READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF FINANCE

TO:	**AUDIT & GOVERNANCE**		
DATE:	**19th JULY 2022**		
TITLE:	**ANNUAL TREASURY MANAGEMENT REVIEW 2021/22**		
LEAD COUNCILLOR:	**COUNCILLOR TERRY**	**PORTFOLIO:**	**CORPORATE SERVICES AND RESOURCES**
SERVICE:	**FINANCE**	**WARDS:**	**BOROUGHWIDE**
LEAD OFFICER:	**STUART DONNELLY**	**TEL:**	
JOB TITLE:	**FINANCIAL PLANNING & STRATEGY MANAGER**	**E-MAIL:**	stuart.donnelly@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2021/22 at its meeting on 23rd February 2021.

1.2 The Treasury Management Strategy requires an Annual Outturn Report reviewing the Treasury Management activity which took place during the year. This report addresses that requirement covering the period from 1st April 2021 to 31st March 2022.

1.3 The Council has continued to finance capital expenditure through maximising the use of capital receipts, capital grants and internal borrowing. During 2021/22 no long or short term loans were taken out during the year.

1.4 The Council did not experience any significant cashflow difficulties during the year as although cash inflows continued to be reduced as a result of income losses due to the Covid 19 pandemic, particularly from chargeable services such as car parking, they were more than offset by the receipt of additional one-off grant funding from Central Government and slippage in the Capital Programme.

1.5 Overall, the Council was under borrowed by £206.614 million as at 31st March 2022. As a consequence, the Council has effectively avoided the requirement to budget for and incur external interest costs in the order of £7.000 million during 2021/22, based on the average rate for the existing debt portfolio of 3.39%.

1.6 Against the 2021/22 General Fund budget the Capital Financing budget came in online as reported in the 2021/22 Quarter 4 Performance report to Policy Committee on 11th July 2022. This budget includes interest payable, interest receivable and Minimum Revenue Provision (MRP), the setting aside of revenue funds for the future repayment of outstanding borrowing.

1.7 The Council did not breach any of its treasury management performance indicators during 2021/22.

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 content of the Treasury Management Outturn Report for 2021/22.

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 2021/22 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 Tables 1 & 2 below show the Council's actual capital expenditure and how this was financed.

Table 1. Capital Expenditure and Financing - General Fund

General Fund	2020/21 Actual (£m)	2021/22 Original Estimate (£m)	2021/22 Actual (£m)
Capital Expenditure	**36.721**	**88.153**	**48.701**
Financed by:			
Capital Receipts	(3.278)	(2.362)	(2.421)
Government Grants & Other Contributions	(30.416)	(44.850)	(33.147)
Direct Revenue Financing	(0.153)	0.000	(1.998)
Net Borrowing Requirement	**2.874**	**40.941**	**11.135**

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

HRA	2020/21 Actual (£m)	2021/22 Original Estimate (£m)	2021/22 Actual (£m)
Capital Expenditure	**16.053**	**39.675**	**20.740**
Financed by:			
Capital Receipts	(0.776)	(0.000)	(1.941)
Government Grants & Other Contributions	(1.804)	(6.145)	(6.278)
Direct Revenue Financing	(0.249)	(0.000)	(0.384)
Major Repairs Reserve	(10.799)	(10.710)	(7.760)
Net Borrowing Requirement	**2.425**	**22.820**	**4.377**

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 (2021/22) plus the estimate of any additional capital financing requirement for the current (2022/23) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. Table 3 below highlights the Council's gross borrowing position against the CFR for 2021/22. The Council has complied with this prudential indicator.

Table 3. Gross Borrowing and the CFR

	31st March 2021 Actual (£m)	2021/22 Estimate (£m)	31st March 2022 Actual (£m)
Gross Borrowing	394.441	479.149	387.180
PFI Liabilities	25.270	24.261	24.261
Total Gross Borrowing	**419.711**	**503.410**	**411.441**
CFR - General Fund	398.580	442.444	401.526
CFR - HRA	187.891	218.516	192.268
Total CFR	**586.471**	**660.960**	**593.794**
(Under)/Over Funding of CFR	**(166.760)**	**(157.550)**	**(182.353)**
(Under)/Over Borrowing (exc PFI)	**(192.030)**	**(181.811)**	**(206.614)**

5.3 The movement in gross borrowing in 2021/22 is explained in paragraphs 6.3-6.5.

5.4 The 2021/22 prudential indicators for gross borrowing were set as part of the Treasury Management Strategy report to Council on 23rd February 2021. The Council's performance against these indicators is set out below, neither the Authorised Limit nor the Operational Boundary were breached in 2021/22:

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)
720.960	**680.960**	**394.441**	**393.719**

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 2021/22 for the General Fund and the HRA was set at 12.70%. The actual performance against this indicator for 2021/22 was 10.10% which reflects the reported underspend on the combined General Fund and HRA 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 2021/22 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	31st March 2021			31st March 2022		
Debt Portfolio	**Principal (£m)**	**Average Rate %**	**Average Life Remaining Years**	**Principal (£m)**	**Average Rate %**	**Average Life Remaining Years**
Fixed Rate Loans						
PWLB	359.620	3.26	30	357.180	3.27	30
Market	30.000	4.18	49	30.000	4.18	48
Variable Rate Loans						
PWLB	4.821	0.00	1	0.000	N/A	N/A
Total Debt	**394.441**	**3.31**	**32**	**387.180**	**3.39**	**32**
Total Investments	**103.299**	**3.19**		**115.921**	**3.18**	
Net Debt	**291.142**			**271.259**		

Borrowing

6.3 No new borrowing was undertaken during 2021/22.

6.4 During 2021/22 principal repayments on long-term loans totalling £7.261 million were made.

6.5 The net change in the gross borrowing position between 31st March 2021 and 31st March 2022 was therefore a decrease of £7.261 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 2022 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	31st March 2021 Actual (£m)	2021/22 Original Upper Limit (%)	2021/22 Original Lower Limit (%)	31st March 2022 Actual (£m)	2021/22 Actual (%)
Under 12 months	2.440	10	0	2.340	1
12 months and within 2 years	2.340	20	0	2.340	1
2 years and within 5 years	6.340	20	0	17.500	5
5 years and within 10 years	19.500	30	0	19.000	5
10 years and within 20 years	42.000	40	0	44.000	11
20 years and within 30 years	74.000	50	0	89.000	23
30 years and within 40 years	133.000	60	0	118.000	30
Over 40 years	110.000	60	0	95.000	25
Total	**389.620**			**387.180**	

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

General Fund	31st March 2021 Actual (£m)	2021/22 Original Upper Limit (%)	2021/22 Original Lower Limit (%)	31st March 2022 Actual (£m)	2021/22 Actual (%)
Under 12 months	4.821	100	0	0.000	0
12 months and within 2 years	0.000	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**			**0.000**	

Investments

6.9 The Council's Investment Policy is informed by the Department for Levelling Up, Housing and Communities (DLUHC) investment guidance, which was incorporated into the Annual Investment Strategy approved by the Council on 23rd February 2021. 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. The increase in investments held as at 31st March 2022 compared to 31st March 2021 are due to the receipt of additional one-off grant funding from Central Government and slippage in the Capital Programme.

6.11 Treasury investments, including property funds, earned an average rate of 0.33%. The comparable performance indicator is the average bank rate, which was 0.19%.

6.12 The Council's budgeted General Fund investment return for 2021/22 was £1.140 million, actual General Fund interest received from investments in 2021/22 was £0.097 million, a £1.043 million under achievement compared to budget, in part due to the rescheduling of a number of loans to Reading Transport to allow repayments to be made over a longer timeframe to aid their cashflow position.

6.13 The position on interest income must be compared with external interest costs payable. The Council paid General Fund external interest costs of £7.447 million against a budget of £9.231 million; a £1.784 million positive variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore an underspend of £0.741 million. This has been accounted for in the overall revenue General Fund outturn position for 2021/22.

6.14 The Council's investment position as at 31st March 2022 is detailed at Appendix 2 and summarised as follows:

Table 8. Investment Portfolio

	31st March 2021 (£m)	31st March 2021 (%)	31st March 2022 (£m)	31st March 2022 (%)
Treasury Investments				
Banks	20.467	31%	12.748	16%
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%
Fixed Term Deposits	0.000	0%	15.000	19%
Money Market Funds (MMF)	31.511	47%	37.452	47%
Total Managed In-house	**51.511**	**78%**	**65.200**	**81%**
Total Managed Externally – Property Funds	**15.000**	**22%**	**15.000**	**19%**
Total Treasury Investments	**66.978**	**100%**	**80.200**	**100%**
Non-Treasury Investments				
Subsidiaries/Companies	36.321	100%	35.721	100%
Total Non-Treasury Investments	**36.321**	**100%**	**36.321**	**100%**
Total - All Investments	**103.299**	**100%**	**115.921**	**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 2021 (£m)	31st March 2022 (£m)
Up to 1 year	52.578	82.100
Longer than 1 year	50.721	33.821
Total	**103.299**	**115.921**

7 TREASURY MANAGEMENT STRATEGY 2021/22

Investment Strategy and Control of Interest Rate Risk

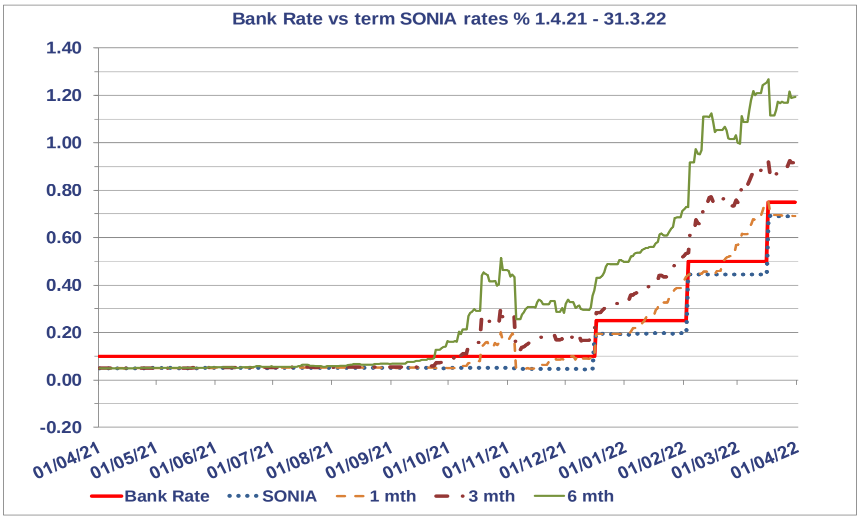
7.1 Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending nationally. The expectation for interest rates within the Treasury Management Strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the rates introduced at the start of the Covid-19 pandemic were no longer needed.

7.2 The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impacts on their cashflow. The Government also supplied significant amounts of grant funding 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 earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the effects of growing levels of inflation (CPI was 6.2% in February).

7.3 The Council did not add to its long-term investment portfolio in 2021/22, 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 continued to be impacted in 2021/22 by the Covid-19 pandemic this has been more than compensated for by additional grant funding. Given the on-going 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. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the chart shown below.

Chart 1. Bank Rate vs SONIA (Sterling Overnight Index Average) 2021/22



Borrowing Strategy and Control of Interest Rate Risk

7.5 As set out above, during 2021/22 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.

7.6 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.

7.7 Interest rate forecasts expected only gradual rises in medium and longer-term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.

7.8 PWLB rates are determined by gilt (UK Government bonds) yields, with 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. Recently, yields have risen since the turn of the year on the back of global inflation concerns.

7.9 Gilt yields fell sharply from the spring of 2021 through to September and then spiked back up before falling again through December. However, by January sentiment had well and truly changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.

7.10 At the close of the day on 31st March 2022, all gilt yields from 1 to 5 years were between 1.11% – 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.

7.11 The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate for a fifth consecutive meeting in June 2022, taking it to 1.25%, the highest it has been since January 2009. Further 0.25% increases are expected in each of the next six meetings. When Bank Rate reached 1% in May 2022, the MPC indicated that it will also consider the extent to which it implements Quantitative Tightening (no earlier than August), primarily the selling of its £895bn stock of gilt and corporate bonds back into the market over several years. It is difficult to say currently what effect this will have on gilt yields but the MPC is likely to act cautiously as it has already started on not refinancing maturing debt.

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 Department of Levelling Up, Communities and Housing (DLUHC) 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. Under IFRS 9 if the value of an asset falls this would need to be recognised as a charge against the General Fund revenue budget. The override means that councils must still record the value of their assets, including a note in the Statement of Accounts disclosing the value of any unrecognised losses but they do not have to charge it to their revenue account. 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 2021/22, the Council had a net unrealised gain of £2.545 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.

9 CONTRIBUTION TO STRATEGIC AIMS

9.1 The Council's vision is to ensure that Reading realises its potential – and to ensure that everyone who lives and works in Reading can share the benefits of its success. The Council has three inter-connected themes which contribute to delivering this vision. The themes are:

- Healthy environment;
- Thriving communities;
- Inclusive economy.

9.2 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 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

10.1 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)

10.2 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.

11 COMMUNITY ENGAGEMENT AND INFORMATION

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

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

15.1 None

Appendix 1 – Borrowing Portfolio as at 31st March 2022

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	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	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	20/08/09	25/03/59	5.000	4.20%	0.2100
PWLB	19/08/10	25/03/24	0.680	2.70%	0.0184
PWLB	31/08/10	25/03/60	10.000	3.92%	0.3920
PWLB	14/07/11	25/03/26	2.000	3.59%	0.0718
PWLB	15/09/11	25/03/31	4.500	3.35%	0.1508
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	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	19.000	2.99%	0.5681
Total PWLB Loans			**357.180**		**11.580**

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			**387.180**		**12.833**

*Annual interest – Total amount of annual interest payable per loan outstanding as at 31st March 2022. This won't equal the amount of interest paid during 2021/22 – as the total loan portfolio has changed during the year.

Appendix 2 - Investment Portfolio as at 31st March 2022

Borrower	Amount £m	Interest rate	LAs Credit Rating
Treasury Investments			
Lloyds Bank Plc (RFB) – current a/c	0.413	0.00%	A+
Santander UK Plc	12.335	0.23%	A
SLI Sterling Liquidity/Cl 2	6.180	0.51%	AAA
CCLA The Public Sector Deposit Fund	20.000	0.58%	AAA
Federated Prime Rate Sterling Liquidity 4	11.272	0.51%	AAA
CCLA Local Authorities Property Fund	15.000	4.47%	N/A
Qatar National Bank – Fixed Term Deposit	15.000	0.94%	Non UK A
Total Treasury Investments	**80.200**		
Non-Treasury Investments			
Brighter Futures for Children Ltd	5.000	1.81%	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	**35.721**		
Total Investments*	**115.921**		

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