**Wiltshire Council**

**Cabinet**

**24 September 2013**

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|---|---|
| Subject: | **Report on Treasury Management Strategy 2013-14 – First Quarter ended 30 June 2013** |
| Cabinet member: | **Cllr Dick Tonge**<br>**Finance, Performance, Risk, Procurement and Welfare Reform** |
| Key Decision: | **No** |

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**Executive Summary**

The Council has adopted a Treasury Management Strategy and an Annual Investment Strategy (AIS) for 2013-14, which can be found in the Cabinet meeting on 12th February 2013 agenda in the reports pack at the following link, http://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=141&MId=6131&Ver=4, Item 10, Pages 75 to 96.

In addition to an Annual Report, the policy requires quarterly reports reviewing the Treasury Management Strategy (TMS). This is the first quarterly report of 2013-14 and covers the period from 1 April 2013 to 30 June 2013.

**Proposal**

**That Cabinet note the contents of this report in line with the Treasury Management Strategy.**

**Reasons for Proposals**

To give members of the Cabinet an opportunity to consider the performance of the Council in the period to the end of the quarter against the parameters set out in the approved Treasury Management Strategy for 2013-14.

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

**Michael Hudson**
**Service Director, Finance**

**Wiltshire Council**

**Cabinet**

**24 September 2013**

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| | |
|---|---|
| Subject: | **Report on Treasury Management Strategy 2013-14 – First Quarter ended 30 June 2013** |
| Cabinet member: | **Cllr Dick Tonge**<br>**Finance, Performance, Risk, Procurement and Welfare Reform** |
| Key Decision: | **No** |

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## 1. Background & Purpose of Report

1.1 The Council adopted a Treasury Management Strategy for 2013-14 at its meeting on 26 February 2013, incorporating Prudential Indicators (PrIs), Treasury Management Indicators (TrIs) and an Annual Investment Strategy, in accordance with the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Strategy report can be found in the Cabinet 12 February 2013 agenda reports pack, Item 10, Pages 75 to 96 at http://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=141&MId=6131&Ver=4.

1.2 The Council agreed that, in addition to an Annual Treasury Report reviewing the year as a whole, quarterly reports would be submitted to Cabinet reviewing the Treasury Management Strategy. This report covers the first quarter of 2013-14, ended 30 June 2013.

## 2. Main Considerations for the Cabinet

2.1 This report reviews management actions in relation to:

a) the PrIs, TrIs originally set for the year and the position at the 30 June 2013;

b) other treasury management actions during the period; and

c) the approved Annual Investment Strategy.

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

2.2 The following is a review of the position on the key prudential and treasury indicators for the three months to 30 June 2013.

2.3 A full detailed 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**

PrI 2 – Ratio of Financing Costs to Net Revenue Stream

| | 2012-13 Actual Outturn | 2013-14 Original Estimate | 2013-14 Revised Estimate |
|---|---|---|---|
| General Fund | 6.5% | 6.6% | 6.5% |
| Housing Revenue Account | 15.9% | 18.7% | 15.3% |

2.4 The General Fund revised estimate for 2013-14 is marginally lower than the original due to a reduction in financing cost estimates and a fall in expected investment income.

PrI 4 – Gross Borrowing compared to Capital Financing Requirement (CFR)

| | 2012-13 Actual Outturn £ million | 2013-14 Original Estimate £ million | 2013-14 Revised Estimate £ million |
|---|---|---|---|
| CFR – General Fund | 341.9 | 404.4 | 395.2 |
| CFR – HRA | 122.6 | 122.6 | 122.6 |
| Gross Borrowing – General Fund | 245.2 | 275.2 | 245.2 |
| Gross Borrowing – HRA | 118.8 | 118.8 | 118.8 |
| **CFR not funded by gross borrowing – General Fund** | **96.7** | **129.2** | **150.0** |
| **CFR not funded by gross borrowing – HRA** | **3.8** | **3.8** | **3.8** |

2.5 PrI 4 measures the so called “Golden Rule” which ensures that over the medium term net borrowing is only for capital purposes.

2.6 The main reasons for the difference in the 2013-14 revised and original estimates are:

a) a decrease in the capital financing requirement;

b) a revision of the external borrowing requirement. It is anticipated that no borrowing will be taken in 2013-14, 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 estimated level of short term investments likely to be held at the end of 2013-14.

**Key Treasury Management Indicators within the Prudential Code**

2.7 The Operational Boundary and Authorised Limit, as approved by Council in February as part of the Treasury Management Strategy, 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.

TrI 1 – Authorised Limit for External Debt

| Authorised Limit | 2013-14 £ million | 2014-15 £ million | 2015-16 £ million |
|---|---|---|---|
| Borrowing – General Fund | 436.0 | 450.3 | 451.9 |
| Borrowing – HRA | 123.2 | 123.2 | 123.2 |
| Other Long Term Liabilities | 0.2 | 0.2 | 0.2 |
| **TOTAL** | **559.4** | **573.7** | **575.3** |

2.8 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.

TrI 2 – Operational Boundary for External Debt

| Operational Boundary | 2013-14 £ million | 2014-15 £ million | 2015-16 £ million |
|---|---|---|---|
| Borrowing – General Fund | 425.3 | 439.3 | 440.9 |
| Borrowing – HRA | 123.2 | 123.2 | 123.2 |
| Other Long Term Liabilities | 0.2 | 0.2 | 0.2 |
| **TOTAL** | **548.7** | **562.7** | **564.3** |

2.9 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).

TrI 3 – External Debt

| | 31/03/13 Actual £ million | 30/06/13 Actual £ million | 31/03/14 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** |

2.10 TrI 3 shows the gross External Debt outstanding, both long-term loans and temporary borrowing. No long term loans were repaid in the first three months of 2013-14. The figure for actual borrowing at 31 March 2013 is stated at the amount that reflects actual outstanding external borrowing at the end of 2012-13 (i.e. excluding accounting adjustments, such as accrued interest and effective interest rate adjustments).

**Key Treasury Management Indicators within the Treasury Management Code**

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

2.11 This TrI is now covered by the Annual Investment Strategy for 2013-14, which set a limit of £30 million. During the first three months of 2013-14 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 and instant access for flexibility of cash management.

TrI 7 - Local Prudential Indicator

2.12 In addition to the main maturity indicators it was agreed as part of the Treasury Management Strategy, approved by Council in February, that 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 11% (£40 million) in 2013-14. However, this almost entirely relates to the treatment of LOBO loans, which are shown as maturing at the date (the "call date") on which the lender has the right to increase the interest rate. Indications are that interest rates will not move upwards until March 2015 and it is, therefore, unlikely that these loans will be "called" in 2013-14. A summary maturity profile is shown in Appendix 2.

**Other Debt Management Issues**

Debt Rescheduling

2.13 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*

2.14 Any short term cash surpluses or deficits have been managed through temporary deposits or loans, respectively. Temporary deposits outstanding at 30 June 2013 amounted to £137.8 million, including outstanding Icelandic bank deposits, shown at their current estimated recoverable amounts, as detailed in Appendix 3.

*Icelandic Banks*

2.15 The Council has received no further repayments since those reported to Cabinet within the Annual Treasury Report on 18th June 2013.

2.16 The Council has so far recovered just over £8.4 million of the original £12 million deposited in 2008.

2.17 A further repayment from Heritable is expected during August 2013. The Landsbanki Winding-up Board have not indicated when they will be making the next distribution.

2.18 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 and, in the case of Landsbanki, are subject to fluctuations in foreign exchange rates and the Icelandic capital controls, which currently remain in place.

*Longer Term Cash Balances*

2.19 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. However, the availability of any appropriate longer term investment opportunities is continually monitored, such as those that offer “special tranche rates”.

2.20 However, rates available have fallen considerably in the last 12 months and this will, therefore, be reflected in rates available for the replacement of the “special tranche rate” investment with Lloyds Banking Group, deposited in August 2012 for 12 months at 2.85% (the interest rate offered for an equivalent deposit from August 2013 is currently 1.01%). Details of investments outstanding are shown in Appendix 3.

**Review of Investment Strategy**

2.21 The Treasury Management Strategy Statement (TMSS) for 2013-14, which includes the Annual Investment Strategy, was approved by the Council on 12 February 2013. It sets out the Council’s investment priorities as being:

a) Security of capital;

b) Liquidity; and

c) Yield.

2.22 The Council will also aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs but also to seek out value available in higher rates in periods up to 12 months with highly credit rated financial institutions, using Sector’s suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Sector.

2.23 All investments have been conducted within the agreed Annual Investment Strategy and made only to authorised lenders within the Council’s high credit quality policy.

2.24 Credit ratings are incorporated within the approved Investment Strategy as detailed within the Treasury Management Strategy 2013-14 and the current ratings have been shown against the deposits outstanding in Appendix 3.

## 3. Environmental and Climate Change Considerations

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

## 4. Equalities Impact of the Proposal

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

## 5. Risks Assessment and Financial Implications

5.1 All investment has been at fixed rates during the period. The Council’s current average interest rate on long term debt is 3.787%, which, according to the latest available information, remains one of the lowest rates amongst UK local authorities.

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

5.3 Investment counterparty risk is controlled by assessing and monitoring the credit risk of borrowers as authorised by the Annual Investment Strategy.

## 6. Legal Implications

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

## 7. Options Considered

7.1 The market improvement, although still in its relatively early stages, has enabled the Council to increase potential optimum rates with longer dated deposits (between three months and one year), whilst ensuring and maintaining the security and liquidity of investments.

7.2 The availability of any longer term opportunities, such as those offered by "special tranche rates" is continually monitored.

## 8. Conclusion

8.1 Cabinet is asked to note the report.

**Michael Hudson**
**Service Director, Finance**

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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 1 Prudential and Treasury Indicators for 2013-14, 2014-15 & 2015-16
Appendix 2 Summary of Long Term Borrowing 1 April 2013 – 30 June 2013
Appendix 3 Summary of Temporary Loans and Deposits 1 April 2013 – 30 June 2013

APPENDIX 1

**Prudential and Treasury Indicators for 2013-14, 2014-15 & 2015-16**

## Prudential Indicators

PrI 1 – Capital Expenditure

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

| | 2012-13 Actual Outturn £ million | 2013-14 Original Estimate £ million | 2013-14 Revised Estimate £ million | 2013-14 Actual To date 30/06/13 £ million |
|---|---|---|---|---|
| General Fund | 67.3 | 132.1 | 145.0 | 11.6 |
| HRA | 4.5 | 10.2 | 11.1 | 0.7 |

2. The revised estimate for 2013-14 is higher than the original estimate largely because the budgets for large capital schemes we reprogrammed from 2012-13 to reflect the expenditure profile.

3. The Capital Programme is monitored closely throughout the year and progress on the programme is reported to the Cabinet Capital Asset Committee (CCAC). The next report due to be taken to members is the Month 4 2013/2014 report, which will be taken to CCAC on 24 September 2013.

PrI 2 – Ratio of Financing Costs to Net Revenue Stream

| | 2012-13 Actual Outturn | 2013-14 Original Estimate | 2013-14 Revised Estimate |
|---|---|---|---|
| General Fund | 6.5% | 6.6% | 6.5% |
| Housing Revenue Account | 15.9% | 18.7% | 15.3% |

The General Fund revised estimate for 2013-14 is marginally lower than the original due to a reduction in financing cost estimates and a fall in expected investment income. The HRA revised estimate is lower than the original due to lower borrowing costs.

PrI 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 2013-14 was calculated as being £-8.99.

**APPENDIX 1**

**Prudential and Treasury Indicators for 2013-14, 2014-15 & 2015-16**

PrI 4 – Gross Borrowing compared to Capital Financing Requirement (CFR)

| | **2012-13 Actual Outturn £ million** | **2013-14 Original Estimate £ million** | **2013-14 Revised Estimate £ million** |
|---|---|---|---|
| CFR – General Fund | 341.9 | 404.4 | 395.2 |
| CFR – HRA | 122.6 | 122.6 | 122.6 |
| Gross Borrowing – General Fund | 245.2 | 275.2 | 245.2 |
| Gross Borrowing – HRA | 118.8 | 118.8 | 118.8 |
| **CFR not funded by gross borrowing – General Fund** | **96.7** | **129.2** | **150.0** |
| **CFR not funded by gross borrowing – HRA** | **3.8** | **3.8** | **3.8** |

5. PrI 4 measures the so called "Golden Rule" which ensures that over the medium term net borrowing is only for capital purposes.

6. CFR not funded by gross borrowing represents capital expenditure met by internal borrowing, i.e. funded from the Council's own funds, such as reserves and balances and working capital (an accounting term for the difference, at a point in time, between what the Council owes and what is owed to it).

7. Internal borrowing is cheaper than external borrowing, however, the ability to borrow internally will depend upon the sufficiency of reserves, balances and working capital. The sufficiency needs to be monitored and projections carried out to indicate where any adverse movements are expected, that could jeopardise the Council's cash flow position, making it necessary to replace internal with external borrowing.

8. The main reason for the difference in the 2013-14 revised and original estimates are:

   a) a decrease in the capital financing requirement;

   b) a revision of the external borrowing requirement. It is anticipated that no borrowing will be taken in 2013-14, 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 estimated level of short term investments likely to be held at the end of 2013-14.

**APPENDIX 1**

**Prudential and Treasury Indicators for 2013-14, 2014-15 & 2015-16**

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

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

## Treasury Management Indicators within the Prudential Code

10. The Operational Boundary and Authorised Limit, as approved by Council in February as part of the Treasury Management Strategy, 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.

TrI 1 – Authorised Limit for External Debt

| **Authorised Limit** | **2013-14 £ million** | **2014-15 £ million** | **2015-16 £ million** |
|---|---|---|---|
| Borrowing – General Fund | 436.0 | 450.3 | 451.9 |
| Borrowing – HRA | 123.2 | 123.2 | 123.2 |
| Other Long Term Liabilities | 0.2 | 0.2 | 0.2 |
| **TOTAL** | **559.4** | **573.7** | **575.3** |

11. 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.

TrI 2 – Operational Boundary for External Debt

| **Operational Boundary** | **2013-14 £ million** | **2014-15 £ million** | **2015-16 £ million** |
|---|---|---|---|
| Borrowing – General Fund | 425.3 | 439.3 | 440.9 |
| Borrowing – HRA | 123.2 | 123.2 | 123.2 |
| Other Long Term Liabilities | 0.2 | 0.2 | 0.2 |
| **TOTAL** | **548.7** | **562.7** | **564.3** |

12. 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).

**APPENDIX 1**

**Prudential and Treasury Indicators for 2013-14, 2014-15 & 2015-16**

TrI 3 – External Debt

| | 31/03/13 Actual £ million | 30/06/13 Actual £ million | 31/03/14 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** |

13. TrI 3 shows the gross External Debt outstanding, both long-term loans and temporary borrowing. No long term loans were repaid in the first three months of 2013-14. The figure for actual borrowing at 31 March 2013 is stated at the amount that reflects actual outstanding external borrowing at the end of 2012-13 (i.e. excluding accounting adjustments, such as accrued interest and effective interest rate adjustments).

**Treasury Management Indicators within the Treasury Management Code**

TrI 4a – Upper Limit on Fixed Interest Rate Exposures

**The Council's upper limit for fixed interest rate exposure for the period 2013-14 to 2015-16 is 100% of net outstanding principal sums.**

TrI 4b – Upper Limit on Variable Interest Rate Exposures

**The Council's upper limit for variable interest rate exposure is 25% for 2013-14, 35% for 2014-15 and 40% for 2015-16 of net outstanding principal sums.**

14. 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 was taken.

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

| **Limits on the Maturity Structure of Borrowing** | **Upper Limit** | **Lower Limit** | **Position at 31/06/13** |
|---|---|---|---|
| Maturing Period: | | | |
| - under 12 months | 15% | 0% | 11% |
| - 12 months and within 24 months | 15% | 0% | 6% |
| - 2 years and within 5 years | 45% | 0% | 12% |
| - 5 years and within 10 years | 75% | 0% | 10% |
| - 10 years and above | 100% | 0% | 61% |

**Prudential and Treasury Indicators for 2013-14, 2014-15 & 2015-16**

15. The table above shows that the actual maturity structure is within the agreed limits.

16. 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.

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

17. This PrI is now covered by the Annual Investment Strategy for 2013-14, which set a limit of £30 million, as approved by Council in February as part of the Treasury Management Strategy. During the first three months of 2013-14 no cost effective investments have been identified. The Authority however holds a number of money market funds and an on-call deposit account, which offer competitive interest rates and instant access for flexibility of cash management.

TrI 7 - Local Prudential Indicator

18. In addition to the main maturity indicators it was agreed in the approved Treasury Management Strategy that 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 11% (£40 million) in 2013-14. However, the entire £40 million relates to LOBO loans and, with interest rates likely to remain low for some time, the lenders are unlikely to exercise their option to increase the interest rates and, therefore, the Council is unlikely to repay the loans in 2013-14. A summary maturity profile is shown in Appendix 2.

# APPENDIX 2

## SUMMARY OF LONG TERM BORROWING 1 APRIL 2013 – 30 JUNE 2013

**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 restucture ** Loans taken for purchases instead of leasing

**Maturity Profile at 30 June 2013**

| Year | Amount (£m) | | | | | % age | | Average rate (%) | |
|---|---|---|---|---|---|---|---|---|---|
| | PWLB | Market Loans (LOBO) | | Total | | | | | |
| | | Earliest Repay | Contracted Maturity | Earliest Repay | Contracted Maturity | Earliest Repay | Contracted Maturity | Earliest Repay | Contracted Maturity |
| | (A) | (B) | (C) | (A)+(B) | (A)+(C) | | | | |
| 1 to 5 years | 46.048 | 61.000 | - | 107.048 | 46.048 | 29.4 | 12.7 | 3.889 | 3.501 |
| 6 to 15 years | 84.933 | - | - | 84.933 | 84.933 | 23.3 | 23.3 | 2.752 | 2.873 |
| 16 to 25 years | 93.500 | - | - | 93.500 | 93.500 | 25.7 | 25.7 | 3.837 | 3.836 |
| 26 to 50 years | 78.500 | - | 45.000 | 78.500 | 123.500 | 21.6 | 33.9 | 4.618 | 4.380 |
| Over 50 years | - | - | 16.000 | - | 16.000 | - | 4.4 | - | 4.298 |
| **Totals** | 302.981 | 61.000 | 61.000 | 363.981 | 363.981 | 100.0 | 100.0 | 3.787 | 3.787 |

**Average period to maturity (years)** **17.37**

CIPFAs Guidance Notes on Treasury Management in the Public Services recommends that the Treasury Management Strategy Reports include LOBO (Lender Option Borrower Option) loans at the earliest date on which the lender can require payment, deemed to be the next 'call date'. At that date the lender may choose to increase the interest rate and the borrower (the Council) may accept the new rate or repay the loan (under the current approved Treasury Management Strategy, the Council would repay the loan). Whether or not the lender chooses to exercise their right to alter the interest rate will depend on market conditions (interest rates). Current market conditions, where interest rates are predicted to remain low for some considerable time, indicate that it is highly unlikely that lenders will call the loans in the immediate furture.

The alternative method of determining the maturity profile of LOBO loans, based on contracted maturity dates, was used in the 2012-13 year end outturn.

The table above includes the maturity profiles using both the earliest date on which the lender can require payment and the contracted maturity dates.

# SUMMARY OF TEMPORARY LOANS AND DEPOSITS 1 APRIL 2013 – 30 JUNE 2013

**Deposits Outstanding at 30 June 2013**

| Borrower | Amount £m | Terms | | Interest Rate | Sector Credit Rating at 30/06/2013 |
|---|---|---|---|---|---|
| National Australia Bank | 8.000 | Fixed to | 15-Jul-13 | 0.43 | Orange - 12 Months |
| Bank of Montreal | 8.000 | Fixed to | 06-Sep-13 | 0.36 | Orange - 12 Months |
| Barclays Bank | 8.000 | Fixed to | 16-Jul-13 | 0.45 | Green - 3 Months |
| Lloyds TSB Bank | 5.000 | Fixed to | 09-Aug-13 | 2.85 | Blue - 12 Months |
| Deutsche Bank | 8.000 | Fixed to | 15-Aug-13 | 0.40 | Green - 3 Months |
| Nationwide Building Society | 8.000 | Fixed to | 16-Oct-13 | 0.52 | Red - 6 Months |
| National Bank of Abu Dhabi | 8.000 | Fixed to | 15-Jul-13 | 0.65 | Red - 6 Months |
| Commonwealth Bank of Australia | 8.000 | Fixed to | 30-Oct-13 | 0.40 | Orange - 12 Months |
| Development Bank of Singapore (DBS) | 8.000 | Fixed to | 11-Oct-13 | 0.43 | Orange - 12 Months |
| Australia & New Zealand Bank | 8.000 | Fixed to | 11-Oct-13 | 0.40 | Orange - 12 Months |
| Canadian Imperial Bank of Commerce | 8.000 | Fixed to | 16-Oct-13 | 0.45 | Orange - 12 Months |
| Overseas Chineses Banking Corporation | 8.000 | Fixed to | 16-Oct-13 | 0.45 | Purple - 24 Months |
| Bank of Nova Scotia | 8.000 | Fixed to | 15-Nov-13 | 0.38 | Orange - 12 Months |
| Svenska Handelsbanken AB | 7.017 | No fixed maturity date | | 0.40 | Orange - 12 Months |
| National Westminster Bank | 7.911 | No fixed maturity date | | 0.80 | Blue - 12 Months |
| J P Morgan Money Market Funds | 0.224 | No fixed maturity date | | 0.28 | AAA |
| Prime Rate Money Market Fund | 7.866 | No fixed maturity date | | 0.43 | AAA |
| Goldman Sachs Money Market Fund | 0.008 | No fixed maturity date | | 0.37 | AAA |
| Ignis Money Market Fund | 11.518 | No fixed maturity date | | 0.43 | AAA |
| Heritable Bank | 0.312 | Est Recoverable Amount | | 6.00 | N/A |
| Heritable Bank | 0.208 | Est Recoverable Amount | | 6.00 | N/A |
| Heritable Bank | 0.312 | Est Recoverable Amount | | 6.00 | N/A |
| Heritable Bank | 0.104 | Est Recoverable Amount | | 5.42 | N/A |
| Landsbanki | 1.275 | Est Recoverable Amount | | 6.10 | N/A |
| Landsbanki | 0.021 | Est Recoverable Amount | | 3.40 | N/A |
| **Total** | **137.776** | | | | |

**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.**

**Investments held at the end of the first quarter of 2013-14 are £70.438 million higher than they were at 31st March 2013. This is due to the timing of cash flows, particularly in respect of the change in the collection of National Non-domestic (Business) Rates (NNDR) under Business Rates Retention, which came into effect from 1 April 2013.**

**Transactions During the Period**

| Type | Balance 1 Apr 13 £m | Raised Value £m | Raised No. | Repaid Value £m | Repaid No. | Balance 30 June 13 £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 | 47.242 | 88.100 | 12 | 32.110 | 5 | 103.232 | 2.85/0.36 |
| - HSBC Overnight | 0.000 | 88.100 | 32 | 88.100 | 32 | 0.000 | 0.20/0.20 |
| - Call Accounts | 0.017 | 14.911 | 2 | 0.000 | 0 | 14.928 | 0.80/0.40 |
| - Money Market Funds | 20.079 | 118.237 | 25 | 118.700 | 34 | 19.616 | 0.43/0.28 |
| Total | **67.338** | **309.348** | **71** | **238.910** | **71** | **137.776** | |

* 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 in August 2012 on a 12 month deposit.

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