Appendix A

Treasury Management Strategy

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Treasury Management Strategy

1 Introduction

1.1 Treasury management is the management of the organisation's cash flows, borrowing and investments, and the associated risks. The CFA invests and borrows substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the CFA's prudent financial management.

1.2 Treasury risk management at the CFA is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the CFA to approve a treasury management strategy before the start of each financial year. This report fulfils the CFA's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

2 Prudential and Treasury Indicators

2.1 It is a statutory duty under Section 3 of the Act and supporting regulations that the CFA determines and keeps under review how much it can afford to borrow. This amount is termed the 'Affordable Borrowing Limit'. In England this Authorised Limit represents the legislative limit specified in the Act and is one of the key Prudential Indicators identified by the CIPFA Code.

2.2 The CFA must have regard to the Prudential Code when setting the Authorised Limit which requires it to ensure that total capital investment remains within sustainable limits.

2.3 Whilst termed an Affordable Borrowing Limit, the capital plans may incorporate financing by both external borrowing and other forms of liability such as credit arrangements. The Authorised Limit is to be set on a rolling basis for the forthcoming financial year and two successive financial years.

2.4 There is a full set of Prudential Indicators recommended by the Code in Appendix i of this report and treasury limits are shown below.

2.5 The status of the indicators will be included in Treasury Management reporting during 2024/25.

2.6 It should be noted that the Prudential and Treasury Indicators in this report may be subject to change dependent on decisions taken on the Capital and Revenue budgets in year.

Treasury Limits

2.7 The current limits on borrowing and leasing for 2024/25 are shown in the table below:

Table 1: CFA Treasury Limits

	£000
Authorised Limit	15,000
Operational Boundary	12,500

2.8 The authorised limit is a legal maximum which cannot be exceeded. The operational boundary is a day-to-day ceiling which ordinarily would not be exceeded and must be reported if exceeded.

2.9 The CFA also has to set upper and lower limits for the remaining length of outstanding loans that are fixed rate as a percentage of the total of all loans. This table also excludes leasing. These limits are only relevant in the event of debt rescheduling. Recommended limits are:

Table 2: CFA Upper Limits on maturing borrowing

	%
Under 12 months	30
12 months and within 24 months	40
24 months and within 5 years	60
5 years and within 10 years	60
10 years and within 25 years	100
25 years and over	100

Table 3: CFA Lower Limits on maturing borrowing

	%
Less than 5 years	0
Over 5 years	60

3 CFA Current Portfolio Position

3.1 As shown in the draft Statement of Accounts at 31 March 2024, CFA cash and cash equivalents were:

Table 4: CFA Cash and Cash Equivalents at 31 March 2024

	£000
Cash	26
Bank current accounts	20
Short-term investments	16,113
Total	16,159

4 CFA Debt Position and Treasury Limits

4.1 As shown in the draft Statement of Accounts at 31 March 2024, CFA debt position was as follows:

Table 5: CFA Short-term debt at 31 March 2024

	£000
Short-term loans	1,000
Short-term leases	24
Total	1,024

Table 6: CFA Long-term debt at 31 March 2024

	£000
PWLB long-term borrowing	10,137
Deferred liability finance leases	54
Total	10,191

4.2 As detailed in the CFA 2024/25 Budget, estimated debt at the end of the next 3 years and current treasury limits are shown below:

Table 7: CFA Estimated Debt for next 3 years

At 31 March	Borrowing £000	Leases £000	Total £000
2024/25	10,137	50	10,187
2025/26	8,137	26	8,163
2026/27	7,547	26	7,573

5 Economic Background and Interest Rates

5.1 The CFA has appointed Arlingclose as its treasury advisor and part of their service is to assist the CFA to formulate a view on interest rates. There is no certainty to these forecasts. A detailed view of the current economic background and interest rates prepared by Arlingclose is at Appendix iii to this report.

5.2 The CFA will seek to maintain a portfolio of debt and investments that is a mix of fixed and variable interest rates. Whilst fixed interest rates give the CFA certainty, there is also a risk that prevailing market rates change and there are then opportunities to either increase the rate of return on investments or reduce the rate of interest on debt which could not be taken if the whole portfolio was fixed. Future borrowing decisions will be made with a view to keeping the debt portfolio balanced between fixed and variable debt.

6 CFA Borrowing Requirement

6.1 As stated in the 2024/25 Budget/MTFS, approved by CFA in February 2024, the Service does not currently need to borrow, and, future borrowing will be considered as part of the revised estates strategy to be presented to the CFA later 2024/25.

6.2 The five-year Estates Strategy is due to be presented to CFA shortly and will also be incorporated into the budget setting process, alongside the capital programme, for 2025/26 Budget/MTFS which will be presented to CFA for approval in February 2025.

6.3 Future borrowing requirements, if applicable, will be considered as part of that process which is due to commence shortly.

7 Borrowing Strategy

7.1 As mentioned in section 6 borrowing requirement above, no new borrowing is planned prior to 31 March 2025.

7.2 With treasury management coming back in-house, and, as this Treasury Management Strategy is only up to 31 March 2025, a full Borrowing Strategy going forward will be presented for approval within the 2025/26 Budget/MTFS.

8 Annual Investment Strategy

8.1 The CFA holds invested funds representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the CFA's treasury investment balance has ranged between £11.3million and £29.6 million and similar levels are expected to be maintained in the forthcoming year.

8.2 **Objectives:** The CIPFA Code, requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a

total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

8.3 **Strategy:** As treasury management has recently been brought in-house, investments will be made primarily to manage day-to-day cash flows using short-term low risk instruments.

8.4 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the CFA's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the CFA will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

8.5 **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the CFA's "business model" for managing them. The CFA aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

8.6 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 7 below, subject to the limits shown.

Table 8: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	3 years	Unlimited	n/a
Local authorities & other government entities	3 years	£3m	Unlimited
Secured investments *	3 years	£3m	Unlimited
Banks (unsecured) *	13 months	£2m	Unlimited
Building societies (unsecured) *	13 months	£2m	£4m
Money market funds *	n/a	£3m	Unlimited

This table must be read in conjunction with the notes below.

During the transition period, the counterparty limit for Leicester City Council will be increased to a maximum of £20 million to 31 January 2025. After the transition period the limit for Leicester City Council will revert to the limits in table 8 above.

8.7 * **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

8.8 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These

investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts.

8.9 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

8.10 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

8.11 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

8.12 **Operational bank accounts:** The CFA may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £800,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

8.13 **Risk assessment and credit ratings**: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

8.14 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not

apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

8.15 Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

8.16 Reputational aspects: The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

8.17 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

8.18 Investment limits: The Authority's usable revenue reserves available to cover investment losses were £29 million on 31st March 2024 and are forecast to reduce to £25 million on 31st March 2025. In order that no more than 12% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £3 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

8.19 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £100,000 in operational bank accounts count against the relevant investment limits.

8.20 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 9: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£3m per country

8.21 **Liquidity management**: The Authority uses a cash flow forecasting tool to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

8.22 The Authority will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

End of year Investment Report

8.23 After the financial year closes and the draft final accounts are produced, the CFA will receive a report on investment activity as part of the Annual Treasury Management Report.

9 Related Matters

9.1 The CIPFA Code requires the Authority/FRS to include the following in its treasury management strategy.

9.2 **Financial derivatives:** In the absence of any explicit legal power to do so, the CFA will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

9.3 **Markets in Financial Instruments Directive**: The CFA has retained retail client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a smaller range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the CFA's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Appendix i

Treasury Management Policy Statement

1. This organisation defines its treasury management activities as: The management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered to manage these risks.

3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The CFA will invest its monies prudently, considering security first, liquidity second, and yield last, carefully considering its investment counterparties. It will similarly borrow monies prudently and consistent with the CFA's service objectives.

Appendix ii

Prudential and Treasury Indicators

Including their definitions and purpose

No	Indicator
1	Estimated Financing Costs to Net Revenue Stream
2	Estimated Net Income from Commercial and Service Investments to Net Revenue Stream
3	Estimated Capital Expenditure
4	Estimated Capital Financing Requirement
5	Authorised Limit - external debt
6	Operational Boundary - external debt
7	Maturity structure of borrowing
8	Liability Benchmark
9	Long-term treasury management investments
10	Interest rate exposures

1 Estimated Financing Costs to Net Revenue Stream

The CFA will set for the forthcoming year and the following financial years an estimate of financing costs to net revenue stream. The indicator recognises that ultimately all debts of the CFA, as a public body, fall on the taxpayer, and that therefore when considering affordability, it is important to review the scale of financing costs to net revenue.

2 Estimated Net Income from Commercial and Service Investments to Net Revenue Stream

The authority will set for the forthcoming year and the following financial years an estimate of new income from commercial and service investments to net revenue stream. The indicator is intended to show the financial exposure of the authority to the loss of income, and therefore the proportionality of commercial and service investment income to the authority's overall budget.

3 Estimated Capital Expenditure

The authority sets a capital budget for each financial year, which includes an estimate of the capital expenditure which might be incurred. The figures here also include changes to other longterm liabilities.

4 Estimated Capital Financing Requirement

The capital financing requirement reflects the authority's underlying need to finance capital expenditure and is based on all capital expenditure including that incurred in previous years.

5 Authorised Limit - external debt

The local authority will set for the forthcoming financial year and the following two financial years an authorised limit for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities. Other long-term liabilities include PFI's, service concessions and finance leases.

6 Operational Boundary - external debt

The local authority will also set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities. This prudential indicator is referred to as the Operational Boundary.

Both the Authorised Limit and the Operational Boundary need to be consistent with the authority's plans for capital expenditure and financing; and with its treasury management policy statement and practices. The Operational Boundary should be based on the authority's estimate of most likely, i.e. prudent, but not worst-case scenario. Risk analysis and risk management strategies should be considered.

The Operational Boundary should equate to the maximum level of external debt projected by this estimate. Thus, the Operational Boundary links directly to the Authority's plans for capital expenditure; its estimates of capital financing requirement; and its estimate of cash flow requirements for the year for all purposes. The Operational Boundary is a key management tool for in-year monitoring.

It will probably not be significant if the Operational Boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation and action as appropriate. Thus, both the Operational Boundary and the Authorised Limit will be based on the authority's plans. The authority will need to assure itself that these plans are affordable and prudent. The Authorised Limit will in addition need to provide headroom over and above the Operational Boundary enough for example for unusual cash movements.

7 Maturity structure of borrowing

The authority will set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowing. These indicators are referred to as the Upper and Lower limits respectively for the Maturity Structure of Borrowing.

8 Liability Benchmark (Graph)

The liability benchmark is a projection of the amount of loan debt outstanding that the authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. The benchmark shows the gap between the authority's outstanding loans at future points in time and the authority's need to for borrowing (the benchmark). It can be used to identify the debt maturities needed for new borrowing in order to match to future liabilities.

9 Long-term treasury management investments

Where a local authority invests, or plans to invest, for treasury management purposes in fixed interest instruments for periods longer than a year, or in other instruments only appropriate for longer-term investment, the local authority will set an upper limit for each forward financial year period for the maturing of such investments. These prudential indicators will be referred to as prudential limits for long-term treasury management investments and shall be calculated as follows:

• total principal sum invested to final maturities beyond the period end for years one, two, three, etc

• followed by the total amounts invested in longer-term instruments with no fixed maturity date.

Longer-term instruments with no fixed maturity date include pooled bond, equity and property funds (but not money market funds), as well as directly held equities. The intention is for this indicator to capture all the investments of a longer-term nature that are being made for treasury management purposes.

10 Interest rate exposures

There is no longer a specific recommended indicator in respect of interest rate exposures. Authorities are asked to explain their strategy for managing interest rate risks as part of their capital/investment strategy. Authorities are encouraged to make full use of benchmarks and indicators in setting this strategy; in particular, they may wish to show the impact of a 1% increase in interest rates over the three-year plan period. This indicator is already required for the financial statements.

Appendix iii

Economic Background and Interest Rates

Economic Background provided by Arlingclose

- In a 'finely balanced' decision, the Bank of England cut Bank Rate in August 2024 by 25bps to 5.00%, in line with the forecast Arlingclose made in September 2023.
- In a 5-4 vote, a majority of MPC members thought inflationary pressures had eased enough to justify a rate cut, while others continued to maintain caution over underlying inflationary persistence and voted for no change.
- Despite the rate cut, the MPC continues to judge that there are upside risks to domestic inflation, which suggests rapid monetary easing in the immediate term is not likely and we have not changed our expected path for Bank Rate.
- CPI inflation stayed at the 2% target in June but the Bank expects this to rise to 2.75% in the second half of this year, as declines in energy prices last year fall out of the annual comparison and reveal more clearly the prevailing persistence of domestic inflationary pressures. Wage growth has fallen but remains elevated and services inflation is higher than had been expected. The actual path of inflationary pressures will be key to the MPC's decision making.
- Following Q1 GDP of 0.7%, UK growth in the first half of the year has been stronger than expected and risks around domestic demand lie to the upside. Stronger economic activity, alongside a higher equilibrium rate of unemployment than assumed, could leave wage growth and inflation persistently higher. Governor Bailey commented that the MPC needs to be careful "not to cut rates too much or too quickly".
- Official ONS labour market data continues to be unreliable but wider indicators suggest the market is loosening, albeit remaining relatively tight by historic standards. Anecdotal evidence has suggested lower pay growth for some time, and we expect a weaker labour market situation to hasten that outcome.
- We expect that the continuation of restrictive monetary policy will bear down on activity and will require more substantial loosening in 2025 to boost activity and inflation.
- Global bond yields will remain volatile and investors' positioning for the timing of US monetary loosening will continue to influence movements in gilt yields. Moreover, there is a heightened risk of fiscal policy, credit events and/or geo-political events causing substantial volatility in yields.

Arlingclose Interest Rate Forecast

- In line with our forecast, the MPC cut Bank Rate by 0.25% to 5.0% in August and made no change in September.
- The MPC will continue to cut rates to stimulate the UK economy but will initially be cautious given lingering domestic inflationary pressure. We see another rate cut in November 2024, but more significant monetary easing in 2025, with Bank Rate falling to a low of around 3% by the end of the calendar year.
- Upside risks to inflation remain which could limit the extent of monetary easing.
- Long-term gilt yields have fallen following fears of a US recession. Our central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary policy loosening in the Eurozone, UK and US.

	Current	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	5.00	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.95	4.95	4.80	4.30	3.80	3.30	3.05	3.10	3.10	3.15	3.15	3.15	3.15
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.65	1.00	1.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.73	3.70	3.60	3.50	3.45	3.40	3.40	3.40	3.40	3.45	3.50	3.55	3.55
Downside risk	0.00	-0.65	-0.90	-0.90	-0.95	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.90	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.97	3.95	3.90	3.80	3.75	3.70	3.70	3.70	3.70	3.75	3.80	3.80	3.80
Downside risk	0.00	-0.65	-0.90	-0.90	-0.90	-0.95	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.65	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.45	4.40	4.35	4.20	4.20	4.20	4.20	4.20	4.20	4.25	4.30	4.35	4.35
Downside risk	0.00	-0.65	-0.85	-0.90	-0.95	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.55	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.09	4.05	4.00	3.80	3.80	3.80	3.80	3.80	3.80	3.85	3.90	3.95	3.95
Downside risk	0.00	-0.55	-0.85	-0.90	-0.95	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

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