Wiltshire Council

Cabinet

17 March 2015

Subject:	**Report on Treasury Management Strategy 2014-15 – Third Quarter ended 31 December 2014**
Cabinet member:	**Councillor Richard Tonge** **Finance, Performance, Risk, Procurement and Welfare Reform**
Key Decision:	**No**

Executive Summary

The Council has adopted a Treasury Management Strategy and an Annual Investment Strategy (AIS) for 2014-15, which can be found in the Cabinet meeting on 11th February 2014 agenda in the reports pack at the following link, http://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=141&MId=7217&Ver=4, Item 9, Pages 201 to 283.

In addition to an Annual Report, the policy requires quarterly reports reviewing the Treasury Management Strategy (TMS). This is the third quarterly report of 2014-15 and covers the period from 1 April 2014 to 31 December 2014.

Proposals

The Cabinet is asked to 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 2014-15.

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

Carolyn Godfrey – Corporate Director

Wiltshire Council

Cabinet

17 March 2015

Subject:	**Report on Treasury Management Strategy 2014-15 – Third Quarter ended 31 December 2014**
Cabinet member:	**Councillor Richard Tonge** **Finance, Performance, Risk, Procurement and Welfare Reform**
Key Decision:	**No**

---

1. Background & Purpose of Report

1.1 The Council adopted a Treasury Management Strategy for 2014-15 at its meeting on 25 February 2014, 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 11 February 2014 agenda reports pack, Item 9, Pages 201 to 283 at http://cms.wiltshire.gov.uk/ieListDocuments.aspx?CId=141&MId=7217&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 third quarter of 2014-15, ended 31 December 2014.

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 31 December 2014;

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 2014-15

2.2 The following is a review of the position on the key prudential and treasury indicators for the nine months to 31 December 2014.

2.3 A full detailed listing of the indicators required by the CIPFA Prudential Code, Treasury Management Code and Treasury Management Guidance Notes is given in Appendix 1.

Key Prudential Indicators

PrI 2 – Ratio of Financing Costs to Net Revenue Stream

	2013-14 Actual Outturn	2014-15 Original Estimate	2014-15 Revised Estimate
General Fund	6.2%	7.1%	6.5%
Housing Revenue Account	15.3%	14.7%	14.9%

2.4 In PrI 2 above the General Fund revised estimate for 2014-15 is lower than the previous quarter due to a decrease in estimated financing costs associated with revised borrowing following re-phasing of capital expenditure into later years.

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

	2013-14 Actual Outturn £ million	2014-15 Original Estimate £ million	2014-15 Revised Estimate £ million
CFR – General Fund	348.6	438.7	386.4
CFR – HRA	122.6	122.6	122.6
Gross Borrowing – General Fund	245.2	305.1	246.1
Gross Borrowing – HRA	118.8	118.8	118.8
CFR not funded by gross borrowing – General Fund	**103.4**	**133.6**	**140.3**
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 change in the 2014-15 revised estimate compared to the previous quarter are:

a) a decrease in the capital financing requirement of £49.7 million as a result of the re-phasing of capital expenditure; and

b) a revision of the external borrowing requirement in line with expected capital expenditure and cash flow requirements.

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	2014-15 £ million	2015-16 £ million	2016-17 £ million
Borrowing – General Fund	471.2	473.2	466.1
Borrowing – HRA	123.2	123.2	123.2
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	**594.6**	**596.6**	**589.5**

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	2014-15 £ million	2015-16 £ million	2016-17 £ million
Borrowing – General Fund	459.7	461.6	454.8
Borrowing – HRA	123.2	123.2	123.2
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	**583.1**	**585.0**	**578.2**

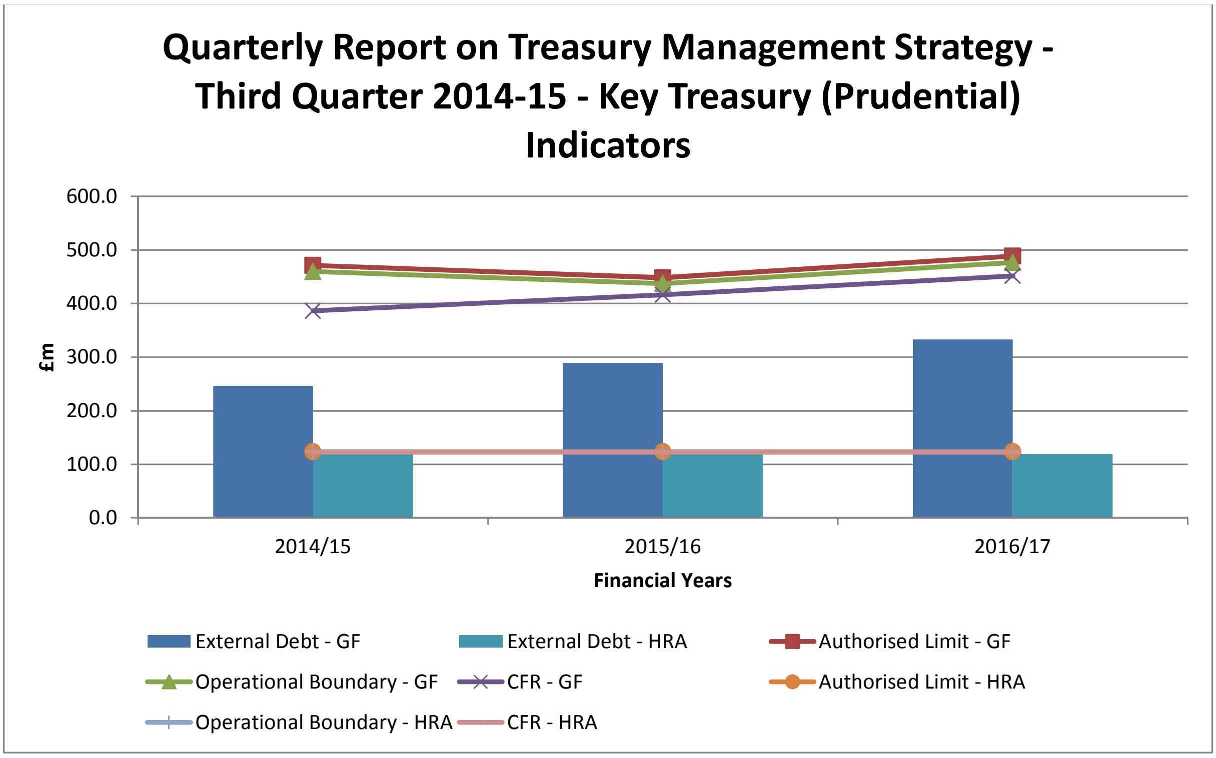
2.9 The Operational Boundary is set at a limit that facilitates the funding of the Council's entire financing requirement through loans, if this was the most cost effective approach. The limit was set to anticipate expected expenditure and has not been exceeded during the reporting period (maximum borrowing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

TrI 3 – External Debt

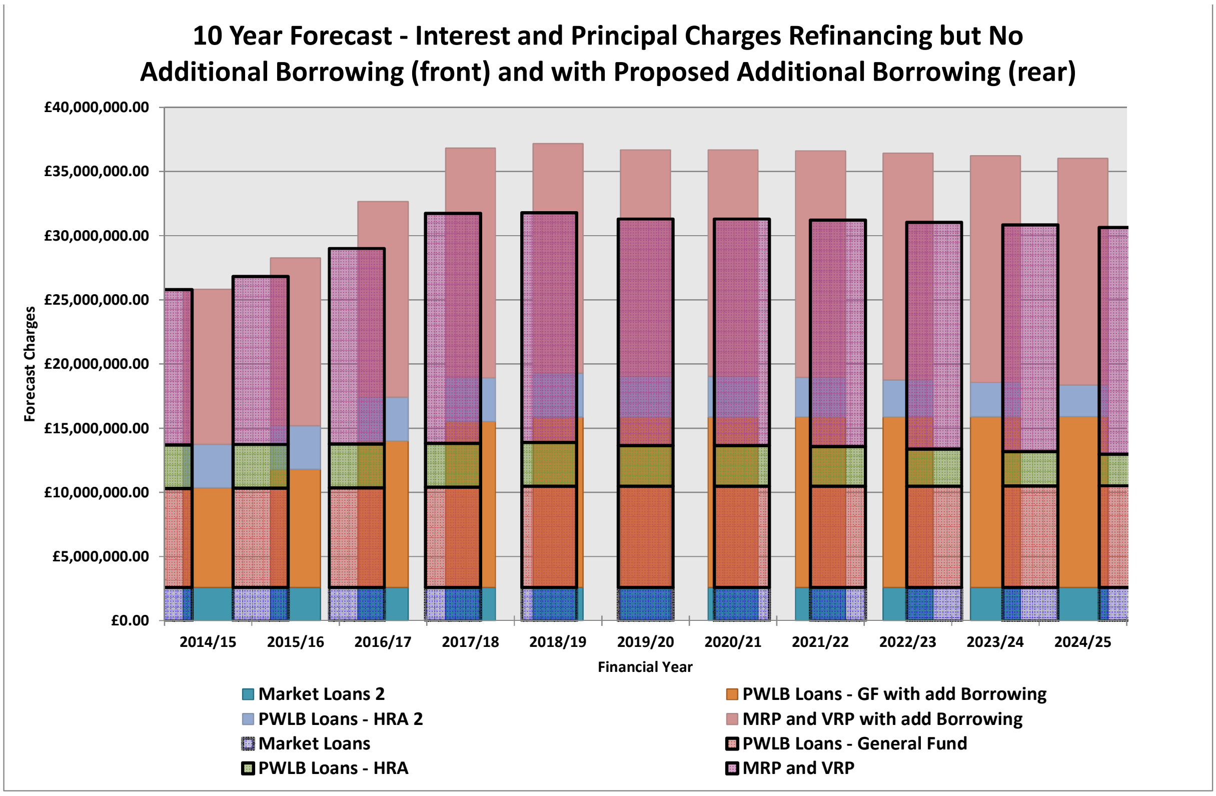
	31/03/14 Actual £ million	31/12/14 Actual £ million	31/03/15 Expected £ million
Borrowing – General Fund	245.2	243.2	246.1
Borrowing – HRA	118.8	118.8	118.8
Total Borrowing	**364.0**	**362.0**	**364.9**
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	**364.2**	**362.2**	**365.1**

2.10 TrI 3 shows the gross External Debt outstanding, both long-term loans and temporary borrowing. A £2 million General Fund PWLB loan was repaid, on maturity, in June 2014. This has resulted in a reduction in actual borrowing, the repayment being contained within the Councils cash flow, through a reduction in investments rather than refinancing. The figure for actual borrowing at 31 March 2014 is stated at the amount that reflects actual outstanding external borrowing at the end of 2013-14 (i.e. excluding accounting adjustments, such as accrued interest and effective interest rate adjustments).

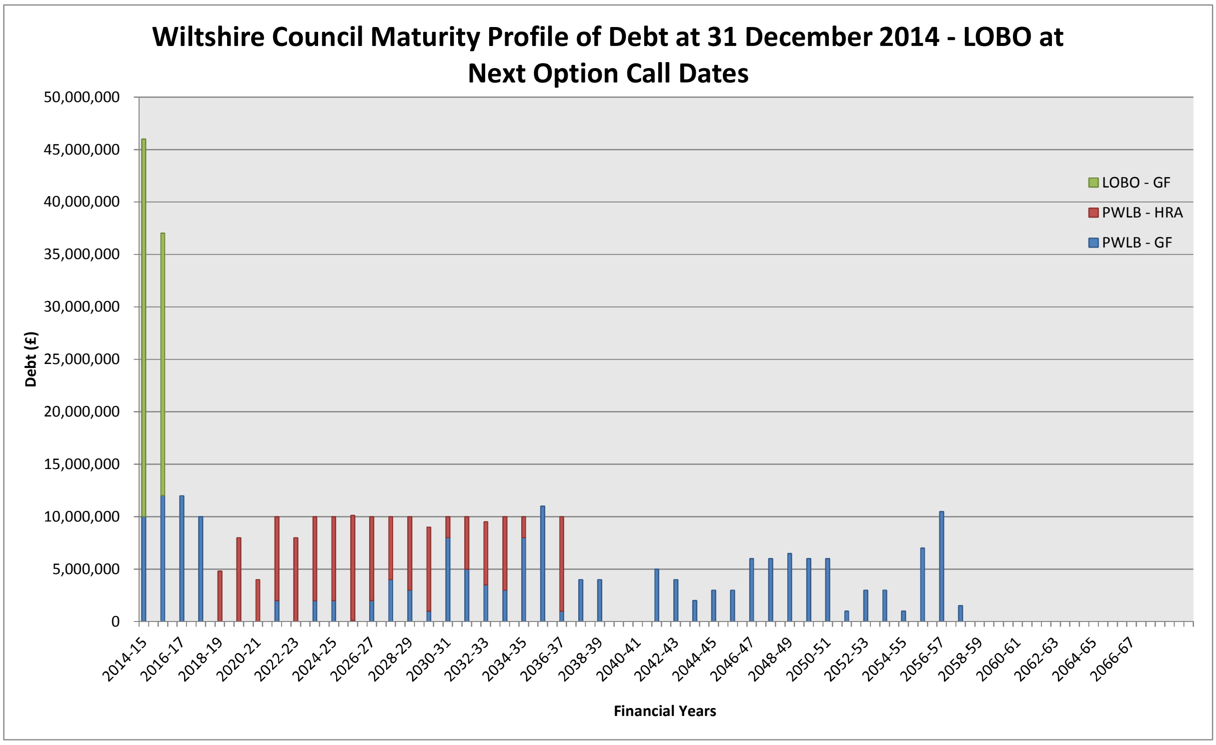
2.11 The above TrIs 1-3, together with the Capital Financing Requirement (see PrI 4 in paragraph 2.5 above), are represented in graphical form below:

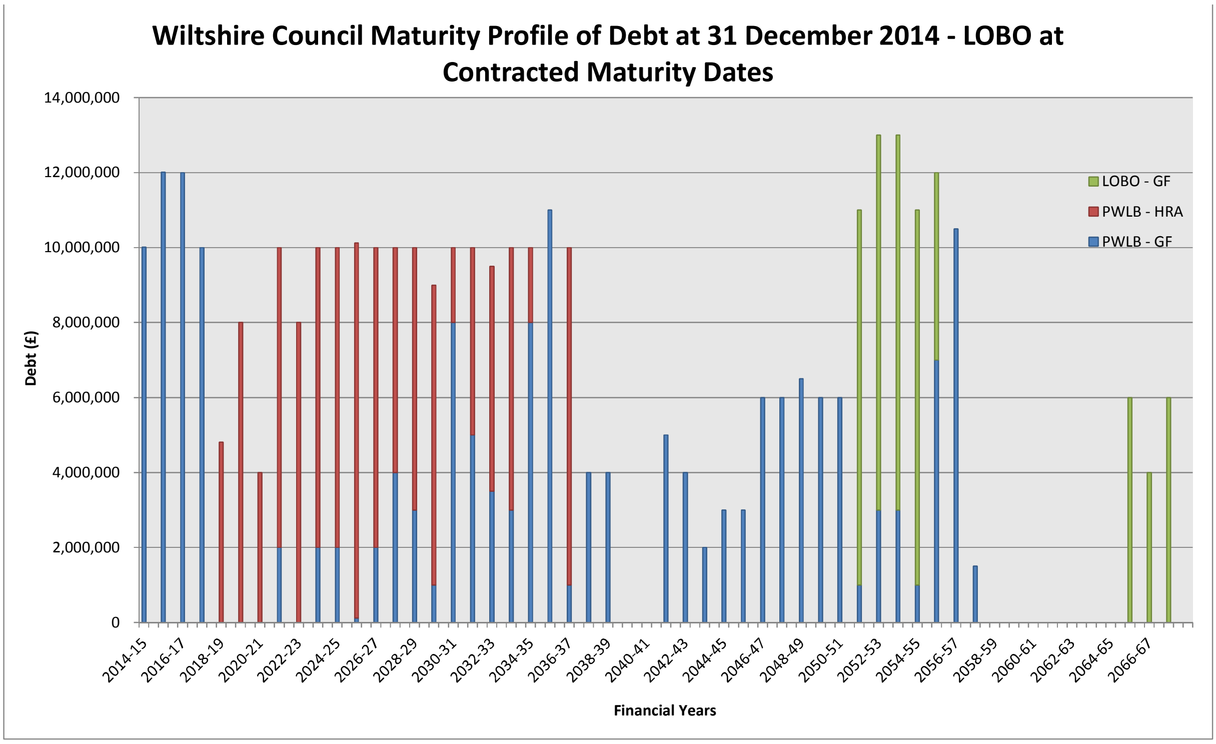


2.12 The total cost of borrowing to fund capital expenditure (General Fund and HRA) now stands at £25.798 million per annum, made up of interest costs (£13.709) and principal charges (minimum revenue provision) (£12.089 million). A ten year forecast based on current borrowing with maturing loans being refinanced, compared with the proposed additional borrowing to fund major capital projects, including campuses, is given below:



2.13 The following graphs show the period over which the current external debt matures, based on: a) the earliest repayment date (next option call date) in the case of LOBO loans (see also Appendix 2), and b) LOBO loans at their contracted maturity dates (no change from the previous quarter):





<u>Key Treasury Management Indicators within the Treasury Management Code</u>

TrI 6 – <u>Principal Sums invested for periods of longer than 364 days</u>

2.14 This TrI is now covered by the Annual Investment Strategy for 2014-15, which set a limit of £30 million. During the first nine months of 2014-15 no cost effective investments have been identified. The Authority however holds a number of money market funds and a 35 day notice deposit account, which offer attractive interest rates and, in the case of money market funds, instant access for flexibility of cash management.

TrI 7 - Local Prudential Indicator

2.15 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 12.7% (£46 million) in 2014-15. However, £36 million 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 start moving upwards towards the latter half of 2015. However, interest rates are expected to increase slowly and it is, therefore, extremely unlikely that these loans will be "called" in 2014-15. A summary maturity profile is shown in Appendix 2.

Other Debt Management Issues

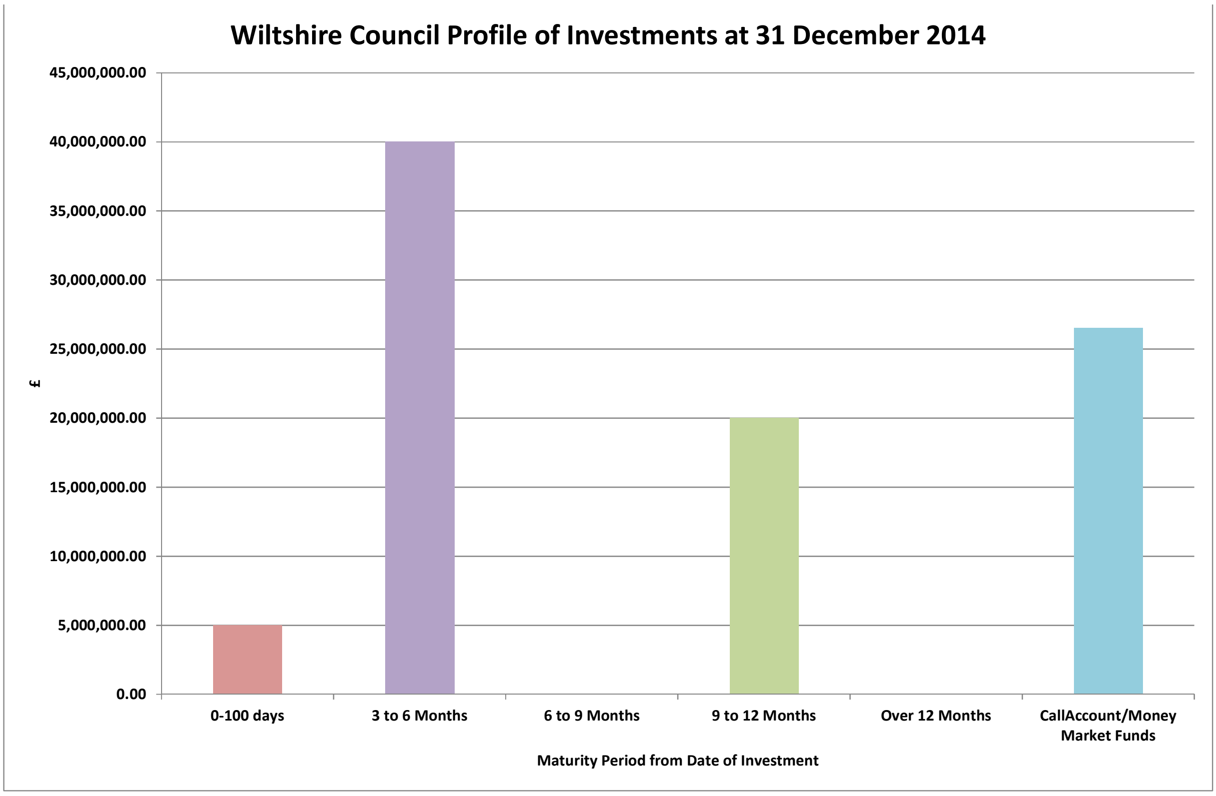
Debt Rescheduling

2.16 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. This is unlikely, unless the PWLB change policy regarding early repayment.

Cash Surpluses and Deficits

Short Term Surpluses and Deficits

2.17 Any short term cash surpluses or deficits have been managed through temporary deposits or loans, respectively. Temporary deposits outstanding at 31 December 2014 amounted to £91.5 million, as detailed in Appendix 3. The graph below shows the maturity profile of the Council's investments.



Icelandic Banks

2.18 Since the last quarterly report the Council has sold its claim against the insolvent estate of LBI. The claim was sold, on 17 October 2014, through a sales process brokered by Deutsche Bank. The price at which the claim was sold was based on a reserve price set by Wiltshire Council on the basis of legal advice received from Bevan Brittan and Wiltshire Council's own analysis of the financial position. The proceeds of the sale were paid in cash in Pounds Sterling. The sale means that Wiltshire Council has recovered 96% of the amount that was originally deposited with LBI in 2008. Wiltshire Council is, therefore, no longer a creditor of LBI. The Council has now recovered, overall, approximately £11.4 million of the original £12 million deposited in 2008. The balance not recovered has been fully provided for in the accounts.

2.19 Based on the latest information, the Council is expecting to recover up to 95% of its deposits with Heritable (94% has already recovered). The Administrators have not yet indicated the exact timing and quantum of any further repayments as any further repayments are subject to the conclusion of ongoing legal proceedings. Indeed, dependent upon the results of those proceedings, the previous repayment could have been the final repayment the Council will receive. The remaining balance of just over £0.538 million is fully provided for in the accounts should this be the case. An update is expected later this year (if the Administrators follow the timing of previous publications, a progress report is due in March 2015).

Longer Term Cash Balances

2.20 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. However, the availability of any appropriate longer term investment opportunities is continually monitored, such as “special tranche rates” that are regularly offered by banks.

2.21 Rates have remained relatively low, which is, therefore, reflected in rates available, including the “special tranche rate” investments. Details of investments outstanding are shown in Appendix 3.

Review of Investment Strategy

2.22 The Treasury Management Strategy Statement (TMSS) for 2014-15, which includes the Annual Investment Strategy, was approved by the Council on 25 February 2014. It sets out the Council’s investment priorities as being:

a) Security of capital;

b) Liquidity; and

c) Yield.

2.23 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 Capita Treasury Solution’s suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Capita.

2.24 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.

2.25 Credit ratings are incorporated within the approved Investment Strategy as detailed within the Treasury Management Strategy 2014-15 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 3.798%, which compares favourably with similar rates of other 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. Public Health Implications

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

8. Safeguarding Considerations

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

9. Procurement Considerations

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

10. Options Considered

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

10.2 Also any options available to provide savings from rescheduling long term borrowing are continually assessed in liaison with our treasury advisers.

11. Conclusion

11.1 Cabinet is asked to note the report.

Michael Hudson
Associate Director, Finance, Revenues & Benefits and Pensions

---

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 2014-15, 2015-16 & 2016-17
Appendix 2 Summary of Long Term Borrowing 1 April 2014 – 31 December 2014
Appendix 3 Summary of Temporary Loans and Deposits 1 April 2014 – 31 December 2014

APPENDIX 1

Prudential and Treasury Indicators for 2014-15, 2015-16 & 2016-17

Prudential Indicators

PrI 1 – Capital Expenditure

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

	2013-14 Actual Outturn £ million	2014-15 Original Estimate £ million	2014-15 Revised Estimate £ million	2014-15 Actual To date 31/12/14 £ million
General Fund	84.5	132.1	120.0	39.4
HRA	6.2	10.2	16.0	8.3

2. The (revised) estimate for 2014-15 has been amended to reflect the most up to date capital budget.

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 Month 9 2014-2015 report (as at 31 December 2014) was taken to CCAC in February 2014.

PrI 2 – Ratio of Financing Costs to Net Revenue Stream

	2013-14 Actual Outturn	2014-15 Original Estimate	2014-15 Revised Estimate
General Fund	6.2%	7.1%	6.5%
Housing Revenue Account	15.3%	14.7%	14.9%

The General Fund revised estimate for 2014-15 is lower than the previous quarter due to a decrease in estimated financing costs associated with revised borrowing following re-phasing of capital expenditure into later years.

Prudential and Treasury Indicators for 2014-15, 2015-16 & 2016-17

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 2014-15 was calculated as being £-4.39.

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

	2013-14 Actual Outturn £ million	**2014-15 Original Estimate £ million**	**2014-15 Revised Estimate £ million**
CFR – General Fund	348.6	438.7	386.4
CFR – HRA	122.6	122.6	122.6
Gross Borrowing – General Fund	245.2	305.1	246.1
Gross Borrowing – HRA	118.8	118.8	118.8
CFR not funded by gross borrowing – General Fund	**103.4**	**133.6**	**140.3**
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 borrowing with external borrowing.

8. The main reasons for the change in the 2014-15 revised estimate compared to the previous quarter are:

   a) a decrease in the capital financing requirement of £49.7 million as a result of the re-phasing of capital expenditure; and

   b) a revision of the external borrowing requirement in line with expected additional capital expenditure and cash flow requirements .

Prudential and Treasury Indicators for 2014-15, 2015-16 & 2016-17

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	**2014-15 £ million**	**2015-16 £ million**	**2016-17 £ million**
Borrowing – General Fund	471.2	473.2	466.1
Borrowing – HRA	123.2	123.2	123.2
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	**594.6**	**596.6**	**589.5**

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	**2014-15 £ million**	**2015-16 £ million**	**2016-17 £ million**
Borrowing – General Fund	459.7	461.6	454.8
Borrowing – HRA	123.2	123.2	123.2
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	**583.1**	**585.0**	**578.2**

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).

Prudential and Treasury Indicators for 2014-15, 2015-16 & 2016-17

TrI 3 – External Debt

	31/03/14 Actual £ million	30/09/14 Actual £ million	31/03/15 Expected £ million
Borrowing – General Fund	245.2	243.2	246.1
Borrowing – HRA	118.8	118.8	118.8
Total Borrowing	**364.0**	**362.0**	**364.9**
Other Long Term Liabilities	0.2	0.2	0.2
TOTAL	**364.2**	**362.2**	**365.1**

13. TrI 3 shows the gross External Debt outstanding, both long-term loans and temporary borrowing. A £2 million General Fund PWLB loan was repaid, on maturity, in June 2014. This has resulted in a reduction in actual borrowing, the repayment being contained within the Councils cash flow, through a reduction in investments rather than refinancing. The figure for actual borrowing at 31 March 2014 is stated at the amount that reflects actual outstanding external borrowing at the end of 2013-14 (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 2014-15 to 2016-17 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 47% for 2014-15, 50% for 2015-16 and 52% for 2016-17 of net outstanding principal sums.

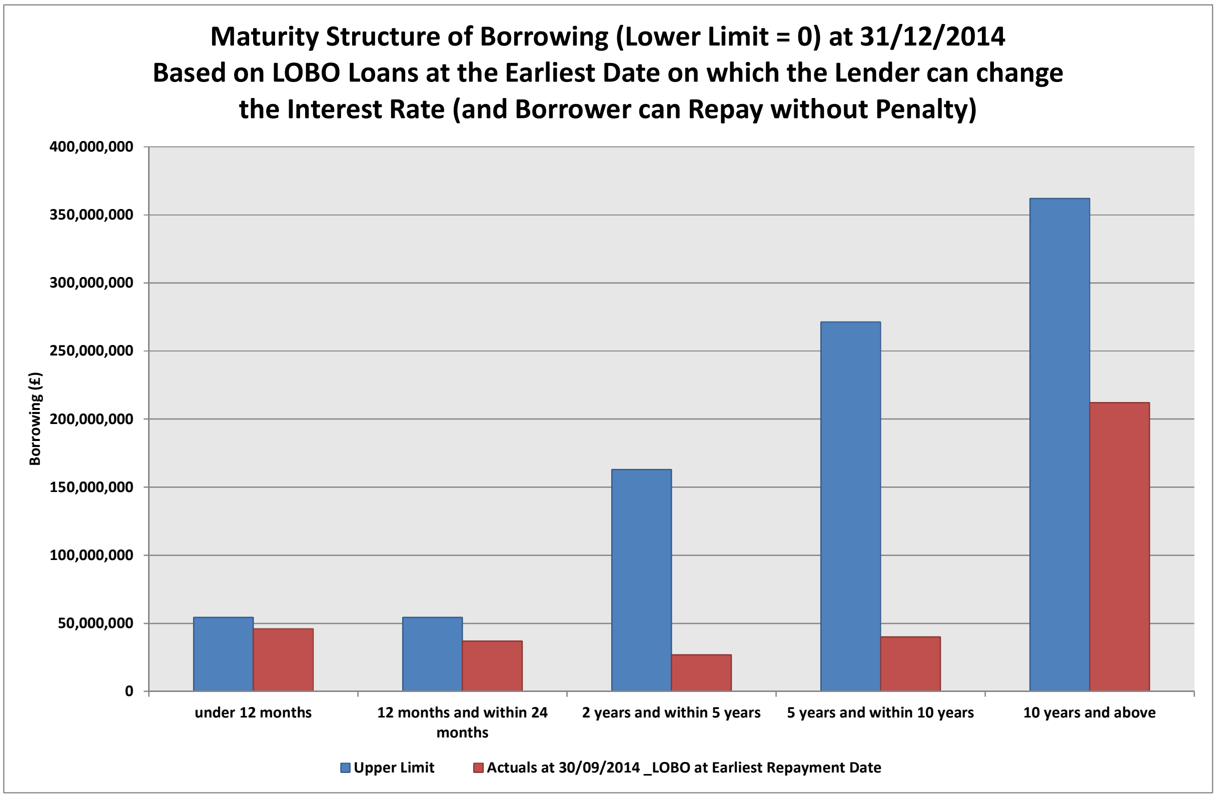
14. Options for borrowing during the period were considered, however, (mainly) due to the premium that would be incurred on the early repayment of debt and the desire to maintain the Council’s relatively low average borrowing rate, no new borrowing was taken.

Prudential and Treasury Indicators for 2014-15, 2015-16 & 2016-17

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

Limits on the Maturity Structure of Borrowing	Upper Limit	Lower Limit	Position at 31/12/14
Maturing Period:			
- under 12 months	15%	0%	13%
- 12 months and within 24 months	15%	0%	10%
- 2 years and within 5 years	45%	0%	7%
- 5 years and within 10 years	75%	0%	11%
- 10 years and above	100%	0%	59%

15. The table above and the following graph show that the actual maturity structure is within the agreed limits (no change from last quarter).



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 2014-15, which set a limit of £30 million, as approved by Council in February as part of the Treasury Management Strategy. During the first nine months of 2014-15 no cost effective investments have been identified. The Authority however holds a number of money market funds and a 35 day notice deposit account, which

offer competitive interest rates and, in the case of money market funds, 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 12.7% (£46 million) in 2014-15. However, £36 million relates to LOBO loans and, although indications are that interest rates are likely to start moving upwards in the first quarter of 2015, they are expected to increase slowly thereafter and it is, therefore, unlikely that these loans will be “called” in 2014-15. A summary maturity profile is shown in Appendix 2.

APPENDIX 2

SUMMARY OF LONG TERM BORROWING 1 APRIL 2014 – 31 DECEMBER 2014

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 31 December 2014 (No change from 30 September 2014)

	Amount (£m)					% age		Average rate (%)	
		Market Loans (LOBO)		Total					
Year	PWLB	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	48.833	61.000	-	109.833	48.833	30.3	13.5	3.910	3.360
6 to 15 years	90.123	-	-	90.123	90.123	24.9	24.9	3.013	3.013
16 to 25 years	87.500	-	-	87.500	87.500	24.2	24.2	3.872	3.872
26 to 50 years	74.500	-	45.000	74.500	119.500	20.6	33.0	4.497	4.449
Over 50 years	-	-	16.000	-	16.000	-	4.4	-	4.298
Totals	300.956	61.000	61.000	361.956	361.956	100.0	100.0	3.798	3.798

Average period to maturity (years) **15.62** **24.65**

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 time and the pattern of any future interest rate rises will almost certainly be a slow rise over a number of years, 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, is used in the 2013-14 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 2014 – 31 DECEMBER 2014

Deposits Outstanding at 31 December 2014

Borrower	Amount £m	Terms		Interest Rate	Sector Credit Rating at 31/12/2014
Lloyds TSB Bank	7.000	Fixed to	16-Feb-15	0.80	Blue - 12 Months
Oversea-Chinese Banking Corp	8.000	Fixed to	16-Feb-15	0.57	Orange - 12 Months
National Australia Bank	8.000	Fixed to	02-Feb-15	0.47	Orange - 12 Months
National Bank of Abu Dhabi	8.000	Fixed to	02-Mar-15	0.54	Orange - 12 Months
Barclays Bank	8.000	Fixed to	16-Mar-15	0.57	Red - 6 Months
DBS Bank Ltd.	8.000	Fixed to	05-May-15	0.65	Orange - 12 Months
Lloyds TSB Bank	5.000	Fixed to	11-Nov-15	1.00	Blue - 12 Months
Telford & Wrekin council	5.000	Fixed to	11-Feb-15	0.45	Yellow - 60 Months
Deutsche Bank AG	8.000	Fixed to	27-Feb-15	0.60	Red - 6 Months
Svenska Handelsbanken	0.014	No fixed maturity date		0.35	Orange - 12 Months
Black Rock Money Market Fund	0.009	No fixed maturity date		0.42	AAA
JP Morgan Money Market Fund	0.057	No fixed maturity date		0.41	AAA
Prime Rate Money Market Fund	14.605	No fixed maturity date		0.44	AAA
Goldman Sachs Money Market Fund	0.014	No fixed maturity date		0.42	AAA
Ignis Money Market Fund	11.822	No fixed maturity date		0.47	AAA
Landsbanki	0.021	Est Recoverable Amount		4.17	N/A
Total	**91.541**				

Following the sale, in November 2014, of the Council's remaining claim in the winding-up of Landsbanki and the receipt of the last repayment from the administrators of Heritable Bank, the only remaining Icelandic investment now shown as outstanding is the amount (last entry) held in an escrow account in Iceland. The estimated recoverable amounts relating to the Heritable Bank investments are treated as nil, on the basis of current indications, that there may not be any further repayments, a recovery level of 94% having been attained. The last entry reflects the amount paid out in ISK (Icelandic Krona) which is being held in an interest bearing escrow account in Iceland, pending repayment once Icelandic capital controls are eased/come to an end and, as recommended by CIPFA, accounted for as a 'new' investment.

Investment balances continue to fall due to reversing of earlier timing differences and investments held at the end of the third quarter of 2014-15 are £14.061 million lower than they were at 30th September 2014. Timing differences relate to the timing of cash flows, particularly in respect of the 'front loading' of funding since the change in the collection of National Non-domestic (Business) Rates (NNDR) under Business Rates Retention. This timing difference will reduce as the financial year progresses and is shown in the table below.

	Year Ended 31/03/2014 £m	Quarter Ended 30/06/2014 £m	Change £m	Quarter Ended 30/09/2014 £m	Change £m	Quarter Ended 31/12/2014 £m	Change £m
Total Deposits Outstanding	76.327	137.719	61.392	105.602	-32.117	91.541	-14.061

APPENDIX 3 (ii)

SUMMARY OF TEMPORARY LOANS AND DEPOSITS 1 APRIL 2014 – 31 DECEMBER 2014

Transactions During the Period

Type	Balance 1 Apr 14 £m	Raised		Repaid		Balance 31 Dec 14 £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	38.159	172.000	23	145.138	19	65.021	1.00/0.47
- HSBC Overnight	1.500	246.770	95	248.270	94	0.000	0.20/0.15
- Call Accounts	0.020	7.824	4	7.830	1	0.014	0.55/0.35
- Money Market Funds	36.648	389.509	99	399.650	88	26.506	0.47/0.41
Total	**76.327**	**816.103**	**221**	**800.888**	**202**	**91.541**	

* Interest variance is the highest/lowest interest rate for transactions during the period.
* In terms of general deposits, the high of 1.00% was obtained in November 2014 on a 12 month deposit.

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