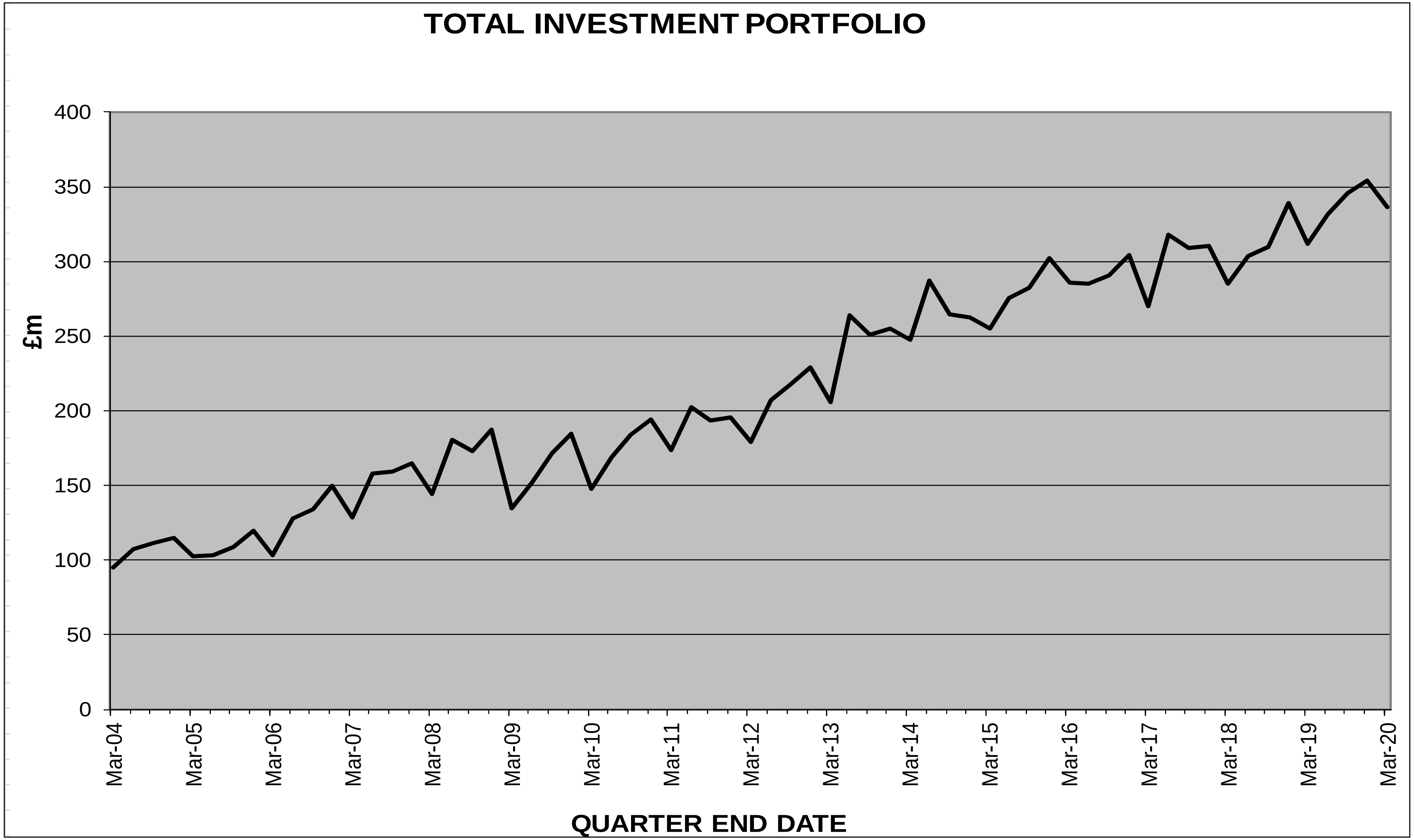
APPENDIX 1


TOTAL INVESTMENT PORTFOLIO
£m
400
350
300
250
200
150
100
50
0
Mar-04
Mar-05
Mar-06
Mar-07
Mar-08
Mar-09
Mar-10
Mar-11
Mar-12
Mar-13
Mar-14
Mar-15
Mar-16
Mar-17
Mar-18
Mar-19
Mar-20
QUARTER END DATE

APPENDIX 2

INVESTMENTS HELD AS AT 31ST MARCH 2020

Counterparty	Start Date	Maturity Date	Rate of Interest %	Amount £m
FIXED DEPOSITS				
YORKSHIRE BUILDING SOCIETY	11/04/2019	09/04/2020	1.20	10.0
SANTANDER BANK	17/04/2019	16/04/2020	1.03	15.0
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75	5.0
SANTANDER BANK	14/06/2019	12/06/2020	0.94	10.0
CLOSE BROTHERS	19/07/2019	17/07/2020	1.25	10.0
PRINCIPALITY BUILDING SOCIETY - CARDIFF	02/08/2019	31/07/2020	1.18	10.0
NOTTINGHAM BUILDING SOCIETY	01/08/2019	31/07/2020	1.18	10.0
SKIPTON BUILDING SOCIETY	16/08/2019	14/08/2020	1.00	10.0
LLOYDS BANK	19/08/2019	19/08/2020	1.10	5.0
GOLDMAN SACHS	17/09/2019	17/09/2020	0.95	5.0
GOLDMAN SACHS	20/09/2019	18/09/2020	1.00	5.0
GOLDMAN SACHS	01/11/2019	30/10/2020	1.05	10.0
NATWEST BANK (RING FENCED)	15/11/2019	13/11/2020	0.98	10.0
SANTANDER BANK	15/11/2019	15/11/2020	1.10	5.0
LLOYDS BANK	05/12/2019	04/12/2020	1.10	20.0
WOKINGHAM BC	19/12/2018	18/12/2020	1.45	10.0
CHERWELL DISTRICT COUNCIL	21/01/2019	21/01/2021	1.45	5.0
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.0
SOUTHERN HOUSING GROUP	28/03/2019	30/09/2021	1.70	10.0
NATWEST BANK (RING FENCED)	09/04/2019	09/04/2021	1.35	10.0
THAMES VALLEY HOUSING ASSOCIATION	09/04/2019	09/04/2021	1.73	5.0
OPTIVO	22/08/2019	23/08/2021	1.45	10.0
WARRINGTON BC	29/10/2019	29/10/2021	1.55	15.0
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.0
TOTAL FIXED INVESTMENTS				**220.0**
OTHER FUNDS				
ABERDEEN -STANDARD LIFE (IGNIS) LIQUIDITY FUND				15.0
LGIM STERLING LIQUIDITY FUND				4.8
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15.0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40.0
FIDELITY MULTI-ASSET INCOME FUND	12/07/2017			40.0
PROJECT BECKENHAM LOAN	09/06/2017			1.3
TOTAL INVESTMENTS				**336.1**

INVESTMENTS HELD AS AT 31ST MARCH 2020

	Start Date	Maturity Date	Rate of Interest %	Amount £m	Total £m	Limit £m	Remaining £m
UK BANKS							
LLOYDS BANK	19/08/2019	19/08/2020	1.10	5.00			
LLOYDS BANK	05/12/2019	04/12/2020	1.10	20.00	25.0	30.0	5.0
NATWEST BANK (RING FENCED)	15/11/2019	13/11/2020	0.98	10.00			
NATWEST BANK (RING FENCED)	09/04/2019	09/04/2021	1.35	10.00	20.0	80.0	60.0
GOLDMAN SACHS INTERNATIONAL BANK	17/09/2019	17/09/2020	0.95	5.00			
GOLDMAN SACHS INTERNATIONAL BANK	20/09/2019	18/09/2020	1.00	5.00			
GOLDMAN SACHS INTERNATIONAL BANK	01/11/2019	30/10/2020	1.05	10.00	20.0	20.0	0.0
SANTANDER BANK	17/04/2019	16/04/2020	1.03	15.00			
SANTANDER BANK	14/06/2019	12/06/2020	0.94	10.00			
SANTANDER BANK	15/11/2019	15/11/2020	1.10	5.00	30.0	30.0	0.0
CLOSE BROTHERS LTD	19/07/2019	17/07/2020	1.25	10.00	10.0	30.0	20.0
BUILDING SOCIETIES							
YORKSHIRE BUILDING SOCIETY	11/04/2019	09/04/2020	1.20	10.00	10.0	10.0	0.0
PRINCIPALITY BUILDING SOCIETY - CARDIFF	02/08/2019	31/07/2020	1.18	10.00	10.0	10.0	0.0
NOTTINGHAM BUILDING SOCIETY	01/08/2019	31/07/2020	1.18	10.00	10.0	10.0	0.0
SKIPTON BUILDING SOCIETY	16/08/2019	14/08/2020	1.00	10.00	10.0	10.0	0.0
LOCAL AUTHORITIES							
WOKINGHAM BC	19/12/2018	18/12/2020	1.45	10.00	10.0	15.0	5.0
CHERWELL COUNCIL	21/01/2019	21/01/2021	1.45	5.00	5.0	15.0	10.0
CAMBRIDGESHIRE COUNTY COUNCIL	28/02/2019	26/02/2021	1.45	10.00	10.0	15.0	5.0
WARRINGTON BC	29/10/2019	29/10/2021	1.55	15.00	15.0	15.0	0.0
CAMBRIDGESHIRE COUNTY COUNCIL	23/12/2019	23/12/2021	1.40	5.00	5.0	15.0	10.0
HOUSING ASSOCIATIONS							
METROPOLITAN HOUSING TRUST	16/04/2018	16/04/2020	1.75	5.00	5.0	10.0	5.0
SOUTHERN HOUSING GROUP LTD	28/03/2019	30/09/2021	1.70	10.00	10.0	10.0	0.0
THAMES VALLEY HOUSING ASSOCIATION	09/04/2019	09/04/2021	1.73	5.00	5.0	10.0	5.0
OPTIVO	22/08/2019	23/08/2021	1.45	10.00	10.0	10.0	0.0
OTHER INVESTMENTS							
ABERDEEN -STANDARD LIFE (IGNIS) LIQUIDITY FUND				15.00	15.0	15.0	0.0
LGIM STERLING LIQUIDITY FUND				4.80	4.8	15.0	10.2
FEDERATED (PRIME RATE) STERLING LIQUIDITY FUND				15.00	15.0	15.0	0.0
CCLA LOCAL AUTHORITY PROPERTY FUND	30/01/2014			40.00			
FIDELITY - MULTI ASSET INCOME FUND	12/07/2017			40.00	80.0	100.0	20.0
PROJECT BECKENHAM LOAN	09/06/2017			1.30	1.3	2.3	1.0
TOTAL INVESTMENTS				**336.1**	**336.1**		

Prudential and Treasury Indicators – Actual 2019/20

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. The table below shows the actual performance in relation to the indicators in 2018/19 and compares the actual in 2019/20 with the original estimates approved in February 2019 and with the revised estimates ("probable") reported in the Q3 review in February 2020. Further details on capital expenditure outturn were reported to the Leader in May 2020.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code (published in 2009 and updated in 2011 and 2017) was adopted by full Council on 15th February 2010.

PRUDENTIAL INDICATORS	2018/19	2019/20	2019/20	2019/20
	actual	estimate	probable	actual
Total Capital Expenditure	£30.9m	£51.5m	£25.9m	£23.4m
Ratio of financing costs to net revenue stream	0%	0%	0%	0%
Net borrowing requirement (net investments for Bromley)				
brought forward 1 April	£284.8m	£294.8m	£310.4m	£311.6m
carried forward 31 March	£311.6m	£246.9m	£272.6m	£336.1m
in year borrowing requirement /movement in net investments	£26.8m	-£47.9m	-£37.8m	£24.5m
Capital Financing Requirement as at 31 March	£1.2m	£1.1m	£0.7m	£9.6m
Incremental impact of capital investment decisions	**£ p**	**£ p**	**£ p**	**£ p**
Increase in council tax (band D) per annum	-	-	-	-

TREASURY MANAGEMENT INDICATORS	2018/19	2019/20	2019/20	2019/20
	actual	estimate	probable	actual
Authorised Limit for external debt -				
borrowing	£30.0m	£30.0m	£30.0m	£30.0m
other long term liabilities	£30.0m	£30.0m	£30.0m	£30.0m
TOTAL	£60.0m	£60.0m	£60.0m	£60.0m
Operational Boundary for external debt -				
borrowing	£10.0m	£10.0m	£10.0m	£10.0m
other long term liabilities	£20.0m	£20.0m	£20.0m	£20.0m
TOTAL	£30.0m	£30.0m	£30.0m	£30.0m
Actual external debt	£1.2m	£1.1m	£0.7m	£9.6m
Upper limit for fixed interest rate exposure	100%	100%	100%	100%
Upper limit for variable rate exposure	20%	20%	20%	20%
Upper limit for total principal sums invested for more than 364 days beyond year-end dates	£170.0m	£170.0m	£170.0m	£170.0m

Further Information on the Economic Background during 2019/20 (provided by Link Asset Services)

UK. Brexit. The main issue in 2019 was the repeated battles in the House of Commons to agree on one way forward for the UK over the issue of Brexit. This resulted in the resignation of Teresa May as the leader of the Conservative minority Government and the election of Boris Johnson as the new leader, on a platform of taking the UK out of the EU on 31 October 2019. The House of Commons duly frustrated that renewed effort and so a general election in December settled the matter once and for all by a decisive victory for the Conservative Party: that then enabled the UK to leave the EU on 31 January 2020. However, this still leaves much uncertainty as to whether there will be a reasonable trade deal achieved by the target deadline of the end of 2020. It is also unclear as to whether the coronavirus outbreak may yet impact on this deadline; however, the second and third rounds of negotiations have already had to be cancelled due to the virus.

Economic growth in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 dire at -0.2%, quarter 3 bouncing back up to +0.5% and quarter 4 flat at 0.0%, +1.1% y/y. 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the **coronavirus outbreak**. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two. What is uncertain, however, is the extent of the damage that will be done to businesses by the end of the lock down period, when the end of the lock down will occur, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover.

After the Monetary Policy Committee raised **Bank Rate** from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to sit on its hands and to do nothing until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in **quantitative easing (QE),** essentially the purchases of gilts (mainly) by the Bank of England of £200bn. The Government and the Bank were also very concerned to stop people losing their jobs during this lock down period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country is locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lock down period when some firms may have little or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services. At the time of writing, this is a rapidly evolving situation so there may be further measures to come from the Bank and the Government in April and beyond. The measures to support jobs and businesses already taken by the Government will result in a huge increase in the annual budget deficit in 2020/21 from 2%, to nearly 11%. The ratio of debt to GDP is also likely to increase from 80% to around 105%. In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover once the lock down is ended. Provided the coronavirus outbreak is brought under control relatively swiftly, and the lock down is eased, then it is hoped that there would be a sharp recovery, but one that would take a prolonged time to fully recover previous lost momentum.

Inflation has posed little concern for the MPC during the last year, being mainly between 1.5 – 2.0%. It is also not going to be an issue for the near future as the world economy will be heading into a recession which is already causing a glut in the supply of oil which has fallen sharply in price. Other prices will also be under downward pressure while wage inflation has also been on a downward path over the last half year and is likely to continue that trend in the current environment. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

Employment had been growing healthily through the last year but it is obviously heading for a big hit in March – April 2020. The good news over the last year is that wage inflation has been significantly higher than CPI inflation which means that consumer real spending power had been increasing and so will have provided support to GDP growth. However, while people cannot leave their homes to do non-food shopping, retail sales will also take a big hit.

USA. Growth in quarter 1 of 2019 was strong at 3.1% but growth fell back to 2.0% in quarter 2 and 2.1% in quarters 3 and 4. The slowdown in economic growth resulted in the Fed cutting rates from 2.25-2.50% by 0.25% in each of July, September and October. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a $2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to $6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of $1,200 to individuals.

The loans for small businesses, which convert into grants if firms use them to maintain their payroll, will cost $367bn and 100% of the cost of lost wages for four months will also be covered. In addition there will be $500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including $50bn for airlines.

However, all this will not stop the US falling into a sharp recession in quarter 2 of 2020; some estimates are that growth could fall by as much as 40%. The first two weeks in March of initial jobless claims have already hit a total of 10 million and look headed for a total of 15 million by the end of March.

EUROZONE. The annual rate of GDP growth has been steadily falling, from 1.8% in 2018 to only 0.9% y/y in quarter 4 in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting it announced a third round of TLTROs; this provided banks with cheap two year maturity borrowing every three months from September 2019 until March 2021. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting in September 2019, it cut its deposit rate further into negative territory, from -0.4% to -0.5% and announced a resumption of quantitative easing purchases of debt to start in November at €20bn per month, a relatively small amount, plus more TLTRO measures. Once coronavirus started having a major impact in Europe, the ECB took action in March 2020 to expand its QE operations and other measures to help promote expansion of credit and economic growth. What is currently missing is a coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure; action is therefore likely to be patchy.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lock down of the country and a major contraction of economic activity in February-March 2020. While it appears that China has put a lid on the virus by the end of March, these are still early days to be confident and it is clear that the economy is going to take some time to recover its previous rate of growth. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems.

JAPAN has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It appears to have missed much of the domestic impact from coronavirus in 2019-20 but the virus is at an early stage there.

WORLD GROWTH. The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019, as any downturn in China would spill over into impacting countries supplying raw materials to China. Concerns were particularly focused on the synchronised general weakening of growth in the major economies of the world. These concerns resulted in government bond yields in the developed world falling significantly during 2019. In 2020, coronavirus is the big issue which is going to sweep around the world and have a major impact in causing a world recession in growth in 2020.