Investment and Borrowing Strategy 2023/24

Committee considering report:	Council
Date of Committee:	2 March 2023
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member sent / agreed report:	13 January 2023
Report Author:	Shannon Coleman-Slaughter
Forward Plan Ref:	C4320

1 Purpose of the Report

1.1 The report seeks to consolidate the investments and borrowing strategy for the year ahead by detailing how and where the Council will invest and borrow in the forthcoming year, within a particular framework. This strategy is monitored throughout the year, with a mid-year report going to the Government and Ethics Committee as well as an annual report being presented to Members.

1.2 The report also has a statutory footing under the Local Government Act 2003. The Council must have an approved (by Full Council) Investment and Borrowing Strategy (or similar) for the forthcoming financial year. The Council is also required to comply with other regulatory requirements as highlighted in this report, for example to be a professional investor the Council must have £10 million of liquid investment funds at any one time; the Council must also detail its compliance with the relevant Treasury Management indicators (as highlighted in this report).

2 Recommendation

That Council is requested to adopt the following recommendation:

(a) To agree and adopt the proposed Investment and Borrowing Strategy for 2023/24.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has and intends to borrow and invest substantial sums of money and is therefore exposed to

	financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.			
Human Resource:	Not applicable			
Legal:	Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.			
Risk Management:	Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.			
Property:	Not applicable			
Policy:	The Investment and Borrowing Strategy is closely related to the Capital Strategy, as it governs the criteria for borrowing to fund capital spending.			
	Positive	**Neutral**	**Negative**	**Commentary**
Equalities Impact:		X		

A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		Not applicable
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		Not applicable
Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		
Core Business:		X		
Data Impact:		X		
Consultation and Engagement:	Joseph Holmes, Executive Director of Resources, s151 Officer			

4 Executive Summary

4.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

4.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

4.3 In support of the Capital Strategy and financing the Waste Private Finance Initiative (PFI), the Council expects to borrow in 2023/24. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing. The Council has set the authorised limit for borrowing over the duration of the Capital Strategy (2023/24 – 2032/33) as follows:

Authorised Limit and Operational Boundary	2022/23 limit	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit	2027/28 limit
	£000s	£000s	£000s	£000s	£000s	£000s
Authorised limit – borrowing	£352,732	£373,621	£382,892	£382,892	£382,892	£382,892
Authorised limit – PFI and leases	£14,400	£13,200	£12,000	£12,000	£12,000	£12,000
Authorised limit – total external debt	**£367,132**	**£386,821**	**£394,892**	**£394,892**	**£394,892**	**£394,892**
Operational boundary – borrowing	£338,732	£359,621	£368,892	£368,892	£368,892	£368,892
Operational boundary – PFI and leases	£12,000	£11,000	£10,000	£10,000	£10,000	£10,000
Operational boundary – total external debt	**£350,732**	**£370,621**	**£378,892**	**£378,892**	**£378,892**	**£378,892**

Authorised Limit and Operational Boundary		2028/29 limit	2029/30 limit	2030/31 limit	2031/32 limit	2032/33 limit
		£000s	£000s	£000s	£000s	£000s
Authorised limit – borrowing		£382,892	£382,892	£382,892	£382,892	£382,892
Authorised limit – PFI and leases		£12,000	£12,000	£12,000	£12,000	£12,000
Authorised limit – total external debt		**£394,892**	**£394,892**	**£394,892**	**£394,892**	**£394,892**
Operational boundary – borrowing		£368,892	£368,892	£368,892	£368,892	£368,892
Operational boundary – PFI and leases		£10,000	£10,000	£10,000	£10,000	£10,000
Operational boundary – total external debt		**£378,892**	**£378,892**	**£378,892**	**£378,892**	**£378,892**

4.4 The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, and a deteriorating economic outlook, will be major influences on the Council's Investment & Borrowing strategy for 2023/24. Historically the Council has accessed the majority of its long term financing from the PWLB Lending facility at around 1 – 2%. Recent economic conditions have resulted in average PWLB rates of between 4 – 5%. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Over the two past financial years with short-term interest rates lower than long-term rates, the strategy has been in the short-term to borrow short-term loans as the primary financing source. By doing so, the Council has been able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Moving forward the benefits of short term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates have increased.

4.5 Treasury and non-treasury investments such as the commercial property portfolio are held and maintained in order to provide a net contribution to the Council's revenue budget to support delivery of core services. The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Strategy.

Proportionality of Investments	2021/22 Actual £000s	2022/23 Forecast £000s	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/27 Budget £000s
Gross Investment income from Commercial Property	£3,357	£3,492	£3,496	£3,500	£3,504	£3,508
Gross service expenditure	£388,453	£365,560	£386,640	£395,650	£408,230	£421,490
Proportion	0.86%	0.96%	0.90%	0.88%	0.86%	0.83%
Proportionality of Investments	**2027/28 Budget £000s**	**2028/29 Budget £000s**	**2029/30 Budget £000s**	**2030/31 Budget £000s**	**2031/32 Budget £000s**	**2032/33 Budget £000s**
Gross Investment income from Commercial Property	£3,512	£3,516	£3,520	£3,524	£3,528	£3,532
Gross service expenditure	£434,135	£447,159	£460,574	£474,391	£488,622	£503,281
Proportion	0.81%	0.79%	0.76%	0.74%	0.72%	0.70%

4.6 The Executive Director for Resources and S151 Officer is confident that the Investment and Borrowing Strategy provide an effective, robust and prudent platform from which to support the Council's strategic objectives as set out in the Capital Strategy and approved Council Strategy.

5 Supporting Information

Introduction

5.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Background

5.2 **Economic background**: The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury Investment & Borrowing Strategy for 2023/24.

5.3 Interest rate forecast: The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising. The Council's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target. While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023.

5.4 A detailed economic and interest rate forecast provided by Arlingclose as at November 2022 is attached at Appendix A. Further updates issued by Arlingclose will be incorporated into this strategy as and when issued.

Proposals

5.5 **Borrowing**: The Council held £191.8 million of loans at 31.3.2022, with a forecast balance of £186.9 million at 31.3.2023. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

5.6 Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The Council has previously raised the majority of its long-term borrowing from the PWLB, but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; however, the Council is not proposing to undertake any activities that require the purchase of assets primarily for yield. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

5.7 The Council's sources of long-term and short-term borrowing are:

(a) HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)

(b) HM Treasury's backed UK Infrastructure Bank (in partnership with the Department for Business, Energy and Industrial Strategy).

(c) Any institution approved for investments (see below)

(d) Any other bank or building society authorised to operate in the UK

(e) Any other UK public sector body

(f) UK public and private sector pension funds (except The Royal Berkshire Pension Fund)

(g) Capital market bond investors

(h) UK Municipal Bonds Agency plc and other organisations that enable local authority bond issues.

5.8 Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

(a) Leasing

(b) Hire purchase

(c) Private Finance Initiative

(d) Sale and leaseback

5.9 Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

5.10 LOBOs: The Council does not hold any LOBO (Lender's Option Borrower's Option loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost).

5.11 Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators.

5.12 Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5.13 The UK Infrastructure Bank (UKIB) which is wholly owned by the Treasury has been established in partnership with The Department for Business, Energy and Industrial Strategy (BIES). UKIB allows authorities to access funding below PWLB rates for applicable projects. Applicable projects focus on addressing climate change and boosting regional growth and economies.

5.14 **Investments**: The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has been consistently around £40 million, and similar levels are expected to be maintained in the forthcoming year.

5.15 The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

5.16 The Council recognises the increasing risk and low returns from short-term unsecured bank investments, however, the period for which funds are invested is determined by the cash flow needs of the Council. Funds are invested for as long as possible, in order to maximise the rate of return, while still ensuring that sufficient funds are available to meet the Council's outgoings. The normal maximum period for which funds may prudently be committed is 12 months. If sufficient funds become available, and market conditions are favourable enough to permit secure longer term investment, funds may, from time to time be invested for longer periods which will offer a better rate of return. However, in order to minimise risk and ensure liquidity, no more than 40% of the Council's funds will be held at any one time in investments longer than 12 months.

5.17 Business models: Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

5.18 The Council may invest its surplus funds with any of the counterparty types subject to the adopted limits. The historic and proposed individual counterparty limits are detailed in the table below.

Organisation	Credit Ratings	Individual Counterparty Limit (£000)	Sector Limit (£000)	Time Limit
The UK Government (Debt Management Office)	-	Unlimited	Not applicable	50 Years
UK Local Authorities (including Police, Fire and similar bodies)	-	£8,000	Unlimited	25 Years
UK Building Societies (net asset size ranking 1-11)	-	£8,000	£14,000	13 months
UK Building Societies (net asset size ranking 12-21)	-	£6,500		13 months
UK Building Societies (net asset size ranking 22-25)	-	£5,000		13 months
UK Banks and other financial institutions	Long term credit rating of A- or higher	£8,000	Unlimited	13 months
Money Market Funds (Sterling denominated)	AAA or equivalent	£8,000	Unlimited	Not applicable
Other Non-local authority UK public sector body	-	£8,000	Unlimited	25 Years
Registered Providers, Charities	-	£2,500	£5,000	12 months
Council owned companies	-	£5,000	£5,000	2 Years
Council owned joint ventures	-	£5,000	£5,000	2 Years
Strategic pooled funds (including cash plus funds)	-	£8,000	£35,000	Not applicable
Real estate investment trusts	-	£8,000	£17,500	Not applicable

5.19 Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

5.20 Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

5.21 Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

5.22 Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

5.23 Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the

Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

5.24 Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

5.25 Real estate investment trusts (REITs): Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

5.26 The Council under section 15(1) of the Local Government Act 2003 can choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. During financial year 2023/24 it is anticipated that significant financial loans will be incurred in respect of the Council's joint venture with Sovereign Housing (Home for West Berkshire). The counterparty limits in section 5.19 make provision for these loans.

5.27 Exposure to Risk: The proposed investment limits represent the maximum values to be invested with individual organisations. The Treasury Management Group may temporarily reduce these amounts and or shorten the time period of investments in order to spread the exposure to loss from institutions failing. The Council manages its exposure to risk via a series of treasury management indicators. Appendix D provides greater detail on the indicators used to monitor and review the performance.

5.28 To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council ensures it has readily available cash balances in accordance with only placing short term investments, and manages capital expenditure on a prudent basis in line with the prudential code indicators.

Non Treasury Investments:

5.29 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by the Department for Levelling Up, Housing and Communities, in which the definition of investments is further broadened to also include all such assets held partially for financial return. At the 31st March 2021 the Council held £65.7m of such investments in directly owned property categorised as follows:

(a) Directly owned property (commercial property) £58.9 million, details in appendix C. This is property where the Council has borrowed specifically to fund the purchase.

(b) Directly owned property (investment property) £13.7 million, details included in appendix D. This is property that the Council holds as an investment property but the purchase has not been funded by borrowing. In most cases the property has been inherited from Berkshire County Council or Newbury District Council upon the formation of West Berkshire District Council in 1998.

5.30 Treasury and non-treasury investments such as the commercial property portfolio are held and maintained in order to provide a net contribution to the Council's revenue budget to support delivery of core services. The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Strategy.

Proportionality of Investments	2021/22 Actual £000s	2022/23 Forecast £000s	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/27 Budget £000s
Gross Investment income from Commercial Property	£3,357	£3,492	£3,496	£3,500	£3,504	£3,508
Gross service expenditure	£388,453	£365,560	£386,640	£395,650	£408,230	£421,490
Proportion	0.86%	0.96%	0.90%	0.88%	0.86%	0.83%
Proportionality of Investments	**2027/28 Budget £000s**	**2028/29 Budget £000s**	**2029/30 Budget £000s**	**2030/31 Budget £000s**	**2031/32 Budget £000s**	**2032/33 Budget £000s**
Gross Investment income from Commercial Property	£3,512	£3,516	£3,520	£3,524	£3,528	£3,532
Gross service expenditure	£434,135	£447,159	£460,574	£474,391	£488,622	£503,281
Proportion	0.81%	0.79%	0.76%	0.74%	0.72%	0.70%

6 Other options considered

Not applicable

7 Conclusion

7.1 On 31st March 2022 the Council held £191.8 million of borrowing and £37.8 million of treasury investments. Existing levels of Council debt and investments are set out in further detail at Appendix D. Forecast changes in these sums are shown in the balance sheet analysis in table below.

Balance Sheet Summary	31.3.22 Actual £000s	31.3.23 Estimate £000s	31.3.24 Forecast £000s	31.3.25 Forecast £000s	31.3.26 Forecast £000s	31.3.27 Forecast £000s
Capital financing requirement	£278,408	£278,901	£300,304	£330,210	£348,236	£353,004
Less: Other debt liabilities *	(£11,483)	(£10,670)	(£9,807)	(£8,892)	(£7,920)	(£6,890)
Loans CFR	£266,925	£268,231	£290,497	£321,319	£340,316	£346,114
Less: External borrowing **	(£191,848)	(£186,891)	(£181,974)	(£177,242)	(£172,733)	(£168,512)
Internal borrowing	£75,077	£81,340	£108,523	£144,077	£167,583	£177,602
Less: Balance sheet resources	£112,867	£72,008	£73,008	£74,008	£75,008	£77,600
Treasury investments / (New borrowing requirement)	£37,790	(£9,332)	(£35,515)	(£70,069)	(£92,575)	(£100,002)
Balance Sheet Summary	**31.3.28 Forecast £000s**	**31.3.29 Forecast £000s**	**31.3.30 Forecast £000s**	**31.3.31 Forecast £000s**	**31.3.32 Forecast £000s**	**31.3.33 Forecast £000s**
Capital financing requirement	£359,973	£362,367	£360,484	£358,692	£356,649	£354,350
Less: Other debt liabilities *	(£5,796)	(£4,636)	(£3,405)	(£2,099)	(£713)	(£0)
Loans CFR	£354,177	£357,730	£357,079	£356,592	£355,935	£354,350
Less: External borrowing **	(£164,227)	(£159,944)	(£155,667)	(£151,222)	(£141,626)	(£136,857)
Internal borrowing	£189,950	£197,786	£201,412	£205,370	£214,309	£217,492
Less: Balance sheet resources	£80,257	£82,980	£85,772	£88,633	£91,566	£94,572
Treasury investments / (New borrowing requirement)	(£109,693)	(£114,806)	(£115,641)	(£116,737)	(£122,743)	(£122,921)

* leases and PFI liabilities that form part of the Authority's total debt
** shows only loans to which the Authority is committed and excludes optional refinancing

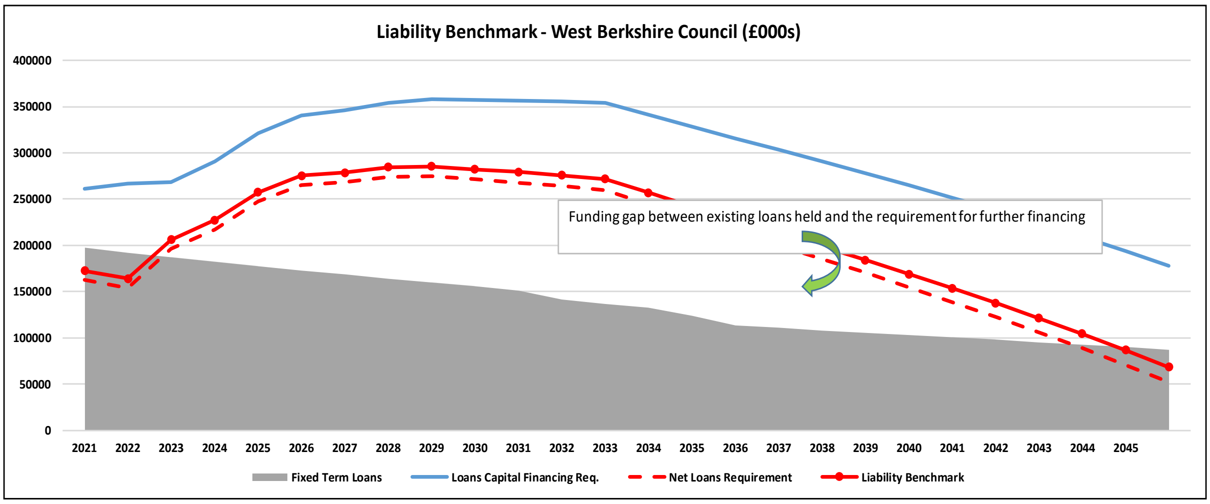
7.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council is forecasting an increasing CFR through to financial year 2029/30 at which point the CFR starts to reduce. Based on the proposed capital programme and existing Balance sheet resources, the Council is forecasting an increasing borrowing requirement.

7.3 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next ten years. The table below demonstrates that the Council expects to comply with this recommendation during 2023/24 and the longer term.

Gross Debt and the Capital Financing Requirement	31.3.2022 actual £000s	31.3.2023 forecast £000s	31.3.2024 budget £000s	31.3.2025 budget £000s	31.3.2026 budget £000s	31.3.2027 budget £000s
Debt (incl. PFI & leases)	£203,331	£197,561	£191,780	£186,134	£180,653	£175,401
Capital Financing Requirement	£278,408	£278,901	£300,304	£330,210	£348,236	£353,004
Gross Debt and the Capital Financing Requirement	**31.3.2028 budget £000s**	**31.3.2029 budget £000s**	**31.3.2030 budget £000s**	**31.3.2031 budget £000s**	**31.3.2032 budget £000s**	**31.3.2033 budget £000s**
Debt (incl. PFI & leases)	£170,023	£164,581	£159,072	£153,321	£142,339	£136,857
Capital Financing Requirement	£359,973	£362,367	£360,484	£358,692	£356,649	£354,350

7.4 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as the table above, but that cash and investment balances are kept to a minimum level of £10 million at each year-end to maintain sufficient liquidity. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Liability Benchmark	31.3.22 Actual £000s	31.3.23 Estimate £000s	31.3.24 Forecast £000s	31.3.25 Forecast £000s	31.3.26 Forecast £000s	31.3.27 Forecast £000s
Loans CFR	£266,925	£268,231	£290,497	£321,319	£340,316	£346,114
Less: Balance sheet resources	£112,867	£72,008	£73,008	£74,008	£75,008	£77,600
Net loans requirement	**£154,058**	**£196,223**	**£217,489**	**£247,311**	**£265,308**	**£268,514**
Plus: Liquidity allowance	£10,000	£10,000	£10,000	£10,000	£10,000	£10,250
Liability benchmark	**£164,058**	**£206,223**	**£227,489**	**£257,311**	**£275,308**	**£278,764**
Liability Benchmark	**31.3.28 Forecast £000s**	**31.3.29 Forecast £000s**	**31.3.30 Forecast £000s**	**31.3.31 Forecast £000s**	**31.3.32 Forecast £000s**	**31.3.33 Forecast £000s**
Loans CFR	£354,177	£357,730	£357,079	£356,592	£355,935	£354,350
Less: Balance sheet resources	£80,257	£82,980	£85,772	£88,633	£91,566	£94,572
Net loans requirement	**£273,920**	**£274,750**	**£271,307**	**£267,959**	**£264,369**	**£259,778**
Plus: Liquidity allowance	£10,506	£10,769	£11,038	£11,314	£11,597	£11,887
Liability benchmark	**£284,426**	**£285,519**	**£282,345**	**£279,273**	**£275,966**	**£271,665**



7.5 Based on the Council's CFR and the liability benchmark, the Council is long term borrower. The Council is required to ensure that capital financing is reasonable and affordable in the long term.

Financing Costs as a Percentage of the Revenue Budget	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Financing Costs	£2.21	£2.23	£2.25	£2.27	£2.29
Revenue Budget	£165.00	£168.30	£176.50	£185.00	£193.50
Financing Costs as a Percentage	1.34%	1.33%	1.27%	1.23%	1.18%

Financing Costs as a Percentage of the Revenue Budget	2028/29 £m	2029/30 £m	2031/31 £m	2031/32 £m	2032/33 £m
Financing Costs	£2.31	£2.33	£2.35	£2.37	£2.39
Revenue Budget	£202.00	£210.50	£219.00	£227.50	£236.00
Financing Costs as a Percentage	1.14%	1.11%	1.07%	1.04%	1.01%

7.6 In respect of investments, the Council's revenue budget includes net returns from investments in the support of financing delivery of core services. The Council has set a number of quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

(a) **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses.

Total investment exposure	**31.03.2022 Actual £000s**	**31.03.2023 Forecast £000s**	**31.03.2024 Forecast £000s**	**31.03.2025 Forecast £000s**	**31.03.2026 Forecast £000s**	**31.03.2027 Forecast £000s**
Treasury management investments	£37,790	£10,000	£10,000	£10,000	£10,000	£10,000
Commercial investments: Property	£58,985	£58,985	£58,985	£58,985	£58,985	£58,985
TOTAL INVESTMENTS	**£96,775**	**£68,985**	**£68,985**	**£68,985**	**£68,985**	**£68,985**
Commitments to lend	£0	£0	£0	£0	£0	£0
Guarantees issued on loans	£0	£0	£0	£0	£0	£0
TOTAL EXPOSURE	**£96,775**	**£68,985**	**£68,985**	**£68,985**	**£68,985**	**£68,985**

Total investment exposure		**31.03.2028 Forecast £000s**	**31.03.2029 Forecast £000s**	**31.03.2030 Forecast £000s**	**31.03.2031 Forecast £000s**	**31.03.2032 Forecast £000s**
Treasury management investments		£10,000	£10,000	£10,000	£10,000	£10,000
Commercial investments: Property		£58,985	£58,985	£58,985	£58,985	£58,985
TOTAL INVESTMENTS		**£68,985**	**£68,985**	**£68,985**	**£68,985**	**£68,985**
Commitments to lend		£0	£0	£0	£0	£0
Guarantees issued on loans		£0	£0	£0	£0	£0
TOTAL EXPOSURE		**£68,985**	**£68,985**	**£68,985**	**£68,985**	**£68,985**

(b) **How investments are funded:** Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing	31.03.2022 Actual £000s	31.03.2023 Forecast £000s	31.03.2024 Forecast £000s	31.03.2025 Forecast £000s	31.03.2026 Forecast £000s	31.03.2027 Forecast £000s
Treasury management investments	£0	£0	£0	£0	£0	£0
Commercial investments: Property	£58,985	£58,985	£58,985	£58,985	£58,985	£58,985
TOTAL FUNDED BY BORROWING	£58,985	£58,985	£58,985	£58,985	£58,985	£58,985
Investments funded by borrowing		**31.03.2028 Forecast £000s**	**31.03.2029 Forecast £000s**	**31.03.2030 Forecast £000s**	**31.03.2031 Forecast £000s**	**31.03.2032 Forecast £000s**
Treasury management investments		£0	£0	£0	£0	£0
Commercial investments: Property		£58,985	£58,985	£58,985	£58,985	£58,985
TOTAL FUNDED BY BORROWING		£58,985	£58,985	£58,985	£58,985	£58,985

(c) **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested.

Investments net rate of return	2021/22 Actual	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
Treasury management investments	0.05%	1.65%	4.00%	4.00%	4.00%	4.00%
Service investments: Loans	0	0	0	0	0	0
Service investments: Shares	0	0	0	0	0	0
Commercial investments: Property	0.85%	1.76%	1.74%	1.71%	1.68%	1.64%
ALL INVESTMENTS	**0.45%**	**1.71%**	**2.07%**	**2.04%**	**2.01%**	**1.99%**
Investments net rate of return		**2027/28 Actual**	**2028/29 Forecast**	**2029/30 Forecast**	**2030/31 Forecast**	**2031/32 Forecast**
Treasury management investments		4.00%	4.00%	4.00%	4.00%	4.00%
Service investments: Loans		0	0	0	0	0
Service investments: Shares		0	0	0	0	0
Commercial investments: Property		1.61%	1.58%	1.54%	1.51%	1.47%
ALL INVESTMENTS		**1.96%**	**1.93%**	**1.90%**	**1.87%**	**1.84%**

7.7 Based on the performance indicators set out within this strategy the Executive Director for Resources and S151 Officer is confident that the Investment and Borrowing Strategy provides an effective, robust and prudent platform from which to support the Council's strategic objectives as set out in the Capital Strategy and approved Council Strategy.

8 Appendices

8.1 Appendix A – Equalities Impact Assessment

8.2 Appendix B – Data Protection Impact Assessment

8.3 Appendix C – Arlingclose Economic & Interest Rate Forecast – November 2022

8.4 Appendix D – Existing Investment & Debt Portfolio Position

8.5 Appendix E – Treasury Management Indicators

8.6 Appendix F – Non Treasury Investments

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval	X
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to note only	☐

Officer details:

Name: Shannon Coleman-Slaughter
Job Title: Interim Head of Finance & Property
Tel No: 01635 503225
E-mail: Shannon.colemanslaughter@westberks.gov.uk

Appendix A

Equality Impact Assessment (EqIA) - Stage One

What is the proposed decision that you are asking the Executive to make:	Approval of the Council's Investment & Borrowing Strategy
Summary of relevant legislation:	Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code)
Does the proposed decision conflict with any of the Council's priorities for improvement? • Ensure our vulnerable children and adults achieve better outcomes • Support everyone to reach their full potential • Support businesses to start develop and thrive in West Berkshire • Develop local infrastructure including housing to support and grow the local economy Maintain a green district • Ensure sustainable services through innovation and partnerships	**Yes ☐ No X** **If yes, please indicate which priority and provide an explanation**
Name of Budget Holder:	**Joseph Holmes**
Name of Service/Directorate:	**Joseph Holmes**
Name of assessor:	Shannon Coleman-Slaughter
Date of assessment:	3.1.2023
Version and release date (if applicable):	

Is this a …. ?		**Is this policy, strategy, function or service … ?**	
Policy	**Yes ☐ No X**	**New or proposed**	**Yes ☐ No X**
Strategy	**Yes X No ☐**	**Already exists and is being reviewed**	**Yes X No ☐**
Function	**Yes ☐ No X**	**Is changing**	**Yes X No ☐**
Service	**Yes ☐ No X**		

(1)	**What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?**

Aims:	Robust treasury management
Objectives:	Robust treasury management
Outcomes:	Treasury management that is risk appropriate and aids the Council in delivering sustainable services to end users.
Benefits:	Financial sustainability and resilience

(2) Which groups might be affected and how? Is it positively or negatively and what sources of information have been used to determine this?

(Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation)

Group Affected	What might be the effect?	Information to support this
Age	Not applicable	
Disability		
Gender Reassignment		
Marriage and Civil Partnership		
Pregnancy and Maternity		
Race		
Religion or Belief		
Sex		
Sexual Orientation		
Further Comments:		

(3) Result

Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	**Yes ☐ No X**
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	**Yes ☐ No X**

Please provide an explanation for your answer:

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a EqIA 2.

If an EqIA 2 is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the EqIA guidance and template – http://intranet/index.aspx?articleid=32255.

(4) Identify next steps as appropriate:	
EqIA Stage 2 required	**Yes ☐ No X**
Owner of EqIA Stage Two:	
Timescale for EqIA Stage Two:	

Name: **Shannon Coleman-Slaughter** **Date: 3.1.2023**

Please now forward this completed form to Pamela Voss, Equality and Diversity Officer for publication on the WBC website.

Appendix B

Data Protection Impact Assessment – Stage One

The General Data Protection Regulations require a Data Protection Impact Assessment (DPIA) for certain projects that have a significant impact on the rights of data subjects.

Should you require additional guidance in completing this assessment, please refer to the Information Management Officer via dp@westberks.gov.uk

Directorate:	Resources
Service:	Finance & Property
Team:	Accountancy
Lead Officer:	Shannon Coleman-Slaughter
Title of Project/System:	Treasury Management
Date of Assessment:	3.1.2023

Do you need to do a Data Protection Impact Assessment (DPIA)?

	Yes	No
Will you be processing SENSITIVE or "special category" personal data? Note – sensitive personal data is described as "*data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation*"	☐	**X**
Will you be processing data on a large scale? Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both	☐	**X**
Will your project or system have a "social media" dimension? Note – will it have an interactive element which allows users to communicate directly with one another?	☐	**X**
Will any decisions be automated? Note – does your system or process involve circumstances where an individual's input is "scored" or assessed without intervention/review/checking by a human being? Will there be any "profiling" of data subjects?	☐	**X**

	Yes	No
Will your project/system involve CCTV or monitoring of an area accessible to the public?	☐	**X**
Will you be using the data you collect to match or cross-reference against another existing set of data?	☐	**X**
Will you be using any novel, or technologically advanced systems or processes? Note – this could include biometrics, "internet of things" connectivity or anything that is currently not widely utilised	☐	**X**

If you answer "Yes" to any of the above, you will probably need to complete Data Protection Impact Assessment - Stage Two. If you are unsure, please consult with the Information Management Officer before proceeding.

Appendix C

Arlingclose Economic & Interest Rate Forecast – December 2022

Economic background: The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.

The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.

The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

Interest rate forecast (December 2022): While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.

Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix D

Existing Investment & Debt Portfolio Position

Investment & Debt Portfolio	30/11/2022 Actual portfolio £m	30/11/2022 Average rate %
External borrowing:		
Public Works Loan Board	(£188)	3.36
Community Bond	(£1)	1.20
Total external borrowing	(£189)	**3.35**
Other long-term liabilities:		
Private Finance Initiative	(£11)	6.10
Total gross external debt	(£200)	**3.50**
Treasury investments:		
The UK Government	£20	2.19
Local authorities	£7	3.02
Banks (unsecured)	£2	0.79
Money market funds	£14	2.89
Total treasury investments	£43	**2.49**
Net debt	**(£156)**	**-**

Appendix E

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators:

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average [credit rating / credit score] of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio Average Credit Score	A or 6.0

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity indicators	Target (£m)
Total Cash available within 3 Months	£10

Interest rate exposures: This indicator is set to control the Council's exposure to interest rate risk. The [upper limits on the one-year revenue impact of a 1% rise or fall in interest rates] based on borrowing of £20 million and £10 million minimum liquidity level held in investments will be:

Interest Rate Risk Indicator	Limit
Upper limit on one-year Revenue impact of a 1% rise in Interest Rates	£175,000
Upper limit on one-year Revenue impact of a 1% fall in Interest Rates	£175,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk.

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

The upper and lower limits on the maturity structure of borrowing based on assumed borrowing of £20 million in 2023/24:

Refinancing rate risk indicator	Lower limit	Upper limit
Under 12 months	0%	30%
12 months and within 24 months	0%	30%
24 months and within 5 years	0%	30%
5 years and within 10 years	0%	30%
10 years and within 15 years	0%	30%
15 years and within 20 years	0%	30%
20 years and within 25 years	0%	30%
25 years and within 30 years	0%	30%
30 years and within 35 years	0%	30%
35 years and within 40 years	0%	30%
40 years and within 45 years	0%	30%
45 years and within 50 years	0%	35%

Principal sums invested for periods longer than a year/ Long Term Treasury Management Investments: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2023/24	2024/25	2025/26
Limit on principal invested beyond year end	£15 m	£15 m	£15 m

The limits above take into consideration the Council's liquidity requirement of £10 million plus contingency for in ear variations due to cash flow timings.

The indicators will be monitored throughout the financial year and compliance reported via the Mid Term Treasury Report and quarterly reporting updates.

Appendix F

Non Treasury Investments

Directly Owned Property – Purchase Funded via Borrowing

Directly owned property (commercial property) held at 31st March 2022

Commercial Property	Actual	31.3.2022 actual		31.3.2023 expected	
	Purchase cost	Gains or (losses)*	Value in accounts	Gains or (losses)*	Value in accounts
	£000s	£000s	£000s	£000s	£000s
Dudley Port Petrol Filling Station, Tipton	£3,510	£15	£3,765	£0	£3,765
79 Bath Road, Chippenham	£9,106	£2,275	£11,775	£0	£11,775
Lloyds Bank, 104 Terminus Road, Eastbourne	£2,900	£0	£1,800	£0	£1,800
Aldi/Iceland, Cleveland Gate Retail Park, Gainsborough	£6,048	£575	£6,300	£0	£6,300
303 High Street and 2 Waterside South, Lincoln	£5,665	£100	£2,950	£0	£2,950
3&4 The Sector, Newbury Business Park	£17,760	£575	£18,010	£0	£18,010
Sainsbury's, High Street, North Allerton	£7,050	£135	£7,185	£0	£7,185
Ruddington Fields Business Park, Mere Way, Nottingham	£6,545	£450	£7,200	£0	£7,200
TOTAL	**£58,584**	**£4,125**	**£58,985**	**£0**	**£58,985**

Directly owned Property – Purchase not Funded by Borrowing

Directly owned property (investment property) held at 31st March 2022

Directly Owned Property	Property Type	Valuation at 31.3.2022
		£000s
The Stone Building, The Wharf, Newbury	Café	£31
Pelican Lane Crèche, Pelican Lane	Children's Nursery	£0
Rainbow Nursery, Priory Road, Hungerford	Children's Nursery	£40
Clappers Farm / Beech Hill Farm, Grazely	Tenanted Smallholding	£1,800
Bloomfield Hatch Farm, Grazely	Tenanted Smallholding	£1,100
Shaw Social Club, Almond Avenue, Shaw	Community Centre	£70
Swings n Smiles, Lower Way, Thatcham	Children's Day Centre	£400
Units 1 to 7, Kennet Enterprise Centre, Hungerford	Industrial	£565
London Road Industrial Estate, Newbury	Industrial	£9,565
Valuation total per draft 2021/22 Statement of Accounts		**£13,571**