PPP SERVICE CONCESSION FLEXIBILITIES

Report by Acting Chief Financial Officer

SCOTTISH BORDERS COUNCIL

16 February 2023

1 PURPOSE AND SUMMARY

1.1 **The purpose of this report is to consider the impact for the Council of changing the statutory accounting treatment for Service Concession Arrangements (SCAs) as set out in Finance Circular 10/2022 – finance leases and service concession arrangements.**

1.2 The Scottish Government's 2022 Resource Spending Review, contained details of a Service Concession Arrangement flexibility that relates to the Council's PPP schools. The flexibility permits Councils to undertake internal accounting changes that extend the period over which the principal repayment debt element of the unitary charge can be made over the life of the asset rather than the life of the contract. This change would result in a one-off credit to the Council and ongoing annual savings for a period of time. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished.

1.3 The Statutory Regulation in relation to this matter, Local Government Finance Circular 10/2022 (FC 10/2022), was published and issued to Councils in September 2022.

1.4 FC 10/2022 permits the option for Scottish Councils to apply additional flexibility to the accounting treatment for Service Concession Arrangements (SCA) in place before 1st April 2022. The statutory guidance applies from the financial year 2022 to 2023 but permits retrospective application as an option.

1.5 If this approach is adopted, it must be applied to all service concession arrangements, leases, and similar arrangements with the exception of such arrangements where the contract will expire within five years, where it may be applied. The Council has three such arrangements in place at present:

- The original PPP scheme (3 secondary schools – Earlston HS, Berwickshire HS, Eyemouth HS);
- Kelso High School; and
- Jedburgh Intergenerational Campus.

1.6 In terms of the requirements of FC 10/2022 the Council will need to show that the financial implications of the change are prudent, sustainable, and affordable over the life of the asset and explain the basis for the accounting policy change. The reason for the change should be disclosed, along with an explanation of the movement in both the Balance Sheet and the General Fund. Where the annuity method has been applied, narrative should explain how this method links to the flow of benefits from the asset.

1.7 Advice and support has been sourced from Link Asset Services, the Council's treasury management consultant.

2 RECOMMENDATIONS

2.1 It is recommended that Scottish Borders Council:

a) applies, as per section 2.2 of FC 10/2022, the permitted PPP Concession flexibility in financial year 2023/24 on a retrospective basis using an annuity basis with a useful asset life of 50 years;

b) notes that the flexibility being applied is consistent with current Council Loans Fund arrangements and is considered prudent, sustainable, and affordable over the life of the asset;

c) notes that, by applying the flexibility, a one off retrospective saving of £29.093m will be achieved followed by a reduction in the annual charges for a further 16 years (commencing in FY 2023/24) and the continuation of the statutory charges after the SCA contracts have been repaid; and

d) agrees to allocate the £29.093m retrospective saving as follows:

• £9.093m contribution towards supporting the revenue budget over the first 3 years of the revenue plan from 2023/24 as detailed in 4.13; and

• retain the balance of £20m in reserves to establish a £20m change fund. This fund would be deployed over the next 5 years targeted at new technology, service changes and cost reductions to ensure the Council remains financially sustainable while maintaining service standards.

3 BACKGROUND

3.1 The Scottish Government's 2022 Resource Spending Review, contained details of a Service Concession Arrangement flexibility that relates to the Council's PPP schools. The flexibility permits Councils to undertake internal accounting changes that extend the period over which the principal repayment debt element of the unitary charge can be made over the life of the asset rather than the life of the contract. This results in a one-off credit to the Council and ongoing annual savings for a period of time. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished.

3.2 The Statutory Regulation in relation to this matter, Local Government Finance Circular 10/2022 (FC 10/2022), was published and issued to councils in September 2022.

3.3 FC 10/2022 permits the option for Scottish Councils to apply additional flexibility to the accounting treatment for Service Concession Arrangements (SCA) in place before 1st April 2022. The statutory guidance applies from the financial year 2022 to 2023 but permits retrospective application as an option.

3.4 If this approach is adopted, it must be applied to all service concession arrangements, leases, and similar arrangements with the exception of such arrangements where the contract will expire within five years, where it may be applied. The Council has three such arrangements in place at present:

- The original PPP scheme (3 secondary schools – Earlston HS, Berwickshire HS, Eyemouth HS);
- Kelso High School; and
- Jedburgh Intergenerational Campus

3.5 In terms of the requirements of FC 10/2022 the Council will need to show that the financial implications of the change are prudent, sustainable, and affordable over the life of the asset and explain the basis for the accounting policy change. The reason for the change should be disclosed, along with an explanation of the movement in both the Balance Sheet and the General Fund. Where the annuity method has been applied, narrative should explain how this method links to the flow of benefits from the asset.

3.6 Advice and support has been sourced from Link Asset Services, the Council's treasury management consultant.

4 PROPOSALS

4.1 Finance Circular 10/2022 (FC 10/2022) replaces the 2010 version that covered this area and permits the authority to apply a temporary flexibility for service concession arrangements entered prior to April 2022. The Circular sets out the accounting requirements and the options permitted for the recognition of repayments of the principal element of the lease component or the lease liability for the year and the temporary flexibility for SCAs entered into prior to 1 April 2022.

4.2 Appendix 1 provides an analysis of the options contained in FC 10/2022 along with various prudence and consistency aspects that must be assessed when considering the application of the options contained in the statutory guidance.

4.3 Authorities have the flexibility to apply the change in the calculation of the statutory charge in either 2022/23 or 2023/24. This approach will apply to all credit arrangements going forward. The adopted approach must be applied across all such arrangements in line with the key accounting principle of consistency. There is an exception for schemes that have less than 5 years remaining; however this is not applicable in this case. The details of the permitted approach are contained in Appendix 2.

4.4 The annual unitary charge will continue to be paid to the contractor over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.

4.5 In determining whether to apply the flexibility to the accounting policy for SCAs, the Council needs to ensure it maintains a prudent approach and any changes are sustainable in terms of the Council's revenue budget.

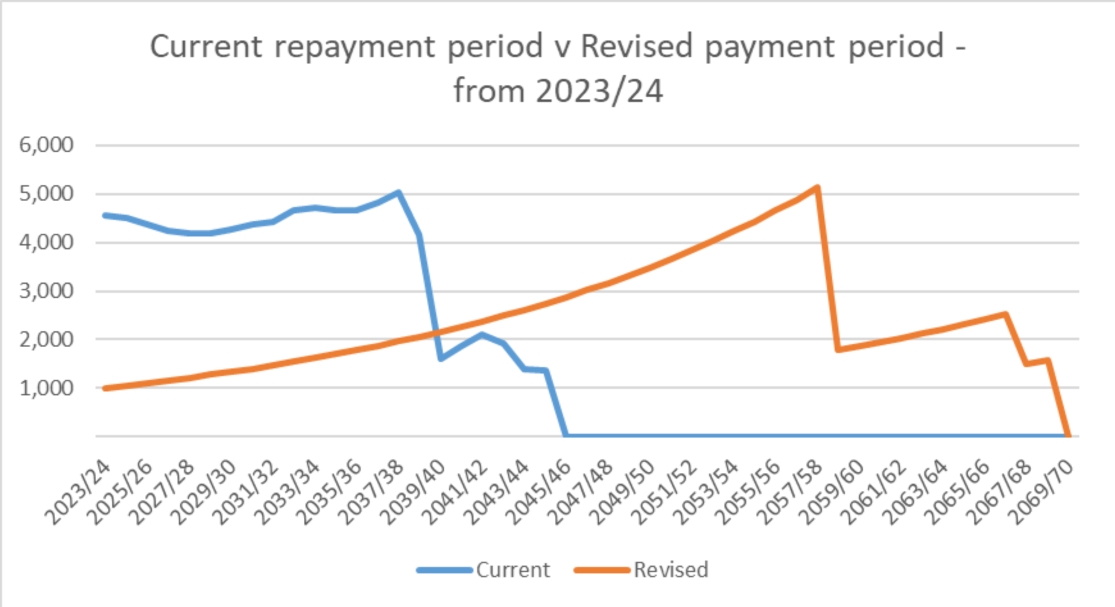
4.6 When determining 'a prudent policy' for SCAs the Council needs to consider the financial implications in the context of the financial forecast of the Council's Financial Plan. The Council's draft 2023/24 Financial Plan, which will be presented to Council on the 23 February 2023, reflects budget gaps in future years where costs exceed funding available.

4.7 Based on the analysis contained in Appendix 2, it is recommended that Option 2.2 of FC 10/2022 be applied in 2023/24 for the SCAs currently held by the Council as it is considered to be prudent and consistent when assessed against the various considerations.

4.8 **Summary Impact of Applying Section 2.2 of FC 10/2022**

The current repayment charges for each SCA have been compared against an annuity repayment profile based on the estimated useful asset lives for the each of the three SCA arrangements. The most appropriate asset life is considered to be 50 years which replicates the useful asset life of other similar type assets held on the Council's balance sheet i.e. schools. The calculation of the repayment charges of each SCA or Public Private Partnership (PPP) scheme using the asset life annuity basis is compared to the current charges which are made over the contract period. Further detail is provided in Appendix 3 for each of the three SCAs held and is summarised as follows in both a summarised table and graphical form:

	Total of PPP Schemes			
	Current Position	**Principal repayments based on simple 50 year annuity**		
PPP principal repayments	**Current repayment £000**	**Revised repayment £000**	**(Reduction)/cost £000**	**NPV 3.5% £000**
pre 2023/24	37,111	8,017	(29,093)	(29,093)
2023/24	4,566	1,004	(3,562)	(3,441)
Yrs 2 to 5	17,321	4,531	(12,790)	(11,374)
Yrs 6 to 10	21,923	7,031	(14,892)	(11,311)
Yrs 11 to 25	38,353	34,718	(3,635)	(4,653)
Yrs 26 to 40	0	51,416	51,416	17,099
Yrs 41 to 50	0	12,556	12,556	2,837
Total	119,274	119,274		(39,934)



4.9 The total cumulative statutory adjustment up to the 31st March 2023 which would result from changing the calculation of the repayment of debt liability on the three SCAs using a 50-year annuity period is £29.093m. This is a one off in year reduction, compared to the current schedule of repayments.

4.10 In the financial years up to the expiry date of each contract there would be further reductions. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished. The full repayment profiles are provided in detail for each SCA in Appendix 3.

4.11 Over the full life of the SCAs the total repayment for the debt liability remains the same. However, when a Net Present Value (NPV) is applied the reprofiled charges would result in a total reduction in NPV terms of £39.934m.

4.12 The reprofiling of the debt liability repayments would increase the Capital Financing Requirement (CFR) by £29.093m as at 1 April 2023, if the Council made the adjustment in the financial year 2023/24. The increase in the CFR will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period.

4.13 Changing the repayments of the SCA debt liability using Option 2.2 produces significant retrospective one off savings of £29.093m and ongoing revenue savings in the short to mid-term (as detailed in 4.8 above). As noted in 4.6 above, budget gaps remain in the five year revenue plan where costs exceed funding available. To achieve a prudent managed approach for the release of these savings and to align with the requirements of the financial plan, it is proposed to allocate a proportion of the retrospective savings created from the statutory one-off adjustment to "smooth" the identified budget gap over the next three years as follows to allow more time to achieve the permanent savings required to ensure the Council remains on a financially sustainable footing. The following table reflects the estimated profiling over the 3 year period.

2023/24 £m		**2024/25 £m**		**2025/26 £m**		**Total**
0.682		4.399		4.012		9.093

4.14 The remaining balance of the identified retrospective saving of £20m would remain as an allocated reserve within Council balances with a recommendation that the Council establishes a £20m change fund. This fund would be deployed over the next 5 years targeted at new technology, service changes and cost reductions to ensure the Council remains financially sustainable while maintaining service standards.

4.15 In addition to the one off retrospective element, an in year saving would occur in scheduled debt repayments in 2023/24, if applied from 1 April 2023, of £3.562m. This would be followed by a reduction in the annual charges for a further 15 years and then the continuation of the statutory charges after the SCA contracts have been repaid. Details of the profile of debt rescheduling is outlined in Appendix 3. It is proposed that this annual saving will be applied to the budget gap in 2023/24 financial year and in future years as a recurring base budget saving, with adjustments required in future annual budgets to ensure resources remain sufficient to pay the debt as outlined.

5 IMPLICATIONS

5.1 Financial

There are no financial implications beyond those contained in the report and appendices.

5.2 Risk and Mitigations

The major risks associated with this report are that the Council is not prudent with the decisions it makes in the use of SCA. There is also a risk that the Council fails to budget appropriately for the future costs associated with the SCA. These risks are mitigated by the Council's medium and longer term financial planning approach including the Long-Term Financial Strategy.

5.3 Integrated Impact Assessment

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Sustainable Development Goals

There are no significant effects on the economy, community or environment.

5.5 Climate Change

No effect on carbon emissions are anticipated from the recommendation of this report.

5.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to the Schemes of Administration or Delegation as a result of this report.

6 CONSULTATION

6.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director People, Performance and Change, the Clerk to the Council and Corporate Communications are being consulted and any comments received will be communicated at the Council meeting.

Approved by

Suzy Douglas **Signature ....**
Acting Chief Financial Officer

Author(s)

Suzy Douglas	Acting Chief Financial Officer 01835 824000 X5881

Background Papers:
Previous Minute Reference:

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Suzy Douglas can also give information on other language translations as well as providing additional copies.

Finance Circular 10/2022

Finance Circular 10/2022 (FC 10/2022) replaces the 2010 version that covered this area and permits the authority to apply a temporary flexibility for service concession arrangements entered prior to April 2022. The Circular sets out the accounting requirements and the options permitted for the recognition of repayments of the principal element of the lease component or the lease liability for the year and the temporary flexibility for SCAs entered prior to 1 April 2022. The options contained in FC 10/2022 are:

- Section 1: applying the Accounting Code with the reversal (i.e. elimination) of all statutory adjustments;
- Section 2.1: continuation of existing statutory accounting for all relevant SCAs, leases and similar arrangements, as originally set out in finance circular 4/2010;
- Section 2.2: SCAs only – this section permits an additional flexibility for SCAs recognised within an authority's Annual Accounts prior to 1 April 2022. The new flexibility aligns the statutory adjustments to the asset life. With a choice of retrospective or prospective application. Section 2.1 continues to apply to leases and similar arrangements.

The impact of applying Section 2.2 to the Council's SCAs is the subject of this report. This option applies the usual principles that depreciation and impairment will not be a charge to the General Fund. The charge to the General Fund will be a sum which recognises the repayment of the principal element of the finance lease component of the PFI liability, plus life cycle replacement capital expenditure. The Section 2.2 option permits the additional flexibility to calculate the statutory charge over the useful life of the asset which has been financed by the SCA rather than over the contract period, applying proper accounting practices.

Authorities have the flexibility to apply the change in the calculation of the statutory charge in either 2022/23 or 2023/24. This approach will apply to all credit arrangements going forward. The adopted approach must be applied across all such arrangements in line with the key accounting principle of consistency. There is an exception for schemes that have less than 5 years remaining; however this is not applicable in this case. The details of the permitted approach are contained in Appendix 2.

The unitary charge will continue to be paid to the contractor over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.
If the 3rd option detailed in the bullet points above, applying Section 2.2 of FC 10/2022, is used and costs are reprofiled over the asset life, then there is a further choice on how to reprofile the principal elements:

- Equal Instalment of Principal, or
- Annuity method

A decision is required on which of these two options to apply and this is informed by the overall view on prudence.

Annuity Method – Consideration

In determining whether to apply the flexibility to the accounting policy for SCAs, the Council needs to ensure it maintains a prudent approach and any changes are sustainable in terms of the Council's revenue budget.

The calculation of the repayment of the debt liability charges in this report have used the annuity method to calculate the revised repayments. This method best represents the consumption of the assets over their useful lives. The annuity method is used as standard practice in most PPP arrangements.

It is common practice for Scottish Authorities to use the annuity method for writing down the debt liability for borrowing to support capital expenditure. This methodology is currently applied within the Councils current Loans Fund repayment policy. The use of an annuity method for the writing down of the PPP debt liability therefore ensures a consistent approach for the writing down of all debt which is financing capital expenditure.

CIPFA supports the use of the annuity method for calculating charges for the repayment of the debt liability and states:

- 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.
- The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, considering the real value of the amounts when they fall due.
- The annuity method would then be a prudent basis for providing for assets that provided a steady flow of benefits over their useful life.

CIPFA Practitioners' Guide to Capital Finance in Local Government 2019

The following table shows how the annuity method results in a consistent charge over the asset's life. When comparing the net present values of each payment it results in the same payment and shows that the annuity method produces a consistent and even charge in today's terms based on an example £1m Capital Financing Requirement over 10 years when compared to the alternative Equal Instalment Plan methodology.

Year	Debt repayment – EIP basis £	NPV @3.5% £
1	100,000	96,618
2	100,000	93,351
3	100,000	90,194
4	100,000	87,144
5	100,000	84,197
6	100,000	81,350
7	100,000	78,599
8	100,000	75,941
9	100,000	73,373
10	100,000	70,892
	1,000,000	**831,661**

Year	Debt repayment – annuity basis £	NPV @3.5% £
1	85,241	82,359
2	88,225	82,359
3	91,313	82,359
4	94,509	82,359
5	97,816	82,359
6	101,240	82,359
7	104,783	82,359
8	108,451	82,359
9	112,247	82,359
10	116,175	82,359
	1,000,000	**823,588**

Calculation of the debt liability repayments using the annuity method is considered a prudent approach as it reflects the time value of money (i.e. the impact of inflation) as well as providing a charge that is better matched to how the benefits of the asset financed by borrowing are consumed over its useful life. That is, a method that reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years.

It is likely that the asset will continue to be used and consumed after the end of the period. This shows the benefit of an asset is not straight line as the Council may continue to use and access the asset after the original asset life period.

Useful Economic Life – Consideration

The most appropriate asset life is considered to be 50 years which replicates the useful asset life of other similar type assets held on the Council's balance sheet i.e. schools. The Council's Loans Fund methodology use a Useful Economic Life (UEL) of 50 years when calculating the repayment of debt liability for borrowing to support capital expenditure for similar types of assets. The proposed application a UEL of 50 years for the three SCAs arrangements is therefore considered consistent with current council methodology.

Revenue Budget Implications – Considerations

When determining 'a prudent policy' for SCAs the Council needs to consider the financial implications in the context of the financial forecast of the Council's Financial Plan. The Council's draft 2023/24 Financial Plan, which will be presented to Council on the 23 February 2023, reflects budget gaps in future years where costs exceed funding available.

Changing the repayments of the SCA debt liability produces significant retrospective savings and ongoing revenue savings in the near to mid-term. To achieve a prudent managed approach for the release of these savings and to align with the financial plan, it is proposed to allocate £9.093m of the retrospective savings created from the statutory one-off adjustment to "smooth" the identified budget gap over the next three years as to allow more time to achieve the permanent savings required.

After applying £9.093m of the retrospective saving to support the revenue budget in the short to medium term the remaining balance of £20m of the identified retrospective saving would remain as an allocated reserve within Council balances with a recommendation that the Council establishes a £20m transformation fund. This fund would be deployed over the next 5 years targeted at new technology, service changes and cost reductions to ensure the Council remains financially sustainable while maintaining service standards.

Impact of Applying Section 2.2 of FC 10/2022

The calculation of the repayment charges of each SCAs or Public Private Partnership (PPP) scheme applying Section 2.2 of FC 10/2022, using the asset life annuity basis, compared to the current charges which are made over the contract period is shown in Appendix 3. The current repayment charges for each SCA have been compared against an annuity repayment profile based on the estimated useful asset lives for the each of the three SCA arrangements. The most appropriate asset life is considered to be 50 years which replicates the useful asset life of other similar type assets held on the Council's balance sheet i.e. schools. A one off retrospective saving of £29.093m would be achieved using this methodology.

In addition to the one off retrospective element, an in year saving would occur in scheduled debt repayments in 2023/24, if applied from 1 April 2023, of £3.562m followed by a reduction in the annual charges for further 15 years and then the continuation of the statutory charges after the SCA contracts have been repaid. Details of the profile of debt rescheduling is outlined in Appendix 3.

<u>Accounting Treatment</u>

The statutory adjustment can be made as at 1 April in the year the revised repayments are applied. This option can be exercised only in 2022/23 or 2023/24 and can be applied retrospectively. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2023 would require the following entries to be made:

- Debit Capital Adjustment Account; and
- Credit General Fund balance

Thereafter the statutory debt repayment in subsequent financial years will require the following entries to be made:

- Debit General Fund balance; and
- Credit Capital Adjustment Account

These adjustments would be reported through the Movement in Reserves Statement. The main impact of the reprofiling of the charges will be a reduction in the annual charges for 16 years and the continuation of the statutory charges after the SCA contracts have been repaid. The revised charges will represent the proper charge for the consumption of the assets over their useful lives.

Section 2.2	**Permitted approach**
Options	To calculate the annual charge for the principal repayments of the debt liability: • the equal instalments of principal (EIP) or • the annuity method can be used.
Discount rate	The discount rate to be applied should follow the requirements of the Accounting Code. The principal repayments should be discounted using the interest rate implicit in the contract if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate of the local authority should be used.
Applicable years	Applied in 2022/23 or 2023/24 only. Can be either prospective or retrospective application.
Cumulative statutory adjustment	The cumulative statutory adjustment is from the Capital Adjustment Account to the General Fund and is made as at 1 April in (depending on the year applied) either 2022 or 2023. There is no prior year restatement of statutory adjustments. The SCA liability will continue to be written down by the contractual principal repayments.
Applicable arrangements	The flexibility must be applied consistently to all SCAs entered prior to 1 April 2022 except for contracts with less than 5 years until completion provided the annual charge is not materially different. A body should separately identify the value of each SCA. If not, the asset and liability must be restated at market values. The flexibility does not apply to leases or any similar arrangement.
Governance	The decision to apply the flexibility must be approved by the Full Council.
Prepayments	Where a prepayment was originally funded from a revenue or capital source, the body may revisit that decision and choose to fund the prepayment from borrowing. Borrowing should be recognised by a loans fund advance.

Appendix 3

The summary position for the PPP scheme below shows the repayments of the £64m debt liability for the current 32-year contract period compared to the calculation based on a 50-year annuity and highlights the following:

	PPP (2008/09, £64m, 32 years)			
	Current Position	Principal repayments based on simple 50 year annuity @ 5.153%		
PPP principal repayments	Current repayment £000	Revised repayment £000	(Reduction) /cost £000	NPV 3.5% £000
pre 2023/24	23,743	6,375	(17,369)	(17,369)
2023/24	1,734	621	(1,114)	(1,076)
Yrs 2 to 5	7,474	2,819	(4,655)	(4,136)
Yrs 6 to 10	12,375	4,422	(7,953)	(5,987)
Yrs 11 to 25	18,903	22,387	3,484	(122)
Yrs 26 to 40		27,607	27,607	9,578
Total	64,230	64,230		(19,112)

• the statutory adjustment for the cumulative repayment of debt liability up to 31 March 2023 is a £17.369m reduction.
• there are further annual reductions totalling £25.707m from 2023/24 to 2038/39 the year before the contract expires.
• in the financial years 2039/40 to 2057/58 the revised charges will result in a total of £43.076m higher costs than the current repayment profile (ranging from £1.471m in 2039/40 to £3.425m in 2057/58).
• the rescheduling of all the charges gives a NPV saving of £19.112m.

The summary position for the Kelso scheme shows repayments of the £23m debt liability for the current 26-year contract period, compared to the calculation based on a 50-year annuity and highlights the following:

	Kelso (2017/18, £23m, 26 years)			
	Current Position	Principal repayments based on simple 50 year annuity @ 4.404%		
PPP principal repayments	**Current repayment £000**	**Revised repayment £000**	**(Reduction) /cost £000**	**NPV 3.5% £000**
pre 2023/24	7,101	879	(6,222)	(6,222)
2023/24	1,087	170	(917)	(886)
Yrs 2 to 5	3,804	758	(3,046)	(2,709)
Yrs 6 to 10	3,800	1,151	(2,649)	(2,042)
Yrs 11 to 25	6,933	5,396	(1,537)	(1,202)
Yrs 26 to 40		10,300	10,300	3,255
Yrs 41 to 50		4,070	4,070	942
Total	22,725	22,725		(8,862)

• the adjustment for cumulative debt repayment charges up to 31 March 2023 is a £6.222m reduction.
• there are further annual reductions totalling £10.346m from 2023/24 to 2042/43 when the contract ends.
• in the financial years 2043/44 to 2066/67 the revised profile will result in a total of £16.567m higher costs than the current repayment profile (ranging from £0.402m in 2043/44 to £1.084m in 2066/67).
• the rescheduling of all the charges gives a NPV saving of £8.862m.

The summary position for the Jedburgh scheme shows repayments of the £32m debt liability for the current 26-year contract period, compared to the calculation based on a 50-year annuity and highlights the following:

	Jedburgh (2019/20, £32m, 26 years)			
	Current Position	**Principal repayments based on simple 50 year annuity @ 4.546%**		
PPP principal repayments	**Current repayment £000**	**Revised repayment £000**	**(Reduction) /cost £000**	**NPV 3.5% £000**
pre 2023/24	6,267	764	(5,503)	(5,503)
2023/24	1,744	213	(1,531)	(1,479)
Yrs 2 to 5	6,043	954	(5,089)	(4,529)
Yrs 6 to 10	5,748	1,458	(4,290)	(3,282)
Yrs 11 to 25	12,517	6,935	(5,582)	(3,329)
Yrs 26 to 40		13,509	13,509	4,266
Yrs 41 to 50		8,486	8,486	1,895
Total	32,319	32,319		(11,962)

• the adjustment for cumulative debt repayment charges up to 31 March 2023 is a £5.503m reduction.
• there are further annual reductions totalling £18.272m from 2023/24 to 2044/45 when the contract ends.
• in the financial years 2045/46 to 2068/69 the revised profile will result in a total of £23.775m higher costs than the current repayment profile (ranging from £0.567m in 2045/46 to £1.576m in 2068/69).
• the rescheduling of all the charges gives a NPV saving of £11.962m.