

Wiltshire Council

Cabinet

6 November 2012

Subject: Interim Report on Treasury Management Strategy 2012-13

Cabinet Member: Councillor John Brady - Finance, Performance and Risk

Key Decision: No

Executive Summary

The Council has adopted a Treasury Management Strategy and an Annual Investment Strategy (AIS) for 2012-13.

In addition to an Annual Report, the policy requires this interim report reviewing the Treasury Management Strategy (TMS), which covers the period 1 April to 30 September 2012. The first quarterly report, to the end of June 2012, was submitted to Cabinet at its meeting on 10th September 2012.

Proposal

The Cabinet is asked to note the contents of this report in line with the Treasury Management Strategy.

Reasons For Proposals

The report is a requirement of the Council's Treasury Management Strategy.

MICHAEL HUDSON
Service Director, Finance

Wiltshire Council

Cabinet

6 November 2012

Subject: Interim Report on Treasury Management Strategy 2012-13

Cabinet Member: Councillor John Brady - Finance, Performance and Risk

Key Decision: No

Background & Purpose of Report

1. The Council adopted a Treasury Management Strategy for 2012-13 at its meeting on 28 February 2012, incorporating Prudential Indicators (Prls), Treasury Management Indicators (Trls) and an Annual Investment Strategy, in accordance with the Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
2. The Council agreed that in addition to an Annual Treasury Report reviewing the year as a whole, an interim report and two other (quarterly) reports would be submitted to Cabinet reviewing the Treasury Management Strategy. This is an interim report covering the period from 1 April to 30 September 2012.

Main Considerations for the Cabinet

3. This report reviews management actions in relation to:
 - a) the Prls and Trls originally set for the year and the position at 30 September 2012;
 - b) other treasury management actions during the period; and
 - c) the agreed Annual Investment Strategy.

Review of Prudential and Treasury Management Indicators and Treasury Management Strategy for 2012-13

4. The following is a review of the position on the key prudential and treasury indicators for the six months to 30 September 2012.
5. A full listing of the indicators required by the CIPFA Prudential Code, Treasury Management Code and Treasury Management Guidance Notes are given in Appendix 1.

Key Prudential Indicators

Prl 2 – Ratio of Financing Costs to Net Revenue Stream

	2011-12 Actual Outturn	2012-13 Original Estimate	2012-13 Revised Estimate
General Fund	6.2%	8.2%	6.5%
Housing Revenue Account	0.6%	19.9%	15.4%

6. The General Fund revised estimate for 2012-13 is marginally lower than the original due to a reduction in financing cost estimates due to lower than anticipated borrowing to fund the capital programme as well as a small increase in the amount to be met from Government grant and local taxation figure. It is higher than the 2011-12 actual, mainly due to the decrease in the level of expected grant income.

Prl 4 – Net Borrowing compared to Capital Financing Requirement (CFR)

	2011-12 Actual Outturn £ million	2012-13 Original Estimate £ million	2012-13 Revised Estimate £ million
CFR – General Fund	342.2	389.3	393.5
CFR – HRA	122.6	122.6	122.6
Net Borrowing – General Fund	195.5	268.2	187.2
Net Borrowing – HRA	118.8	118.8	118.8
CFR not funded by net borrowing – General Fund	146.7	121.1	206.3
CFR not funded by net borrowing – HRA	3.8	3.8	3.8

7. Prl 4 measures the so called “Golden Rule” which ensures that over the medium term net borrowing is only for capital purposes.
8. The main reasons for the difference in the 2012-13 revised and original estimates are:
- a small increase in the capital financing requirement;
 - a revision of the external borrowing requirement. It is anticipated that no borrowing will be taken in 2012-13, any increase in capital financing requirement being funded (internally) by a reduction in investments. Using ‘internal cash’, where it is available, to fund increases in CFR, through cash flow management, rather than borrowing externally reduces the cost of borrowing (from 4.5%, externally to 0.80%, internally); and
 - the revision of the level of short term investments likely to be held at the end of 2012-13.

Key Treasury Management Indicators within the Prudential Code

9. The Operational Boundary and Authorised Limit detailed below are control limits and do not compare with actual borrowing figures as capital funding requirements are not automatically taken as loans and may be funded from cash balances.

Trl 1 – Authorised Limit for External Debt

Authorised Limit	2012-13 £ million	2013-14 £ million	2014-15 £ million
Borrowing – General Fund	418.5	417.6	426.8
Borrowing – HRA	122.6	122.6	122.6
Other Long Term Liabilities	0.2	0.2	£0.2
TOTAL	541.3	540.4	549.6

10. The External Debt limit includes a margin above the Operational Boundary to allow for any unusual or unpredicted cash movements. The limit has not been exceeded in the reporting period.

Trl 2 – Operational Boundary for External Debt

Operational Boundary	2012-13 £ million	2013-14 £ million	2014-15 £ million
Borrowing – General Fund	408.5	407.6	416.5
Borrowing – HRA	122.6	122.6	122.6
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	531.3	530.4	539.3

11. The Operational Boundary is set at a limit that facilitates the funding of the Council's entire financing requirement through loans, if this was the most cost effective approach. The limit was set to anticipate expected expenditure and has not been exceeded during the reporting period (maximum borrowing during the period was £364.0 million).

Trl 3 – External Debt

	31/03/12 Actual £ million	30/09/12 Actual £ million	31/03/13 Expected £ million
Borrowing – General Fund	245.2	245.2	245.2
Borrowing – HRA	118.8	118.8	118.8
Total Borrowing	364.0	364.0	364.0
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	364.2	364.2	364.2

12. Trl 3 shows the gross External Debt outstanding, both long-term loans and temporary borrowing. No long term loans were repaid in the first half of 2012-13. The figure for actual borrowing at 31 March 2012 is stated at the amount that reflects actual outstanding external borrowing at the end of 2011-12 (i.e. excluding accounting adjustments, such as accrued interest and effective interest rate adjustments).

Key Treasury Management Indicators within the Treasury Management Code

Trl 6 – Principal Sums invested for periods of longer than 364 days

13. This Trl is now covered by the Annual Investment Strategy for 2012-13, which set a limit of £30 million. During the first six months of 2012-13 no cost effective investments have been identified. The Authority however holds a number of on-call deposit accounts and money market funds, which offer both an attractive interest rate, some of which track the bank rate, and instant access for flexibility of cash management.

Trl 7 - Local Prudential Indicator

14. In addition to the main maturity indicators it was agreed no more than 15% of long term loans should fall due for repayment within any one financial year. The maximum in any one year is currently 6.3% (£23 million) in both 2015-16. A summary maturity profile is shown in Appendix 2.

Other Debt Management Issues

Debt Rescheduling

15. No opportunities to reschedule PWLB debt have been identified during the period, mainly because of the high level of premiums payable for early repayment of debt. This is continually monitored and any opportunities to reschedule cost effectively will be considered, should they arise.

Cash Surpluses and Deficits

Short Term Surpluses and Deficits

16. Any short term cash surpluses or deficits have been managed through temporary deposits or loans, respectively. Temporary deposits outstanding at 30 September 2012 amounted to £87.3 million, including outstanding Icelandic bank deposits, shown at their current estimated recoverable amounts, as detailed in Appendix 3.

Icelandic Banks

17. As at 30 September 2012, the Council has received twelve interim payments from the administrators of Heritable Bank, totalling nearly £7 million and three repayments from the Landsbanki Islands hf Bank Winding-up Board, totalling circa £1.5 million. The original principal invested in each bank was: Heritable, £9 million; and Landsbanki, £3 million (£12 million in total).
18. A further repayment is expected shortly from the administrators of Heritable Bank, however, the Landsbanki Winding-up Board have not indicated when they will make the next distribution.
19. Indications are that the Council will recover 95% of its deposits with Heritable and 100% of its deposit in Landsbanki. However, repayments, particularly from Landsbanki, are likely to be completed over several more years.

Longer Term Cash Balances

20. Interest rate movements in the period have not provided many opportunities for an increased return by longer term investment of the more permanent cash surpluses, such as reserves and balances. Funds have been invested 'short' during the period, in the light of the continuing uncertainty of the current financial climate, particularly the ongoing Euro zone sovereign debt issues. However, there have been opportunities to invest, within the Councils approved Treasury Management Strategy in (UK) banks which have offered "special tranche rates" for twelve months.
21. During the first six months of 2012-13 two "special tranche rate" investment were placed with National Westminster Bank (in April at 2.25%) and Lloyds Banking Group (in August at 2.85%), both, for 12 months. In September 2012 a further investment was also placed for (circa) seven months with Lloyds Banking Group, which 'used up' available counterparty capacity at a rate of 1.75%. Further details are shown in Appendix 3.

Investment Strategy

22. All investments have been conducted within the agreed Annual Investment Strategy and made only to authorised lenders within the Council's high credit rating policy.
23. Our treasury advisers provide a weekly credit rating document and updates on any changes in ratings between one weekly credit rating document and the next. Ratings are monitored and any changes reflected in a revised lending list and any action considered appropriate is taken. The advisers also provide details of credit default swap spreads, which indicate default risk, if any. These are also taken into account in preparing and updating the Council's lending list.

24. The credit worthiness service has been progressively enhanced and now uses a sophisticated modelling approach, with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as 'overlays':
- a) credit watches (typically resolved over a relatively short period) and credit outlooks (indicates the direction a rating is likely to move over a one to two-year period) from credit rating agencies;
 - b) CDS spreads to give early warning of likely changes in credit ratings; and
 - c) sovereign ratings to select counterparties from only the most creditworthy countries
25. This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.
26. The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within the weekly credit list of worldwide potential counterparties provided by the Council's treasury advisers. The Council, where it is considered appropriate and in line with its whole investment strategy, will therefore use counterparties within the following durational bands:
- a) Yellow – 5 years (a new category introduced by the treasury advisers late in 2010 to cover AAA rated Government debt or its equivalent, including a new investment instrument – collateralised deposits, where the investment is secured only against local authority debt, namely LOBOs, making them effectively government exposure);
 - b) Purple – 2 years;
 - c) Blue – 1 year (only applies to nationalised or semi nationalised UK Banks and their subsidiaries);
 - d) Orange – 1 year;
 - e) Red – 6 months;
 - f) Green – 3 months; and
 - g) No Colour – not to be used.

27. At the present time while markets are volatile, particularly as a consequence of Euro Zone 'sovereign debt worries', Sector have amended all ratings to Green, with a duration limited to three months (**with the exception of those covered by the Blue, one year rating, which only applies to nationalised or semi nationalised UK Banks and their subsidiaries**). All investments are within the suggested maturity period. Members will note some have no fixed maturity date, in these instances we take advantage of the market rate and recall these within the maturity period dictated to by our advisors rating. This allows flexibility as ratings change to be balanced against the opportunity to gain higher rates.
28. Ratings outside this structure include those that apply to local authorities, which are rated as AAA, except where, in a few cases, local authorities have applied for individual ratings, such as when they wish to issue bonds and the rating achieved is, or is subsequently downgraded, below AAA. Money Market Funds the Council may place investments in, are also rated (outside this structure) AAA.
29. The above ratings are incorporated within the approved Investment Strategy as detailed within the Treasury Management Strategy 2012-13 and the current ratings have been shown against the deposits outstanding in Appendix 3.

Environmental and Climate Change Considerations

30. a) to d) None have been identified as arising directly from this report.

Equalities Impact of the Proposal

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

Risk Assessment and Financial Implications

32. All investment has been at fixed rates during the period. The Council's current average interest rate on long term debt is 3.712%, which, according to the latest available information, remains one of the lowest rates amongst UK local authorities.

Legal Implications

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

Options Considered

34. Further consideration was given to the option of alternative investments such as UK Government gilts and treasury bills (T Bills), together with certificate of deposits (CDs). CDs are deposits, mainly with banks (some not offering fixed term deposits through the market), which can either be retained until maturity or traded through a secondary market. CDs are, therefore, more liquid than a normal fixed term deposit, which (usually) must be retained until maturity and give access to additional counterparties, leading to increased diversification of investments and, therefore, increased security. These types of investments cannot be placed by the Council directly and, therefore, an account was opened with a custodian (with no set up fees). At the end of June 2012 and the middle of August 2012 the Council deposited funds via the custodian in the form of CDs with two different counterparties. Although both banks were highly rated, the first CD with Standard Chartered was sold on 10 August 2012 (original maturity date 28 September 2012 as the bank was caught up in allegations from the US in respect of its alleged dealings with Iran. The second CD, with ING a Netherlands bank, also had to be sold ahead of the maturity date as an adverse movement in the banks CDS spread meant it no longer satisfied the Investment Strategy credit criteria.
35. Although both banks currently satisfy the Investment Strategy credit criteria, the ability to sell this kind of investment prior to the maturity date contained in the original deposit provides an opportunity to reduce risk.
36. No capital loss was suffered as a result of either premature sale (only a comparatively minor loss in the interest earned). However, capital losses in the event of early settlement are, dependent upon circumstances, possible.
37. Interest rates are expected to remain low for the short to medium term, with current indications that there will not be a rise in the Bank Rate until March 2014 (Source: Sector Treasury Services Limited – U.K. Interest Rate Forecasts June 2012). Consequently, longer term investments are continually assessed and considered, taking account of the 'SLY principle' (with security the prime driver for all investment decisions) as an enhancement to the Council's investment portfolio. This has resulted in the continued placement of funds, at an extremely competitive interest rate, with Lloyds Banking Group and National Westminster Bank.
38. PWLB rates were monitored for opportunities to take out loans in advance of need. However, as there was no immediate necessity to borrow and forward borrowing would incur a 'cost of carry' no loans were taken out during this reporting period.

Conclusion

39. The Cabinet is asked to note the contents of this report in line with the Treasury Management Strategy.

Michael Hudson
Service Director, Finance

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Background Papers

The following unpublished documents have been relied on in the preparation of this Report: NONE

Appendices

- Appendix 1 Prudential and Treasury Indicators for 2012-13, 2013-14 & 2014-15
- Appendix 2 Summary of Long Term Borrowing 1 April 2011 – 30 September 2012
- Appendix 3 Summary of Temporary Loans and Deposits 1 April – 30 September 2012

Prudential and Treasury Indicators for 2012-13, 2013-14 & 2014-15

Prudential Indicators

Prl 1 – Capital Expenditure

1. The table below shows the revised figures for capital expenditure based on the current capital approved budget.

	2011-12 Actual Outturn	2012-13 Original Estimate	2012-13 Revised Estimate	2012-13 Actual To date 30/09/12
	£ million	£ million	£ million	£ million
General Fund	91.8	113.9	118.6	28.4
HRA	4.0	9.4	9.6	1.8

2. The revised estimate for 2012-13 is higher than the original estimate largely because of major reprogramming of schemes from 2011-12 into 2012-13 since the previous estimate was formulated. It is likely that during the monitoring process there will be more reprogramming of expenditure from 2012-13 into 2013-14 as larger schemes are pushed back into later years.
3. The Capital Programme is monitored closely throughout the year and progress on the programme is reported to the Cabinet Capital Asset Committee (CCAC). A report for the six month period to the end of September 2012 will be taken to CCAC on 6 November 2012 and bi monthly reports thereafter.

Prl 2 – Ratio of Financing Costs to Net Revenue Stream

	2011-12 Actual Outturn	2012-13 Original Estimate	2012-13 Revised Estimate
General Fund	6.2%	8.2%	6.5%
Housing Revenue Account	0.6%	19.9%	15.4%

The General Fund revised estimate for 2012-13 is marginally lower than the original due to a reduction in financing cost estimates, due to lower level of borrowing undertaken in 2011-12 than originally assumed and a small increase in the amount to be met from Government grant and local taxation figure. It is higher than the 2011-12 actual, mainly due to the decrease in the level of expected grant income.

Prl 3 – Estimate of Incremental Impact of Capital Investment Decisions on the Council Tax

4. This indicator is only relevant at budget setting time and for 2012-13 was calculated as being £3.15.

Prudential and Treasury Indicators for 2012-13, 2013-14 & 2014-15

Prl 4 – Net Borrowing compared to Capital Financing Requirement (CFR)

	2011-12 Actual Outturn £ million	2012-13 Original Estimate £ million	2012-13 Revised Estimate £ million
CFR – General Fund	342.2	389.3	393.5
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5. Prl 4 measures the so called “Golden Rule” which ensures that over the medium term net borrowing is only for capital purposes.
6. The main reason for the difference in the 2012-13 revised and original estimates are:
 - a) a small increase in the capital financing requirement;
 - b) a revision of the external borrowing requirement. It is anticipated that no borrowing will be taken in 2012-13, any increase in capital financing requirement being funded (internally) by a reduction in investments. Using ‘internal cash’, where it is available, to fund increases in CFR, through cash flow management, rather than borrowing externally reduces the cost of borrowing (from 4.5%, externally to 0.80%, internally); and
 - c) the revision of the level of short term investments likely to be held at the end of 2012-13.

Prl 5 – Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services

7. All actions have been compliant with the CIPFA Code of Practice.

Treasury Management Indicators within the Prudential Code

8. The Operational Boundary and Authorised Limit detailed below are control limits and do not compare with actual borrowing figures as capital funding requirements are not automatically taken as loans and may be funded from cash balances.

Prudential and Treasury Indicators for 2012-13, 2013-14 & 2014-15

Trl 1 – Authorised Limit for External Debt

Authorised Limit	2012-13 £ million	2013-14 £ million	2014-15 £ million
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TOTAL	541.3	540.4	549.6

9. The External Debt limit includes a margin above the Operational Boundary to allow for any unusual or unpredicted cash movements. The limit has not been exceeded in the reporting period.

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Operational Boundary	2012-13 £ million	2013-14 £ million	2014-15 £ million
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TOTAL	531.3	530.4	539.3

10. The Operational Boundary is set at a limit that facilitates the funding of the Council's entire financing requirement through loans, if this was the most cost effective approach. The limit was set to anticipate expected expenditure and has not been exceeded during the reporting period (maximum borrowing during the period was £364.0 million).

Trl 3 – External Debt

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Borrowing – General Fund	245.2	245.2	245.2
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Total Borrowing	364.0	364.0	364.0
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	364.2	364.2	364.2

11. Trl 3 shows the gross External Debt outstanding, both long-term loans and temporary borrowing. No long term loans were repaid in the first half of 2012-13. The figure for actual borrowing at 31 March 2012 is stated at the amount that reflects actual outstanding external borrowing at the end of 2011-12 (i.e. excluding accounting adjustments, such as accrued interest and effective interest rate adjustments).

Prudential and Treasury Indicators for 2012-13, 2013-14 & 2014-15

Treasury Management Indicators within the Treasury Management Code

Trl 4a – Upper Limit on Fixed Interest Rate Exposures

The Council's upper limit for fixed interest rate exposure for the period 2012-13 to 2014-15 is 100% of net outstanding principal sums.

Trl 4b – Upper Limit on Variable Interest Rate Exposures

The Council's upper limit for variable interest rate exposure is 25% for 2012-13, 30% for 2013-14 and 30% for 2014-15 of net outstanding principal sums.

12. Options for borrowing during the period were considered, however, (mainly) due to the premium that would be incurred on the early repayment of debt and the desire to maintain the Council's relatively low average borrowing rate, no new borrowing has yet been taken.

Trl 5 – Upper & Lower Limits on the Maturity Structure of Borrowing

Limits on the Maturity Structure of Borrowing	Upper Limit	Lower Limit	Position at 30/09/12
Maturing Period:			
- under 12 months	15%	0%	7%
- 12 months and within 24 months	15%	0%	4%
- 2 years and within 5 years	45%	0%	16%
- 5 years and within 10 years	75%	0%	10%
- 10 years and above	100%	0%	63%

13. The table above shows that the actual maturity structure is within the agreed limits.
14. No long term borrowing has been taken during the period. If interest rates are favourable and an opportunity exists to take further borrowing this year we will look to match borrowing with this maturity structure.

Trl 6 – Principal Sums invested for periods of longer than 364 days

15. This Prl is now covered by the Annual Investment Strategy for 2012-13, which set a limit of £30 million. During the first six months of 2012-13 no cost effective investments have been identified. The Authority however holds a number of on-call deposit accounts and money market funds, which offer both an attractive interest rate, some of which track the bank rate, and instant access for flexibility of cash management.

Prudential and Treasury Indicators for 2012-13, 2013-14 & 2014-15

Trl 7 - Local Prudential Indicator

16. In addition to the main maturity indicators it was agreed no more than 15% of long term loans should fall due for repayment within any one financial year. The maximum in any one year is currently 6.3% (£23 million) in both 2015-16. A summary maturity profile is shown in Appendix 2.

SUMMARY OF LONG TERM BORROWING 1 APRIL 2012 – 30 SEPTEMBER 2012

Loans Raised During the Period

Date Raised	Lender	Amount (£m)	Type	Interest rate (%)	Maturity date	No. of years
No Loans were raised during the period						
Total		0.000				

Average period to maturity (years) 0.00

Average interest rate (%) 0.00

* Loans taken to restructure debt

** Loans taken for purchases instead of leasing

Maturity Profile at 30 September 2012

Year	Amount (£m)	%age	Average rate (%)
1 to 5 years	97.057	26.7	3.732
6 to 15 years	84.933	23.3	2.779
16 to 25 years	99.500	27.3	3.812
26 to 50 years	82.500	22.7	4.149
Over 50 years	-	-	-
Totals	363.990	100.0	3.712

Average period to maturity (years) 17.31

LOBO loans are included (as recommended by CIPFAs Guidance Notes on Treasury Management in the Public Services) at the earliest date on which the lender can require payment, deemed to be the next 'call date'. At that date the lender may chose to increase the interest rate and the borrower (the Council) may accept the new rate or repay the loan. Whether or not the lender choses to exercise their right to alter the interest rate will depend on market conditions (interest rates).

SUMMARY OF TEMPORARY LOANS AND DEPOSITS 1 APRIL – 30 SEPTEMBER 2012

Deposits Outstanding at 30 September 2012

Borrower	Amount £m	Terms	Interest Rate	Sector Credit rating
HSBC Bank Plc - Treasury	0.800	No fixed maturity date	0.20	Green - 3 Months
National Westminster Bank	8.000	Fixed to 05-Apr-13	2.25	Blue - 12 Months
Barclays Bank	8.000	Fixed to 16-Oct-12	0.76	Green - 3 Months
Lloyds TSB Bank	5.000	Fixed to 09-Aug-13	2.85	Blue - 12 Months
Australia and New Zealand Banking Group	8.000	Fixed to 15-Nov-12	0.50	Green - 3 Months
Lloyds TSB Bank	3.000	Fixed to 14-Feb-13	1.75	Blue - 12 Months
Nationwide Building Society	8.000	Fixed to 16-Oct-12	0.50	Green - 3 Months
Svenska Handelsbanken AB	7.546	No fixed maturity date	0.75	Green - 3 Months
Black Rock	3.205	No fixed maturity date	0.40	AAA
J P Morgan Money Market Funds	0.571	No fixed maturity date	0.38	AAA
Prime Rate Money Market Fund	14.779	No fixed maturity date	0.62	AAA
Goldman Sachs Money Market Fund	5.769	No fixed maturity date	0.46	AAA
Ignis Money Market Fund	14.663	No fixed maturity date	0.66	AAA
Heritable Bank	0.384	Est Recoverable Amount	6.00	N/A
Heritable Bank	0.255	Est Recoverable Amount	6.00	N/A
Heritable Bank	0.384	Est Recoverable Amount	6.00	N/A
Heritable Bank	0.128	Est Recoverable Amount	5.42	N/A
Landsbanki	1.372	Est Recoverable Amount	6.10	N/A
Landsbanki	0.021	Est Recoverable Amount	3.40	N/A
Total	89.877			

Outstanding deposits with Icelandic Banks are shown at the estimated recoverable amount, which takes account of estimated impairments and any repayments received to date. Apart from the final entry, the interest rates are the original rates. The last entry reflects the amount paid out in ISK (Icelandic Krona) which is being held in an interest bearing escrow account in Iceland and, as recommended by CIPFA, accounted for as a 'new' investment.

Transactions During the Period

Type	Balance 1 Apr 12 £m	Raised		Repaid		Balance 30 Sep 12 £m	Interest Variance * High/Low(%)
		Value £m	No.	Value £m	No.		
Temporary loans							
- General	0.000	0.000	0	0.000	0	0.000	
Total	0.000	0.000	0	0.000	0	0.000	
Temporary deposits							
- General	24.507	104.000	15	85.963	10	42.544	2.85/0.50
- HSBC Overnight	0.000	95.470	51	94.670	52	0.800	0.25/0.20
- Call Accounts	0.026	7.520	3	0.000	0	7.546	0.75/0.75
- Money Market Funds	25.132	246.065	67	232.210	71	38.987	0.80/0.38
Total	49.665	453.055	136	412.843	133	89.877	

* Interest variance is the highest/lowest interest rate for transactions during the period.

* In terms of general deposits, the high of 2.85% was obtained on a 12 month deposit.

General deposits include impaired Icelandic investments less any repayments that have been received, to date.