

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

TO: AUDIT & GOVERNANCE COMMITTEE

DATE: 19th JULY 2021

TITLE ANNUAL TREASURY MANAGEMENT REVIEW 2020/21

LEAD COUNCILLOR: COUNCILLOR MCEWAN

**PORTFOLIO: CORPORATE &
CONSUMER SERVICES**

SERVICE: FINANCIAL SERVICES

WARDS: BOROUGHWIDE

LEAD OFFICER: STUART DONNELLY

**JOB TITLE: FINANCIAL PLANNING &
STRATEGY MANAGER**

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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2020/21 at its meeting on 25th February 2020.
- 1.2 The Treasury Management Strategy requires an Annual Outturn Report reviewing the Treasury Management activity which took place during the year. This report covers the period from 1st April 2020 to 31st March 2021.
- 1.3 The Council has continued to finance capital expenditure through maximising the use of capital receipts, capital grants and internal borrowing. During 2020/21 the Council took out a short-term loan of £10 million (from another Local Authority) for one month during May 2020 to assist in managing the short-term cashflow position at that point in time but no long-term loans (over one year in duration) were taken out during the year.
- 1.4 The Council did not experience any significant cashflow difficulties during the year due to the Covid-19 pandemic as although cash inflows were reduced as a result of income losses, particularly from chargeable services such as car parking and leisure, they were more than offset by the receipt of additional one-off grant funding from Central Government and a slow down in capital expenditure. The Council also deliberately kept prudent levels of surplus cash in short-term accessible investments to protect against any unforeseen cashflow issues.
- 1.5 Overall, the Council was under borrowed by £197.051 million as at 31st March 2021. As a consequence, the Council has effectively avoided the requirement to budget and incur external interest costs in the order of £6.522 million during 2020/21, based on the average rate for the existing debt portfolio of 3.31%.
- 1.6 Against the 2020/21 General Fund budget there was an overall net General Fund underspend of £0.028 million on the Capital Financing budget as reported in the 2020/21 Quarter 4 Performance report to Policy Committee on 12th July 2021. This budget includes interest payable, interest receivable and Minimum Revenue Provision (MRP).
- 1.7 The Council did not breach any of its treasury management performance indicators during 2020/2021.

1.8 Further detail supporting this report is included in the following appendices:

- Appendix 1 - Borrowing Portfolio
- Appendix 2 - Investment Portfolio

2. RECOMMENDED ACTION

That the Committee notes:

2.1 The Treasury Management Outturn Report for 2020/21.

3. POLICY CONTEXT

- 3.1 The Council is required by regulations issued under the Local Government Act 2003 to review and report on its treasury management activity and achievement against its prudential and treasury indicators on an annual basis. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 3.2 The regulatory environment places responsibility on Members for the review and scrutiny of the Council's Treasury Management Policy and activities. This report facilitates that process providing details of the Council's 2020/21 treasury management activity.

4. CAPITAL EXPENDITURE AND FINANCING

- 4.1 The Council undertakes capital expenditure on long-term assets. This expenditure may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which have no impact on the Council's borrowing need; or
 - Financed by borrowing. This is funded either through actual external borrowing for example from the Public Works Loans Board (PWLB) or through internal borrowing from the Council's own cash resources.
- 4.2 The tables below show the Council's actual capital expenditure and how this was financed.

Table 1. Capital Expenditure and Financing - General Fund

General Fund	2019/20 Actual (£m)	2020/21 Original Estimate (£m)	2020/21 Actual (£m)
Capital Expenditure	85.495	64.938	38.670
Financed by:			
Capital Receipts	(7.622)	(6.954)	(3.256)
Government Grants & Other Contributions	(23.927)	(47.103)	(31.111)
Direct Revenue Financing	(0.139)	0.000	(0.153)
Net Borrowing Requirement	53.807	10.881	4.150

Table 2. Capital Expenditure and Financing - Housing Revenue Account (HRA)

HRA	2019/20 Actual (£m)	2020/21 Original Estimate (£m)	2020/21 Actual (£m)
Capital Expenditure	14.504	20.457	16.149
Financed by:			
Capital Receipts	(3.462)	(0.000)	(0.798)
Government Grants & Other Contributions	(0.014)	(2.000)	(1.793)
Direct Revenue Financing	(0.000)	(0.327)	(0.249)
Major Repairs Reserve	(10.041)	(8.064)	(10.799)
Net Borrowing Requirement	0.987	10.066	2.510

5 THE COUNCIL'S BORROWING NEED

- 5.1 The Council's underlying need to borrow, or net borrowing requirement is termed the Capital Financing Requirement (CFR).
- 5.2 In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020/21) plus the estimate of any additional capital financing requirement for the current (2021/22) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. The table below highlights the Council's gross borrowing position against the CFR for 2020/21. The Council has complied with this prudential indicator.

Table 3. Gross Borrowing and the CFR

	31 st March 2020 Actual (£m)	2020/21 Estimate (£m)	31 st March 2021 Actual (£m)
Gross Borrowing	406.981	417.928	394.441
PFI Liabilities	26.244	25.270	25.270
Total Gross Borrowing	433.225	443.198	419.711
CFR - General Fund	415.696	409.801	403.566
CFR - HRA	176.895	195.696	187.926
Total CFR	592.591	605.497	591.492
(Under)/Over Funding of CFR	(159.366)	(162.299)	(171.781)
(Under)/Over Borrowing (exc PFI)	(185.610)	(187.569)	(197.051)

- 5.3 The movement in gross borrowing in 2020/21 is explained in paragraphs 6.3-6.5.
- 5.4 The 2020/21 prudential indicators for gross borrowing were set as part of the Treasury Management Strategy report to Council on 25th February 2020 and revised as part of the Treasury Management Strategy report to Council on 23rd February 2021 to align to the revised Capital Programme approved as part of 2021/22 budget setting. The Council's performance against these indicators is set out below, neither the Authorised Limit or Operational Boundary were breached in 2020/21:

Table 4. Gross Borrowing v Operational Boundary and Authorised Limit

Authorised Limit (£m)	Operational Boundary (£m)	Maximum Gross Borrowing Position During the Year (£m)	Average Gross Borrowing Position (£m)
665.497	625.497	406.981	397.672

- 5.5 Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue budget. This indicator for 2020/21 for the General Fund and the HRA was set at 10.90%. The actual performance against this indicator for 2020/21 was 10.82% which reflects the reported underspend on the revenue Capital Financing budget reported at Outturn.

6 DEBT AND INVESTMENT PORTFOLIO

- 6.1 The Council's treasury management debt and investment position is managed by the Treasury Management Team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting to Audit and Governance Committee and through officer activity detailed in the Council's Treasury Management Practices.

Outturn Position

- 6.2 At the end of 2020/21 the Council's treasury position (excluding borrowing by PFI and finance leases) was as follows:

Table 5. Treasury Position as at 31st March

General Fund & HRA	31 st March 2020			31 st March 2021		
	Principal (£m)	Average Rate %	Average Life Remaining Years	Principal (£m)	Average Rate %	Average Life Remaining Years
Fixed Rate Loans						
PWLB	362.160	3.26	31	359.620	3.26	30
Market	40.000	3.71	43	30.000	4.18	49
PWLB	4.821	0.48	2	4.821	0.00	1
Total Debt	406.981	3.27	32	394.441	3.31	32
Total Investments	75.536	3.42		103.299	3.19	
Net Debt	331.445			291.609		

Borrowing

- 6.3 During 2020/21 a short-term loan of £10.000 million was drawn down for a month during May 2020 to assist in managing the cashflow position but no long-term loans were taken out during the year. The borrowing portfolio is detailed in full at Appendix 1.

- 6.4 During 2020/21 principal repayments totalling £22.540 million were made, this includes principal repayments of £2.540 million on long-term loans and £20.000 million on two short term loans; one drawn down at the end of 2019/20 but repaid in April 2020 and the other short-term loan taken out during May 2020.
- 6.5 The net change in the gross borrowing position between 31st March 2020 and 31st March 2021 was therefore a decrease of £12.540 million.

Borrowing in Advance of Need

- 6.6 The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Debt Rescheduling

- 6.7 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 6.8 The maturity structure of the debt portfolio as at 31st March 2021 is set out in Tables 6 and 7 below. The limits are set to control the Council's exposure to refinancing risk.

Table 6. Maturity Structure of the Debt Portfolio (Fixed Interest rate debt)

General Fund	31 st March 2020 Actual (£m)	2020/21 Original Upper Limit (%)	2020/21 Original Lower Limit (%)	31 st March 2021 Actual (£m)	2020/21 Actual (%)
Under 12 months	12.540	10	0	2.440	1
12 months and within 2 years	2.440	20	0	2.340	1
2 years and within 5 years	6.680	20	0	6.340	2
5 years and within 10 years	20.000	30	0	19.500	5
10 years and within 20 years	27.500	40	0	42.000	11
20 years and within 30 years	78.000	50	0	74.000	19
30 years and within 40 years	130.000	60	0	133.000	34
Over 40 years	125.000	60	0	110.000	28
Total	402.160			389.620	

Table 7. Maturity Structure of the Debt Portfolio (Variable Interest rate debt)

General Fund	31 st March 2020 Actual (£m)	2020/21 Original Upper Limit (%)	2020/21 Original Lower Limit (%)	31 st March 2021 Actual (£m)	2020/21 Actual (%)
Under 12 months	0.000	100	0	4.821	100
12 months and within 2 years	4.821	100	0	0.000	0
2 years and within 5 years	0.000	100	0	0.000	0
5 years and within 10 years	0.000	100	0	0.000	0
10 years and within 20 years	0.000	100	0	0.000	0
20 years and within 30 years	0.000	100	0	0.000	0
30 years and within 40 years	0.000	100	0	0.000	0
Over 40 years	0.000	100	0	0.000	0
Total	4.821			4.821	

Investments

- 6.9 The Council's Investment Policy is informed by the Ministry of Housing, Communities and Local Government (MHCLG) investment guidance, which was incorporated into the Annual Investment Strategy approved by the Council on 25th February 2020. This Policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data.
- 6.10 The investment activity during the year conformed to the approved Strategy, and the Council had no liquidity difficulties.
- 6.11 Treasury investments, including property funds, earned an average rate of 0.80%. The comparable performance indicator is the average bank rate, which was 0.10 %.
- 6.12 The Council's budgeted General Fund investment return for 2020/21 was £1.069 million, actual General Fund interest received from investments in 2020/21 was £0.554 million, a £0.515 million under achievement compared to budget.
- 6.13 The position on interest income must be compared with external interest costs payable. The Council paid General Fund external interest costs of £7.527 million against a budget of £8.193 million; a £0.666 million positive variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore an underspend of £0.151 million. This has been accounted for in the overall revenue General Fund outturn position for 2020/21.
- 6.14 The Council's investment position as at 31 March 2021 is detailed at Appendix 2 and summarised as follows:

Table 8. Investment Portfolio

	31st March 2020 (£m)	31st March 2020 (%)	31st March 2021 (£m)	31st March 2021 (%)
Treasury Investments				
Banks	1.000	2%	20.467	31%
Building Societies - rated	0.000	0%	0.000	0%
Building Societies - unrated	0.000	0%	0.000	0%
Local Authorities	0.000	0%	0.000	0%
DMADF (HM Treasury)	0.000	0%	0.000	0%
Money Market Funds (MMF)	23.915	60%	31.511	47%
Total Managed In-house	24.915	62%	51.511	78%
Total Managed Externally - Property Funds	15.000	38%	15.000	22%
Total Treasury Investments	39.915	100%	66.978	100%
Non-Treasury Investments				
Subsidiaries/Companies	35.621	100%	36.321	100%
Total Non-Treasury Investments	35.621	100%	36.321	100%
Total - All Investments	75.536	100%	103.299	100%

- 6.15 The maturity structure of the investment portfolio as at 31st March was as follows:

Table 9. Maturity Structure of the Investment Portfolio

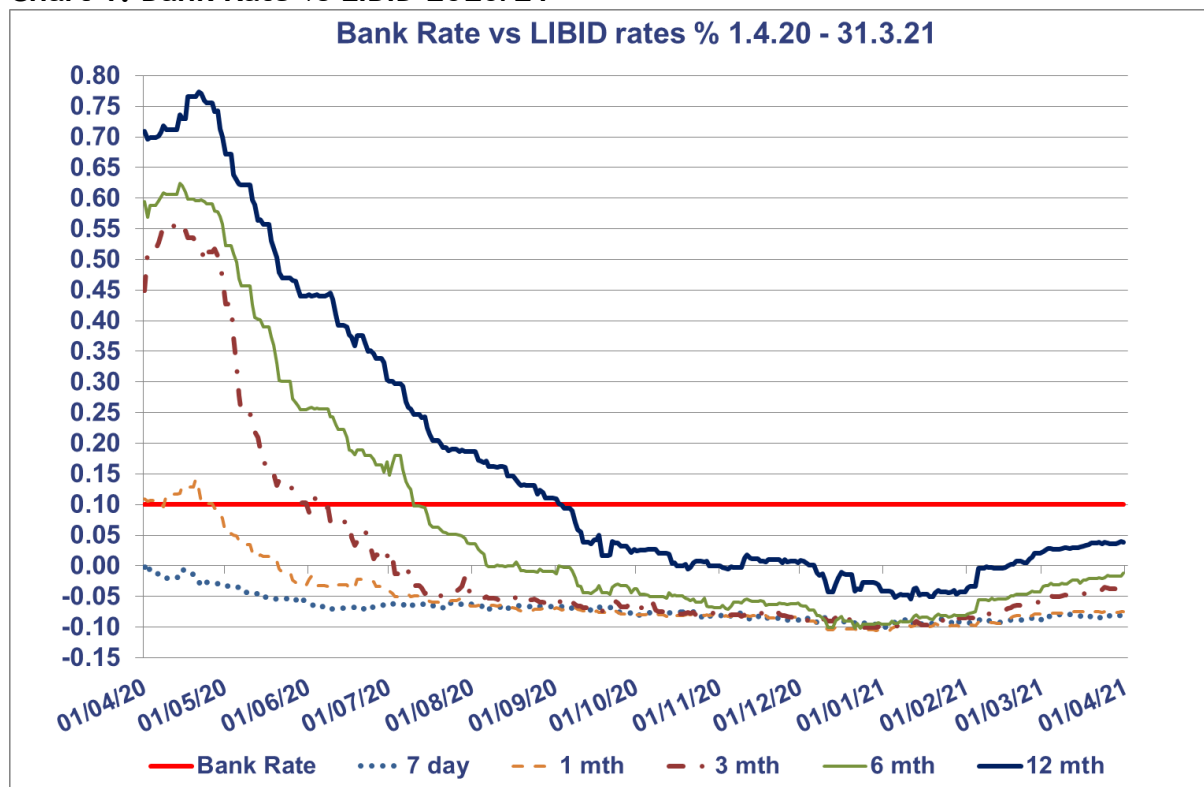
	31st March 2020 (£m)	31st March 2021 (£m)
Up to 1 year	24.915	52.578
Longer than 1 year	50.621	50.721
Total	75.536	103.299

7 TREASURY MANAGEMENT STRATEGY 2020/21

Investment Strategy and Control of Interest Rate Risk

- 7.1 Investment returns which had been low during 2019/20, reduced further during 2020/21 to near zero or even into negative territory. Nationally, most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic arising in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on the economy.
- 7.2 The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment rates plummeted.
- 7.3 Other than providing additional loans to the Council's wholly owned companies (non-treasury investments), the Council did not add to its long-term investment portfolio in 2020/21, as the levels of surplus cash were relatively low in year due to its strategy of using cash funds to fund the Capital Programme ahead of external borrowing. In addition, whilst fees and charges income has been impacted in 2020/21 by the Covid-19 pandemic this has been more than compensated for by additional grant funding. Given the uncertainty around the pandemic it was decided to invest any surplus cash on a short-term basis to ensure that it was accessible for in-year cash flow requirements.
- 7.4 Investment balances have been kept to a minimum in accordance with the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. As external borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below.
- 7.5 The following graph illustrates the interest rate trend throughout 2020/21:

Chart 1. Bank Rate vs LIBID 2020/21



Borrowing Strategy and Control of Interest Rate Risk

- 7.6 As set out above, during 2020/21 the Council maintained an under-borrowed position, i.e. the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow were used on an interim basis. As set out above, this strategy was prudent as available investment returns were lower than the cost of borrowing and therefore a cost of carry was avoided. An additional benefit was that an increased counterparty risk was avoided by not having to place additional investments.
- 7.7 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review by the Treasury Management team and the Council's s151 Officer to ensure the Council's financial position in overall terms was protected.
- 7.8 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2020/21 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.
- 7.9 PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession.

- 7.10 Gilt yields fell sharply from the start of 2020 and then spiked up during a financial markets melt down in March caused by the pandemic hitting western countries; this was rapidly countered by central banks flooding the markets with liquidity. While US treasury yields do exert influence on UK gilt yields so that the two often move in tandem, they diverged during the first three quarters of 2020/21 but then converged in the final quarter. Expectations of economic recovery started earlier in the US than the UK but once the UK vaccination programme started making rapid progress in the new year of 2021, gilt yields and PWLB rates started rising sharply as confidence in economic recovery rebounded. Financial markets also expected Bank Rate to rise quicker than in the forecast table in this report.
- 7.11 At the close of the day on 31 March 2021, all gilt yields from 1 to 5 years were between 0.19 - 0.58% while the 10-year and 25-year yields were at 1.11% and 1.59%.
- 7.12 HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019/20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25th November 2020, the Chancellor announced the conclusion and standard and certainty margins were reduced by 1%, back to pre-October 2019 levels, but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme.
- 7.13 There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years as Bank Rate is not forecast to rise from 0.10% by March 2024 as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target of 2%; this sets a high bar for Bank Rate to start rising.

8 OTHER ISSUES

International Financial Reporting Standard (IFRS) 9 Financial Instruments - Fair Value of Investments

- 8.1 Local Authorities were required to apply IFRS 9 from 1st April 2018. The aim of this standard is for all financial instruments to be reported on a fair value basis. Following a consultation undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) on IFRS 9, the Government introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds, following implementation of this standard. The statutory override is effective for all English Local Authorities and applies for five years from 1st April 2018. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.
- 8.2 In 2020/21, the Council had a net unrealised loss of £0.104 million relating to the £15.000 million investment in the CCLA Property Fund. Due to the override being in place, there was no impact on the General Fund.

Purchase of Commercial Property

- 8.3 The “Purchase of Commercial Property” capital scheme was removed from the General Fund Capital Programme as part of the 2020/21 Quarter 2 Performance and Monitoring Report approved by Policy Committee at its meeting on 14th December 2020. This decision was made in light of the uncertainty in respect of property performance during the pandemic as well as the changes to the PWLB lending terms. The Council’s approach to capital investments is set out in the Capital Strategy 2021/22 approved by Full Council on 23rd February 2021.

9 CONTRIBUTION TO STRATEGIC AIMS

- 9.1 The Council’s Corporate Plan (2018-2021) priorities take account of our need to ensure that we are financially sustainable so that we can continue to shape and influence the future of Reading and play our part in protecting the most vulnerable and shaping the Town’s future by:
- Securing the economic success of Reading;
 - Improving access to decent housing to meet local needs;
 - Protecting and enhancing the lives of vulnerable adults and children;
 - Keeping Reading’s environment clean, green and safe;
 - Promoting great education, leisure and cultural opportunities for people in Reading; and
 - Ensuring the Council is fit for the future.
- 9.2 The Council’s new corporate plan ‘Investing in Reading’s Future: Reading Borough Council Corporate Plan 2021-22’ was approved by Council on 23rd March 2021.
- 9.3 Delivery of the Council’s revenue and capital budgets is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward. The treasury management functions are crucial in ensuring that the Council has access to funds when required and in investing surplus funds in secure investments.

10 COMMUNITY ENGAGEMENT AND INFORMATION

- 10.1 Budget-related communications and consultations will continue to be a priority over the next three years as we work to identify savings.

11 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 11.1 The Council’s Treasury Management Strategy sets out that the Council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council’s Corporate Plan and values. This would include institutions with material links to:
- human rights abuse (e.g. child labour, political oppression)
 - environmentally harmful activities (e.g. pollution, destruction of habitat, fossil fuels)
 - socially harmful activities (e.g. tobacco, gambling)

11.2 The Council has provided loans totalling £1.7m to Reading Transport Limited to specifically fund improvements to their existing fleet of buses in respect of hybrid fuel conversions which produce lower emissions.

12 EQUALITY IMPACT ASSESSMENT

12.1 None have been identified as arising directly from this report.

13 LEGAL IMPLICATIONS

13.1 None have been identified as arising directly from this report.

14 FINANCIAL IMPLICATIONS

14.1 The financial implications are set out in the body of the report.

15 BACKGROUND PAPERS

- Treasury Management Strategy 2020/21 to Council 25th February 2020
- Treasury Management Strategy 2020/21 to Council 23rd February 2021
- Quarter 4 Performance Report 2020/21 to Policy Committee 12th July 2021

Appendix 1 - Borrowing Portfolio as at 31st March 2021

Lender	Start Date	Maturity Rate	Amount £m	Interest Rate	Annual Interest* £m
Public Works Loan Board (PWLB)					
PWLB	01/10/19	02/10/62	5.000	1.64%	0.0820
PWLB	01/10/19	01/10/63	5.000	1.63%	0.0815
PWLB	07/10/19	07/10/66	5.000	1.63%	0.0815
PWLB	07/10/19	08/10/68	5.000	1.63%	0.0815
PWLB	11/03/20	25/09/69	15.000	2.07%	0.3105
PWLB	26/03/18	25/03/68	15.000	2.28%	0.3420
PWLB	01/04/19	01/04/64	10.000	2.20%	0.2200
PWLB	13/05/05	25/09/51	2.000	4.15%	0.0830
PWLB	11/01/06	25/09/55	5.000	3.90%	0.1950
PWLB	23/01/06	25/09/55	5.000	3.70%	0.1850
PWLB	23/05/06	25/09/47	2.000	4.20%	0.0840
PWLB	19/07/06	25/03/52	20.000	4.25%	0.8500
PWLB	20/09/06	25/09/51	5.000	4.20%	0.2100
PWLB	28/09/06	25/09/52	10.000	4.05%	0.4050
PWLB	08/03/07	25/03/53	10.000	4.25%	0.4250
PWLB	08/03/07	25/03/54	10.000	4.25%	0.4250
PWLB	05/08/08	25/03/58	2.000	4.48%	0.0896
PWLB	15/08/08	25/09/57	6.000	4.39%	0.2634
PWLB	02/12/08	25/09/58	10.000	4.12%	0.4120
PWLB	17/02/09	25/09/21	0.100	3.07%	0.0031
PWLB	20/08/09	25/03/59	5.000	4.20%	0.2100
PWLB	19/08/10	25/03/24	1.020	2.70%	0.0275
PWLB	31/08/10	25/03/60	10.000	3.92%	0.3920
PWLB	14/07/11	25/03/26	2.500	3.59%	0.0898
PWLB	15/09/11	25/03/31	5.000	3.35%	0.1675
PWLB	28/03/12	25/03/51	12.000	3.53%	0.4236
PWLB	28/03/12	25/09/26	12.000	2.97%	0.3564
PWLB	28/03/12	25/03/50	15.000	3.53%	0.5295
PWLB	28/03/12	25/03/41	15.000	3.49%	0.5235
PWLB	28/03/12	25/03/61	15.000	3.48%	0.5220
PWLB	27/09/18	25/09/43	15.000	2.82%	0.4230
PWLB	27/09/18	27/09/49	15.000	2.79%	0.4185
PWLB	11/03/19	11/03/66	15.000	2.38%	0.3570
PWLB	13/03/19	13/03/37	5.000	2.42%	0.1210
PWLB	13/03/19	13/03/57	5.000	2.42%	0.1210
PWLB	28/03/12	25/03/32	12.000	3.30%	0.3960
PWLB	28/03/12	25/09/41	15.000	3.49%	0.5235
PWLB	28/03/12	25/09/51	3.000	3.52%	0.1056
PWLB	28/03/12	25/03/62	15.000	3.48%	0.5220
PWLB	28/03/12	25/03/41	20.000	2.99%	0.5980
PWLB (Variable)	28/03/12	28/03/22	4.821	0.00%	0.0000
Total PWLB Loans			364.441		11.656

Lender	Start Date	Maturity Rate	Amount £m	Interest Rate	Annual Interest* £m
LOBO/Other Loans					
Eurohypo	19/05/05	19/11/54	5.000	4.32%	0.2160
Barclays Bank plc	06/12/05	06/12/55	5.000	3.99%	0.1995
Bayerische Landesbank	20/09/07	20/12/77	5.000	4.18%	0.2090
Bayerische Landesbank	20/09/07	20/12/77	5.000	4.18%	0.2090
Eurohypo	24/09/07	24/09/77	5.000	4.20%	0.2100
Dexia	30/01/08	31/01/78	5.000	4.19%	0.2095
Total LOBO/Other Loans			30.000		1.253
Total - All Loans					
			394.441		12.909

*Annual interest - Total amount of annual interest payable per loan outstanding as at 31 March 2021. This won't equal the amount of interest paid during 2020/21 - as the total loan portfolio has changed during the year.

Appendix 2 - Investment Portfolio as at 31st March 2021

Borrower	Amount £m	Interest rate	LAS Credit Rating
Treasury Investments			
Lloyds Bank Plc (RFB) - current a/c	0.467	0.00%	A+
Santander UK Plc	20.000	0.08%	A
SLI Sterling Liquidity/Cl 2	16.091	0.01%	AAA
CCLA The Public Sector Deposit Fund	5.000	0.04%	AAA
Federated Prime Rate Sterling Liquidity 4	10.420	0.01%	AAA
CCLA Local Authorities Property Fund	15.000	4.65%	N/A
Total Treasury Investments	66.978		
Non-Treasury Investments			
Brighter Futures for Children Ltd	5.000	1.34%	N/A
Homes for Reading Ltd	0.600	2.92%	N/A
Homes for Reading Ltd	1.100	3.25%	N/A
Homes for Reading Ltd	0.400	3.38%	N/A
Homes for Reading Ltd	0.800	3.59%	N/A
Homes for Reading Ltd	0.700	3.58%	N/A
Homes for Reading Ltd	0.800	3.62%	N/A
Homes for Reading Ltd	0.800	3.57%	N/A
Homes for Reading Ltd	2.000	3.48%	N/A
Homes for Reading Ltd	3.000	3.41%	N/A
Homes for Reading Ltd	4.000	3.19%	N/A
Homes for Reading Ltd	2.000	3.38%	N/A
Homes for Reading Ltd	1.300	3.51%	N/A
Homes for Reading Ltd	7.000	3.75%	N/A
Reading Transport Ltd	4.609	5.00%	N/A
Reading Transport Ltd	0.500	5.00%	N/A
Reading Transport Ltd	0.490	5.00%	N/A
Reading Transport Ltd	0.207	5.00%	N/A
Reading Transport Ltd	0.164	5.00%	N/A
Reading Transport Ltd	0.151	5.00%	N/A
Reading Transport Ltd	0.700	5.00%	N/A
Total Non-Treasury Investments	36.321		
Total Investments*	103.299		

*Values above do not include lease agreements with Reading Transport Ltd.