Audit and Governance Committee

10 April 2024

Title	Treasury Management Review Quarter 3 2023/24
Purpose of the report	To note the report for information
Report status	Public report
Report author	Stuart Donnelly, Financial Planning & Strategy Manager
Lead Councillor	Councillor Terry, Deputy Leader of the Council & Lead Councillor for Corporate Services and Resources
Corporate priority	Not applicable, but still requires a decision
Recommendations	1. That the Committee notes the content of the Treasury Management Review Quarter 3 report for 2023/24

1. Executive Summary

1.1. The Council adopted a Treasury Management Strategy and an Annual Investment Strategy for 2023/24 at its meeting on 28th February 2023.

1.2. The purpose of this report is to update Members on the activity of the Treasury Management function during the third quarter of the year for the period 1st October 2023 to 31st December 2023.

1.3. The Council has complied with all elements of its Treasury Management Strategy Statement (TMSS) as agreed by Full Council on 28th February 2023 during this period.

2. Policy Context

2.1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly.

2.2. This report facilitates that process providing details of the Council's treasury management activity for the third quarter of 2023/24.

3. Interest Rates

Monetary Policy Committee (MPC) meetings

3.1. The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 5.25% on 3rd August 2023 where it has remained to date.

Interest Rate Forecast

3.2. The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rate forecasts, which are set out in Table 1. The Public Works Loan Board (PWLB) rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

3.3. The latest forecast on 5th February 2024 sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Table 1. Interest Rate Forecasts

Link Group Interest Rate View	05.02.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

The Balance of Risks to the UK Economy

3.4. The overall balance of risks to economic growth in the UK is to the downside due to:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, the rising of gilt yields;

- **The Bank of England** increases Bank Rate too fast and too far over the coming months, and subsequently brings about a deeper and longer UK recession than currently anticipated;

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues;

- **Geopolitical risks,** for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows;

- **A broadening of banking sector fragilities,** which have been successfully addressed in the near-term by central banks and the market generally, but which may require further intervention if short-term interest rates stay elevated for longer than is anticipated.

3.5. Upside risks to current forecasts include:

- **The Bank of England** is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project, or even necessitates a further series of increases in Bank Rate.

- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

- **Longer-term US treasury yields** rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.

- **Projected gilt issuance, inclusive of natural maturities and Quantitative Tightening,** could be too much for the markets to comfortably digest without higher yields compensating.

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1. The Treasury Management Strategy Statement (TMSS) for 2023/24 was approved by Full Council on 28th February 2023.

4.2. There are no policy changes required to the TMSS. This report sets out the Council's position compared to the TMSS in light of budgetary changes already approved and revised in-year forecasts of capital expenditure.

5. The Council's Capital Position (Prudential Indicators)

Prudential Indicators for Capital Expenditure

5.1. The Council is required to ensure that all of its Capital Expenditure, investments and borrowing decisions are prudent and sustainable. The prudential indicators for capital expenditure set out whether or not the Council is delivering within its approved budgets.

5.2. Tables 2 and 3 below show the Council's forecast capital expenditure compared to the Capital Programme agreed in February 2023 (Original Budget) and the Capital Programme as at Quarter 2 (Revised Budget) as approved by Policy Committee as part of the 2023/24 Quarter 2 Performance and Monitoring Report in December 2023.

5.3. The indicators show that the Council is forecasting a positive net variance against the approved Capital Programme budget of £1.407m for the General Fund.

Table 2. General Fund Capital Programme

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 31st December 2023)	Variance
	£m	£m	£m	£m
Community & Social Care Services	9.203	1.964	1.964	0.000
Economic Growth & Neighbourhood Services	69.335	32.170	32.170	0.000
Economic Growth & Neighbourhood Services – Education Schemes	18.297	4.721	4.721	0.000
Resources	2.879	5.889	5.889	0.000
Corporate	6.948	5.385	3.978	(1.407)
Total General Fund	**106.662**	**50.129**	**48.722**	**(1.407)**

5.4. The indicators show that the Council is forecasting online against the approved HRA Capital Programme budget of £33.564m

Table 3. HRA Capital Programme

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 31st December 2023)	Variance
	£m	£m	£m	£m
Housing Revenue Account	56.856	33.564	33.564	0.000
Total Housing Revenue Account	**56.856**	**33.564**	**33.564**	**0.000**

5.5. Further details on significant variances on individual capital schemes are reported to Policy Committee as part of the Quarterly Performance and Monitoring Reports.

Changes to the Financing of the Capital Programme

5.6. Tables 4 and 5 below identify the expected financing arrangements of the Council's capital expenditure plans. The Borrowing Requirement increases the underlying indebtedness of the Council by increasing the Capital Financing Requirement (CFR), although this will be reduced in part by revenue contributions for the repayment of debt (the Minimum Revenue Provision).

Table 4. Financing of the General Fund Capital Programme

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 31st December 2023)
	£m	£m	£m
Total Capital Expenditure	**106.662**	**50.129**	**48.722**
Financed by:			
Capital Receipts	1.798	4.790	3.383
Capital Grants and other Contributions	58.874	20.322	20.322
Direct Revenue Financing	3.094	10.091	10.091
Total Financing (excluding Borrowing)	**63.766**	**35.203**	**33.796**
Net Borrowing Requirement	**42.896**	**14.926**	**14.926**

Table 5. Financing of the HRA Capital Programme

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Full Year Forecast (as at 31st December 2023)
	£m	£m	£m
Total Capital Expenditure	**56.856**	**33.564**	**33.564**
Financed by:			
Capital Receipts	3.277	0.315	0.315
Capital Grants and other Contributions	7.742	5.537	5.537
Capital Reserves	21.697	12.918	12.918
Direct Revenue Financing	0.553	0.504	0.504
Total Financing (excluding Borrowing)	**33.269**	**19.274**	**19.274**
Net Borrowing Requirement	**23.587**	**14.290**	**14.290**

Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

5.7. Table 6 shows the Council's CFR, which is its total underlying indebtedness. It also shows the maximum expected debt position (the Operational Boundary) over the period as at

28th February 2023, which was £699.283m. The revised Operational Boundary is £653.372m which has reduced due to the revised expenditure and financing forecasts.

Table 6. Capital Financing Requirement and Operational Boundary

	2023/24 Original Estimate	2023/24 Full Year Forecast (as at 31st December 2023)
	£m	£m
Prudential Indicator – Capital Financing Requirement		
CFR – General Fund	456.690	420.192
CFR - HRA	222.593	213.180
Total CFR	**679.283**	**633.372**
Prudential Indicator – Operational Boundary for External Debt		
Capital Financing requirement	679.283	633.372
Headroom	20.000	20.000
Operational Boundary	**699.283**	**653.372**

5.8. The Council's current level of external debt (as at 31st December 2023) is £402.670m, as set out in Table 7 below. The Council is therefore operating significantly within its Operational Boundary.

Limits to Borrowing Activity

5.9. Over the medium term, net borrowing (borrowings less investments) should only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total of the Council's CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy within the TMSS for borrowing in advance of need which will be adhered to if this proves prudent.

Table 7. Capital Financing Requirement and Actual Borrowing

	2023/24 Original Estimate	2023/24 Actual Position (as at 31st December 2023)	2023/24 Full Year Forecast (as at 31st December 2023)
	£m	£m	£m
Borrowing	478.888	402.670	411.500
Other Long-Term Liabilities	21.843	21.843	21.843
Total Debt	**500.731**	**424.513**	**433.343**
CFR (year end position)	**679.283**	**633.372**	**633.372**
Over/(under) Borrowing		**(208.859)**	**(200.029)**

5.10. The Authorised Borrowing Limit is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit determined under section 3 (1) of the Local Government Act 2003 and sets the limit beyond which borrowing is prohibited without Member approval. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. Table 8 below sets out the Authorised Limit. The current level of external debt of £402.670m (as at 31st December 2023) is significantly within the Authorised Limit.

Table 8. Authorised Limit

	2023/24 Original Indicator	2023/24 Forecast (31st December 2023)
	£m	£m
Operational Boundary	699.283	653.372
Headroom	40.000	40.000
Total Authorised Limit	**739.283**	**693.372**

6. Borrowing

6.1. The Council's estimated Capital Financing Requirement (CFR) for 2023/24 as at 31st December 2023 is £633.372m. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing) to fund capital expenditure. The balance of external and internal borrowing is generally driven by market conditions.

6.2. Table 7 above shows that the Council has external borrowing (including prior year borrowing) of £402.670m and has utilised £208.859m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in respect of the Council's cashflow requirements, long-term borrowing requirement and interest rate increases.

6.3. Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement), new external short-term borrowing totalling £10.000m was undertaken in May 2023 from the local authority market at an average rate of 4.55%. A further £10.000m was borrowed in September, again from the local authority market, at a rate of 5.45%. These loans were repaid in Quarter 3 but replaced with new loans; further loans were also taken in the quarter, as cash balances reduced. A total of £39.000m was borrowed from the local authority market throughout this period at an average rate of 5.53%.

6.4. It is possible that the Council may need to borrow further during Quarter 4 of 2023/24 as cash balances are forecast to reduce further. This is primarily as a result of repayment of short-term loans and the expected lower revenue in the latter part of the year. However, the current expectation is that this would be met by temporary or short-term borrowing. If any required borrowing cannot be sourced from the local authority market during the period then the Council could borrow from the PWLB (minimum of 12 months).

7. Debt Rescheduling

7.1. No debt rescheduling took place during Quarter 3 of 2023/24.

8. Compliance with Treasury and Prudential Limits

8.1. During the quarter ended 31st December 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

8.2. All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

9. Annual Investment Strategy

9.1. The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 28th February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity;
- Yield.

9.2. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Creditworthiness.

9.3. Following the Government's fiscal event on 23rd September 2022, both S&P Global (previously known as Standard & Poor's) and Fitch credit rating agencies placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in quarter three of 2023/24.

Investment Counterparty Criteria

9.4. The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

Investment Balances

9.5. The average level of funds available for investment purposes during the year to 31st December 2023 was £38.798m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and Capital Programme expenditure. These funds have earned an average rate of 4.93%. The comparable performance indicator is the 7 days backward looking Sterling Overnight Index Average (SONIA) uncompounded rate, which was also 4.90%.

9.6. The current level of treasury investments as at 31st December 2023 total £52.918m and are detailed in Appendix 3.

9.7. The Council also has £15.000m invested in the CCLA Property Fund which is a long-term investment and has received an income of £0.604m over the nine-month period to 31st December 2023. The total income return on the fund is 5.34%.

9.8. The Council's budgeted General Fund investment return for 2023/24 was £0.173 million; the forecast General Fund interest received from investments as of December 2023 was £0.848 million, a £0.675 million positive variance compared to budget. This budget includes loans to the Council's wholly owned companies, which are non-treasury investments and are therefore shown separately throughout this report.

9.9. The position on interest income must be compared with external interest costs payable. The forecast external interest costs as of 31st December 2023 are £7.252 million against a budget of £9.225 million; a £1.973 million positive variance against the General Fund budget. The net General Fund position on interest receivable/payable is therefore a net positive variance of £2.648 million.

9.10. The Council's investment position as at 31st December 2023 is detailed at Appendix 3. The portfolio includes loans made to Homes for Reading Ltd where principal repayments due in September 2022 and March 2023 were not made. Refinancing proposals are currently being reviewed.

Approved Limits

9.11. Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31st December 2023.

9.12. There are no policy changes required to the TMSS. This report sets out the Council's position compared to the TMSS in light of the updated economic position, budgetary changes already approved and revised in-year forecasts of capital expenditure.

9.13. A full list of investments held as of 31st December 2023 is set out in Appendix 3.

10. Contribution to Strategic Aims

10.1. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the Council's website. These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

10.2. Delivery of the Council's budget is essential to ensuring the Council meets its strategic aims and remains financially sustainable going forward.

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. As part of the review carried out in 2022/23 and approved as part of the Annual Investment Strategy for 2023/24, the Council will only invest in countries deemed as "Free" as per the Freedom House Global Freedom rating system.

11.3. The Council has provided loans totalling £1.700m 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. Community Engagement

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

13. Equality Implications

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

14. Other Relevant Considerations

14.1. There are none.

15. Legal Implications

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

16. Financial Implications

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

17. Timetable for Implementation

17.1. Not applicable.

18. Background Papers

18.1. There are none.

Appendices

1. Link Group Economics Update

2. Debt Portfolio as of 31st December 2023

3. Investment Portfolio as of 31st December 2023

4. Approved Countries for Investments as of 31st December 2023

Appendix 1 – Link Group Economics Update

1. The third quarter of 2023/24 saw:

   - A 0.3% month on month (m/m) decline in real Gross Domestic Product (GDP) in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;

   - A sharp fall in wage growth, with the headline 3 month year on year rate declining from 8.0% in September to 7.2% in October, although the Office of National Statistics (ONS) “experimental” rate of unemployment has remained low at 4.2%;

   - Consumer Price Index (CPI) inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;

   - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;

   - The Bank of England holding rates at 5.25% in November and December;

   - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.

2. The revision of GDP data in Q2 to a 0.1% quarter on quarter (q/q) fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.

3. However, the rise in the flash composite activity Purchasing Managers Index (PMI), from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance). The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.

4. The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.

5. Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with only marginal falls showing year on year on the Halifax (-1%) and Nationwide (-1.8%) indices. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

6. Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.

7. The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.

8. The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.

9. CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.

Appendix 2 – Debt Portfolio as of 31st December

Class	Type	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
Loan	Temporary Borrowing - Fixed	24/11/23	24/05/24	Tendring District Council	Maturity	5.4500%	4,000,000.00
Loan	Temporary Borrowing - Fixed	04/10/23	04/04/24	London Borough of Sutton	Maturity	5.5000%	5,000,000.00
Loan	Temporary Borrowing - Fixed	02/11/23	02/05/24	Blackburn with Darwen Borough Council	Maturity	5.5500%	5,000,000.00
Loan	Temporary Borrowing - Fixed	13/10/23	11/10/24	North Somerset Council	Maturity	5.5500%	10,000,000.00
Loan	Temporary Borrowing - Fixed	28/11/23	02/01/24	Middlesbrough Council	Maturity	5.5000%	5,000,000.00
Loan	Temporary Borrowing - Fixed	20/12/23	22/04/24	Liverpool City Region Combined Authority	Maturity	5.5500%	10,000,000.00
Temporary Borrowing - Fixed Total						**5.5269%**	**39,000,000.00**
Loan	Fixed	26/03/18	25/03/68	PWLB	Maturity	2.2800%	15,000,000.00
Loan	Fixed	27/09/18	27/09/43	PWLB	Maturity	2.8200%	15,000,000.00
Loan	Fixed	27/09/18	27/09/49	PWLB	Maturity	2.7900%	15,000,000.00
Loan	Fixed	11/03/19	11/03/66	PWLB	Maturity	2.3800%	15,000,000.00
Loan	Fixed	13/03/19	13/03/37	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	13/03/19	13/03/57	PWLB	Maturity	2.4200%	5,000,000.00
Loan	Fixed	01/04/19	01/04/64	PWLB	Maturity	2.2000%	10,000,000.00
Loan	Fixed	01/10/19	02/10/62	PWLB	Maturity	1.6400%	5,000,000.00
Loan	Fixed	01/10/19	01/10/63	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	07/10/66	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	07/10/19	08/10/68	PWLB	Maturity	1.6300%	5,000,000.00
Loan	Fixed	11/03/20	25/09/69	PWLB	Maturity	2.0700%	15,000,000.00
Loan	Fixed	13/05/05	25/09/51	PWLB	Maturity	4.1500%	2,000,000.00
Loan	Fixed	11/01/06	25/09/55	PWLB	Maturity	3.9000%	5,000,000.00
Loan	Fixed	23/01/06	25/09/55	PWLB	Maturity	3.7000%	5,000,000.00
Loan	Fixed	23/05/06	25/09/47	PWLB	Maturity	4.2000%	2,000,000.00
Loan	Fixed	19/07/06	25/03/52	PWLB	Maturity	4.2500%	20,000,000.00
Loan	Fixed	20/09/06	25/09/51	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	28/09/06	25/09/52	PWLB	Maturity	4.0500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/53	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	08/03/07	25/03/54	PWLB	Maturity	4.2500%	10,000,000.00
Loan	Fixed	05/08/08	25/03/58	PWLB	Maturity	4.4800%	2,000,000.00
Loan	Fixed	15/08/08	25/09/57	PWLB	Maturity	4.3900%	6,000,000.00
Loan	Fixed	02/12/08	25/09/58	PWLB	Maturity	4.1200%	10,000,000.00
Loan	Fixed	20/08/09	25/03/59	PWLB	Maturity	4.2000%	5,000,000.00
Loan	Fixed	19/08/10	25/03/24	PWLB	EIP	2.7000%	170,000.00
Loan	Fixed	31/08/10	25/03/60	PWLB	Maturity	3.9200%	10,000,000.00
Loan	Fixed	14/07/11	25/03/26	PWLB	EIP	3.5900%	1,250,000.00
Loan	Fixed	15/09/11	25/03/31	PWLB	EIP	3.3500%	3,750,000.00
Loan	Fixed	28/03/12	25/03/51	PWLB	Maturity	3.5300%	12,000,000.00
Loan	Fixed	28/03/12	25/09/26	PWLB	Maturity	2.9700%	12,000,000.00
Loan	Fixed	28/03/12	25/03/50	PWLB	Maturity	3.5300%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/03/61	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/32	PWLB	Maturity	3.3000%	12,000,000.00
Loan	Fixed	28/03/12	25/09/41	PWLB	Maturity	3.4900%	15,000,000.00
Loan	Fixed	28/03/12	25/09/51	PWLB	Maturity	3.5200%	3,000,000.00
Loan	Fixed	28/03/12	25/03/62	PWLB	Maturity	3.4800%	15,000,000.00
Loan	Fixed	28/03/12	25/03/41	PWLB	EIP	2.9900%	17,500,000.00
Loan	Fixed	06/12/05	06/12/55	Barclays Bank plc	Maturity	3.9900%	5,000,000.00
Fixed Total						**3.2428%**	**358,670,000.00**
Loan	LOBO	30/01/08	31/01/78	Dexia	Maturity	4.1900%	5,000,000.00
LOBO Total						**4.0900%**	**5,000,000.00**
Loan Total						**3.4851%**	**402,670,000.00**

Appendix 3 - Investment Portfolio as of 31st December 2023

Class	Type	Start / Purchase Date	Maturity Date	Counterparty	Rate	Principal O/S (£)
Treasury Investments						
Deposit	MMF	N/A	N/A	Aberdeen Standard Liquidity Fund	5.30%	17,750,000.00
Deposit	MMF	N/A	N/A	Federated Short Term Sterling Prime Fund	5.38%	20,000,000.00
Deposit	Current Account	N/A	N/A	Lloyds Bank	5.15%	168,088.00
Deposit	Property Fund	30/03/2015	N/A	CCLA Local Authorities Property Fund	5.33%	15,000,000.00
Treasury Investments Total					**5.29%**	**52,918,088.00**
Non-Treasury Investments						
Deposit	Fixed	25/03/2021	24/03/2026	Brighter Futures for Children Ltd	1.81%	5,000,000.00
Deposit	Fixed	29/09/2017	26/09/2022	Homes for Reading Ltd	3.25%	1,100,000.00
Deposit	Fixed	23/01/2018	26/09/2022	Homes for Reading Ltd	3.38%	400,000.00
Deposit	Fixed	28/02/2018	26/09/2022	Homes for Reading Ltd	3.59%	800,000.00
Deposit	Fixed	20/03/2018	26/09/2022	Homes for Reading Ltd	3.58%	700,000.00
Deposit	Fixed	25/04/2018	24/03/2023	Homes for Reading Ltd	3.62%	800,000.00
Deposit	Fixed	11/05/2018	24/03/2023	Homes for Reading Ltd	3.57%	800,000.00
Deposit	Fixed	29/08/2018	24/03/2023	Homes for Reading Ltd	3.48%	2,000,000.00
Deposit	Fixed	24/09/2018	24/03/2023	Homes for Reading Ltd	3.41%	3,000,000.00
Deposit	Fixed	11/12/2018	24/03/2023	Homes for Reading Ltd	3.19%	4,000,000.00
Deposit	Fixed	07/02/2019	24/03/2023	Homes for Reading Ltd	3.38%	2,000,000.00
Deposit	Fixed	29/06/2018	24/03/2023	Homes for Reading Ltd	3.51%	1,300,000.00
Deposit	Fixed	16/04/2019	24/03/2029	Homes for Reading Ltd	3.75%	7,000,000.00
Deposit	Fixed	30/04/2019	30/04/2029	Reading Transport Ltd	5.00%	4,609,000.00
Deposit	Fixed	15/08/2019	30/07/2029	Reading Transport Ltd	5.00%	500,000.00
Deposit	Fixed	08/04/2018	01/07/2023	Reading Transport Ltd	5.00%	490,000.00
Deposit	Fixed	03/06/2018	01/07/2023	Reading Transport Ltd	5.00%	207,000.00
Deposit	Fixed	29/07/2018	01/07/2023	Reading Transport Ltd	5.00%	164,000.00
Deposit	Fixed	20/01/2020	01/01/2024	Reading Transport Ltd	5.00%	151,000.00
Deposit	Fixed	21/08/2020	01/10/2024	Reading Transport Ltd	5.00%	700,000.00
Non-Treasury Investments Total					**3.93%**	**35,721,000.00**
Total Investments *						**88,639,088.00**

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

Appendix 4 - Approved Countries for Investments as of 31st December 2023

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA-

- Belgium
- France
- U.K.