Wiltshire Council

Council

10 July 2012

Annual Report on Treasury Management 2011-12

Executive Summary

In accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities 2003 (The Prudential Code), the Council adopted a Treasury Management Strategy (TMS) for 2011-12, including a set of Prudential and Treasury Indicators (PrIs/TrIs) and an Annual Investment Strategy (AIS) at its meeting on 22 February 2011. An updated TMS in respect of the HRA settlement was adopted by Council at its meeting on 28 February 2012. This report shows how the Council has performed against the strategy.

There were no breaches of the treasury strategy in 2011-12; the average long term borrowing rate was 3.77%; and the return on investments was 0.86%.

Proposals

The Council is asked to consider and note:

a) the actual cash position at the end of 2011-12 against the original forecast for the year;
b) Prudential Indicators, Treasury Indicators and other treasury management strategies set for 2011-12 against actual positions resulting from actions within the year as detailed in Appendix A; and
c) investments during the year in the context of the Annual Investment Strategy as detailed in Appendix B.

Reasons for Proposals

To give members of the Council an opportunity to consider the performance of the Council against the parameters set out in the last approved Treasury Management Strategy.

This report is required by the Prudential Code for Capital Finance in Local Authorities and the CIPFA Code of Practice for Treasury Management in the Public Services.

Michael Hudson
Service Director, Finance

Wiltshire Council

Council

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Annual Report on Treasury Management 2011-12

Background & Purpose of Report

1. In accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities 2003 (The Prudential Code), the Council adopted a Treasury Management Strategy (TMS) for 2011-12, including a set of Prudential and Treasury Indicators (PrIs/TrIs) and an Annual Investment Strategy (AIS) at its meeting on 22 February 2011 and an updated Treasury Management Strategy (TMS) for 2011-12, including a set of Prudential and Treasury Indicators (PrIs/TrIs) and an Annual Investment Strategy (AIS) on 28 February 2012.

2. An interim report for the period from 1 April to 30 September 2011 was submitted to Cabinet on 15 November 2011, the minutes of which were received and noted by Council at its meeting on 28 February 2012. This report covers the whole financial year ended 31 March 2012.

Main Considerations for the Council

3. This report reviews:

   a) the actual cash position at the end of 2011-12 against the original forecast for the year;

   b) PrIs, TrIs and other treasury management strategies set for 2011-12 against actual positions resulting from actions within the year (see Appendix A); and

   c) investments during the year in the context of the Annual Investment Strategy (see Appendix B).

Review of cash position

4. In setting strategies and PrIs for 2011-12, a forecast cash position for the year was prepared based on expected inflows and outflows of cash during the year.

5. Expected cash flows are indicative and any surpluses or deficits in the cash position are managed through short term investments and borrowing and do not represent an actual gain or loss to the Council and do not have an impact on the revenue budget. Instead, any surplus or deficit represents, either: surplus cash (at a point in time), held pending allocation to related expenditure, which is invested on a short term basis until required; or additional cash required (at a point in time) to manage the Councils overall liquid resources. Any cash required being funded by a (contra) reduction in short term investments or increase in short term borrowing.

6. The actual cash position at 31 March 2012 was a cash requirement of £152.3 million, which was mainly due to the HRA settlement payment of £118.8 million resulting in:

   a) an increase in the level of long term borrowing of £118.8 million;

   b) a decrease in the level of short term investments of £33.0 million; and

   c) a decrease in the level of cash at bank of £0.5 million.

7. There were no opportunities to restructure PWLB loans in 2011-12, mainly because of the continuing high level of premiums payable for early repayment, together with the availability of favourable interest rates at the appropriate maturity levels.

8. The actual movement in gilt yields meant that PWLB rates fell sharply during the year and to historically very low levels. This was caused by a flight to quality into UK gilts from EU sovereign debt and from shares as investors became concerned about the potential effect on financial markets if the Greek debt crisis were to develop into a precipitous default and exit from the Euro.

Review of Prudential and Treasury Indicators and Treasury Management Strategy for 2011-12

9. The detail of the review is given in Appendix A. The Council is asked to note that:

   a) all action has been within the approved PrIs and TrIs;

   b) the Council has recovered further monies from Icelandic banks, including its first repayment from the Winding-up Board of Landsbanki Islands hf Bank. Total recoveries in 2011-12 were approximately £2.5 million.

   c) Housing Finance Reform – Housing finance reform has abolished the housing subsidy system financed by central government and consequently, all housing debt has been reallocated nationally between housing authorities. The result of this reallocation is that this Council has made a capital payment to the Department of Communities and Local Government of £118.8 million. This has resulted in an increase in the CFR and total borrowing of £118.8 million at the end of the year which was financed in full by external borrowing from PWLB. There has been no impact on HRA revenue finances in 2011/12 due to compensating adjustments being made in the HRA determination.

   d) the average interest rate for long term debt is 3.77%, compared to 4.20% in 2010-11, however, the fall in the average rate is almost entirely due to the pooling of additional loans taken at the special (88 basis points – 0.88%) lower rates offered by PWLB specifically for the HRA settlement;

   e) short term cash deficits and surpluses were managed through temporary loans and deposits with a return on investments of 0.86% (an increase from 0.66% in 2010-11, reflecting longer term investment opportunities at higher rates of interest (see below) and the use of call accounts and money market funds for shorter term investments in the management of the Council's daily cash flow), whilst maintaining the security of investments. This compares with the average market rate, based on the Average 3 Month LIBID Rate for 2011-12 (London Interbank Bid Rate, i.e. the rate at which banks are prepared to borrow from other banks) of 0.82%;

f) two mid/longer term investments (one for six months and another for 12 months) were renewed during the year with Barclays Bank and Lloyds Banking Group, respectively, taking advantage of favourable 'special' direct deposit rates, whilst ensuring security and liquidity; and

g) a further Money Market Fund was opened during the year.

Review of Investment Strategy

10. This review is detailed in Appendix B. The Council is asked to note that:

a) the tight monetary conditions following the 2008 financial crisis continued through 2011-12 with little material movement in the shorter term deposit rates.

b) overlaying the relatively poor investment returns was the continued counterparty concerns, most evident in the Euro zone sovereign debt crisis.

c) during the financial year the Council was able to take the opportunity presented by 12 month investment rates to invest surplus cash balances at optimum rates, whilst maintaining its approved strategy, including security and liquidity and credit rating criteria.

Environmental and Climate Change Considerations

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

Equalities Impact of the Proposal

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

Risks Assessment and Financial Implications

13. The primary treasury management risks to which the Council is exposed are adverse movements in interest rates and the credit risk of counterparties.

14. Investment counterparty risk is controlled by assessing and monitoring the credit risk of borrowers as authorised by the Annual Investment Strategy. Appendix B of this report details action taken in 2011-12.

15. At 31 March 2012, the Council's average interest rate in respect of long term debt was 3.77% (a reduction of 0.43% since 31 March 2011), which remains one of the lowest rates amongst UK local authorities.

16. It is also considered important to ensure that there is an even spread of loans to avoid the prospect of a number of cumulatively high value loans maturing in any one year, which may need to be re-financed at a time when interest rates are high. A summary of the present loan maturity profile is shown in Appendix C (i).

17. Returns on short term investments have not moved significantly, mainly as a result of the volatility of the market following the ‘credit crunch’ starting in October 2008 and are likely to continue at near current levels for a while. The costs of borrowing for this Council have remained at similar levels because the loan profile is almost entirely at fixed maturity rates (despite the unexpected change of policy on PWLB lending arrangements in October 2010, when new borrowing rates increased by 0.75% to 0.85%, without an associated increase in early redemption rates). However, this was ‘reversed’ on 28 March 2012 (for one day only) **specifically for** borrowing to fund the payment of the HRA settlement. This has further reduced an already relatively low average rate of borrowing and enables the Council to retain sufficient flexibility in its strategy with a reasonable balance between the costs of borrowing and return on investments. The investment rate of return for the year was 0.86%, against the average borrowing rate of 3.77%.

Legal Implications

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

Options Considered

19. During the year additional investment options were considered. It was decided to open two more money market funds, only one of which was used prior to 31 March 2012. This is within the current approved strategy and enables the Council to take further advantage of an alternative (highly liquid) form of ‘instant access account’, whilst obtaining a higher return than that gained from placing the cash on fixed short term, or overnight (with HSBC), deposit. Money market funds also spread the credit risk among the “members” of the fund.

20. Mid/longer term investment rates picked up a little during the financial year, leading to an opportunity to reinvest at special (attractive) deposit rates over 12 months. Other cash surpluses that arose were mainly placed in call accounts and money market funds offering competitive rates when compared with market rates, with the advantage of being highly liquid, whilst being within the Councils approved creditworthiness criteria. Where other investments were placed on the money market, in the present economic climate it was decided to continue to keep investments short (three months maximum), pending further certainty in the financial markets.

21. The latest forecast anticipates that Bank Rate will not start to rise until quarter one of 2014 and move steadily further during 2014 to reach 1.5% by March 2015. PWLB rates are also expected to rise steadily over the next three years as the UK economy improves.

Conclusion

22. Council is asked to note the report.

Michael Hudson
Service Director, Finance

Report Author:

Keith Stephens, Business Analyst (Cash and Treasury) Tel: 01225 713603, email: keith.stephens@wiltshire.gov.uk

Background Papers

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

Appendices

Appendix A	Review of Prudential and Treasury Indicators for 2011-12
Appendix B	Investment Strategy for 2011-12
Appendix C	Summary of Long Term Loans, Temporary Loans and Deposits for 2011-12

APPENDIX A

REVIEW OF PRUDENTIAL AND TREASURY INDICATORS FOR 2011-12

1. Where appropriate the figures shown in this report are consistent with future years' estimated PrIs/TrIs, which were reviewed and reported as part of the 2011-12 budget process.

Prudential Indicators

PrI 1 - Capital Expenditure

2. The table below shows the original and revised estimate of capital expenditure against the actual for the year 2011-12:

	2011-12 Original Estimate £ million	**2011-12 Revised Estimate £ million**	**2011-12 Actual Outturn £ million**
General Fund	146.9	112.2	91.8
Housing Revenue Account	4.2	4.2	4.0

3. The Capital Programme has been actively managed throughout the year and the revised capital budget (capital outturn position for 2011-12) is £103.1 million. Further breakdown of these figures will be presented in the capital outturn report, which will be taken to the Cabinet Capital Assets Committee at its meeting on 24 July 2012.

PrI 2 – Ratio of Financing Costs to Net Revenue Stream

4. PrI 2 expresses the net costs of financing as a percentage of the funding receivable from the Government and council tax payers (General Fund) and rents receivable (HRA). The net cost of financing includes interest and principal repayments for long and short term borrowing, as well as other credit-like arrangements, netted off by interest receivable in respect of cash investments.

	2011-12 Original Estimate	**2011-12 Revised Estimate**	**2011-12 Actual**
General Fund	6.8%	6.8%	6.2%
Housing Revenue Account	0.6%	0.6%	0.6%

5. In terms of the General Fund, actual borrowing costs were lower than estimated, leading to a lower actual ratio when compared with the revised estimate.

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

6. This indicator is only relevant during budget setting, as it reflects the impact on the Band D Council Tax, or average weekly housing rents in respect of the HRA, caused by any agreed changes in the capital budget.

PrI 4 – Net Borrowing and the Capital Financing Requirement

7. PrI 4 measures the so called "Golden Rule" which ensures that over the medium term net borrowing is only for capital purposes. The table below shows the original and revised estimate for 2011-12 compared with the actual position at the year end.

	2011-12 Original Estimate £ million	**2011-12 Revised Estimate £ million**	**2011-12 Actual £ million**
CFR – General Fund	373.0	353.4	342.2
CFR – HRA	122.6	122.6	122.6
Net Borrowing – Gen Fund	215.2	220.2	195.5
Net Borrowing – HRA	118.8	118.8	118.8
CFR not funded by net borrowing – Gen Fund	**157.8**	**133.2**	**146.7**
CFR not funded by net borrowing – HRA	**3.8**	**3.8**	**3.8**

8. The Capital Financing Requirement (CFR) increases whenever capital expenditure is incurred. If resourced immediately (from capital receipts, direct revenue contributions or capital grant/contributions) the CFR will reduce at the same time that the capital expenditure is incurred, with no net increase in CFR.

9. Where capital expenditure is not resourced immediately, there is a net increase in CFR, represented by an underlying need to borrow for capital purposes, whether or not external borrowing actually occurs. The CFR may then reduce over time by future applications of capital receipts, capital grants/contributions or further charges to revenue.

10. This PrI is necessary, because under an integrated treasury management strategy (in accordance with best practice under the CIPFA Code of Practice on Treasury Management in the Public Services), borrowing is not associated with particular items or types of expenditure, whether revenue or capital

11. Net Borrowing is the Council's total external debt less its short term cash investments.

PrI 5 – Compliance with CIPFA Code of Practice for Treasury Management in the Public Services ("The Code")

The Council is and will continue to be fully compliant with the CIPFA Code of Practice for Treasury Management in the Public Services.

12. This Code of Practice has been complied with during 2011-12.

Treasury Management Indicators within the Prudential Code

TrI 1 – Authorised Limit for External Debt

Authorised Limit	2011-12 £ million	2012-13 £ million	2013-14 £ million	2014-15 £ million
Borrowing – General Fund	453.0	418.5	417.6	426.8
Borrowing – HRA	122.6	122.6	122.6	122.6
Total Borrowing	**575.6**	**541.1**	**540.2**	**549.4**
Other Long Term Liabilities	0.2	0.2	0.2	0.2
TOTAL	**575.8**	**541.3**	**540.4**	**549.6**

13. This Authorised Limit was not exceeded at any time during the year, as maximum borrowing was below the lower Operational Boundary.

Tr 2 – Operational Boundary for External Debt

Operational Boundary	2011-12 £ million	2012-13 £ million	2013-14 £ million	2014-15 £ million
Borrowing – General Fund	393.8	408.5	407.6	416.5
Borrowing – HRA	122.6	122.6	122.6	122.6
Total Borrowing	**516.4**	**531.1**	**530.2**	**539.1**
Other Long Term Liabilities	0.2	0.2	0.2	0.2
TOTAL	**516.6**	**531.3**	**530.4**	**539.3**

14. This TrI is for gross borrowing and was set at a limit that would allow the Council to take its entire financing requirement as loans if this was the most cost effective alternative. The limit on HRA borrowing is capped at £122.6 million. The limits, which have not been exceeded during the period covered by this report, are set to anticipate expected expenditure. The maximum gross borrowing during the year being £364.0 million (£245.2 million on General Fund and £118.8 on HRA) at 31 March 2012.

TrI 3 – External debt

	31/3/11 Actual £ million	31/3/12 Expected £ million	31/3/12 Actual £ million
Borrowing – General Fund	245.2	280.2	245.2
Borrowing – HRA	0.0	118.8	118.8
Total Borrowing	**245.2**	**399.0**	**364.0**
Other Long Term Liabilities	£0.2	0.2	£0.2
TOTAL	**245.4**	**399.2**	**364.2**

15. This TrI shows the gross External Debt outstanding at year end. The actual borrowing figure is outstanding long term borrowing as shown in Appendix C (i). The difference between expected and actual borrowing in respect of the General Fund reflects the reprogramming of capital expenditure from 2011-12 into later years meaning the requirement to borrow has been reduced. The excess capital expenditure has been covered by internal borrowing against investments.

16. Details of all long term loans taken during the year are given in Appendix C (i).

Treasury Management Indicators within the Treasury Management Code

TrI 4a and 4b – Upper Limit on Fixed Interest Rate Exposures and Interest Rate Exposures, respectively

The Council's upper limit for fixed interest rate exposure for the period 2011-12 to 2014-15 is 100% of net outstanding principal sums.

The Council's upper limit for variable interest rate exposure is 25% for 2011-12, 40% for 2012-13, 40% for 2013-14 and 45% for 2014-15 of net outstanding principal sums.

17. All loans and investments are at fixed rates of interest.

TrI 5 – Maturity Structure of Borrowing

Limits on the Maturity Structure of Borrowing	Upper Limit	Lower Limit	Actuals 31/3/12
Maturing Period:			
- under 12 months	15%	0%	0.5%
- 12 months and within 24 months	15%	0%	0.0%
- 2 years and within 5 years	45%	0%	9.7%
- 5 years and within 10 years	75%	0%	8.9%
- 10 years and above	100%	0%	80.9%

18. In addition to the main maturity indicators it is considered prudent that no more than 15% of long term loans should fall due for repayment within any one financial year. The actual maximum percentage falling due for repayment in any one year is currently 3.6% (£13 million) in both 2052-53 and 2053-54. The average interest rate on present long-term debt is 3.77%, which continues to be one of the lowest local authority rates.

TrI 6 – Total Principal Sums invested for periods longer than 364 days

19. This TrI is covered by the Annual Investment Strategy, which is detailed in Appendix B.

Other Treasury Management issues

Short Term Cash Deficits and Surpluses

20. It was agreed that temporary loans and deposits would be used to cover short term cash surpluses and deficits that arise during the year. Such borrowing or investments would be made to specific dates at fixed rates, with reference to cash flow requirements. Investments have also been placed in Money Market Funds during the year.

21. Temporary loans and deposits are summarised in Appendix C (ii).

Icelandic Bank Deposits

22. During 2011-12 the Council received four more interim dividends from the administrators of Heritable Bank totalling £1.603 million. The Council also received the first repayment of approximately £0.952 million from Landsbanki.

23. According to the latest available information, the Council should expect to receive a total repayment from Heritable of between 86 and 95 pence in the pound.

24. The Landsbanki Winding-up Board announced on March 9, 2012 that it anticipated recoveries in the administration of Landsbanki would exceed the book value of priority claims by around ISK 121bn (some 9% higher than the value of priority claims) taking account of the sale of its holding in Iceland Foods. It is now considered likely that local authorities will recover 100 per cent of their deposits.

25. The deposits outstanding with Icelandic banks are shown in Appendix C (ii) at impaired value, impairment being calculated using CIPFA guidance, which is contained in LAAP Bulletin 82, Update 6, May 2012, less repayments.

Longer Term Cash Balances

26. The tight monetary conditions following the 2008 financial crisis continued through 2011-12 with little material movement in the shorter term deposit rates. However, one month and longer term rates rose significantly in the second half of the year as the Eurozone crisis grew. The ECB's actions to provide nearly €1 trillion of 1% 3 year finance to EU banks eased liquidity pressures in the EU and investment rates eased back somewhat in the first quarter of 2012. This action has also given EU banks time to strengthen their balance sheets and liquidity positions on a more permanent basis. Bank Rate remained at its historical low of 0.5% throughout the year, while market expectations of the imminence of the start of monetary tightening was gradually pushed further and further back during the year to the second half of 2013 at the earliest.

27. Overlaying the relatively poor investment returns were the continued counterparty concerns, most evident in the Euro zone sovereign debt crisis which resulted in a second rescue package for Greece in the first quarter of 2012. Concerns extended to the potential fall out on the European banking industry if the crisis were to end with Greece leaving the Euro and defaulting.

28. In the current economic climate it is considered appropriate to keep investments short (i.e. up to three months) and only invest with highly credit rated financial institutions, using Sector's suggested creditworthiness approach. Therefore, when available for investment, longer term cash balances were mainly placed on short term deposits. However, an opportunity arose to take advantage of favourable long term rates, whilst maintaining security, sufficient liquidity and placing deposits within the required creditworthiness parameters and an investment was placed with Lloyds Banking Group for 12 months at 2.15% during the financial year.

29. Should the situation change in the next financial year, consideration will be given to investing further in the longer term where rates are attractive, whilst maintaining considerations regarding security and liquidity of investments.

APPENDIX B

INVESTMENT STRATEGY FOR 2011-12

1. All investments of surplus cash balances were placed to ensure:

   a) the security of capital, deposits only being placed with financial institutions which met the **high credit ratings** laid down in the approved Strategy;

   b) the liquidity of investments, all deposits being placed for fixed periods at fixed rates of interest; and

   c) all such investments were in sterling and in “Specified Investments”, as prescribed in the DCLG Guidance on Local Government Investments (the “Guidance”).

2. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

3. As summarised in Appendix C (ii), 259 deposit transactions were processed during the year, with a gross value of £1,094.976 million. Of deposits placed, 129 were placed direct with HSBC Bank Treasury on the Council’s overnight deposit account, 1 in call accounts, 103 through money market funds and 26 were placed with other counterparties via the money markets and direct dealing. The level of deposits in call accounts reflects both counterparty downgrading and banks moving away from instant access call accounts to notice accounts, which are not always suitable for cash flow purposes.

4. Details of the deposits outstanding at the end of the year, totalling £49.665 million, are shown in Appendix C (ii). These deposits represent the Council’s reserves both long term, such as the PFI and Insurance funds, and short term such as creditors or payments in advance and include the deposits that remain outstanding from Icelandic banks at impaired value less repayments.

5. The opportunity was taken to place a proportion of these deposits in longer term investments for 12 months, taking advantage of the improved interest rates on offer for the longer maturity period. These are shown within general deposits in Appendix C (ii).

6. A further Money Market Fund was opened during the year. The balances remaining within the (four) funds at the end of the year are also shown in Appendix C (ii).

7. The Council contracts with a treasury adviser, regularly reviewing credit ratings of potential organisations and their respective country's ratings, together with other 'tools' used to assess the credit quality of institutions such as credit default swaps. The Council uses this information to assess institutions with which it may place deposits or from which it may borrow, including interest rate forecasts for both borrowing and investment, together with setting a 'benchmark' borrowing rate. The Council's investment policy is 'aimed' at the prudent investment of surplus cash balances to optimise returns whilst ensuring the security of capital and liquidity of investments. However, the Council, like any other organisation, can be exposed to financial risk, which is negated as far as possible by the foregoing measures.

Appendix C (i)

SUMMARY OF LONG TERM BORROWING 1 APRIL 2011 - 31 MARCH 2012

LOANS RAISED During the Period *(All taken out to fund HRA Settlement)*

Date raised	Lender	Amount (£m)	Type	Interest rate (%)	Maturity date	No. of years
28-Mar-12	PWLB	4.810	Maturity	1.760	Mar-19	7.00
28-Mar-12	PWLB	8.000	Maturity	1.990	Mar-20	8.00
28-Mar-12	PWLB	4.000	Maturity	2.210	Mar-21	9.00
28-Mar-12	PWLB	8.000	Maturity	2.400	Mar-22	10.00
28-Mar-12	PWLB	8.000	Maturity	2.560	Mar-23	11.00
28-Mar-12	PWLB	8.000	Maturity	2.700	Mar-24	12.00
28-Mar-12	PWLB	8.000	Maturity	2.820	Mar-25	13.00
28-Mar-12	PWLB	10.000	Maturity	2.920	Mar-26	14.00
28-Mar-12	PWLB	8.000	Maturity	3.010	Mar-27	15.00
28-Mar-12	PWLB	6.000	Maturity	3.080	Mar-28	16.00
28-Mar-12	PWLB	7.000	Maturity	3.150	Mar-29	17.00
28-Mar-12	PWLB	8.000	Maturity	3.210	Mar-30	18.00
28-Mar-12	PWLB	2.000	Maturity	3.260	Mar-31	19.00
28-Mar-12	PWLB	5.000	Maturity	3.300	Mar-32	20.00
28-Mar-12	PWLB	6.000	Maturity	3.340	Mar-33	21.00
28-Mar-12	PWLB	7.000	Maturity	3.370	Mar-34	22.00
28-Mar-12	PWLB	2.000	Maturity	3.400	Mar-35	23.00
28-Mar-12	PWLB	9.000	Maturity	3.440	Mar-37	25.00
	Total	118.810				

Average period to maturity (years) **15.56**

Average interest rate (%) **2.87**

Maturity Profile at 31 March 2012

Year	Amount (£m)	%age	Average rate (%)
1 to 5 years	36.065	9.9	3.358
6 to 15 years	84.933	23.3	2.905
16 to 25 years	99.500	27.3	3.821
26 to 50 years	127.500	35.0	4.368
Over 50 years	16.000	4.4	4.298
Totals	363.998	100.0	3.774

Average period to maturity (years) **25.52**

SUMMARY OF TEMPORARY LOANS AND DEPOSITS 1 April 2011 - 31 March 2012

Deposits Outstanding at 31 March 2012

Borrower	Amount £m	Terms		Interest rate(%)
Lloyds TSB Bank	5.000	Fixed to	10-Aug	2.15
Nationwide Building Society	8.000	Fixed to	16-Apr	1.01
Barclays Bank	8.000	Fixed to	16-Apr	0.98
Svenska Handelsbanken AB	0.026	No fixed maturity date		0.75
Black Rock Money Market Fund	6.187	No fixed maturity date		0.57
JP Morgan Money Market Funds	0.017	No fixed maturity date		0.66
Prime Rate Money Market Fund	12.928	No fixed maturity date		0.88
Goldman Sachs Money Market Fund	6.000	No fixed maturity date		0.69
Heritable Bank	0.582	Est Recoverable Amount		6.00
Heritable Bank	0.388	Est Recoverable Amount		6.00
Heritable Bank	0.582	Est Recoverable Amount		6.00
Heritable Bank	0.195	Est Recoverable Amount		5.42
Landsbanki	1.739	Est Recoverable Amount		6.10
Landsbanki	0.021	Est Recoverable Amount		3.40
Total	49.665			

Outstanding deposits with Icelandic Banks are shown at the estimated recoverable amount, which takes account of estimated impairments and any repayments received to date. The last entry relates to the amount paid out in ISK by the Winding-up Board of Landsbanki and is currently held in Iceland in an interest bearing escrow account, which is accounted for as a "new" investment. Interest rates shown against the other Icelandic deposits are the original rates at acquisition date.

Transactions During the Period

Type	Balance 1 Apr 11 £m	Raised Value £m	Raised No.	Repaid Value £m	Repaid No.	Balance 31 Mar 12 £m	Interest Variance * High/Low(%)
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	25.416	203.605	26	204.514	25	24.507	2.15/0.65
- HSBC Overnight	0.400	414.858	129	415.258	130	0.000	0.25/0.20
- Call Accounts	17.259	8.040	1	25.273	8	0.026	0.80/0.75
- Money Market Funds	38.992	468.473	103	482.333	121	25.132	0.95/0.46
Total	**82.067**	**1,094.976**	**259**	**1,127.378**	**284**	**49.665**	

* Interest variance is the highest/lowest interest rate for transactions during the period.
* In terms of general deposits, the high of 2.15% was obtained on a special 12 month deposit.

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