Wiltshire Council

Cabinet

19 March 2013

Subject:	**Report on Treasury Management Strategy 2012-13 – Third Quarter ended 31 December 2012**
Cabinet Member:	**Councillor John Brady Finance, Performance and Risk**
Key Decision:	**No**

Executive Summary

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

In addition to an Annual Report, the policy requires quarterly reports reviewing the Treasury Management Strategy (TMS). This is the third quarterly report of 2012-13 and covers the period from 1 April 2012 to 31 December 2012.

Proposal

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

Reasons For Proposals

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

MICHAEL HUDSON
Service Director, Finance

Wiltshire Council

Cabinet

19 March 2013

Subject:	**Report on Treasury Management Strategy 2012-13 – Third Quarter ended 31 December 2012**
Cabinet Member:	**Councillor John Brady Finance, Performance and Risk**
Key Decision:	**No**

Background & Purpose of Report

1. The Council adopted a Treasury Management Strategy for 2012-13 at its meeting on 28 February 2012, incorporating Prudential Indicators (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).

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 three quarters of 2012-13, ended 31 December 2012.

Main Considerations for the Cabinet

3. This report reviews management actions in relation to:

   a) the PrIs and TrIs originally set for the year and the position at 31 December 2012;

   b) other treasury management actions during the period; and

   c) the agreed Annual Investment Strategy.

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

4. The following is a review of the position on the key prudential and treasury indicators for the nine months to 31 December 2012.

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

Key Prudential Indicators

PrI 2 – Ratio of Financing Costs to Net Revenue Stream

	2011-12 Actual Outturn	2012-13 Original Estimate	2012-13 Revised Estimate
General Fund Housing Revenue Account	6.2% 0.6%	8.2% 19.9%	6.4% 19.9%

6. The General Fund revised estimate for 2012-13 is lower than the original due to a reduction in financing cost estimates, following a lower level of borrowing undertaken in 2011-12 than originally assumed.

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

	2011-12 Actual Outturn £ million	2012-13 Original Estimate £ million	2012-13 Revised Estimate £ million
CFR – General Fund	342.2	389.3	354.1
CFR – HRA	122.6	122.6	122.6
Net Borrowing – General Fund	195.5	268.2	195.2
Net Borrowing – HRA	118.8	118.8	118.8
CFR not funded by net borrowing – General Fund	**146.7**	**121.1**	**158.9**
CFR not funded by net borrowing – HRA	**3.8**	**3.8**	**3.8**

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

8. The main reasons for the difference in the 2012-13 revised and original estimates are:

   a) 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 2012-13, any increase in capital financing requirement being funded (internally) by a reduction in investments. Using ‘internal cash’, where it is available, to fund increases in CFR, through cash flow management, rather than borrowing externally reduces the cost of borrowing (from 4.5%, externally to 0.80%, internally); and

   c) the revision of the level of short term investments likely to be held at the end of 2012-13.

Key Treasury Management Indicators within the Prudential Code

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

TrI 1 – Authorised Limit for External Debt

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

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

TrI 2 – Operational Boundary for External Debt

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

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

TrI 3 – External Debt

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

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

Key Treasury Management Indicators within the Treasury Management Code

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

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

TrI 7 - Local Prudential Indicator

14. In addition to the main maturity indicators it was agreed no more than 15% of long term loans should fall due for repayment within any one financial year. The maximum in any one year is currently 9.3% (£34 million) in 2014-15. 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 2014-15. A summary maturity profile is shown in Appendix 2.

Other Debt Management Issues

Debt Rescheduling

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

Cash Surpluses and Deficits

Short Term Surpluses and Deficits

16. Any short term cash surpluses or deficits have been managed through temporary deposits or loans, respectively. Temporary deposits outstanding at 31 December 2012 amounted to £95.3 million, including outstanding Icelandic bank deposits, shown at their current estimated recoverable amounts, as detailed in Appendix 3.

Icelandic Banks

17. As at 31 December 2012, the Council has received twelve interim payments from the administrators of Heritable Bank, totalling nearly £7 million and three repayments from the Landsbanki Islands hf Bank Winding-up Board, totalling circa £1.5 million. The original principal invested in each bank was: Heritable, £9 million; and Landsbanki, £3 million (£12 million in total).

18. A further repayment of £0.245 million was received in January 2013 from the administrators of Heritable Bank. The Landsbanki Winding-up Board have not indicated when they will be making the next distribution.

19. Indications are that the Council will recover 95% of its deposits with Heritable and 100% of its deposit in Landsbanki. However, repayments, particularly from Landsbanki, are likely to be completed over several more years.

Longer Term Cash Balances

20. Interest rate movements in the period have not provided many opportunities for an increased return by longer term investment of the more permanent cash surpluses, such as reserves and balances. Funds have been invested ‘short’ during the period, in the light of the continuing uncertainty of the current financial climate, particularly the ongoing Euro zone sovereign debt issues. However, there have been opportunities to invest, within the Councils approved Treasury Management Strategy in (UK) banks which have offered “special tranche rates” for twelve months.

21. During the first nine months of 2012-13 three “special tranche rate” investment were placed with National Westminster Bank (in April for 12 months at 2.25%) and Lloyds Banking Group (in August for 12 months at 2.85% and a further investment in September for (circa) seven months, at a rate of 1.75%). Further details are shown in Appendix 3.

22. On 11 January 2013 Sector, the Council’s treasury advisors, issued a newsflash saying that they now believe market conditions are such that there is no longer a need for a more stringent limit (of three months) on the maximum suggested durations with counterparties. The revised durations, based on Sector’s normal creditworthiness parameters (as shown in the Investment Strategy, please see paragraph 27 below), are now reflected in the latest credit lists issued following the newsflash. Sector will, of course, continue to monitor the situation and amend the credit list and their advice accordingly.

<u>Investment Strategy</u>

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.

24. Our treasury advisers provide a weekly credit rating document and updates on any changes in ratings between one weekly credit rating document and the next. Ratings are monitored and any changes reflected in a revised lending list and any action considered appropriate is taken. The advisers also provide details of credit default swap spreads, which indicate default risk, if any. These are also taken into account in preparing and updating the Council's lending list.

25. The credit worthiness service uses a sophisticated modelling approach, with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as 'overlays':

a) credit watches (typically resolved over a relatively short period) and credit outlooks (indicates the direction a rating is likely to move over a one to two-year period) from credit rating agencies;

b) CDS spreads to give early warning of likely changes in credit ratings; and

c) sovereign ratings to select counterparties from only the most creditworthy countries

26. This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.

27. The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within the weekly credit list of worldwide potential counterparties provided by the Council's treasury advisers. The Council, where it is considered appropriate and in line with its whole investment strategy, will therefore use counterparties within the following durational bands:

a) Yellow – 5 years (a new category introduced by the treasury advisers late in 2010 to cover AAA rated Government debt or its equivalent, including a new investment instrument – collateralised deposits, where the investment is secured only against local authority debt, namely LOBOs, making them effectively government exposure);

b) Purple – 2 years;

c) Blue – 1 year (only applies to nationalised or semi nationalised UK Banks and their subsidiaries);

d) Orange – 1 year;

e) Red – 6 months;

f) Green – 3 months; and

g) No Colour – not to be used.

28. While Sector considered markets to be particularly volatile, all ratings (**with the exception of those covered by the Blue, one year rating, which only applies to nationalised or semi nationalised UK Banks and their subsidiaries**) were restricted to Green, with a maximum duration limit of three months. In January 2013 Sector removed this more stringent limit on the maximum suggested durations with counterparties. The situation will be monitored and investments will only be placed with the stronger rated counterparties.

29. All investments are within the suggested maturity period. Members will note some have no fixed maturity date, in these instances we take advantage of the market rate and recall these within the maturity period dictated to by our advisors rating. This allows flexibility as ratings change to be balanced against the opportunity to gain higher rates.

30. Ratings outside this structure include those that apply to local authorities, which are rated as AAA, except where, in a few cases, local authorities have applied for and received individual ratings, such as when they wish to issue bonds and the rating achieved is, or is subsequently downgraded, below AAA. Money Market Funds the Council may place investments in, are also rated (outside this structure) AAA.

31. The above ratings are incorporated within the approved Investment Strategy as detailed within the Treasury Management Strategy 2012-13 and the current ratings have been shown against the deposits outstanding in Appendix 3.

Environmental and Climate Change Considerations

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

Equalities Impact of the Proposal

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

Risk Assessment and Financial Implications

34. 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.

Legal Implications

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

Options Considered

36. Further consideration was given to the option of alternative investments such as UK Government gilts and treasury bills (T Bills), together with certificate of deposits (CDs). CDs are deposits, mainly with banks (some not offering fixed term deposits through the market), which can either be retained until maturity or traded through a secondary market. CDs are, therefore, more liquid than a normal fixed term deposit, which (usually) must be retained until maturity and give access to additional counterparties, leading to increased diversification of investments and, therefore, increased security.

37. Interest rates are expected to remain low for the short to medium term, with current indications that there will not be a rise in the Bank Rate until the first quarter of 2015, ending in March 2015 (Source: Sector Treasury Services Limited – U.K. Interest Rate Forecasts November 2012). Consequently, longer term investments are continually assessed and considered, taking account of the 'SLY principle' (with security the prime driver for all investment decisions) as an enhancement to the Council's investment portfolio. This has resulted in the continued placement of funds, at an extremely competitive interest rate, with Lloyds Banking Group and National Westminster Bank.

38. PWLB rates were monitored for opportunities to take out loans in advance of need. However, as there was no immediate necessity to borrow and forward borrowing would incur a 'cost of carry' no loans were taken out during this reporting period.

Conclusion

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

Michael Hudson
Service Director, Finance

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Background Papers

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

Appendices

Appendix 1 Prudential and Treasury Indicators for 2012-13, 2013-14 & 2014-15
Appendix 2 Summary of Long Term Borrowing 1 April 2011 – 31 December 2012
Appendix 3 Summary of Temporary Loans and Deposits 1 April – 31 December 2012

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

Prudential Indicators

PrI 1 – Capital Expenditure

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

	2011-12 Actual Outturn £ million	2012-13 Original Estimate £ million	2012-13 Revised Estimate £ million	2012-13 Actual To date 31/12/12 £ million
General Fund	91.8	113.9	87.3	43.9
HRA	4.0	9.4	5.5	3.1

2. The revised estimate for 2012-13 is lower than the original estimate largely because of major reprogramming of schemes from 2012-13 into 2013-14 as larger schemes are pushed back into later years.

3. The Capital Programme is monitored closely throughout the year and progress on the programme is reported to the Cabinet Capital Asset Committee (CCAC). The next report due to be taken to members is the Month 10 2012/2013 report which will be taken to CCAC on 19 March 2013.

PrI 2 – Ratio of Financing Costs to Net Revenue Stream

	2011-12 Actual Outturn	2012-13 Original Estimate	2012-13 Revised Estimate
General Fund	6.2%	8.2%	6.4%
Housing Revenue Account	0.6%	19.9%	19.9%

The General Fund revised estimate for 2012-13 is lower than the original due to a reduction in financing cost estimates, following a lower level of borrowing undertaken in 2011-12 than originally assumed.

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 2012-13 was calculated as being £3.15.

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

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

	2011-12 Actual Outturn £ million	**2012-13 Original Estimate £ million**	**2012-13 Revised Estimate £ million**
CFR – General Fund	338.4	389.3	354.1
CFR – HRA	122.6	122.6	122.6
Net Borrowing – General Fund	195.5	268.2	195.2
Net Borrowing – HRA	118.8	118.8	118.8
CFR not funded by net borrowing – General Fund	**142.9**	**121.1**	**158.9**
CFR not funded by net 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. The main reason for the difference in the 2012-13 revised and original estimates are:

   a) a decrease in the anticipated capital financing requirement;

   b) a revision of the external borrowing requirement. It is anticipated that no borrowing will be taken in 2012-13, any increase in capital financing requirement being funded (internally) by a reduction in investments. Using 'internal cash', where it is available, to fund increases in CFR, through cash flow management, rather than borrowing externally reduces the cost of borrowing (from 4.5%, externally to 0.80%, internally); and

   c) the revision of the level of short term investments likely to be held at the end of 2012-13.

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

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

Treasury Management Indicators within the Prudential Code

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

APPENDIX 1

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

TrI 1 – Authorised Limit for External Debt

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

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

TrI 2 – Operational Boundary for External Debt

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

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

TrI 3 – External Debt

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

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

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

Treasury Management Indicators within the Treasury Management Code

TrI 4a – Upper Limit on Fixed Interest Rate Exposures

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

TrI 4b – Upper Limit on Variable Interest Rate Exposures

The Council's upper limit for variable interest rate exposure is 25% for 2012-13, 35% for 2013-14 and 40% for 2014-15 of net outstanding principal sums.

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

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

Limits on the Maturity Structure of Borrowing	Upper Limit	Lower Limit	Position at 31/12/12
Maturing Period:			
- under 12 months	15%	0%	2%
- 12 months and within 24 months	15%	0%	9%
- 2 years and within 5 years	45%	0%	16%
- 5 years and within 10 years	75%	0%	10%
- 10 years and above	100%	0%	63%

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

14. No long term borrowing has been taken during the period. If interest rates are favourable and an opportunity exists to take further borrowing this year we will look to match borrowing with this maturity structure.

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

15. This PrI is now covered by the Annual Investment Strategy for 2012-13, which set a limit of £30 million. During the first nine months of 2012-13 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.

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

TrI 7 - Local Prudential Indicator

16. In addition to the main maturity indicators it was agreed no more than 15% of long term loans should fall due for repayment within any one financial year. The maximum in any one year is currently 9.3% (£34 million) in 2014-15. A summary maturity profile is shown in Appendix 2.

SUMMARY OF LONG TERM BORROWING 1 APRIL 2012 – 31 DECEMBER 2012

Loans Raised During the Period

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

Average period to maturity (years) **0.00**

Average interest rate (%) **0.00**

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

Maturity Profile at 31 December 2012

Year	Amount (£m)	%age	Average rate (%)
1 to 5 years	97.057	26.7	3.931
6 to 15 years	84.933	23.3	2.779
16 to 25 years	99.500	27.3	3.812
26 to 50 years	82.500	22.7	4.149
Over 50 years	-	-	-
Totals	363.990	100.0	3.787

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

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

SUMMARY OF TEMPORARY LOANS AND DEPOSITS 1 APRIL – 31 DECEMBER 2012

Deposits Outstanding at 31 December 2012

Borrower	Amount £m	Terms		Interest Rate	Sector Credit Rating at 31/12/2012	Sector Credit Rating Post 11/01/2013
HSBC Bank Plc - Treasury	3.200	No fixed maturity date		0.20	Green - 3 Months	Orange - 12 Months
National Westminster Bank	8.000	Fixed to	05-Apr-13	2.25	Blue - 12 Months	Blue - 12 Months
Barclays Bank	8.000	Fixed to	16-Jan-13	0.48	Green - 3 Months	Green - 3 Months
Lloyds TSB Bank	5.000	Fixed to	09-Aug-13	2.85	Blue - 12 Months	Blue - 12 Months
Lloyds TSB Bank	3.000	Fixed to	14-Feb-13	1.75	Blue - 12 Months	Blue - 12 Months
Nationwide Building Society	8.000	Fixed to	16-Jan-13	0.45	Green - 3 Months	Green - 3 Months
National Bank of Abu Dhabi	8.000	Fixed to	15-Jan-13	0.46	Green - 3 Months	Red - 6 Months
Commonwealth Bank of Australia	8.000	Fixed to	15-Feb-13	0.40	Green - 3 Months	Orange - 12 Months
Svenska Handelsbanken AB	7.559	No fixed maturity date		0.40	Green - 3 Months	Orange - 12 Months
Black Rock	0.009	No fixed maturity date		0.33	AAA	AAA
J P Morgan Money Market Funds	0.022	No fixed maturity date		0.29	AAA	AAA
Prime Rate Money Market Fund	14.951	No fixed maturity date		0.48	AAA	AAA
Goldman Sachs Money Market Fund	4.259	No fixed maturity date		0.46	AAA	AAA
Ignis Money Market Fund	14.885	No fixed maturity date		0.53	AAA	AAA
Heritable Bank	0.384	Est Recoverable Amount		6.00	N/A	N/A
Heritable Bank	0.255	Est Recoverable Amount		6.00	N/A	N/A
Heritable Bank	0.384	Est Recoverable Amount		6.00	N/A	N/A
Heritable Bank	0.128	Est Recoverable Amount		5.42	N/A	N/A
Landsbanki	1.197	Est Recoverable Amount		6.10	N/A	N/A
Landsbanki	0.021	Est Recoverable Amount		3.40	N/A	N/A
Total	**95.254**					

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

Transactions During the Period

Type	Balance 1 Apr 12 £m	Raised Value £m	Raised No.	Repaid Value £m	Repaid No.	Balance 31 Dec 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	24.507	136.000	18	110.138	14	50.369	2.85/0.40
- HSBC Overnight	0.000	161.570	75	158.370	77	3.200	0.20/0.20
- Call Accounts	0.026	7.533	4	0.000	0	7.559	0.75/0.40
- Money Market Funds	25.132	359.974	90	350.980	108	34.126	0.80/0.29
Total	**49.665**	**665.077**	**187**	**619.488**	**199**	**95.254**	

* Interest variance is the highest/lowest interest rate for transactions during the period.
* In terms of general deposits, the high of 2.85% was obtained on a 12 month deposit.

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