1,163	5,003	3,078	525	100
Less MRP/VRP and other financing movements	(148)	(207)	(381)	(600)	(1,048)	(1,100)
Movement in CFR	**248**	**956**	**4,622**	**2,478**	**(523)**	**(1,000)**

2.3 Liability Benchmark

The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding**: the Council's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is 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.
3. **Net loans requirement**: this will show the Council'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): this equals net loans requirement plus short-term liquidity allowance.



2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

Year End Resources £m	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**	**2027/28 Estimate**	**2028/29 Estimate**	**2029/30 Estimate**
General Fund Balance	2,000	2,000	2,000	2,000	2,000	2,000
BTAC Reserve	204	204	204	204	204	204
Capital Funding	6,278	5,642	5,487	5,487	5,487	5,487
Transformation	498	428	413	260	277	294
Repairs and Renewals	630	633	636	639	642	609
ICT	18	18	18	18	18	18
Housing	1,368	1,361	1,361	1,361	1,361	1,361
Controlling Migration	14	14	14	14	14	14
Insurance	197	197	197	197	197	197
Property Fund Returns Risk Mitigation	1,116	1,061	1,003	941	875	805
Funding Volatility	2,017	1,617	1,617	1,617	1,617	1,617
Contingency Reserve	272	200	200	200	200	200
Climate Change Reserve	73	73	73	73	73	73
Planning Reserve	325	275	225	175	125	75
S106 & Commuted Sums Reserve	128	128	128	128	128	128
Property Fund Reserve	96	96	96	96	96	96
Employer Producer Responsibility	-	473	473	473	473	473
Capital Grants Unapplied	18,222	2,825	763	763	763	763
Capital Receipts	275	275	275	275	275	275
Total core funds	**33,731**	**17,520**	**15,183**	**14,921**	**14,825**	**14,689**
Working capital	2,000	2,000	2,000	2,000	2,000	2,000
Under borrowing	(17,654)	(18,610)	(20,232)	(19,710)	(19,187)	(18,187)
Expected investment	**18,077**	**910**	**(3,049)**	**(2,789)**	**(2,362)**	**(1,498)**

2.5 Minimum revenue provision (MRP) policy statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP). The 2003 Regulations have been further amended with full effect from April 2025 to expressly provide that in determining a prudent provision local authorities cannot exclude any amount of CFR from its calculation, unless by an exception set out in statute.

Appendix 5.7 at the back of this strategy document provides a copy of a report that went to Audit and Governance Committee on 27 January 2025 providing detailed information on the implications of this change to the Council.

The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) provides four ready-made options for calculating MRP. A Council can use a mix of these options if it considers it appropriate to do so.

The MRP policy statement requires Full Council approval in advance of each financial year.

The Council is recommended to approve the following MRP Statement:

For all unsupported borrowing from 1 April 2008 the MRP policy will be:

- Asset life method (straight line)
- Asset life method (annuity)
- Another method which the Authority has deemed a more suitable method after having regard to the MRP Guidance

Regulation 27(3) allows a local authority to charge MRP in the financial year following the one in which capital expenditure financed by debt was incurred.

Capital expenditure incurred during 2024/25 will not be subject to an MRP charge until 2025/26, or in the year after the asset becomes operational.

The Council will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

Leases/PFI

MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.

Capital Receipts

Any unfinanced loans issued to Third Parties which are classed as capital expenditure will increase the Council's CFR. The Council will earmark the proceeds from the repayment of the loans to reduce the CFR.

Where no principal repayment is being made in a given year, the Council will make an MRP charge where there is an expected credit loss or impairment.

This charge will be for the full amount of the loss being recognised in accordance with regulations.

Share Capital

Where a Council incurs expenditure that is capitalised on or after April 2008, which is financed by borrowing for the acquisition of share capital, Regulation 25(1)(d) Acquisition of share capital sets out the maximum period for an authority to provide MRP of 20 years. Where it can be proved that the underlying asset has a greater useful life than 20 years then the greater life can be used. This would have to be backed up by suitably qualified professional opinion.

As of 31 March 2025 the Council will have £15.724m of unfinanced property fund investments (excluding M&G) in this category. The M&G Property Fund is currently being liquidated and the sale proceeds will be used to finance an equivalent MRP charge to reduce this unfinanced capital expenditure.

As the underlying assets of the property funds are predominantly property, the Council will seek an appropriate professional opinion that confirms the acceptability of using a 50 year useful life.

The Council's MRP policy for its unfinanced equity stake in property funds will be to use Asset Life Method (Annuity) over a 50 year useful life. The appropriate annuity rate will be the PWLB 50 year annuity rate on the day the MRP Policy is approved by Council. So where the first MRP charge is in the 2025/26 financial year the appropriate date will be 27 February 2025.

The Council will ensure that any receipts generated from the sale of property fund units or liquidation of a fund will be earmarked and set aside when received to reduce the CFR liability by the amount of the original borrowing for units sold if MRP/VRP has not previously been provided for.

The Council will also monitor the performance of its Property Fund holdings on a regular basis with performance reported to the Audit and Governance Committee quarterly.

MRP Overpayments

Under the MRP guidance, charges can be made in excess of the statutory MRP known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

At the end of the 2023/24 financial year the Council had made no VRP contributions. If this changes during the 2024/25 financial year it will be reported in the Annual Treasury Report for 2024/25.

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2024 and for the position as at 31 January 2025 based on cost are shown in the following table for both borrowing and investments.

TREASURY PORTFOLIO				
	actual	actual	current	current
	31/03/24	**31/03/24**	**31/01/25**	**31/01/25**
Treasury investments	£000	%	£000	%
Banks	630	1%	207	0%
Building societies - unrated	0	0%	0	0%
Building societies - rated	0	0%	0	0%
Local authorities	9,000	20%	20,500	36%
DMADF (H.M.Treasury)	0	0%	4,000	7%
Money Market Funds	5,000	11%	7,300	13%
Certificates of Deposit	14,000	30%	8,000	14%
Total managed in house	**28,630**	**62%**	**40,007**	**70%**
Bond Funds	0	0%	0	0%
Property Funds (At Cost)	17,326	38%	17,326	30%
Total managed externally	**17,326**	**38%**	**17,326**	**30%**
Total treasury investments	**45,956**	**100%**	**57,333**	**100%**
Treasury external borrowing				
Local Authorities	0	0%	0	0%
PWLB	0	0%	0	0%
LOBOs	1,000	100%	1,000	100%
Total external borrowing	**1,000**	**100%**	**1,000**	**100%**
Net treasury investments / (borrowing)	**44,956**	**0**	**56,333**	**0**

The Council's forward projections for borrowing are summarised in the following table. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000's	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Debt & Temporary Borrowing at 1 April (subject to change)	1,000	1,000	1,000	4,000	7,000	7,000
Expected change in Debt due to Temporary Borrowing (subject to change)	-	-	3,000	3,000	-	-
Actual gross debt at 31 March	**1,000**	**1,000**	**4,000**	**7,000**	**7,000**	**7,000**
The Capital Financing Requirement	**18,654**	**19,610**	**24,232**	**26,710**	**26,187**	**25,187**
(Under) /over borrowing	**(17,654)**	**(18,610)**	**(20,232)**	**(19,710)**	**(19,187)**	**(18,187)**

Within the range of prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

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.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary (£'000)	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Debt	10,000	30,000	30,000	30,000	30,000	30,000
Other long term liabilities	5,000	5,000	5,000	5,000	5,000	5,000
Total	**15,000**	**35,000**	**35,000**	**35,000**	**35,000**	**35,000**

These limits have been increased to allow the Council to externally borrow up to its projected capital financing requirement and to take account of the fact that the Council is still invested in property funds.

The authorised limit for external debt - This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt, which while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

- As part of the formal governance process, the Council approves the following indicators as shown below:

Authorised Limit (£'000)	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Borrowing	13,000	33,000	33,000	33,000	33,000	33,000
Other long term liabilities	5,000	5,000	5,000	5,000	5,000	5,000
Total	18,000	38,000	38,000	38,000	38,000	38,000

3.3 Prospects for interest rates

The Council has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. MUFG provided the following forecasts on 11 November 2024. These are forecasts for certainty rates, gilt yields plus 80 basis points (bps).

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Additional notes by MUFG on this forecast table: -

Following the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25 bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November, we have significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

If we reflect on the 30 October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the consumer price index (CPI) measure of inflation hitting 2.5% year on year (y/y) by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real gross domestic product (GDP) to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November).

Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025. The fact that the November MPC rate cut decision saw a split vote of 8-1 confirms that there are already some concerns around inflation's stickiness, and with recent public sector wage increases beginning to funnel their way into headline average earnings data, the market will be looking very closely at those releases.

Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

So far, we have made little mention of the US President election. Nonetheless, Donald Trump's victory paves the way for the introduction/ extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts and an expansion of the current US budget deficit. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound in Europe, the Middle East and Asia.

Our revised PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides. Our target borrowing rates are set two years forward (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 11.11.24 p.m.	Target borrowing rate now (end of Q3 2026)	Target borrowing rate previous (end of Q3 2026)
5 years	5.02%	4.30%	3.90%
10 years	5.23%	4.50%	4.10%
25 years	5.66%	4.90%	4.40%
50 years	5.42%	4.70%	4.20%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate has been increased to 3.25% (from 3%). As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed local authority (LA) to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are as follows: -

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

(End of MUFG Commentary)

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2025 even if some rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates,* then borrowing will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

If rescheduling is to be undertaken, it will be reported to the Cabinet, at the earliest meeting following its action.

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).

- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved Sources of Long and Short-Term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBO's)	●	●
Stock Issues	●	●
Local Temporary	●	●
Local Bonds	●	
Local Authority Bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance Leases	●	●

4 Annual Investment Strategy

4.1 Investment policy – management of risk

The Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Council's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's funds are managed by PSPSL with reference to a detailed cash flow forecast on a daily basis. Protocols are in place to govern the movement of funds within specific limits.

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

- **Other information:** ratings will not be the sole determinant of the quality of an institution; 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. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** (CDS) and overlay that information on top of the credit ratings.

- **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- This Council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in **Appendix 5.3** under the categories of 'specified' and 'non-specified' investments.

    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

  - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

- **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £10m of the total investment portfolio, (see paragraph 4.3).

- **Lending limits**, the maximum total investments to any individual financial institution or its parent group is £5m. The maximum limit for individual money market funds is £7.5m. There is no maximum limit for deposits with the UK Debt Management Agency Deposit Facility (DMADF) as this is effectively the UK Government. The maximum permitted duration of investments for each institution will be determined in accordance with paragraph 4.2.

- **Transaction limits** are set for each type of investment in paragraph 4.2.

- This Council will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).

- Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).

- PSPSL has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.

- All investments will be denominated in **sterling**.

- As a result of the change in accounting standards for 2023/24 under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

However, this Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by MUFG. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moody's, and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years*
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

** Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.*

The MUFG creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council uses will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. PSPSL is alerted to changes to ratings of all three agencies through its use of the MUFG creditworthiness service.

- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- in addition to the use of credit ratings PSPSL will be advised of information in movements in CDS spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis provided exclusively to it by MUFG. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information and information on any external support for banks to help support its decision making process.

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. MUFG monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its MUFG provided Passport portal.

4.3 Limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- **Non-specified investment limit**. The Council has determined that it will limit the maximum total exposure to non-specified investments to £10m of the total investment portfolio (excluding non treasury investments).

- **Country limit**. The Council has determined that it will only use approved counterparties from the United Kingdom or countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 5.4**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

- **Other limits**. In addition:
  - no more than £5m will be placed with any non-UK country at any time;
  - limits in place above will apply to a group of companies;
  - sector limits will be monitored regularly for appropriateness

4.4 Investment strategy

In-House Funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that the risks are relatively balanced between Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2024, but the CPI measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

Accordingly, while some cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to fall to a low of 3.5%.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2024/25 (residual)	4.25%
2025/26	3.35%
2026/27	3.10%
2027/28	3.25%
2028/29	3.25%
Years 6 to 10	3.25%
Years 10+	3.50%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment treasury indicator and limit - Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

As part of the formal governance process, the Council approves the treasury indicator and limit, as shown below:

£'000	2025/26	2026/27	2027/28	2028/29	2029/30
Principal sums invested > 365 days (excluding non-treasury investments)	10,000	10,000	10,000	10,000	10,000
Current treasury investments as at 31 January 2025 in excess of 1 year maturing in each year	0	0	0	0	0

4.5 Investment risk benchmarking

The Council has not adopted any formal benchmarks in this area. Officers believe that decisions on counterparties and maximum investment levels are adequate to monitor the current and trend position, and will amend the operational strategy to manage risk as conditions change.

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of the 3 month Sterling Overnight Index Average (SONIA) rate.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 Appendices

5.1 Prudential and treasury indicators

5.2 Interest rate forecasts

5.3 Treasury management practice 1 – credit and counterparty risk management

5.4 Approved countries for investments

5.5 Treasury management scheme of delegation

5.6 The treasury management role of the Section 151 Officer

5.7 Copy of Audit and Governance Committee Report providing an Update on Changes to Statutory Guidance: “Capital Finance: Guidance on Minimum Revenue Provision” and Its Impact on the Council.

APPENDIX 5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2025/26 – 2029/30

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

Full details are provided in paragraph 2.1 and summary totals are shown below.

5.1.1 Capital expenditure (subject to change during the budget setting process)

CAPITAL PROGRAMME £'000	2024/25 £'000 Estimate	2025/26 £'000 Estimate	2026/27 £'000 Estimate	2027/28 £'000 Estimate	2028/29 £'000 Estimate	2029/30 £'000 Estimate
Non Towns Fund	2,425	3,338	1,067	3,338	1,310	885
Towns Fund	9,913	12,740	5,592	-	-	-
UKSPF Projects	526	-	-	-	-	-
LUF Projects	2,700	10,547	1,600	-	-	-
LUP Projects	4,488	5,497	-	-	-	-
New Bids	0	1,199	155	525	-	-
GRAND TOTAL	**20,052**	**33,321**	**8,414**	**3,863**	**1,310**	**885**
FUNDED BY						
External Grants	(19,337)	(30,298)	(3,256)	(785)	(785)	(785)
Capital Reserves	(105)	(786)	(155)	-	-	-
Section 106	-	(1,074)	-	-	-	-
Housing Reserve	(157)	-	-	-	-	-
COVID 19 Reserve	(57)	-	-	-	-	-
TOTAL FUNDING	**(19,656)**	**(32,158)**	**(3,411)**	**(785)**	**(785)**	**(785)**
BORROWING REQUIREMENT	**396**	**1,163**	**5,003**	**3,078**	**525**	**100**

5.1.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Treasury	(9.05%)	(9.24%)	(1.47%)	2.53%	6.72%	6.96%
Property Funds	(6.46%)	(6.74%)	(6.96%)	(6.77%)	(6.59%)	(6.41%)
Total	**(15.51%)**	**(15.98%)**	**(8.43%)**	**(4.24%)**	**0.13%**	**0.55%**

The estimates of financing costs include current commitments and the proposals in this budget report.

5.1.3 Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2025/26		
	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%
Maturity structure of variable interest rate borrowing 2025/26		
	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

5.1.4. Control of Interest Rate Exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 APPENDIX: Interest Rate Forecast 2024 - 2027

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

PWLB forecasts are based on PWLB certainty rates.

APPENDIX 5.3 - Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	N/A	In-house (no maximum limit)
Term Deposits - UK Local Authorities	N/A	In-house
Term Deposits – BBC Parish Councils	N/A	In-house
Term deposits – banks and building societies	Minimum colour of green on our external treasury advisers credit rating matrix	In-house
Treasury Bills	UK sovereign rating	In-house
Certificates of Deposit issued by banks and building societies	Minimum colour of green on our external treasury advisers credit rating matrix	In-house
Bonds issued by multilateral development banks	AAA	In-house buy and hold
Money Market Funds – CCLA (Church, Charities & Local Authority)	AAA	In-house (£7.5m limit for cash flow purposes)
Money Market Funds CNAV (Constant Net Asset Value)	AAA	In-house
Money Market Funds LVAV (Low Volatility Asset Value)	AAA	In-house
Money Market Funds VNAV (Variable Net Asset Value)	AAA	In-house

Term deposits with nationalised banks and banks and building societies.

	Minimum Credit Criteria	Use	Max of total investments	Max. maturity period
UK part nationalised banks	Minimum colour of green on our external treasury advisers credit rating matrix	In-house	£5m	1 year
Banks part nationalised by AAA or AA- sovereign rating countries – non UK	Minimum colour of green on our external treasury advisers credit rating matrix	In-house	£5m	1 year

If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of £10m treasury investments can be held in aggregate in non-specified investment.

Maturities of ANY period

	Minimum Credit Criteria	Use	Max of non-specified investments	Max. maturity period
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Sovereign rating of AAA to AA- and minimum colour of green on our external treasury advisers credit rating matrix	In-house	£5m	1 year
UK Government Gilts	UK sovereign rating	In-house buy and hold	£5m	2 year
Sovereign bond issues (other than the UK govt)	AAA	In-house buy and hold	£5m	2 year
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government (e.g. National Rail)	UK sovereign rating	In-house buy and hold	£5m	2 year
Collateralised deposits (see note 1)	UK Sovereign rating	In-house	£5m	1 year

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)				
Property Funds: (excluding non-treasury investments)		In-house	£8m	
The use of property funds can be deemed capital expenditure, and as such will be an application (spending) of capital resources. This Council will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken. *The Section 151 and Deputy Section 151 Officer will have delegated authority to invest in property funds subject to consultation with the Portfolio Holder for Finance.*				

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -				
	Minimum Credit Criteria	**Use**	**Max of non-specified investments**	**Max. maturity period**
1. Government Liquidity Funds	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period
2. Ultra-Short Dated Bond Funds with a credit score of 1.25	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period
3. Ultra-Short Dated Bond Funds with a credit score of 1.5	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period
4. Bond Funds	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period
5. Gilt Funds	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period

Note 1 : as collateralised deposits are backed by collateral of AAA rated local authority LOBOs, this investment instrument is regarded as being a AAA rated investment as it is equivalent to lending to a local authority.

Maturities in excess of 1 year

	Minimum Credit Criteria	Use	Max. of total investments	Max. maturity period
Term Deposits – UK local authorities	N/A	In-house	£5m	5 year
Term Deposits – BBC Parish Councils	N/A	In-house	£5m	5 year
Term deposits to Registered Social Landlords	None	In-house subject to due diligence report by MUFG	£5m	5 year
Term deposits – banks and building societies	Sovereign rating of AAA to AA- and minimum colour of orange on our external treasury advisers credit rating matrix	In-house	£5m	2 year
Certificates of deposit issued by banks and building societies	Sovereign rating of AAA to AA- and minimum colour of orange on our external treasury advisers credit rating matrix	In-house	£5m	2 year
Bonds issued by multilateral development banks	AAA	In-house	£5m	2 year

The maximum total investment to any individual financial institution or its parent group is £5m except for the instant access money market fund which has a limit of £7.5m and the UK Debt Management Agency Deposit Facility (UK Government) which has no maximum limit.

HSBC provides banking services to the Council and the above limits do not include the day to day balance in the Council's current account.

Whilst these are maximum limits, under normal circumstances the Section 151 Officer will ensure lower limits are maintained. The higher limits are required to allow flexibility in the movement of funds if a particular issue or circumstance arose e.g. global banking crisis.

Environmental, Social and Governance Considerations

The Council continues to develop its strategy in this area.

The Council is interested in undertaking actions to reduce climate change and as an ethical investor will consider the environmental, social and governance issues.

Officers are working with the Council's external treasury advisors to establish how these issues can be taken into consideration when MUFG formulate their Suggested Credit List which is used by the Council.

APPENDIX 5.4 - Approved countries for investments

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the MUFG credit worthiness service.

Based on lowest available rating (as at 25.11.24)

AAA
- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+
- Canada
- Finland
- U.S.A.

AA
- Abu Dhabi (UAE)
- Qatar

AA-
- Belgium
- France
- U.K.

APPENDIX 5.5 - Treasury management scheme of delegation

Council	- Receive, Review and Approval of Treasury Policy Statement – February/March cycle - Receive, Review and Approval of Treasury Management Strategy Statement incorporating the Annual Investment Strategy and Minimum Revenue Provision Policy – February/March cycle followed by mid year report update. Updates or revisions at other times as required - Receive, Review and Approval of Annual Treasury Outturn Report by 30 September after the year end
Cabinet	- Recommend to Council a Treasury Policy Statement - Recommend to Council a Treasury Management Strategy Statement incorporating the Annual Investment Strategy and Minimum Revenue Provision Policy – February/March cycle followed by mid year report update - Extraordinary Activity and Investment Management arrangements – as soon as possible after significant change occurs - Recommend to Council a Treasury Management Outturn Report by 30 September after the year end
Audit and Governance Committee	- Receive Treasury Management Mid Term report - Receive Treasury Management Outturn Report - Receive Treasury Management Practices annually if amended - Scrutiny of the Treasury Management Strategy before the commencement of each financial year - Scrutiny of Treasury Management performance as part of the Mid Term report and quarterly reports.

SCRUTINY AND MONITORING

Council delegates the scrutiny and monitoring of the Treasury Management function to the Audit and Governance Committee. As a minimum they will receive quarterly reports and a Mid Term Treasury report on investment issues and performance. Training will be made available for members of the Audit and Governance Committee to ensure they have the necessary skills to undertake this role.

The Audit and Governance Committee will also have access to professional and independent advice and support as required in order to undertake this role.

APPENDIX 5.6 - The treasury management role of the section 151 officer and deputy

The S151 Officer’s main functions with regards to treasury are to:

- recommend clauses, treasury management policy/practices for approval, review the same regularly, and monitor compliance
- submit regular treasury management policy reports
- submit budgets and budget variations
- receive and review management information reports
- review the performance of the treasury management function
- ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensure the adequacy of internal audit, and liaise with external audit
- recommending the appointment of external service providers
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council
- ensure that the Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Council
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices (TMP) which specifically deal with how non treasury investments will be carried out and managed, to include the following:

  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;

  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;

  - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;

  - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;

- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

As an added safeguard, as part of the Section 151's statutory responsibility, the Chief Finance Officer (CFO) is obliged to notify the Monitoring Officer of any material change proposed to approved treasury policies and of any major breaches which have occurred.

Any significant operational or other changes will be notified and discussed with the relevant Portfolio Holder. This is currently the Portfolio Holder for Finance. Any actions resulting from this will be reported to Audit and Governance. If timescales are such that due to urgency, the formal reporting process cannot be utilised, then emergency authorisation will be sought through existing mechanisms.

The CFO has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to take the most appropriate form of investments in approved instruments.

The CFO may delegate power to borrow and invest to members of staff. All dealing transactions must be conducted by the CFO, or staff authorised by the CFO, to act as temporary cover for leave/sickness. All transactions must be authorised by at least two of authorised signatories, one of which must be employed by Boston BC.

The CFO and the Monitoring Officer will ensure that the Policy is adhered to, and if not, will bring the matter to the attention of Councillors as soon as possible.

Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the CFO to be satisfied, by reference to the Monitoring Officer, the Council's Legal Department and external advisors, as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

It is also the responsibility of the CFO to ensure that the Council complies with the requirements of the Non Investment Products Code for principals and broking firms in the wholesale markets as well as the Financial Services Authority's Code of Market Conduct.

The CFO will ensure an accurate record of daily notifications received and document all investment decisions.

Public Sector Partnership Services Limited is responsible for the provision of:

- treasury management strategy statements and practices for approval
- regular treasury management policy reports
- budget and budget variations
- management information reports
- adequate treasury management resources and skills, and effective division of responsibilities within the treasury management function, and;
- arranging the appointment of external treasury management advisors.

Where the use of particular instant access accounts, notice accounts and money market funds has been approved by the Section 151 Officer, PSPSL treasury officers have delegated authority to withdraw and deposit funds within the agreed limits contained in this strategy.

APPENDIX 5.7 – Copy of Audit and Governance Committee Report Providing an Update on Changes to Statutory Guidance: "Capital Finance: Guidance on Minimum Revenue Provision"

Report To:	Audit and Governance Committee
Date:	Tuesday, 27 January 2025
Subject:	Update on changes to Statutory Guidance: "Capital Finance: Guidance on Minimum Revenue Provision"
Purpose:	To provide Members with an update on changes to the Statutory Guidance: "Capital Finance: Guidance on Minimum Revenue Provision" and its impact on the Council.
Key Decision:	No
Portfolio Holder:	Councillor Sandeep Ghosh, Portfolio Holder for Finance.
Report Of:	Christine Marshall, Deputy Chief Executive - Corporate Development (S151).
Report Author:	Sean Howsam, Interim Treasury Manager (PSPSL).
Ward(s) Affected:	None directly.
Exempt Report:	No.

Summary

This report updates Members on recent changes to Statutory Guidance "Capital Finance: Guidance on Statutory Minimum Revenue Provision" which is mainly effective from the 2025/26 financial year.

Statutory Guidance on Minimum Revenue Provision prescribes how Council's calculate their annual Minimum Revenue Provision (MRP) charge for all unfinanced capital expenditure which makes up its Capital Financing Requirement (CFR).

As this report is a Treasury Management Report it is being brought to Audit and Governance for scrutiny prior to its submission to Council on 3 March 2025.

Recommendations

It is recommended that Members of the Audit and Governance Committee:

1) Note the changes to Statutory Guidance “Capital Finance: Guidance on Statutory Minimum Revenue Provision”.
2) Consider the proposed changes to the 2025/26 MRP Policy (paragraph 2.7) which will be recommended to Council as part of the budget setting report (included in the Treasury Management Strategy 2025/26) which will detail how MRP will be calculated on the unfinanced capital equity investments in Property Funds.
3) Note the increased MRP budget pressure on the Council in relation to its total unfinanced capital equity investment in Property Funds starting from the 2025/26 financial year.

Reasons for Recommendations

The CIPFA Code of Practice for Treasury Management suggests that members should be informed of Treasury Management activity. As there is a legislation and statutory guidance change in relation to Treasury Management with financial implications to the Council, this report is being brought to Audit and Governance for scrutiny, prior to its submission to Council. This report therefore ensures this Council is embracing Best Practice in accordance with CIPFA’s revised Code of Practice.

Other Options Considered

As this is an update report there are no further options for consideration, but Members of the Audit and Governance Committee will be able to make any observations or comments to Council for its consideration as they see fit.

1. Background

1.1 The Council approves a Capital Programme each year as part of the budget setting report. This capital expenditure can be financed from grant receipts or the use of reserve balances such as capital receipts or other reserves. Expenditure financed in this way does not increase the Council’s Capital Financing Requirement (CFR) (also referred to as an underlying need to borrow). Where the capital expenditure is financed, there is no requirement to make a Minimum Revenue Provision (MRP) charge annually over the lifetime of the asset because it has been paid for.

1.2 Where capital expenditure is “unfinanced” this creates an “underlying need to borrow” which subsequently increases the Council’s CFR and this requires the Council to charge MRP annually over the lifetime of the asset. Where there is a borrowing requirement, the Council has the option to externally borrow (usually from the Public Works Loan Board (PWLB)) to cover the expenditure or it can internally borrow (utilise its cash balances) if it is a Council which is generally a net lender.

1.3 The Council is required to approve its MRP Policy ahead of each financial year as part of the budget setting report. This policy explains how the Council will calculate the MRP charge on its unfinanced capital expenditure.

2. Report

2.1 On 10 April 2024, the Secretary of State issued "Capital Finance: Guidance on Minimum Revenue Provision (5th edition) which replaced the previous version of this guidance.

2.2 The new guidance is effective for accounting periods on or after 1 April 2025 except for any new capital loan issued from 7 May 2024. MRP on these new loans must be calculated based on the new guidance.

2.3 The first charge of MRP is made in the first full financial year after the year in which the expenditure is incurred and there is no change to this under the new guidance.

2.4 Where applicable, MRP in respect of assets acquired under Finance Leases or Private Finance Initiative (not applicable) will continue to be charged at an amount equal to the principal element of the annual repayment under the new guidance.

2.5 Unfinanced Capital Loans

Where a Council has unfinanced capital loans, under the new guidance it has been made clear that where a loan repayment is used to reduce the MRP charge it can only be used to reduce the MRP charge relating to the loan for which the payment is received.
From April 2025 for all new and existing capital loans other than commercial capital loans the amended 2003 Regulations provide local authorities a policy choice as to whether to charge MRP with respect to any debt used to finance a capital loan.

The treatment of Expected Credit Losses (ECL) and impairment on capital loans has been clarified as follows:

> The use of capital receipts (which are loan repayments) to be used in lieu of MRP charges with respect to ECL's or impairments has been clarified that this is not permitted.

Where new unfinanced capital loans have been issued on or after 7 May 2024, there is now a requirement to make an MRP charge with respect to the ECL or impairments which must be charged in full in the same year that the loss is recognised. There is no option to spread that charge over future years.

As of 31 December 2024 the Council had no unfinanced capital loans.

2.6 Unfinanced Equity Investments (e.g. Property Fund Investments)

Under the new guidance the Council must make MRP and cannot defer making MRP on the basis that the debt is associated with an investment asset that the authority believes will retain or increase capital value which is the approach taken by this Council currently.

The Council currently makes an annual MRP charge of £50,000 in respect of its unfinanced property fund investments.

From 2025/26 the Council must make an annual MRP charge based on the lifetime of the asset and guidance states for equity this must be charged over a maximum useful life of 20 years. Where it can be proved that the underlying asset has a greater useful life than 20 years then the greater life can be used. This would have to be backed up by suitably qualified professional opinion.

As the underlying assets of the Property Fund investments are property, it will be recommended that the Council uses an expected life of 50 years when calculating MRP rather than 20 years and seek an appropriate professional opinion that confirms the acceptability of this approach.

The Council has the option to use the Straight Line Method or the Annuity Method for calculating its annual MRP charge but will need to clearly define its chosen method in its 2025/26 Minimum Revenue Provision Policy to be approved by Council in March 2025 as part of the Treasury Management Strategy Statement included as part of the budget setting report.

Where the annuity method is used guidance states that an Authority should use “an appropriate interest rate” within their annuity calculations. Typically, other Local Authorities use an annuity rate which is based on either of the following:

- Weighted average rate of the authority’s external borrowing
- PWLB annuity rate at the date of the change in MRP Policy
- Average PWLB annuity rate for the financial year

Council will be recommended to use the annuity method for equity investments based on the PWLB annuity rate at the date of the change in MRP Policy. Based on a 50 year term this rate is currently 5.94%.

Officers have been in discussions with KPMG with a view to obtaining confirmation from them that they are in agreement with this approach being taken by the Council.

As of 31 March 2025, the Council will have £15,724,428.67 of unfinanced Property Fund investments (excluding M&G) which will be subject to an annual MRP charge from 2025/26 and will need to be included in the budget. **Appendix 1** provides details of the annual MRP charge over 50 years using the asset life “annuity” method and a rate of 5.94%.

The M&G Property Fund is currently being liquidated and the sale proceeds are being used to finance an equivalent MRP charge to reduce this unfinanced capital expenditure. Expectations are that there will be a small surplus over and above the purchase cost.

It can be seen from **Appendix 1** that over the next five financial years the annual MRP charge and budget pressure based on the unfinanced equity position on 31 March 2025 will be:

Financial Year	New MRP Charge	Previous MRP Charge	Budget Pressure
2025/26	55,248.52	50,000.00	5,248.52
2026/27	58,530.28	50,000.00	8,530.28
2027/28	62,006.98	50,000.00	12,006.98
2028/29	65,690.19	50,000.00	15,690.19
2029/30	69,592.19	50,000.00	19,592.19

This money which will be set aside cannot be recovered to the Councils revenue account at a future point as the rules stand currently, irrespective of the fact that when the assets are sold it is anticipated that full recovery of capital will be received.

3. Conclusion

3.1 This report provides an update to Members on recent changes to Statutory Guidance “Capital Finance: Guidance on Statutory Minimum Revenue Provision” which is mainly effective from the 2025/26 financial year and the financial implications to the Council.

3.2 The revised regulations are expected to create a budget pressure in 2025/26 of £5,248.52 as the Council will be required to make an higher annual MRP charge for its unfinanced capital equity investments in Property Funds.

Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

The Council is required to adhere to regulations and statutory guidance. The regulations are mainly effective from the 2025/26 so the Council will be required to include any financial implications of the legislation in its 2025/26 budget setting process.

Data Protection

None

Financial

The financial implications are covered in detail in **Appendix 1** and in section 2 above.

Risk Management

The Council will consider the financial implications of this report when setting its budget for 2025/26.

It will also consider the increased annual revenue costs charged to the Boston BC budget which are attributable to its overall investment in Property Funds and consider these costs when reviewing its investments in Property Funds.

Stakeholder / Consultation / Timescales

The Portfolio Holder for Finance is briefed on treasury matters on a regular basis.

Link Group, who are external treasury advisors to the Council, have been consulted in the production of this report.

Reputation

None

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

None

Health and Wellbeing

None

Climate Change and Environmental Implications

None

Acronyms
CFR – Capital Financing Requirement
CIPFA - Chartered Institute of Public Finance and Accountancy
ECL – Expected Credit Loss
MRP – Minimum Revenue Provision
PWLB - Public Works Loan Board

Appendices

Appendices are listed below and attached to the back of the report:

Appendix 1 - Property Funds Equity, MRP Based on Annuity Rate 5.94% Over 50 Years

Background Papers

Background papers used in the production of this report are listed below: -

Document title.	**Where the document can be viewed.**
Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.	CIPFA Website
Statutory Instrument 2004 no. 478 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2024	The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2024
Guidance on MRP (5th edition)	Capital finance: guidance on minimum revenue provision (5th edition) - GOV.UK
BBC Treasury Management Strategy Statement for 2024/25	(Public Pack)Agenda Document for Full Council, 04/03/2024 18:30

Chronological History of this Report

Name of Body	**Date**
Governance and Audit	27 January 2025 (this report)

Report Approval

Report author:	Sean Howsam – Interim Treasury Manager (PSPSL) Sean.Howsam@pspsl.co.uk
Signed off by:	Christine Marshall – Deputy Chief Executive (Corporate Development) & S151 christine.marshall@sholland.gov.uk
Approved for publication:	Councillor Sandeep Ghosh, Portfolio Holder for Finance.

Checklist – Complete before submission to Democratic Services

S151 Officer consulted on financial implications:	Yes
Monitoring Officer consulted on legal and constitutional implications:	Yes
Have PSPS been consulted in regard to any aspect of this report that night require action on their part?	Yes
Portfolio Holder consulted:	Yes
Ward Member consulted:	N/A

BBC Property Funds MRP Based On Annuity Rate 5.94%

Property Fund Unfinanced Capital Expenditure		15,724,428.97
Adjustment A (£000)		-
Annuity rate		5.94%
Period (years)		50.00

	Year	Opening CFR Balance	MRP charge @ Annuity	Closing CFR Balance
1	2025/26	15,724,428.97	55,248.52	15,669,180.45
2	2026/27	15,669,180.45	58,530.28	15,610,650.17
3	2027/28	15,610,650.17	62,006.98	15,548,643.20
4	2028/29	15,548,643.20	65,690.19	15,482,953.01
5	2029/30	15,482,953.01	69,592.19	15,413,360.82
6	2030/31	15,413,360.82	73,725.96	15,339,634.85
7	2031/32	15,339,634.85	78,105.29	15,261,529.56
8	2032/33	15,261,529.56	82,744.74	15,178,784.82
9	2033/34	15,178,784.82	87,659.78	15,091,125.04
10	2034/35	15,091,125.04	92,866.77	14,998,258.27
11	2035/36	14,998,258.27	98,383.06	14,899,875.22
12	2036/37	14,899,875.22	104,227.01	14,795,648.21
13	2037/38	14,795,648.21	110,418.09	14,685,230.12
14	2038/39	14,685,230.12	116,976.93	14,568,253.19
15	2039/40	14,568,253.19	123,925.36	14,444,327.83
16	2040/41	14,444,327.83	131,286.52	14,313,041.30
17	2041/42	14,313,041.30	139,084.94	14,173,956.36
18	2042/43	14,173,956.36	147,346.59	14,026,609.77
19	2043/44	14,026,609.77	156,098.98	13,870,510.79
20	2044/45	13,870,510.79	165,371.26	13,705,139.54
21	2045/46	13,705,139.54	175,194.31	13,529,945.23
22	2046/47	13,529,945.23	185,600.85	13,344,344.38
23	2047/48	13,344,344.38	196,625.54	13,147,718.84
24	2048/49	13,147,718.84	208,305.10	12,939,413.74
25	2049/50	12,939,413.74	220,678.42	12,718,735.32
26	2050/51	12,718,735.32	233,786.72	12,484,948.60
27	2051/52	12,484,948.60	247,673.65	12,237,274.94
28	2052/53	12,237,274.94	262,385.47	11,974,889.48
29	2053/54	11,974,889.48	277,971.16	11,696,918.32
30	2054/55	11,696,918.32	294,482.65	11,402,435.67
31	2055/56	11,402,435.67	311,974.92	11,090,460.75
32	2056/57	11,090,460.75	330,506.23	10,759,954.52
33	2057/58	10,759,954.52	350,138.30	10,409,816.22
34	2058/59	10,409,816.22	370,936.51	10,038,879.71
35	2059/60	10,038,879.71	392,970.14	9,645,909.56
36	2060/61	9,645,909.56	416,312.57	9,229,596.99
37	2061/62	9,229,596.99	441,041.54	8,788,555.46
38	2062/63	8,788,555.46	467,239.40	8,321,316.05
39	2063/64	8,321,316.05	494,993.42	7,826,322.63
40	2064/65	7,826,322.63	524,396.03	7,301,926.60
41	2065/66	7,301,926.60	555,545.16	6,746,381.44
42	2066/67	6,746,381.44	588,544.54	6,157,836.90
43	2067/68	6,157,836.90	623,504.09	5,534,332.81
44	2068/69	5,534,332.81	660,540.23	4,873,792.59
45	2069/70	4,873,792.59	699,776.32	4,174,016.27
46	2070/71	4,174,016.27	741,343.03	3,432,673.24
47	2071/72	3,432,673.24	785,378.81	2,647,294.43
48	2072/73	2,647,294.43	832,030.31	1,815,264.12
49	2073/74	1,815,264.12	881,452.91	933,811.21
50	2074/75	933,811.21	933,811.21	- 0.00