

Appendix 1 – Key Assumptions

	2024/25	2025/26	2026/27	2027/28	2028/29
Returns on cash held	4.70%	3.35%	3.10%	3.25%	3.25%
Securities growth	7.50%	7.50%	7.50%	7.50%	7.50%
Securities fees	0.48%	0.48%	0.48%	0.48%	0.48%
Property growth - Ground lease	0.00%	0.00%	0.00%	0.00%	3.00%
Property growth - Directly managed	0.00%	0.00%	0.00%	0.00%	3.00%
Property yields	as calculated				3.00%

General

- i. Cash returns reflect the Treasury Management team's anticipation that it will be able to benefit from elevated interest rates although these will fall back from 2026/27, before marginal rises from 2027/28.
- ii. Securities growth is based on the investment consultant's annualised average returns over a 20-year rolling period and currently forecasted to be flat at 7.5% over the forecasts period to 2028/29.
- iii. Securities fee % linked to net asset value are expected to remain consistent, with other costs of management not linked as a % of net asset value.
- iv. Due to challenging market conditions, market values are estimated to decline with a net loss in Investment Properties in 2024/25 and be flat from 2025/26 onwards.
- v. Property income forecasts are developed based on rental income estimates for each property and tenant held over the next four years and are then assumed to increase at a flat rate of 2% across the portfolio.

Inflation

- i. Inflation on staff pay costs has been included at 2% for 2025/26 budgets and the forecasts period 2026/27 to 2028/29. Further provision has been made in contingency.
- ii. With CBF undertaking zero based budgeting, specific costs (such as utilities & construction costs) have been included at higher inflation levels as deemed appropriate. Inflation on other costs of the organisation has been included at 2% across the 2025/26 budget and the 2026/27 to 2028/29 forecasts period.
- iii. Contingency calculations include a central contingency, a provision for potential future directorate restructures and yet to be approved expenditure on Tower Bridge long term strategic development plan.
- iv. Inflation on bridges maintenance has been budgeted for 2025/26 and 2026/27 based on available information on the specific pricing for planned projects. Bridge maintenance costs for 2027/28 and 2028/29 are set at a target of £30m per year reflecting the pivot to enhanced maintenance model for the charity's bridges instead of the previous replacement model.