

Item: 4

Policy and Resources Committee: 19 December 2022.

Strategic Reserve Fund – Budget Review and Long-Term Forecast.

Report by Head of Finance.

1. Purpose of Report

To review the level of disbursements from the Strategic Reserve Fund used to support General Fund Services and other Council priorities for financial year 2023/24 onwards.

2. Recommendations

The Committee is invited to note:

2.1.

That the Strategic Reserve Fund contributed £8,263,000 to the General Fund for financial year 2022/23, which was the final year of a 3-year contribution strategy totalling £22,083,000, with £6,350,000 and £7,470,000 paid in financial years 2020/21 and 2021/22 respectively.

2.2.

That, on 21 December 2021, when reviewing the level of disbursements from the Strategic Reserve Fund used to support General Fund Services and other Council priorities for financial year 2022/23 onwards, the Policy and Resources Committee recommended approval of the Strategic Reserve Fund budget for financial year 2022/23, together with indicative budgets for 2023/24 and 2024/25, with the indicative baseline financial contribution from the Strategic Reserve Fund to the General Fund reverting to £6,350,000 for financial years 2023/24 and 2024/25.

2.3.

That the Strategic Reserve Fund Managed Funds investments are forecast to underperform against the approved budget for financial year 2022/23, as indicated in the probable outturn column of Appendix 1 to this report.

2.4.

That, after allowing for distributions of £8,806,000 during financial year 2022/23, the value of the Strategic Reserve Fund is estimated to decrease by £20,909,000 to £223,890,000 as at 31 March 2023.

2.5.

That the proposed existing distribution commitments of £10,263,000 for financial years 2023/24, 2024/25 and 2025/26, and £19,050,000 allocated to support General Fund Services over the same period are reflected in the 3-year budget and the 10-year forecast, attached as Appendices 1 and 2 respectively to this report.

2.6.

That the 10-year forecast, attached as Appendix 2 to this report, indicates that the impact of economic conditions in Quarter 4 2021/22 to date have had a significant impact on the sustainability of the Strategic Reserve Fund, with the forecast showing a continuous period where the value of the Strategic Reserve Fund is below the real terms value of the “floor”.

2.7.

That, in order to balance the investment returns and the associated risks, while much uncertainty remains within the global economy and therefore considerable volatility can be anticipated from investment returns over the short to medium term, the strategies for local investments and externally managed fund investments are reviewed regularly.

2.8.

That a very prudent approach is recommended when considering requests for additional disbursements from the Strategic Reserve Fund.

It is recommended:

2.9.

That a financial contribution of £6,350,000 from the Strategic Reserve Fund to the General Fund be used as a planning assumption as part of the Council’s budget setting process for financial year 2023/24.

2.10.

That the Strategic Reserve Fund budget for financial year 2023/24, together with indicative budgets for 2024/25 and 2025/26, attached as Appendix 1 to this report, be approved.

2.11.

That the long-term 10-year budget forecast for the Strategic Reserve Fund, attached as Appendix 2 to this report, be endorsed as a financial planning document.

2.12.

That the segregation of balances in respect of the Renewable Energy Investment Fund be removed and the balance included with Strategic Reserve Fund balances.

3. Background

3.1.

The purpose of the Strategic Reserve Fund is to support projects which provide benefit to the Orkney community as a whole, such as the development of industrial estates, harbour infrastructure and recreational projects, while supporting economic development activity in general across the Council area. The Strategic Reserve Fund is also required to support the long-term objective of managing the implications associated with declining oil related revenues on the economy of the islands and to contribute to the decommissioning costs of the Flotta terminal at the end of its life.

3.2.

The Strategic Reserve Fund has been applied to supplement General Fund services on a restricted basis as part of a strategy, whereby the Council has pressed Scottish Government for equality of treatment in the finance settlement across the Island unitary authorities. More recently, this approach has been extended to support the delivery of income generation and efficiency saving plans. When the Council set the budget for financial year 2022/23, it was agreed that £8,263,000 from the Strategic Reserve Fund be used as a funding source to supplement the General Fund revenue budget.

3.3.

The current income focused strategy for the Strategic Reserve Fund managed fund investments was adopted on the basis that it offered the prospect of more predictable returns for the Strategic Reserve Fund along with a lower risk profile achieved through improved diversification.

3.4.

This ongoing reliance on the Strategic Reserve Fund as a means of balancing the General Fund budget. as part of a long-term financial strategy, is not best practice, particularly given the levels of volatility that continue to impact on investment returns.

4. Budget Monitoring 2022/23

4.1.

The Strategic Reserve Fund managed funds have performed very poorly in financial year 2022/23 and are expected to return a loss of £9,700,000 on the year, which is £25,222,000 behind the budgeted surplus of £15,522,000. When current inflation is factored in, the overall reported position for the Fund in real terms is that of an anticipated deficit of £40,083,000, which is £30,637,000 lower than the overall budgeted position for financial year 2022/23. This means that the value of the Fund is expected to fall below the “floor” level previously recommended by the Policy and Resources Committee on 21 December 2021.

4.2.

The main factors contributing towards the probable outturn position at 31 March 2023, and as set out in the budget statement, attached as Appendix 1 to this report, are as follows:

- Investment activities – managed funds loss of £9,700,000, including unrealised losses in the value of investments, which is £25,222,000 behind budget.
- Deficit on the Scapa Flow Oil Port of £882,000 which is £1,712,000 behind budget.
- Distributions of £8,806,000 which is £3,827,000 behind budget.
- Consumer Price Index (CPI) Inflation was estimated to reach 4.2% by 31 March 2022, but the actual figure was 7.83% or £6,586,000 higher than the budget assumption.

5. Review of the Floor

5.1.

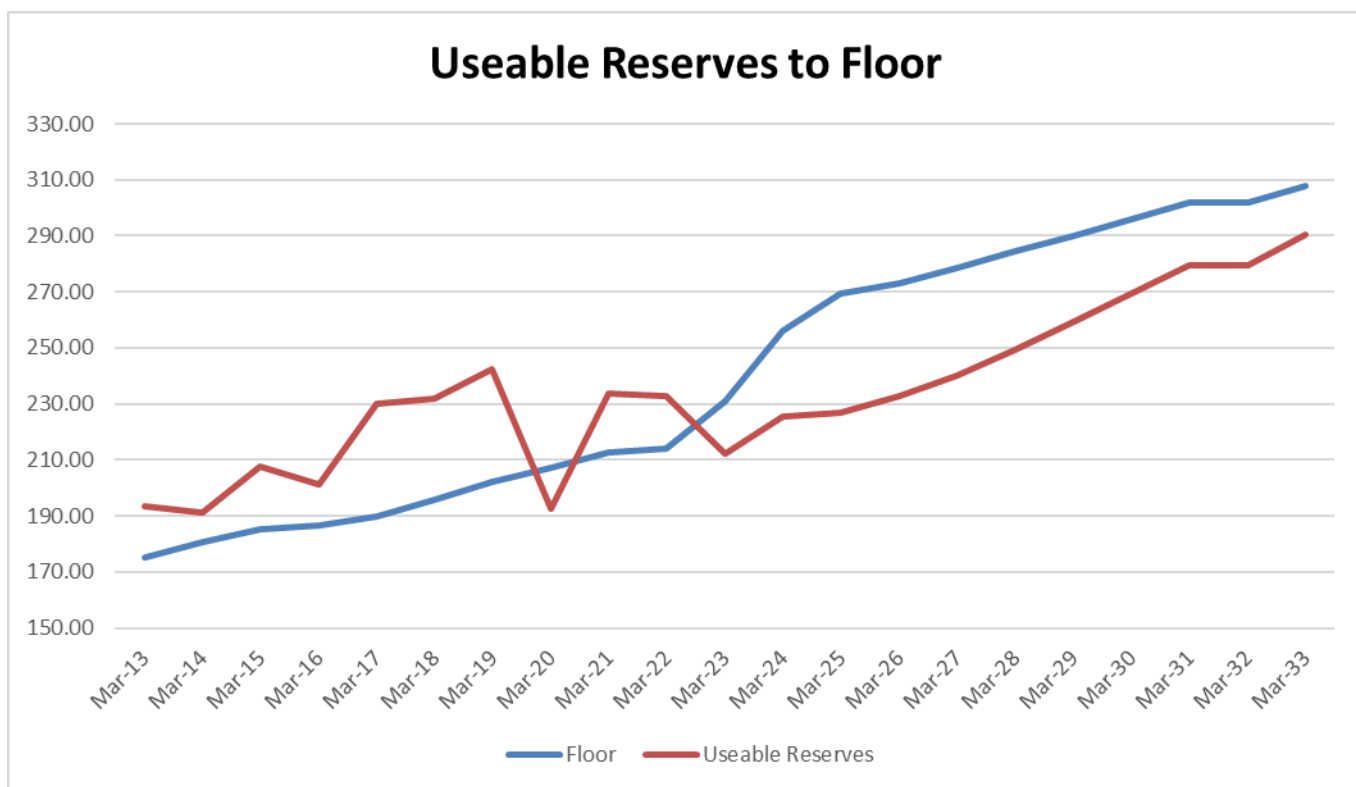
The minimum balance or “floor” for the Strategic Reserve Fund was established at £175,000,000, as at 1 April 2012, and has been recalculated using Retail Price Index (RPI) up until 31 March 2021, to maintain its capital value in real terms.

5.2.

As part of the budget setting process for 2021/22, it was agreed that Consumer Price Index (CPI) be used as the basis for the “floor” calculation going forward. Using the official figures available from the Office for National Statistics, CPI was 7.83% as at 1 April 2022 and has been used to calculate the “Floor” balance for year ended 31 March 2023 at £230,978,000.

5.3.

The value of the Strategic Reserve Fund usable reserves has been estimated at £212,112,000 as at 31 March 2023. As can be seen, this value is below the “floor”, therefore as at 1 April 2023 there is no headroom available for financial year 2023/24. The affordability gap is forecast to further decline to £32,711,000 over the three years to 31 March 2026, as the level of disbursements on the Strategic Reserve Fund continues to exceed the amount of forecast growth in real terms. The following graph illustrates the interaction of the “floor” against maintaining the real terms balance of the fund:



5.4.

The sharp fall in March 2020 was a result of the Covid-19 epidemic, and the subsequent bounce back in 2021 was relatively quick. Analysts are predicting that the bounce back from the war in Ukraine will be slower due to, initially, the supply side economics encountered coming out of Covid (including transportation costs), and the fuel and energy costs increases and lastly the wage increases, and cost of living crisis further exacerbating the UK economy. Brexit will also mean the UK will have a slower recovery than EU partners. As a result the forecast for recovery of the managed funds is also predicted to be slower, and restoration of fund values have been spread over 24 months – from Quarter 3 2022/23 to Quarter 2 2024/25. The market may however perform better or worse than forecast, and these estimates need to be considered in the context of the uncertainty that remains within the global economy.

5.5.

As such, it is considered that much volatility can still be anticipated from the Council's investment returns over the short to medium term, and therefore a prudent approach is recommended when considering any requests for additional disbursements over this period.

5.6.

In setting a budget for financial year 2023/24, it is accepted that the “floor” for the Strategic Reserve Fund, £230,978,000, has already been breached, and as such the General Fund contribution from the Strategic Reserve Fund should be reduced in line with the Investment Strategy Review carried out by Hymans Robertson in May 2021, to £6,350,000. Hymans Robertson’s report is attached, in full, as Appendix 3 to this report.

5.7.

Indicative General Fund contributions from the Strategic Reserve for 2024/25 2025/26 should also be fixed at £6,350,000 but will be subject to annual review as part of the Council’s budget setting process.

5.8.

The 3-year budget and the 10-year long term plan, as set out in Appendices 1 and 2 respectively, include current ‘known’ information, and many factors, both internal and external, will impact on the fund projections over those periods. However, given current knowledge and using current assumptions, the above graph shows that the real terms value of the useable reserves within the Strategic Reserve Fund will not recover during the 10-year time frame of the long term plan.

6. Strategic Reserve Fund Performance

6.1.

Over the past 10 years, up to and including 2022/23, the Strategic Reserve Fund has been used to fund the provision of Council services and contribute to various capital projects and other initiatives to the value of £74,616,000, as follows:

	£'000
Community Development Fund	1,667
General Fund Services	54,690
Scapa Flow Oil Port losses	4,403
Capital programme contributions	5,075
House Build Programme	2,898
Island Games	55
Strategic Projects – Renewables	2,255
Stromness Townscape Heritage Initiative	322
North Isles Landscape Partnership	246
Scapa Flow Landscape Partnership	5
Coronavirus Business Hardship Support Fund	3,000
Total	74,616

6.2.

The impact that these distributions were having on the long-term sustainability of the Strategic Reserve Fund was formally recognised in 2012, when the Council established a policy to review the sustainability of the Strategic Reserve Fund when considering any future requests for financial assistance. At that time, in reviewing the investment strategy for the Strategic Reserve Fund managed funds, it was recognised that the income would not be sufficient to maintain a distribution level of £5,000,000 per annum from the Strategic Reserve Fund and maintain the real value of the Fund over time. The review however focused solely on externally managed fund investments and did not take account of the contribution that local investments and the Scapa Flow Oil Port can make to the Strategic Reserve Fund.

6.3.

More recently, the Investment Strategy Review carried out by Hymans Robertson, considered by the Investments Sub-committee on 27 May 2021, provided assurance that the current income focused investment strategy remained appropriate for the Strategic Reserve Fund managed fund investments. While the review confirmed that expected returns in terms of the current strategy were expected to reduce from 5.6% to 5.2% per annum over a rolling three-year period, largely due to the impact of COVID-19 on the global growth forecasts, this level of income is now considered sufficient to support annual distributions of approximately £6,350,000 per annum and still maintain the value of the Strategic Reserve Fund in real terms.

6.3.1.

The review further considered that, to achieve annual disbursements in line with the level of £8,263,000 for last financial year 2022/23, required nominal return increases closer to 6% per annum, while distributions above £10,000,000 appear to be unsustainable based on current fund size and expected returns on assets.

6.3.2.

The war in Ukraine, inflationary pressures and further global uncertainty will have further impacted the ability of the Strategic Reserve Fund to distribute funds, and remain sustainable, particularly in the short term.

6.4.

The forecast cashflow requirements, as detailed in Appendix 1 to this report, indicates a requirement to draw down £29,313,000 over the 3-year period 2023 to 2026.

6.5.

On 21 December 2021, the Policy and Resources Committee suggested that the baseline contributions should revert to £6,350,000 from 2023/24 onwards and that this was considered possible to maintain distributions from the Strategic Reserve Fund at these levels and still maintain the value of the Fund above the minimum balance or “floor”, however as a result of poor investment performance in financial

year 2022/23 this level of disbursement will result in the value of the Fund falling below the minimum balance or “floor”, as detailed in Appendix 2 to this report.

6.6.

There are several other commitments on the Strategic Reserve Fund that are also expected to be drawn down over the next three years, including the following contributions:

- £8,070,000 towards the General Fund capital programme.
- £945,000 towards the Island Games 2025.
- £1,248,000 towards Strategic Projects (Scale Wind, Staff Resources, Grid Connection, Private Wire).

6.7.

The commitments shown at section 6.6 above do not include any potential requests for further funding for the Island Games 2025, any request to fund the continuation of the Community Development Fund or the £1,890,000 approved by Council on 6 December 2022 for an Owner’s Engineer for the Strategic Projects.

6.8.

While the existing level of net distribution commitments on the Strategic Reserve Fund, estimated at £7,100,000, £15,515,000 and £6,698,000 for financial years 2023/24, 2024/25 and 2025/26 respectively, it should be noted that any disbursements above the “floor” will have an adverse impact on the capacity of the Strategic Reserve Fund to generate income in the future. In simple terms, the disbursement of £29,313,000 of funds over the three-year period translates into a loss of income generating capacity within the Fund of approximately £1,524,000 per annum, based on a long-term investment target return of 5.20%.

7. Long Term Budget Forecast

7.1.

In assessing the sustainability of the Strategic Reserve Fund, it is considered good practice to review the impact of the current financial arrangements over the longer term. Appendix 2 to this report provides a 10-year projection or forecast for the Fund.

7.2.

In assessing any financial projection or forecast over the longer term, it is helpful to remember that the information is only ever as good as the underlying assumptions behind the figures. Also, the longer-term financial forecast should be considered in the context that much uncertainty remains within both the UK and global economies over the short term such that the level of underlying risk of error is likely to increase significantly as the timeline of any forecast is extended out beyond the short-term.

7.3.

The forecast is based on the following assumptions using both local experience and government forecasts:

- Investment income – managed funds – 5.2%.
- Investment income – local investments – 0.0% to 5.5%.
- Inflation – Consumer Price Index – 2.0%.

7.4.

The success or failure of the Strategic Reserve Fund, in terms of financial performance, comes from investing activities, primarily through externally managed fund investments but also to a lesser extent through local investments. In order to balance the investment returns and the associated risks, the strategies for local investments and externally managed fund investments are reviewed regularly. For example, the recent review in February 2019 agreeing a shift in strategy towards a more diversified income focused strategy along with a commensurate reduction in risk volatility.

7.5.

The long-term forecast indicates that the impact of economic conditions in Q4 2021/22 to date have had a significant impact on the sustainability of the Strategic Reserve Fund. The forecast shows a continuous period where the value of the fund is below the real terms value of the “floor”. This is however caveated on the basis that the Fund, including the diverse portfolio of investments, is anticipated to perform in line with the range of assumptions, as set out in section 7.3 above, over this period.

7.6.

Whilst the level of disbursements planned for Years 1 to 3 are relatively high, principally as a result of planned contributions to the General Fund capital programme, this does result in a further widening of the real terms “floor” value gap over this period. This position does then improve steadily over the remainder of this period, over years 4 to 10, although it is notable that no additional funding commitments have been flagged for these seven years. By far the largest draw on the Strategic Reserve Fund is the annual funding contribution to General Fund services being £97,577,000 over the 10-year forecast period, with the income on the Wind Farms estimated to be £6,630,000 per annum with effect from financial year 2027/28 onwards. Whilst the forecast shows eventual return to a sustainable position, the impact is considerably higher when the opportunity cost is factored in, as the loss of investment income, at 5.2% per annum compounded over 10 years, would equate to an additional £27,970,000 or a mark-up of 28.7%.

7.7.

A very prudent approach is therefore recommended when considering any requests for additional disbursements.

8. Renewable Energy Investment Fund

8.1.

On 21 June 2007, the Investments Sub-committee recommended that some of the SRF be utilised for local investments rather than all managed fund investments. An allocation of £2m was set aside for investing in renewable energy projects, with a further £5m added at a later date.

8.2.

On 25 September 2007, the Policy and Resources Committee recommended guidelines to be adopted in relation to progressing applications seeking access to the Renewable Energy Investment Fund.

8.3.

On 30 June 2009, the Investments Sub-committee agreed an investment of £1M in Hammars Hill Energy Ltd (HHEL) and a further £268,320 was invested thereafter. Although other requests for funding were received, following due diligence, no investments were made.

8.4.

The balance on the Renewable Energy Investment Fund as at 31 March 2022 was £9,256,837 made up as follows:

	£
Initial Fund	2,000,000
Subsequent allocation	5,000,000
Investment in HHEL	3,033,800
Interest Earned	998,517
Unrealised Investment Gain	(1,765,480)
TOTAL	9,256,837

8.5.

The allocation from the Strategic Reserve Fund to the Council's Strategic Projects development arguably removes the requirement for a separate fund for renewable energy investments.

9. Corporate Governance

This report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

10. Financial Implications

10.1.

It is recognised that a clear link needs to be maintained between the level of distributions being made by the Strategic Reserve Fund and the actual level of investment income being generated if the value of the Strategic Reserve Fund is to be maintained in real terms.

10.2.

Accordingly, the established practice that requests for additional disbursements from the Strategic Reserve Fund are supported by a full business case appraisal and are accompanied by an impact assessment prepared by the Head of Finance should continue. This should ensure that due regard is given to the associated financial implications, and that the full impact of any such proposals are quantified in terms of the sustainability of the Strategic Reserve Fund as a whole and the level of funds available for distribution in future years.

11. Legal Aspects

11.1.

Section 95 of the Local Government (Scotland) Act 1973, as amended, obliges the Council to make arrangements for the proper administration of its financial affairs.

11.2.

Section 69 (3)(e) of the Orkney County Council Act 1974 permits the Council to apply any reserves established thereunder for any purposes which in the opinion of the Council is solely in the interests of the County or its inhabitants.

11.3.

The Council must make arrangements which secure best value. An authority securing best value will be able to show that it is making effective and efficient use of its financial resources.

11.4.

Under Section 50A(4) of the Local Government (Scotland) Act 1973, the public should be excluded from the meeting in respect of any discussion relating to Appendix 3 to this report. Appendix 3 contains exempt information as defined in paragraphs 6 and 9 of Part 1 of Schedule 7A of the Act.

12. Contact Officer

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13. Appendices

Appendix 1: Strategic Reserve Fund – Draft 3 Year Budget for financial years 2023/24, 2024/25 and 2025/26.

Appendix 2: Strategic Reserve Fund – 10 Year Long Term Budget Forecast.

Appendix 3: Investment Strategy Review carried out by Hymans Robertson in May 2021.

SRF Draft 3 year budget - 2022/26	2022/23 Budget Estimate £000's	2022/23 Probable Outturn £000's	2023/24 Budget Estimate £000's	2024/25 Budget Estimate £000's	2025/26 Budget Estimate £000's
Investment Activities - local investments	(180)	(204)	(204)	(204)	(204)
- managed funds	(15,522)	9,700	(24,687)	(19,389)	(13,465)
- loans fund	36	67	37	145	137
- other, including strategic projects	1,601	2,593	3,856	2,075	642
Property Investments	(790)	(751)	(751)	(751)	(751)
Renewable Energy	(143)	(138)	(138)	(138)	(138)
Scapa Flow Oil Port	(830)	882	1,200	1,200	1,200
Loan Charges - interest and debt management	(50)	(46)	(46)	(46)	(46)
Loan Charges - CFCR	119	0	119	119	119
Other	(2)	14	14	14	14
Net budget surplus	(15,761)	12,117	(20,600)	(16,975)	(12,492)
	0	0	10.9%	5.2%	1.4%
less allocation to protect value of fund @ RPI	12,574	19,160	28,907	12,351	3,348
Balance available for disbursement	(3,187)	31,277	8,307	(4,624)	(9,144)
Disbursements:					
General Fund Services	8,263	8,263	6,350	6,350	6,350
Covid-19 Fund	0	0	0	0	0
Contribution to capital projects - HRA	0	0	0	0	0
Contribution to capital projects - General Fund	4,070	0	0	8,070	0
Contribution to the Island Games	300	27	300	645	0
North Isles Landscape Partnership Scheme	0	208	0	0	0
Contribution to other projects, incl. revenue strategic project	0	308	450	450	348
	12,633	8,806	7,100	15,515	6,698
Deficit/(Surplus) on SRF (in real terms)	9,446	40,083	15,407	10,891	(2,446)
Deficit/(Surplus) on SRF (actual)	(3,128)	20,923	(13,500)	(1,460)	(5,794)
Cashflow - Opening Balance	(14,380)	(26,908)	(18,336)	(14,501)	(12,447)
Surplus/(Deficit) on year	3,128	(20,923)	13,500	1,460	5,794
Less: Non-cash - Managed Funds Income	(15,522)	9,700	(24,687)	(19,389)	(13,465)
Fund Transfers - Inflow/(Outflow)	12,394	17,223	11,187	17,929	7,671
Other Movements	1,564	2,572	3,835	2,054	621
Cashflow - Closing Balance	(12,816)	(18,336)	(14,501)	(12,447)	(11,826)
	2022/23 Budget Estimate £000's	2022/23 Probable Outturn £000's	2023/24 Budget Estimate £000's	2024/25 Budget Estimate £000's	2025/26 Budget Estimate £000's
SRF Balance Sheet					
Investment Properties	19,918	20,647	20,766	20,885	21,004
Local Investments	9,748	10,296	10,256	10,216	10,176
Managed Funds Investments	280,312	243,975	257,475	258,935	264,729
OIC Loans Fund Deposit/(Advance)	(12,816)	(18,336)	(14,501)	(12,447)	(11,826)
Provisions	(33,315)	(34,686)	(38,467)	(40,467)	(41,034)
Net Accruals	1,351	1,994	1,994	1,994	1,994
Net Assets	265,198	223,890	237,523	239,116	245,043
Less: Unusable Reserves	9,700	11,778	11,911	12,044	12,177
	255,498	212,112	225,612	227,072	232,866
Represented by: Useable Reserves					
Strategic Reserve Fund	236,874	193,654	206,242	207,154	212,694
Flotta Terminal Decline/Decommissioning Fund	7,015	7,103	7,877	8,287	8,403
Conservation Fund	194	195	195	195	195
Travel Fund	105	105	105	105	105
Talented Performers Fund	62	62	62	62	62
Orkney Memorial Fund	461	462	462	462	462
Talented Young Persons Fund	12	11	11	11	11
Renewable Energy Fund	9,405	9,395	9,533	9,671	9,809
Capital Receipts Reserve	1,370	1,125	1,125	1,125	1,125
	255,498	212,112	225,612	227,072	232,866
Target Minimum Balance or "Floor" for SRF	224,494	230,978	248,964	261,910	265,577
Useable Headroom	31,004 12.1%	(18,866) -8.9%	(23,352) -10.4%	(34,838) -15.3%	(32,711) -14.0%

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2031/32
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SRF Balance Sheet										
Investment Properties	20,766	20,885	21,004	21,123	21,242	21,361	21,480	21,599	21,599	21,718
Local Investments	10,256	10,216	10,176	10,136	9,496	9,496	9,496	9,496	9,496	9,496
Managed Funds Investments	257,475	258,935	264,729	272,044	281,365	291,034	301,053	311,437	311,437	322,203
OIC Loans Fund Deposit/(Advance)	(14,501)	(12,447)	(11,840)	(10,979)	(9,502)	(8,648)	(7,777)	(6,889)	(6,889)	(5,983)
Provisions	(38,467)	(40,467)	(41,034)	(41,855)	(42,692)	(43,546)	(44,417)	(45,305)	(45,305)	(46,211)
Net Accruals	1,994	1,994	1,994	1,994	1,994	1,994	1,994	1,994	1,994	1,994
Net Assets	237,523	239,116	245,029	252,463	261,903	271,691	281,829	292,332	292,332	303,217
Less: Unusable Reserves	11,911	12,044	12,163	12,282	12,401	12,520	12,639	12,758	12,758	12,877
	225,612	227,072	232,866	240,181	249,502	259,171	269,190	279,574	279,574	290,340
Represented by: Useable Reserves										
Strategic Reserve Fund	206,242	207,154	212,694	219,700	228,706	238,054	247,745	257,795	257,795	268,220
Flotta Terminal Decline/Decommissioning Fund	7,877	8,287	8,403	8,571	8,742	8,917	9,096	9,278	9,278	9,463
Conservation Fund	195	195	195	195	195	195	195	195	195	195
Travel Fund	105	105	105	105	105	105	105	105	105	105
Talented Performers Fund	62	62	62	62	62	62	62	62	62	62
Orkney Memorial Fund	462	462	462	462	462	462	462	462	462	462
Talented Young Persons Fund	11	11	11	11	11	11	11	11	11	11
Renewable Energy Fund	9,533	9,671	9,809	9,950	10,093	10,240	10,389	10,542	10,542	10,697
Capital Receipts Reserve	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
	225,612	227,072	232,866	240,181	249,502	259,171	269,190	279,574	279,574	290,340
Target Minimum Balance or "Floor" for SRF	248,964	261,910	265,577	270,889	276,307	281,833	287,470	293,219	293,219	299,083
Useable Headroom	(23,352)	(34,838)	(32,711)	(30,708)	(26,805)	(22,662)	(18,280)	(13,645)	(13,645)	(8,743)
	-10.4%	-15.3%	-14.0%	-12.8%	-10.7%	-8.7%	-6.8%	-4.9%	-4.9%	-3.0%