SPECIAL POLICY AND RESOURCES SCRUTINY COMMITTEE – 7TH DECEMBER 2016

SUBJECT: REVIEW OF MINIMUM REVENUE PROVISION POLICY

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

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1. PURPOSE OF REPORT

1.1 To present Members with options for proposed changes to the Council's Minimum Revenue Provision (MRP) policy.

1.2 To provide Members with an opportunity to comment upon the options presented prior to subsequent consideration by Cabinet and Council in January 2017.

2. SUMMARY

2.1 MRP is the method by which Local Authorities charge their revenue accounts over time with the cost of their capital expenditure that was originally funded by debt.

2.2 From 2007/08 onwards, Local Authorities have been free to set their own policy on calculating MRP, with the sole legislative proviso being that the amount calculated must be one that the Council considers to be "prudent".

2.3 At a time of increasing pressure on budgets, many Local Authorities have reviewed their MRP policies to generate significant savings to support their Medium-Term Financial Plans. In Wales, such reviews have already been undertaken by Torfaen, Merthyr Tydfil, Conwy, Denbighshire, Flintshire, Rhondda Cynon Taff and Monmouthshire Councils.

2.4 The 2017/18 Draft Budget Proposals presented to Cabinet on the 30th November 2016 included a savings proposal of £3.5m to be achieved through a review of the Council's MRP policy.

3. LINKS TO STRATEGY

3.1 Treasury Management Strategy 2016/17 as agreed by Council on 24th February 2016.

3.2 Prudent financial management contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2016:-

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.

- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

4. THE REPORT

4.1 **Introduction**

4.1.1 The UK Government's programme of austerity has led to unprecedented cuts in the level of funding that Local Authorities receive annually to fund services. This has resulted in significant savings being required to balance budgets and unfortunately this situation is not likely to improve in the near future.

4.1.2 During this period of increasing pressure on revenue budgets a number of Local Authorities have reviewed their Minimum Revenue Provision (MPR) policies to generate significant savings to support Medium-Term Financial Plans. In Wales, such reviews have already been undertaken by Torfaen, Merthyr Tydfil, Conwy, Denbighshire, Flintshire, Rhondda Cynon Taff and Monmouthshire Councils.

4.1.3 MRP is the method by which Local Authorities charge their revenue accounts over time with the cost of their capital expenditure that was originally funded by debt. This is in accordance with Part 5, Section 21 of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (and subsequent amendments in 2008). Before the 2007/08 financial year the method of calculating MRP was specified in legislation. However, from 2007/08 onwards Local Authorities have been free to set their own policy on calculating MRP, with the sole legislative proviso being that the amount calculated must be one that the Council considers to be "prudent".

4.1.4 MRP is intrinsically linked to the Capital Financing Requirement (CFR). The CFR represents the total of all the Council's past capital expenditure, less the total capital financing applied other than debt. The CFR therefore represents the Council's underlying need to borrow for capital purposes, and the amount that has yet to be permanently financed. MRP is the main method of permanently financing that expenditure.

4.1.5 The Council's Treasury Management Advisor, Arlingclose, was commissioned to review the Council's current MRP policy with the objective of identifying options to deliver savings to support the MTFP. This review has focussed on the Council Fund and does not, therefore, include the Housing Revenue Account (HRA).

4.2 **Welsh Government MRP Guidance**

4.2.1 The Welsh Government (WG) has issued guidance on the calculation of MRP, including a number of methods which it considers to be prudent. The guidance is clear that Local Authorities are free to devise other methods they consider prudent. Broadly speaking, the guidance suggests that: -

i) MRP on assets acquired through finance leases and Private Finance Initiative (PFI) should be equal to the cash payments that reduce the outstanding liability each year.

ii) MRP on all capital expenditure incurred before 1st April 2008, and on expenditure funded by supported borrowing thereafter, is equal to 4% of the opening CFR with some optional adjustments.

iii) MRP on expenditure incurred from April 2008 onwards that is funded by unsupported "prudential" borrowing should be calculated by reference to the asset's useful life, using either a straight line or an annuity method, starting in the year after the asset becomes operational.

4.2.2 Importantly, the guidance also suggests that the third method above is an alternative for all other expenditure.

4.3 **Auditor Guidance**

4.3.1 In January 2016, the Auditor General for Wales (AGW) issued guidance to Local Authorities considering revising their MRP policies. This guidance makes it clear that the responsibility for determining what is "prudent provision" lies with the Local Authority itself but points out that as auditors the AGW will consider whether or not the Local Authority has complied with its statutory duties to make MRP. Some of the areas that the AGW has pointed out that he would expect to see in any MRP policy include the following: -

- That MRP should be set at a level reasonably commensurate with the expected life of the asset or reasonably commensurate with the period implicit in the determination of the Revenue Support Grant (RSG).

- Where an Authority wishes to change its MRP for supported borrowing to an amount lower than 4% reducing balance, they would expect the Authority to be able to demonstrate that: -

  - the lower charge more accurately reflects the lives of assets employed by the Authority; or

  - the lower charge is reasonably commensurate with the period implicit in the determination of RSG (i.e. a 4% reducing balance basis).

- That Local Authorities need to make sure that when making decisions in respect of MRP that relate to actions taken in pursuit of their well-being objectives (or other sustainable development action) they act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations in accordance with The Well-being of Future Generations (Wales) Act 2015.

- Where any changes to MRP are taken retrospectively any "over provision" does not result in a negative or zero MRP charge.

4.4 **Current MRP Policy**

4.4.1 The Council's MRP policy is set on an annual basis in accordance with the 2008 Regulations and approved by Full Council as part of the Treasury Management Strategy and the Revenue Budget prior to the commencement of each financial year.

4.4.2 The Council's 2016/17 MRP policy was approved by Council on the 24th February 2016 and comprises of the following approach to determine the annual MRP charge: -

- Historic debt liability as at the 31st March 2007 and subsequent capital expenditure funded from supported borrowings to be charged to revenue at 4% in accordance with the CFR Method on a reducing balance basis.
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- The Asset Life approach using the Equal Instalment Method for capital expenditure funded by unsupported (prudential) borrowing. This allows a charge to revenue over a 25 year period, which is deemed to be the estimated useful life. The charge is applied on a straight-line basis.

4.4.3 Based on the current policy the MRP charge to the revenue account for the 2016/17 financial year is £7,861,064.

4.5 **Alternative Approaches**

Supported Borrowings

4.5.1 The Council's current policy for capital expenditure funded from supported borrowings is for MRP to be charged to revenue at 4% in accordance with the CFR Method on a reducing balance basis. Based on an opening supported borrowing CFR of £175.746m as at the 1st April 2016, the 2016/17 MRP charge for supported borrowings is £7.030m.

4.5.2 An alternative approach that the Council could adopt is to link the supported CFR MRP charge to average asset lives. The MRP Guidance states that "approaches differing from those exemplified are not ruled out" and applying an asset life method to this element of the CFR is an approach being undertaken by a number of Local Authorities. In simple terms, this approach links the annual MRP charge to a more realistic assessment of the lives of assets funded through debt. For example, it would not be unreasonable to assume that a school would have a useful life of up to 70 years.

4.5.3 As at the 31st March 2016, the net book value (NBV) of the Council's total fixed assets (excluding HRA housing stock) was £942m. A number of these fixed assets will have been funded from supported borrowing. For supported borrowing the Authority does not assign actual borrowing to individual assets. The supported borrowing CFR as at the 1st April is £175.746m, which represents 18.7% of the net book value of £942m. The assets have a range of estimated asset lives but it is difficult to establish which are unfinanced and included in the supported element of the CFR. On a 4% reducing balance method the financing of the supported borrowing CFR will take in excess of 150 years to fully clear and it may therefore be more prudent to change this to a shorter timescale. Based on a review of the assets in the asset register it is considered that an average outstanding life of 50 years would not be unreasonable for the purpose of calculating MRP.

4.5.4 There are 2 alternative options available for charging the MRP on the supported borrowing element of the CFR over a period of 50 years: -

Straight Line Method – Under this approach the MRP charge on the supported borrowing CFR would be applied equally over the 50 year period meaning that the year-on-year charge remains constant.

Annuity Method – This is more commonly used as a method of establishing loan repayments, where it is required that the total amount of principal and interest repaid each year is a common amount. As such, it produces a profile of principal repayments that starts low and increases each year. For the purpose of calculating MRP a notional interest rate can be assumed and the MRP charge will be linked to the amount of principal on an annual basis. This results in a lower MRP charge in earlier years and a higher charge in later years. However, it is arguably the case that the annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 years time is less of a burden than paying £100 now. For the purpose of this MRP review an annuity rate of 2% over a 50 year period is assumed for supported borrowing as this corresponds with the Bank of England Monetary Policy Committee's inflation target rate of 2%.

Unsupported Borrowing

4.5.5 The Council currently adopts the Asset Life approach using the Equal Instalment Method for capital expenditure funded by unsupported (prudential) borrowing. This allows a charge to revenue over a 25 year period, which is deemed to be the estimated useful life. The charge is applied on a straight-line basis. Based on an opening unsupported borrowing CFR of £16.073m as at the 1st April 2016, the 2016/17 MRP charge for unsupported borrowings is £0.831m.

4.5.6 An alternative approach that the Council could adopt is to link the unsupported CFR MRP charge to estimated asset lives for individual assets. Rather than adopting the current policy of assuming that all assets have a 25 year life, this revised approach involves reviewing the assets funded through unsupported borrowing and applying specific estimated lives for each individual asset. In essence, many assets will have estimated lives in excess of 25 years and this will result in a lower annual MRP charge for these assets, albeit that the charge will be applied over a longer period. However, it can be argued that it is reasonable to apply the MRP charge over the period that benefit is being gained from the use of the asset. Where the estimated life of an asset cannot be determined a default position of 25 years can be assumed.

4.5.7 As with the supported borrowing CFR there are 2 options available for charging the MRP on the unsupported borrowing element of the CFR i.e. the straight line method and the annuity method. However, for the annuity option the average Public Works Loan Board (PWLB) interest rate for new annuity loans in the year that an asset becomes operational will be used for calculating MRP.

4.5.8 Members may wish to note that Blaenau Gwent CBC has recently changed its MRP policy on unsupported borrowing to the annuity method. A number of other Welsh Local Authorities are also considering the annuity method as part of ongoing reviews of their MRP policies.

4.6 **Options Appraisal**

4.6.1 For the purpose of appraising the options available, the opening balance on the CFR as at the 1st April 2016 for both supported and unsupported borrowing will be the start point. It is assumed that new borrowing of £17.550m will be undertaken as follows: -

- Supported borrowing 2016/17 for approved Capital Programme £4.990m
- Supported borrowing 2017/18 for proposed Capital Programme £4.990m
- Supported borrowing 2017/18 for 21st Century Schools £4.170m
- Supported borrowing 2017/18 for 21st Century Schools £3.400m

4.6.2 No further borrowing is assumed as the revenue implications of additional borrowing in future years will be considered as part of the annual process of agreeing the revenue budget.

4.6.3 Appendix 1 provides details of the annual MRP charge for the period 2016/17 to 2088/89 for the current policy and for the revised approaches adopting the straight-line method and the annuity method. The current policy assumes the status quo but the figures for the annuity and straight-line methods are based on the following: -

- Historic debt liability as at the 31st March 2007 and subsequent capital expenditure funded from supported borrowings to be charged to revenue over 50 years.
- The MRP charge for individual assets funded through unsupported borrowing to be based on the estimated life of each asset or 25 years where this cannot be determined.
- An annuity rate of 2% is assumed for supported borrowing.
- The annuity rate for unsupported borrowing is based on the average PWLB interest rate for new annuity loans in the year that an asset becomes operational.

4.6.4 Members should note that the total MRP charge required to fully extinguish the CFR is the same whichever approach is followed. The variable is the actual annual amount payable depending on which methodology is adopted.

4.6.5 The following summarises the main points arising from adopting the straight-line method: -

- For illustration purposes, under the current policy a total MRP charge of £100.657m is payable for the next 15 years (an average of £6.710m per annum).
- By adopting the straight-line method a total MRP charge of £64.457m is payable for the next 15 years (an average of £4.297m per annum).

- In year one (2016/17) a saving of £3.858m is achieved and this one-off in-year funding would be available to support the Capital Programme.
- In years 19 to 50 the straight-line method is more expensive than the current approach.
- In years 51 to 72 the straight-line method is less expensive than the current approach.
- The CFR for both supported and unsupported elements is fully extinguished by year 72.
- Under the current MRP policy there is still a CFR balance of £10.099m in year 72 and a MRP charge of £0.421m.

4.6.6 The maximum annual MRP payable under the straight-line method is £4.335m. The charge for 2016/17 under the current policy is £7.861m so a budget reduction of £3.526m is achievable without compromising the budget required for future years. For 2017/18 the MRP charge under the straight-line method is less than £4.335m so this would provide additional surplus one-off funding totalling £0.232m that could be used to support the Capital Programme.

4.6.7 The following summarises the main points arising from adopting the annuity method: -

- For illustration purposes, under the current policy a total MRP charge of £100.657m is payable for the next 15 years (an average of £6.710m per annum).
- By adopting the annuity method a total MRP charge of £43.628m is payable for the next 15 years (an average of £2.909m per annum).
- In year one (2016/17) a saving of £5.540m is achieved and this one-off in-year funding would be available to support the Capital Programme.
- In years 22 to 50 the annuity method is more expensive than the current approach.
- In years 51 to 72 the annuity method is less expensive than the current approach.
- The CFR for both supported and unsupported elements is fully extinguished by year 72.
- Under the current MRP policy there is still a CFR balance of £10.099m in year 72 and a MRP charge of £0.421m.

4.6.8 The MRP charge under the annuity method is much lower in the earlier years than later years. However, it would not be prudent to permanently adjust the budget based on the maximum savings achievable as this would mean that significant growth would be required in later years. An alternative approach would be to reduce the MRP budget by £3.5m from 2017/18 and utilise the excess savings above this sum to support the Capital Programme. This would provide significant one-off resources and help to reduce the need to borrow in future years as demonstrated in the table below for the initial 10 year period: -

Year	Adjusted Annual Budget £m	Annuity Annual Charge £m	One-off Surplus Available £m
2017/18	4.361	2.432	1.929
2018/19	4.361	2.603	1.758
2019/20	4.361	2.661	1.700
2020/21	4.361	2.721	1.640
2021/22	4.361	2.783	1.578
2022/23	4.361	2.847	1.514
2023/24	4.361	2.912	1.449
2024/25	4.361	2.978	1.383
2025/26	4.361	3.047	1.314
2026/27	4.361	3.117	1.244
			15.509

4.6.9 Members should note that from the 2046/47 financial year it would be necessary to build growth into the base budget as the MRP charge would exceed the adjusted budget of £4.361m. It is also important to remind Members that all of the projected costs in this report are based on the opening CFR balance as at the 1st April 2016 for both supported and unsupported borrowing, plus assumed new borrowing of £17.550m. In reality, the level of new borrowing will be much higher in the medium to long-term and some of the one-off annual surpluses indicated in the table above may need to be built back into the base budget to support increased MRP charges arising from additional new borrowing.

4.6.10 The total MRP charge required to fully extinguish the CFR is the same under both the straight-line and annuity methods. However, the table below summarises he key points arising from adopting the straight-line or annuity method for calculating MRP based on the opening total CFR as at the 1st April 2016 of £191.819m and new borrowing of £17.550m. A revenue budget saving of circa £3.5m is assumed from 2017/18 to support the MTFP.

Straight-Line	Annuity
MRP charge applied equally over the life of assets.	MRP charge is lower in early years and higher in later years.
CFR fully extinguished by year 72.	CFR fully extinguished by year 72.
£3.858m one-off saving in 2016/17 to support the Capital Programme. Further one-off saving of £0.232m in 2017/18.	One-off savings totalling £15.509m in first 10 years to support the Capital Programme. These one-off savings would continue on an annual basis until 2045/46, albeit that the amount would reduce annually.
No budgetary growth required during 72 year period to fully extinguish the CFR.	Budgetary growth required annually from 2046/47 to 2065/66 to ensure that the CFR is fully extinguished during the 72 year period.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 The Wellbeing of Future Generations (Wales) Act 2015 requires that decisions made by Council today must not have a detrimental effect on future generations.

5.2 The options set out in this report essentially seek to charge MRP to the revenue account over a period which is commensurate with the estimated lives of assets. This approach ensures that the charge is applied over the period that benefit is being gained from the use of the assets.

5.3 Under the existing MRP policy the bulk of the MRP charge is applied in the early years, which means that current council tax payers are paying a premium for assets that will also benefit future generations. Furthermore, the reducing balance methodology currently adopted for supported borrowing results in the MRP charge being applied to the revenue account long after assets have reached the end of their useful lives.

5.4 The option of changing to a straight-line basis will ensure that the current CFR for both supported and unsupported elements is fully extinguished by year 72. This approach ensures that a consistent annual charge is payable throughout the life of assets.

5.5 The option of changing to an annuity basis will also ensure that the current CFR for both supported and unsupported elements is fully extinguished by year 72. A change in the MRP policy to an annuity basis would result in a lower MRP charge in the earlier years with an increase in the amount charged in later years, and therefore paid by future generations. However, the method does ensure that that all generations pay a similar amount when adjusted for the time value of money.

6. EQUALITIES IMPLICATIONS

6.1 An Equalities Impact Assessment will be undertaken prior to final proposals being presented to Cabinet and Council in February 2017.

7. FINANCIAL IMPLICATIONS

7.1 The projected MRP costs in this report are based on opening CFR balances as at the 1st April 2016 for both supported and unsupported borrowing totalling £191.819m, and assumed new borrowing of £17.550m. In reality, the level of new borrowing will be much higher in the medium to long-term and this will need to be considered as part of the annual budget setting process. The MRP policy will therefore continue to be kept under review annually.

7.2 The maximum annual MRP payable under the straight-line method is £4.335m. The charge for 2016/17 under the current policy is £7.861m so a budget reduction of £3.526m is achievable without compromising the budget required for future years. There will be no requirement to build growth into future years to deal with the MRP charge based on the existing CFR balances plus assumed new borrowing of £17.550m. However, additional borrowing in future years will attract further MRP charges and this will need to be considered as part of the annual budget setting process moving forward. A one-off saving of £3.858m will also be achieved in the 2016/17 financial year and this funding would be available to support the Capital Programme. Furthermore, an additional one-off saving of £0.232m is available in 2017/18.

7.3 The option of revising the MRP policy to an annuity basis would result in the 2017/18 charge being £5.347m lower than the charge under the existing policy. However, it would not be prudent to permanently adjust the budget based on the maximum savings achievable as this would mean that significant growth would be required in later years. An alternative approach would be to reduce the MRP budget by £3.5m to £4.361m from 2017/18 and utilise the excess savings above this sum to support the Capital Programme in future years. This would provide significant one-off resources and help to reduce the need to borrow in future years. Members should note that from the 2046/47 financial year it would be necessary to build growth into the base budget to deal with the higher MRP charges required in later years to fully extinguish the current CFR balances under the annuity method.

8. PERSONNEL IMPLICATIONS

8.1 There are no direct personnel implications arising from this report.

9. CONSULTATIONS

9.1 The MRP policy is part of the Treasury Management Strategy, which is approved annually by Full Council. Any change to the MRP policy is therefore of interest to all Members. With this in mind a Members' Seminar has been scheduled for the 12th January 2017. This will provide an opportunity for all Members to be fully briefed on the proposed changes and Arlingclose will be in attendance to assist with dealing with questions that Members may raise. A report on the proposed changes will subsequently be presented to Cabinet on the 18th January 2017 and then Council on the 24th January 2017.

9.2 Discussions are ongoing with the Authority's External Auditor, Grant Thornton, regarding the proposed changes to the MRP policy.

10. RECOMMENDATIONS

10.1 The Scrutiny Committee is asked: -

i) To consider and comment upon the content of this report.

ii) To note that a Members' Seminar has been scheduled for the 12th January 2017 to enable all Members to be fully briefed on the proposed changes and to provide a further opportunity for views to be expressed and for questions to be raised.

iii) To note that a further report on proposed changes to the MRP policy will subsequently be presented to Cabinet on the 18th January 2017 and then Council on the 24th January 2017.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To ensure that Members are provided with an opportunity to contribute to the process of agreeing changes to the Council's MRP policy.

12. STATUTORY POWER

12.1 Local Government Acts 1972 and 2003.

12.2 Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (and subsequent amendments in 2008).

Author: Stephen Harris, Interim Head of Corporate Finance
E-mail: harrisr@caerphilly.gov.uk Tel: 01443 863022
Consultees: Nicole Scammell – Acting Director of Corporate Services & S151 Officer
Andrew Southcombe – Finance Manager, Corporate Finance
Nadeem Akhtar – Group Accountant (Financial Advice and Support)
Gail Williams - Interim Head of Legal Services & Monitoring Officer

Background Papers:
- Council Report 24th February 2016 – Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy for 2016/17.

- Cabinet Report 30th November 2016 – Draft Budget Proposals 2017/18.

Appendices:
Appendix 1 MRP Charges for Various Options

Appendix 1

Review of Minimum Revenue Provision Policy (MRP)

MRP Charges for Various Options

Year	Date	Current Policy (£)	Straight Line Basis (£)	Difference (£)	Annuity Basis (£)	Difference (£)
1	2016/17	7,861,064	4,003,151	(3,857,912)	2,320,640	(5,540,423)
2	2017/18	7,779,471	4,102,951	(3,676,519)	2,432,040	(5,347,431)
3	2018/19	8,003,927	4,334,715	(3,669,211)	2,602,600	(5,401,327)
4	2019/20	7,722,459	4,334,715	(3,387,744)	2,661,381	(5,061,079)
5	2020/21	7,452,251	4,334,715	(3,117,535)	2,721,643	(4,730,607)
6	2021/22	7,192,850	4,334,715	(2,858,135)	2,783,430	(4,409,420)
7	2022/23	6,943,826	4,334,715	(2,609,110)	2,846,787	(4,097,039)
8	2023/24	6,704,762	4,334,715	(2,370,047)	2,911,761	(3,793,002)
9	2024/25	6,475,261	4,334,715	(2,140,546)	2,978,399	(3,496,862)
10	2025/26	6,254,941	4,334,715	(1,920,225)	3,046,752	(3,208,188)
11	2026/27	6,043,433	4,334,715	(1,708,717)	3,116,872	(2,926,561)
12	2027/28	5,840,385	4,334,715	(1,505,669)	3,188,812	(2,651,573)
13	2028/29	5,645,459	4,334,715	(1,310,744)	3,262,628	(2,382,831)
14	2029/30	5,458,330	4,334,715	(1,123,615)	3,338,377	(2,119,953)
15	2030/31	5,278,687	4,334,715	(943,971)	3,416,120	(1,862,567)
16	2031/32	5,106,229	4,301,382	(804,847)	3,451,072	(1,655,156)
17	2032/33	4,874,669	4,243,491	(631,178)	3,447,140	(1,427,529)
18	2033/34	4,389,012	4,195,371	(193,641)	3,452,663	(936,349)
19	2034/35	4,156,912	4,169,131	12,219	3,489,901	(667,012)
20	2035/36	3,891,436	4,130,011	238,575	3,508,416	(383,020)
21	2036/37	3,750,818	4,130,011	379,192	3,584,353	(166,466)
22	2037/38	3,615,826	4,130,011	514,185	3,662,063	46,237
23	2038/39	3,486,233	4,130,011	643,778	3,741,593	255,360
24	2039/40	3,349,823	4,130,011	780,188	3,822,992	473,169
25	2040/41	3,022,390	4,130,011	1,107,620	3,906,310	883,920
26	2041/42	2,887,735	4,130,011	1,242,276	3,991,598	1,103,863
27	2042/43	2,777,665	4,130,011	1,352,345	4,078,908	1,301,243
28	2043/44	2,535,999	4,130,011	1,594,012	4,168,296	1,632,297
29	2044/45	2,434,559	4,130,011	1,695,452	4,259,817	1,825,258
30	2045/46	2,337,177	4,130,011	1,792,834	4,353,530	2,016,354
31	2046/47	2,243,689	4,130,011	1,886,321	4,449,495	2,205,806
32	2047/48	2,153,942	4,125,758	1,971,816	4,539,747	2,385,806
33	2048/49	2,067,784	4,084,320	2,016,536	4,558,214	2,490,430
34	2049/50	1,985,073	4,055,259	2,070,186	4,599,820	2,614,747
35	2050/51	1,905,670	4,010,620	2,104,950	4,610,394	2,704,724
36	2051/52	1,829,443	4,010,620	2,181,177	4,707,154	2,877,711
37	2052/53	1,756,265	4,010,620	2,254,354	4,806,039	3,049,774
38	2053/54	1,686,015	4,010,620	2,324,605	4,907,098	3,221,084
39	2054/55	1,618,574	4,003,357	2,384,783	4,995,680	3,377,106
40	2055/56	1,553,831	4,003,357	2,449,525	5,100,625	3,546,794
41	2056/57	1,491,678	4,003,357	2,511,679	5,207,878	3,716,201
42	2057/58	1,432,011	4,003,357	2,571,346	5,317,495	3,885,484
43	2058/59	1,374,730	4,003,357	2,628,626	5,429,530	4,054,800
44	2059/60	1,319,741	4,003,357	2,683,615	5,544,044	4,224,302
45	2060/61	1,266,952	4,003,357	2,736,405	5,661,094	4,394,142
46	2061/62	1,216,273	4,003,357	2,787,083	5,780,742	4,564,468

Year	Date	Current Policy	Straight Line Basis	Difference	Annuity Basis	Difference
		(£)	(£)	(£)	(£)	(£)
47	2062/63	1,167,623	4,003,357	2,835,734	5,903,050	4,735,428
48	2063/64	1,120,918	4,003,357	2,882,439	6,028,084	4,907,167
49	2064/65	1,076,081	4,003,357	2,927,276	6,155,910	5,079,829
50	2065/66	1,033,038	3,901,479	2,868,441	6,062,106	5,029,069
51	2066/67	991,716	386,567	(605,149)	594,491	(397,225)
52	2067/68	952,048	286,767	(665,280)	451,696	(500,352)
53	2068/69	913,966	103,575	(810,391)	173,543	(740,423)
54	2069/70	877,407	103,575	(773,832)	181,513	(695,894)
55	2070/71	842,311	103,575	(738,736)	189,849	(652,462)
56	2071/72	808,618	103,575	(705,044)	198,568	(610,051)
57	2072/73	776,274	103,575	(672,699)	207,687	(568,586)
58	2073/74	745,223	103,575	(641,648)	217,226	(527,997)
59	2074/75	715,414	103,575	(611,839)	227,203	(488,211)
60	2075/76	686,797	103,575	(583,223)	237,638	(449,160)
61	2076/77	659,325	103,575	(555,751)	248,552	(410,773)
62	2077/78	632,952	103,575	(529,378)	259,968	(372,984)
63	2078/79	607,634	48,571	(559,063)	103,261	(504,373)
64	2079/80	583,329	48,571	(534,757)	107,908	(475,421)
65	2080/81	559,996	48,571	(511,424)	112,764	(447,232)
66	2081/82	537,596	48,571	(489,024)	117,838	(419,758)
67	2082/83	516,092	48,571	(467,521)	123,141	(392,951)
68	2083/84	495,448	48,571	(446,877)	128,682	(366,766)
69	2084/85	475,630	48,571	(427,059)	134,473	(341,158)
70	2085/86	456,605	48,571	(408,034)	140,524	(316,081)
71	2086/87	438,341	48,571	(389,770)	146,848	(291,493)
72	2087/88	420,807	48,571	(372,236)	153,456	(267,351)
73	2088/89	403,975	0	(403,975)	0	(403,975)