Item 10

SURREY
COUNTY COUNCIL

AUDIT & GOVERNANCE COMMITTEE
6 December 2012

TREASURY MANAGEMENT HALF YEAR REPORT 2012/13

SUMMARY AND PURPOSE:

This report summarises the council's treasury management activity during the first half of 2012/13, required by CIPFA's Code of Practice for Treasury Management. This report also covers the council's Prudential and Performance Indicators for 2012/13, in accordance with the requirements of the Prudential Code.

RECOMMENDATIONS:

It is recommended that the Committee note the content of the Treasury Management Half Year Report for 2012/13.

BACKGROUND:

1. Treasury management is the management of the organisation's cash flows, banking, money market and capital market transactions, the effective management of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

TREASURY MANAGEMENT HALF YEAR REPORT 2012/13:

Key Prudential indicators and compliance issues

2. Under CIPFA's Prudential Code the council is required to report on its actual Prudential indicators after the year end. Annexe 1 Table 12 provides a schedule of all of the council's mandatory Prudential indicators, as agreed at the budget meeting of 7 February 2012. Key indicators that provide either an overview or a limit on treasury activity are summarised in the following paragraphs.

3. The Capital Financing Requirement (CFR) shows the council's underlying need to borrow for capital purposes. To ensure that, over the medium term, borrowing net of investments will only be for a capital purpose, net borrowing should not, except in the short-term, exceed the CFR for 2012/13. The council has complied with this

requirement as shown in Table 1:

Table 1: Borrowing position against CFR

	£m
Total Borrowing at 30th September 2012	320
Investments at 30th September 2012	312
Net borrowing position at 30 September 2012	**8**
CFR 2012/13	541
CFR 2013/14	559

4. The Authorised Limit is the council's "affordable borrowing limit" required by section 3(1) of the Local Government Act 2003. This represents the limit beyond which borrowing/external debt is prohibited. The limit reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. Table 2 demonstrates that during 2012/13, the council has maintained gross borrowing within its Authorised Limit.

5. The Operational Boundary is the probable external borrowing position of the council during the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an indicator to ensure that the Authorised Limit is not breached.

Table 2: Borrowing against Authorised Limit & Operational Boundary

	£m
Authorised Limit	662
Operational Boundary	602
Highest gross borrowing position during 2012/13	341

6. Capital financing costs incurred by the council during 2012/13 are detailed as follows:

Table 3: Capital Financing Costs 2012/13

Description	**Original Estimate £000**	**Year end Projection £000**
Minimum Revenue Provision (MRP)	22,629	21,429
Interest on long-term borrowing	12,906	12,901
Net interest on short-term cashflow	(992)	(1,494)
Total	34,543	32,836

7. Interest on long-term borrowing has been to budget, as no further borrowing has been made during the year. Net interest received on short-term cashflow is higher than the estimate due to higher levels of cash on deposit than originally expected.

Treasury management activity during 2012/13

8. The treasury position at 30 September 2012 compared with the end of the last financial year is shown in Table 4. The council's credit rating criteria effective at 30 September 2012 are shown at Annexe 2 Table 13.

Table 4: Investment and borrowing position 2012/13

	31 March 2012		**30 September 2012**	
	Principal £m	**Average Rate**	**Principal £m**	**Average Rate**
Fixed Interest Rate Debt*	305	4.20%	305	4.20%
Variable Interest Rate Debt**	-	-	-	-
Total Debt	**305**	**4.20%**	**305**	**4.20%**
Fixed Interest Investments	229	0.70%	312	0.60%
Variable Interest Investments**	-	-	-	-
Total Investments	**229**	**0.70%**	**312**	**0.60%**
NET BORROWING	**76**		**(7)**	

*Excludes Surrey Police Authority debt

**No variable rate investments or borrowing held at 31 March 2012 or 30 September 2012

9. The treasury management gross borrowing position has not changed in 2012/13 as a result of continuing the strategy of not borrowing up to the Capital Finance Requirement limit. This has been possible since the council has sufficient cash balances to finance capital expenditure from internal sources. Cash balances are currently earning very little interest when placed on deposit. Therefore, a considerable saving has been achieved in borrowing internally. There remains enough cash to finance future capital expenditure in the short term.

10. The increase in investment balances reflects the higher cash balances held mid-year, compared with year end. This is generally because grant money from Central Government will have been received early in the year. This and any additional income (including Council Tax) will have been fully spent by year end.

11. The average interest rate paid on debt has remained static (as the debt portfolio has remained the same), while the decrease in investment interest is due to the general interest rates available for deposits being low, and the short term outlook continuing to undermine the rates available.

Borrowing position

12. The rate of interest paid on the debt portfolio reduced year on year from 2003/04 to 2008/09, but rose in 2009/10.There was no change in the rate from then until 2011/12. With no borrowing or rescheduling expected, rates payable should remain the same in 2012/13:

Table 5: Interest on PWLB debt

Financial Year	% Interest on Debt
2003/04	5.46
2004/05	4.96
2005/06	4.86
2006/07	4.73
2007/08	4.45
2008/09	3.59
2009/10	4.20
2010/11	4.20
2012/13	4.20

13. The increase in the weighted average interest rate paid on the debt portfolio (from 3.59% in 2008/09 to 4.20% in 2009/10) was attributable to the repayment of £88m of low interest debt (1.17%) taken out for one year, while rescheduling the debt in the portfolio in 2008/09. Since then there has been no change in the borrowing position.

14. All of the council's current long-term borrowing has been taken from the Public Works Loan Board (PWLB), whose purpose is to provide loans to local authorities in order to finance capital spend, apart from £10m market loan taken from Barclays. A summary on the movement of long-term borrowing during 2011/12 and 2012/13 is as follows:

Table 6: Long-term borrowing position

Long-term Borrowing	1 April 2011 - 31 March 2012 £000	1 April 2012 - 30 September 2012 £000
Total debt outstanding at 1 April	305,230	305,230
Loans raised	0	0
Loans repaid	0	0
Total debt at period end	**305,230**	**305,230**

15. The interest rate available on new borrowing during 2012/13 was around 4.5% at the beginning of the year, dropping to 4.1% at the end of September, for a period of 50 years. The 20-year maturity level is currently 3.75%.

16. The council is able to undertake temporary borrowing for cash-flow purposes, although none has been required for this purpose at any time during 2012/13 to date. The council also manages cash on behalf of Surrey Police Authority, which is classified as temporary borrowing as detailed below.

Table 7: Temporary borrowing position

Temporary Borrowing at 30 September 2012	£000
Short-term borrowing for cash-flow purposes	-
Surrey Police Authority	14,370
Total	**14,370**

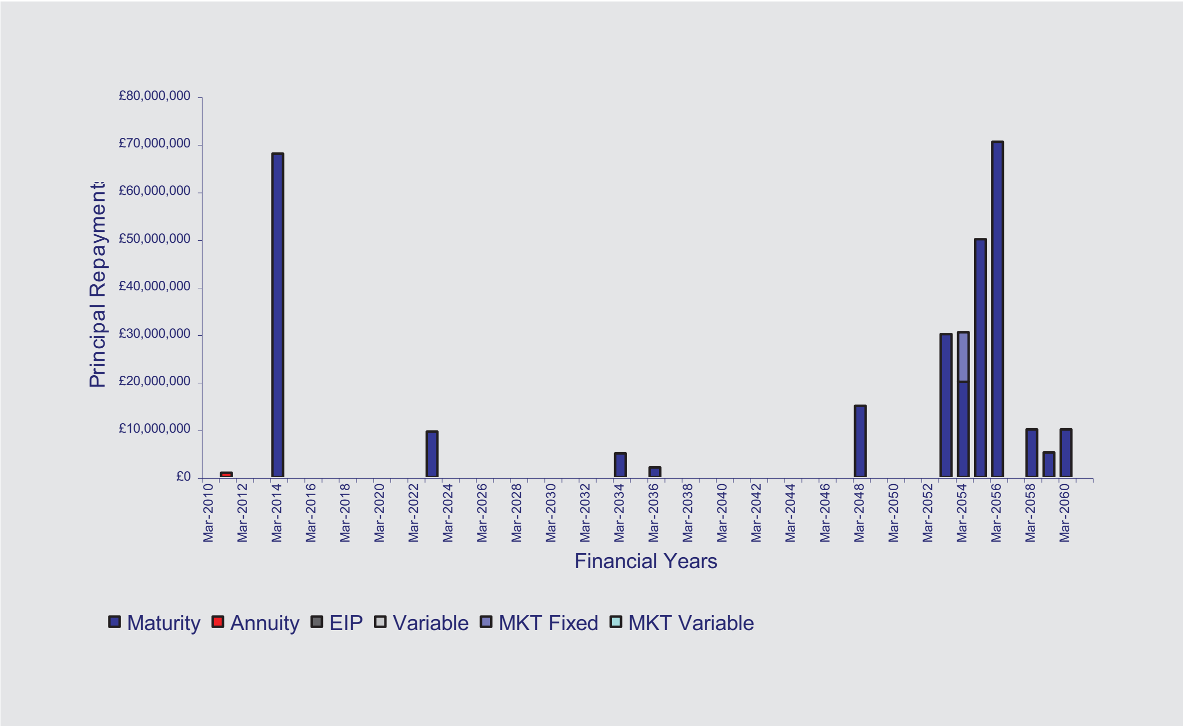
17. The council has limited its exposure to large fixed rate loans maturing in any one year by setting gross limits for its maturity structure of borrowing in accordance with the Prudential Code.

Table 8: Debt maturity profile as at 30 September 2011

Maturity Profile	Upper Limit	Lower Limit	Actual
Under 12 months*	50%	0%	25.8%
1 year and within 2 years	50%	0%	0.0%
2 years and within 5 years	50%	0%	0.0%
5 years and within 10 years	75%	0%	3.0%
10 years and above	100%	25%	71.2%

* Includes balances held on behalf of Surrey Police Authority and Trust Funds.

18. The debt maturity profile of the council's long-term debt is shown on the following chart:



Investment position

19. The average return on investments saw year-on-year increases in the five years from 2003/2004 then began to fall in 2008/2009. The rate of return has continued to fall, with rates available in the market remaining depressed in 2012/13.

Table 9: % Return on investments

Financial Year	% Return on Investments
2003/2004	3.73
2004/2005	4.65
2005/2006	4.75
2006/2007	4.90
2007/2008	5.78
2008/2009	4.38
2009/2010	1.01
2010/2011	0.75
2011/2012	0.70
2012/2013	0.60

20. The continuous improvement in return on investments in the years to 2008/2009 was attributable to many factors, including a more favourable economic situation year-on-year and a more flexible counterparty list that resulted in higher investment limits with the top rated institutions. However, the collapse in the ratings of the majority of banks, coupled with the Bank of England base interest rate dropping sharply to 0.5% has resulted in very low rates available with only a few institutions. It is likely that rates will remain low over the remainder of the year, and will lead to overall returns for the year being lower than 2011/12 (around 0.5%).

21. All cash held by the council is aggregated for the purpose of treasury management and any daily surpluses are invested temporarily until required to meet daily outgoings. For 2012/13, such monies include funds held on behalf of schools and the Surrey Police Authority. Since 1 April 2011, the Pension Fund balances have been held in a separate bank account and are no longer comingled with the council and police authority funds for investment purposes.

22. In 2012/13 nearly 350 schools chose to have their cash balances incorporated within the council's balances, thus earning interest on an agreed basis. Under this arrangement these schools received interest on their balances at a rate of 0.50% below base rate.

23. In 2012/13, the council applied the average return of its whole investment portfolio to all of the funds that were held on behalf of Surrey Police Authority (as per the current service level agreement).

24. Money brokers are used to facilitate investment dealing and loans are only made to institutions that meet the council's approved counterparty criteria. In addition to dealing through brokers, short-term investments are also made by dealing direct with some approved institutions, including banks, building societies and Money Market Funds.

25. Due to frequent action on the part of credit ratings agencies, the council's credit rating criteria, investment limits and resultant counterparty list have been under continual scrutiny. The counterparty list within the current Treasury Management Strategy was last affirmed at the Audit and Governance meeting of 9 February 2012. The credit rating criteria and investment limits effective at 30 September 2012 are shown at Annexe 2.

26. The current counterparty list that reflects these criteria has been updated to November 2012, and can be found in Annexe 3.

27. In the first half of 2012/13, the council maintained an investment portfolio with a daily average balance of £307m (£278m in 2011/12) and received an average return of 0.60%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.45% for the period. The council therefore outperformed its benchmark by 0.15%.

Icelandic Deposits

28. The key local issue of concern in relation to the treasury strategy is the Council's £20m deposits with two failed Icelandic banks, Glitnir and Landsbanki. Of this £20m, the Council's exposure is £18.5m with the balance attributable to Surrey Police Authority. The Audit & Governance Committee receives regular reports on the prospects for recovery of the deposits that are at risk and the efforts being made by the Local Government Association (LGA) and its legal advisors in this regard.

29. To be prudent, the Council had earmarked balances of £9.5m on the assumption that a proportion of the deposits will not be recovered, although this may be revised based upon latest estimates in the guidance from CIPFA.

30. On 28 October 2011, the Supreme Court of Iceland upheld the District Court judgment in favour of local authority depositors, deciding by a 6-1 majority that local authorities' claims are deposits that qualify in full for priority in the bank administrations. These decisions are now final and there is no further right of appeal.

31. The current position is that 50% of Landsbanki and over 84% of Glitnir deposits have been repaid, with expected recovery rates now at approximately 100% for both banks (subject to exchange rate fluctuations). The balance owed on each deposit is shown in the table below.

Counterparty	Period	Principal £000	Rate	Principal Repaid £000	Principal Outstanding £000
Glitnir	364	5,000	6.25%	4,192	808
Glitnir	366	5,000	6.20%	4,193	807
Landsbanki	732	10,000	5.90%	4,992	5,008
		20,000		13,377	6,623

Member and Officer Training

32. Officers and members involved in the governance of the council's treasury management function are required to participate in training. Officers are also expected to keep up to date with matters of relevance to the operation of the council's treasury function. Officers continue to keep abreast of developments via the CIPFA Treasury Management Forum as well as through two local authority networks. Sector provides daily, weekly and quarterly newsletters and update meetings are held with Sector twice a year. In addition, a number of members of Audit & Governance Committee and Council attended treasury management training in June 2010 and July 2011. Further member training events will be provided as required.

Treasury Management Advisors

33. The Council uses Sector as its treasury management advisers. The company provides a range of services including:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments
- Credit ratings/market information service comprising the three main credit rating agencies

34. A development in the revised CIPFA Code on Treasury Management, which is intended to improve the reporting of treasury management activities, is the consideration, approval and reporting on security and liquidity benchmarks. Yield benchmarks are already widely used to assess investment performance, while discrete security and liquidity benchmarks are new reporting requirements.

Yield: The Council currently reports the overall return in interest against the 7-Day LIBID rate. In the first six months of 2012/13, the overall return on deposits was 0.60%, compared with the benchmark of 0.45%, a margin of 0.15%.

Security: The Council analyses the investment portfolio at year end against historic default rates to estimate the maximum exposure to default as follows:

Table 10: Benchmarking deposits against default rates at 30 September 2012

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default
	£000s	%	%	£000s
Deposits with banks and financial institutions	(a)	(b)	(c)	(a x c)
AAA rated counterparties*	184,800	0.00%	0.00%	0
AA rated counterparties	20,000	0.03%	0.03%	6
A rated counterparties	100,000	0.08%	0.08%	80
Other counterparties**	7,238	0.00%	0.00%	0
Total	**312,038**			**86**

* includes £77.8m with other Local Authorities that do not have credit ratings but are backed by central government.
** includes £7.2m of deposits placed in Icelandic institutions whose credit ratings have reduced since the date of placing the deposit.

Liquidity: The Council currently restricts termed deposits to less than one year, and ensures the minimum level of cash available each day stands above £15m. This provides a safety margin to help ensure the Council does not need to borrow to fund treasury activity. During 2012/13, available cash balances did not fall below the £15m minimum level.

Value for Money

35. SCC participates in CIPFA's Treasury Management Benchmarking Club, which compares the performance of 85 local authorities. The report for 2012 shows that the average interest received by Surrey CC was below the benchmarking club average (0.8% compared to a benchmarking club average of 1.2%). This was mainly due to the council holding high balances and a risk-averse strategy, which resulted in large amounts being held in shorter-term, low interest rate investments. On interest paid Surrey CC significantly outperformed the average – paying average interest on the debt portfolio of 4.2% compared to the peer average of 4.5%.

36. The survey also compares the costs of maintaining a treasury management function. The Council significantly outperforms the peer group average in terms of the costs per £m investments managed; with costs of £120 per £m invested (£180 per £m in 2010/11) compared to a peer group average of £660 per £m invested (£930 per £m in 2010/11). The decrease in costs per £m invested over the previous year was due to the council holding higher average balances compared to 2010/11 (while the actual costs remained the same over the two years). For debt management, Surrey CC had a cost of £20 per £m, compared to an average of £290 per £m (no change from 2011/12). This places Surrey CC in the top decile when compared with the peer group.

Regulatory Framework, Risk and Performance

37 The council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2012/13);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the council's investment activities;
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8 November 2007.

38 The council has complied with all of the above relevant statutory and regulatory requirements, which require the council to identify and, where possible, quantify the levels of risk associated with its treasury management activities. The adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management ensures that capital expenditure is prudent, affordable and sustainable, and treasury practices demonstrate a low risk approach.

39 The council is aware of the risks of passive management of the treasury portfolio and, with the support of Sector, the council's advisers, has proactively managed the debt and investments over the year so far. The council had previously utilised historically low borrowing costs and has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio, as it consists of predominantly fixed long-term loans, with the capacity for repayment of any shorter dated debt. Shorter term variable rates and likely future movements in these rates predominantly determine the council's investment return. These returns can be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.

IMPLICATIONS:

A) Financial
There are no direct financial implications.

B) Equalities
There are no direct equality implications.

C) Risk management and value for money
See paragraphs 34 to 36.

WHAT HAPPENS NEXT:

i. The Pension Fund & Treasury Team will monitor the UK and overseas banking sector and will continue to update this Committee as appropriate.

ii. In line with the requirements of CIPFA's Code of Practice for Treasury Management, this committee will receive a full-year report on the council's treasury management position for 2012/13 at the meeting on xx June 2013.

iii. The Pension Fund & Treasury Team will prepare the annual Treasury Management Strategy, which will be presented as part of the MTFP presented to Council on February 2013.

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Sources/background papers:
Capital Budget and Treasury Management Strategy 2011/12
Prudential Indicators and Treasury Management Strategy 2011/12 to 2013/14
CIPFA Code of Practice for Treasury Management in the Public Services (Revised)
CIPFA Treasury Management Benchmarking Club Report 2011/12

Table 11: Summary of Prudential Indicators for 2012/13

Prudential Indicator	**Position as at 30 September 2012 £000**	**2012/13 Limit £000**
Maximum net borrowing incurred against the Capital Financing Requirement (CFR)	109,814	541,000
Maximum gross borrowing incurred against the Authorised Limit	333,786	662,000
Maximum gross borrowing incurred against the Operational Boundary	333,786	602,000
Ratio of financing costs to net revenue stream	4.89%	N/A
Limits on fixed interest rates	100%	150%
Limits on variable interest	0%	-50%
Maturity structure of fixed rate borrowing *(maximum position during the year)*		
Under 12 months	25.8%	0% - 50%
12 months to 2 years	0%	0% - 50%
2 years to 5 years	0%	0% - 50%
5 years to 10 years	3.0%	0% - 75%
10 years and above	71.2%	25% - 100%
Maximum principal funds invested for more than 365 day*s*	(0%)	35% of value of investments held

In addition to the above the council is required as a Prudential Indicator to:

i) Adopt the CIPFA Code of Practice.
ii) Ensure that over the medium term borrowing will only be for a capital purpose (i.e. net external borrowing is less than the CFR).

Table 12: Effective counterparty limits 1 April 2012 to 31 March 2013

	Fitch				Moody's			S&P		
Type	ST	LT	Via	Sup	ST	LT	FSR	ST	LT	Maximum Value
Bank / BS	F1	A-	bb+	3	P-1	A3	C	A1	A-	£20m
Bank / BS	F1+	AA-	a-	2	P-1	Aa3	B	A1+	AA-	£25m
Bank / BS	F1+	AA	a-	1	P-1	Aa2	B	A1+	AA	£35m
MMF	AAA				AAA			AAA		£20m
DMADF	-				-			-		Unlimited
Supranational	-				-			-		£10m
Local Authority	-				-			-		£20m

i) Deposits are permitted with UK banks that do not comply with the council's credit rating criteria subject to the following:

a) That they have been nationalised or part nationalised by the UK government and/or

b) That they have signed up to the UK government financial support package

ii) The use of Money Market Funds is restricted to Funds with three AAA ratings up to a maximum of £100m (with a maximum of £20m per Money Market Fund)

iii) An additional £20m is made available to invest in overnight high interest call accounts with both RBS and Lloyds (making a total of £40m limit with each). This will be maintained while they remain part nationalised.

iv) Deposits with foreign banks are now permitted, on the condition that they meet our minimum criteria, and that the country in which the bank is domiciled is "AAA" rated with all three ratings agencies (Fitch, Moody's and Standard and Poor's).

GLOSSARY

MMF = Money Market Fund; DMADF = Debt Management Account Deposit Facility at the Bank of England; BS = Building Society. ST = Short-Term; LT = Long-Term; Ind = Individual rating; Sup = Support rating; FSR = Financial Strength Rating.

F1 Indicates the strongest capacity for timely payment of financial commitments; an added "+" denotes any exceptionally strong credit feature.

P-1 Indicates superior credit quality and a very strong capacity for timely payment of short-term deposit obligations. No enhanced rating available.

A-1 Indicates a strong capacity to meet financial commitments; an added "+" denotes a capacity to meet financial commitments as extremely strong.

Table 13: Counterparty list as at 16 November 2012

	Fitch Ratings				Moody's Ratings			S&P Ratings	
	S/T	L/T	Viab.	Supp	S/T	L/T	Str.	S/T	L/T
UK		AAA				AAA			AAA
HSBC	F1+	AA	AA-	1	P1	AA3	C+	A1+	AA-
Lloyds	F1	A	BBB	1	P1	A2	C-	A1	A
Royal Bank of Scotland	F1	A	BBB	1	P2	A3	D+	A1	A
Nationwide Building Society	F1	A+	A+	1	P1	A2	C	A1	A
Australia		AAA				AAA			AAA
Australia & NZ Banking Group	F1	AA-	AA-	1	P1	AA2	B-	A1+	AA-
Commonwealth Bank of Australia	F1	AA-	AA-	1	P1	AA2	B-	A1+	AA-
National Australia Bank	F1	AA-	AA-	1	P1	AA2	B-	A1+	AA-
Westpac Banking Corporation	F1	AA-	AA-	1	P1	AA2	B-	A1+	AA-
Canada		AAA				AAA			AAA
Canadian Imperial Bank	F1+	AA-	AA-	1	P1	AA2	B-	A1	A+
Bank of Montreal	F1+	AA-	AA-	1	P1	AA2	B-	A1	A+
Bank of Nova Scotia	F1+	AA-	AA-	1	P1	AA1	B	A1+	AA-
National Bank of Canada	F1	A+	A+	1	P1	AA2	B-	A1	A
Royal Bank of Canada	F1+	AA	AA	1	P1	AA3	C+	A1+	AA-
Toronto-Dominion Bank	F1+	AA-	AA-	1	P1	AAA	B+	A1+	AA-
Finland		AAA				AAA			AAA
Nordea Bank	F1+	AA-	-	1	P1	AA3	C	A1+	AA-
Germany		AAA				AAA		A+	AAA
Netherlands		AAA				AAA			AAA
Rabobank	F1+	AA	AA	1	P1	AA2	B-	A1+	AA
Singapore		AAA				AAA			AAA
Development Bank of Singapore	F1+	AA-	AA-	1	P1	AA1	B	A1+	AA-
Oversea Chinese Banking Corp	F1+	AA-	AA-	1	P1	AA1	B	A1+	AA-
United Overseas Bank	F1+	AA-	AA-	1	P1	AA1	B	A1+	AA-
Sweden		AAA				AAA			AAA
Svenska Handelsbanken	F1+	AA-	AA-	1	P1	AA3	C	A1+	AA-
Switzerland		AAA				AAA			AAA
Credit Suisse Group	F1	AA-	-	1	P1	A1	-	A1	A+
UBS AG	F1	A	-	1	P1	A2	-	A1	A

Annexe 4

Trigger Points for Borrowing Decisions (extract from Medium Term Financial Plan 2012-17)

Borrowing Trigger Points: Cashflow

- When setting a number of trigger point, it is important to understand the scope of the cash available, to give the trigger point context :

Current cash position:	£128m (as at 31/12/2011)
Cash high point:	£254m (July 2011)
Predicted average cash:	£175m (April – March 2012)
Total average investments:	£275m (April – March 2012)
Current borrowing position:	£305m (as at 31/12/2011)
Next debt repayment due:	£68m on the 30 September 2013

Given the scope of the figures above, we propose three basic cashflow triggers based upon (1) current short term, (2) average medium term, and (3) replacement of any debt to be repaid:

1. Available daily cash drops below £15m
2. Medium term cash drops below £50m
3. The repayment of any current borrowing

Borrowing Trigger Points: Interest Rates

- When setting the interest rate trigger, reference should be made to the rate when setting the budget in the MTFP. The MTFP for 2012/17 sets rates based upon borrowing from the Public Works Loans Board on a maturity basis, at a rate of 5.0%, which is considered prudent given the projections for PWLB rates shown in table 11.

Using the figures in the MTFP, we can set suggested trigger points for discussion about whether it is appropriate to borrow, and for what term, based on PWLB rates as set out below:

PWLB 10 year maturity	5.0%
PWLB 25 year maturity	5.0%
PWLB 50 year maturity	5.0%