

AGENDA ITEM: 6

Pages 19 – 25

Meeting	Cabinet Resources Committee
Date	21 April 2011
Subject	Treasury Management Activity for the part year ended 28 March 2011
Report of	Cabinet Member for Resources and Performance
Summary	To report on Treasury Management activity in the part year to 28 March 2011.

Officer Contributors	John Hooton - Assistant Director of Strategic Finance Karen Bannister – Interim Treasury Manager
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – PWLB Rates Appendix B – Deposits as at 28 March 2011 with Credit Ratings Appendix C – Compliance with Prudential Indicators Appendix D – List of School Banking Institutions
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Karen Bannister, Interim Treasury Manager, 020 8359 7119.

1. RECOMMENDATIONS

1.1 That the Treasury Management activity for the part year to 28 March 2011 be noted.

1.2 That the Committee consider any areas on which it would like to receive further information.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee, 25 March 2008 (Decision item 18) – Treasury Management Business Strategy.

2.2 Cabinet, 23 October 2008 (Decision item 12) – Council Deposits in Icelandic Banks.

2.3 The Leader of the Council and Cabinet Member for Resources approved under delegated powers (DPR 712) on 5 December 2008 the Treasury Management Strategy 2008/09 – Deposit Counterparty Limits.

2.4 Cabinet Resources Committee, 19 January 2009 (Decision item 16) – Treasury Management Strategy.

2.5 Cabinet Resources Committee, 30 March 2009 (Decision item 13) – Treasury Management Strategy.

2.6 Cabinet Resources Committee, 15 June 2009 (Decision item 7) – Outturn 2008/09.

2.7 Cabinet Resources Committee, 2 September 2009 (Decision item 15) – Treasury Management Activity in the Quarter to 30 June 2009.

2.8 Cabinet Resources Committee, 2 November 2009 (Decision item 14) – Treasury Management Activity to 31 August 2009.

2.9 Cabinet Resources Committee, 19 January 2010 (Decision item 9) – Treasury Management Activity to 18 December 2009.

2.10 Cabinet Resources Committee, 23 February 2010 (Decision item 10) – Treasury Management Activity to 31 December 2009.

2.11 Cabinet Resources Committee, 16 March 2010 (Decision item 9) – Treasury Management Strategy 2010/11.

2.12 Special Committee (Constitution Review), 25 March 2010 (Decision item 8) – Amending the Council's Financial Regulations.

2.13 Cabinet Resources Committee, 22 April 2010 (Decision item 7) – Treasury Management Activity to 25 March 2010.

2.14 Cabinet Resources Committee, 17 June 2010 (Decision item 17) – Treasury Management Outturn for the year ended 31 March 2010.

2.15 Cabinet Resources Committee, 19 July 2010 (Decision item 10) – Treasury Management Activity to 31 May 2010.

- 2.16 Cabinet Resources Committee, 2 September 2010 (Decision item 9) – Treasury Management Outturn for the Quarter ended 30 June 2010.
- 2.17 Cabinet Resources Committee, 30 November 2010 (Decision item 5) – Treasury Management Activity for the Half Year Ended 30 September 2010 and (Decision item 6) Amending the Treasury Management Strategy 2010/11.
- 2.18 Council, 1 March 2011 (Decision item 10 – Treasury Management Strategy 2011/12.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Treasury Management Strategy (TMS) ensures effective treasury management supports the achievement of the Council’s corporate priority for 2010-2013, ‘Better services with less money’, through the strategic objective “make sure we get best value from resources across the public sector, including our people and assets”. The TMS is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

4. RISK MANAGEMENT ISSUES

- 4.1 Borrowing and deposit rates are determined by the market and can be volatile at times. Officers mitigate this volatility by monitoring the interest rate market in conjunction with treasury advisors and brokers, and by actively managing the debt and deposit portfolios.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The management of the Council’s cash flow ensures the availability of adequate monies to pay for the delivery of the authority’s public duties.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance and Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 During the period 1 April 2010 to 28 March 2011, the Council achieved £1.57m of net interest benefit (£1.65m in 2009/2010 financial year).
- 6.2 The wider financial implications for the Council are dealt with in section 9 of this report.

7. LEGAL ISSUES

- 7.1 None other than those mentioned in the body of this report.

8. CONSTITUTIONAL POWERS

- 8.1 Financial Regulations (Part 1, Section 7) within the Council Constitution state:
 - (1) This organisation adopts the key recommendations of CIPFA’s Treasury Management in the Public Services Code of Practice (the Code), as described in Section 4 of that Code.
 - (2) Cabinet Resources Committee will create and maintain a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities.
 - (3) The Chief Finance Officer will create and maintain suitable Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve

those policies and objectives, and prescribing how it will manage and control those activities.

- (4) The content of the policy statement and TMPs will predominantly follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the organisation. Such amendments will not result in the authority materially deviating from the Code's key recommendations.
- (5) Cabinet Resources Committee will receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, and an annual report after its close in the form prescribed in the TMPs. These reports will incorporate the prudential borrowing limits and performance indicators.

8.2 Responsibilities for Function, Section 3.6 states that a function of the Cabinet Resources Committee is to "consider reports on Treasury Management Strategy and activity, including creating and maintaining a Treasury Management Policy Statement."

9. BACKGROUND INFORMATION

9.1 Treasury Management Strategy

9.1.1 The Council's amended Treasury Management Strategy 2010/11 was approved at Cabinet Resources Committee on 30 November 2010. The TMS 2010/11 reflects the Council Budget 2010-2011 Financial Forward Plan and Capital Programme. They set out the timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing.

9.1.2 The key changes introduced by the amended Treasury Management Strategy 2010/2011 were:

- (i) The extension of the maximum permissible duration of investments from 92 days to 364 days to bring the strategy in line with that of other local authorities and to enable a higher rate of return on investments.
- (ii) The adoption of Arlingclose's (the Council's treasury advisors) counterparty list which includes the Debt Management Account Deposit Facility, T-Bills, UK local authorities, UK and non-UK banks and AAA-rated Money Market Funds.

9.1.3 The Treasury Management Strategy 2011/12 was approved by Council on the 1st of March 2011.

9.1.4 The TMS is under constant review to reflect market conditions and the financing requirements of the Council.

9.2 Icelandic Bank Deposits

9.2.1 The outcome of Icelandic Bank litigation remains the single most important financial risk facing the Council. Our current balance sheet assumes that the Council retains priority status as a creditor of the two banks through the wind-up process. On the 1st of April, the Icelandic District Court ruled that deposits placed by UK wholesale depositors (including Local Authorities) would have priority in the winding up of Glitnir and Landsbanki banks. Whilst this is a positive outcome, the judgement is almost certain to be appealed, so there is likely to be a continued period of uncertainty. The most significant risk for the Council is that ultimately priority status will not be maintained leading to a much lower level of eventual recovery of funds.

- 9.2.2 Each party will have two weeks from the date the judgment is delivered to appeal the decision. The Council's external legal advisers on this matter, Bevan Brittan Solicitors, are of the view the decision is likely to be appealed in the Supreme Court. If an appeal is made to the Supreme Court, judgment is unlikely to be delivered before autumn 2011.
- 9.2.3 The additional potential cost is estimated at £14.1m, and this could crystallise in accordance with events in the judicial process. The Council applied for a capitalisation direction in 2010/11 to provide additional flexibility in dealing with the potential additional cost, but this was declined by government. A key aim of Financial Strategy is therefore to set aside sufficient revenue funding in the risk reserve. Should this risk crystallise prior to sufficient funds being identified in the risk reserve, other reserves would need to be utilised and then replenished as a priority within the Financial Strategy.

9.3 Economic Background for the Part Year to 28 March 2011

- 9.3.1 The Comprehensive Spending Review (CSR) announced on 20 October 2010 set out how the Coalition Government will carry out the UK's deficit reduction plan over the next 4 years with the aim of eliminating the structural deficit by 2015. Departmental budgets (other than health and overseas aid) are to be cut by an average of 19%, with around £81 billion cut from public spending overall, over 4 years resulting in a loss of around 490,000 public sector jobs. The Office of Budget Responsibility's (OBR), the new fiscal watchdog, verdict on the CSR was that there was a better than ever chance of hitting the fiscal mandates and that the rebalancing of the economy could be relatively pain-free.
- 9.3.2 The Bank of England's February Quarterly Inflation Report indicates inflation is likely to rise to between 4% and 5% throughout 2011, before returning to the 2% target. In the Bank's view, the outlook for growth is highly uncertain and the strength of the economic recovery is likely to be effected by high commodity prices and modest wage inflation.
- 9.3.6 The TMS will be kept under review specifically in terms of market conditions, benchmarks and yield.

9.4 Borrowing Performance

- 9.4.1 A borrowing requirement of £25.19m (£10.4m related to the Housing Revenue Account) is currently forecast for 2010/11. The capital programme is kept under constant review and any changes that impact on the external borrowing will be reported to this committee.
- 9.4.2 The total value of long term loans dropped from £214.5m at 31 March 2010 to £202.5 at 28 March 2011. However the average cost of borrowing remained steady at 4.09%.

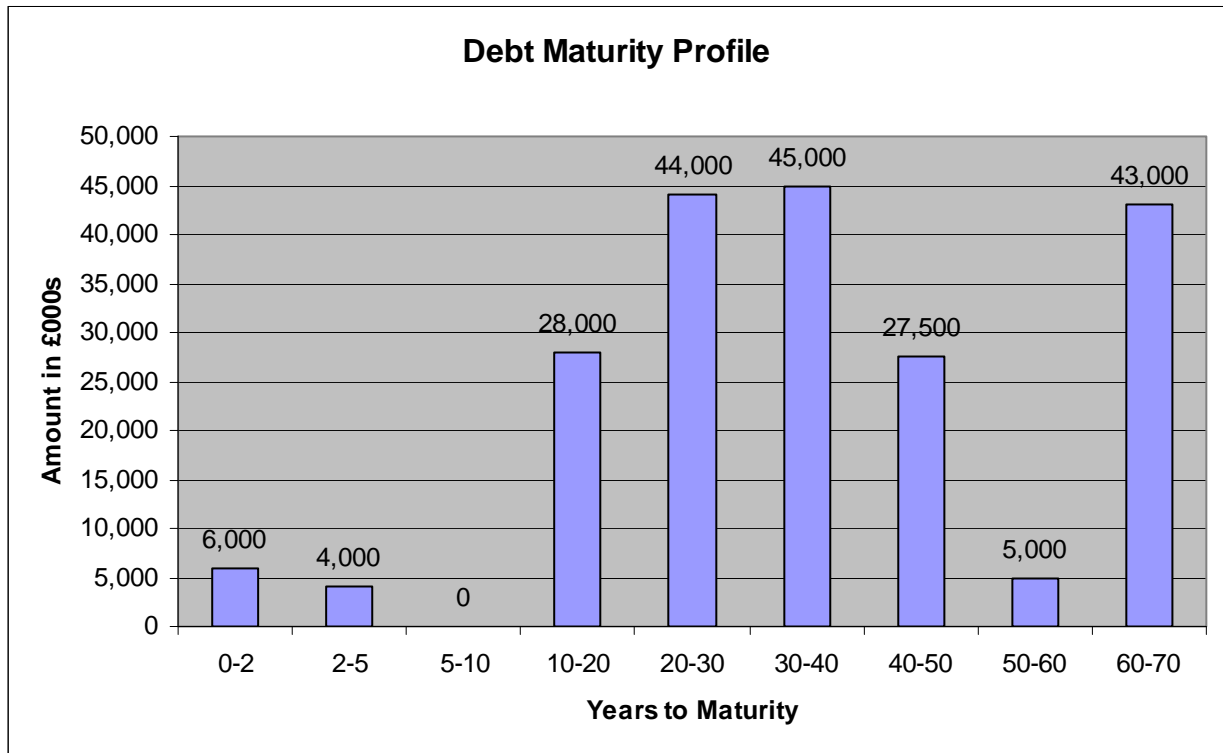
9.5 Current Portfolio

- 9.5.1 The Council's long term debt position at the beginning and end of the part year was as follows:

	28 March 2011		31 March 2010	
	Principal	Average Rate	Principal	Average Rate
PWLB	£140.00m	4.19%	£147.00m	4.21%
Market	£57.50m	3.82%	£62.50m	3.82%
Temporary	£5.00m	4.50%	£5.00m	4.50%
	£202.50m	4.10%	£214.50m	4.09%

9.5.2 The Council’s long-term debt portfolio is a mixture of PWLB and market loans in the form of LOBOs (Lender’s Option Borrower’s Option), loans that are at a fixed interest rate for an initial period, following which the lender can change the interest rate but the borrower has the option to repay the loan if the rate is changed and not considered value for money.

The Council’s current debt maturity profile is outlined in the graph below.



9.5.3 In order to comply with accounting standards for financial instruments, some of the market loans in the debt portfolio have been recalculated on an effective interest rate basis as opposed to being calculated on an amortised cost basis. The total value of loans in question before re-measurement was £9.5m; and additional charge of 0.36m has now been added to the carrying value of these loans.

9.5.4 Money Market data and PWLB rates are attached at Appendix A.

9.6 Investment Performance

9.6.1 Deposits are managed internally. At 28 March 2011, deposits outstanding amounted to £146.65m (including £5.97m of Icelandic impairments), achieving an average rate of return of 0.898% (adjusted for Icelandic deposits) against a benchmark of 0.66%.

9.6.2 The benchmark is the average 7-day LIBID rate (un-compounded), sourced from the Financial Times. The LIBID rate or London Interbank Bid Rate is the rate that a Euromarket bank is willing to pay to attract a deposit from another Euromarket bank in London.

9.6.3 The Council outperformed the benchmark return by 0.23%, which based on the average balance invested for the part year produced some £337,295 additional interest.

9.7 Prudential Indicators

- 9.7.1 The Local Government Act 2003 requires the Council to set and Affordable Borrowing Limit, irrespective of it's indebted status. This is a statutory limit which should not be breached. The Council's Authorised Limit (also known as the Affordable Borrowing Limit) was set at £334.15m for 2010/11.
- 9.7.3 The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included with the Authorised Limit. The Council's Operational Boundary for 2010/11 was set at £319.15m.
- 9.7.4 During the part year to 28 March 2011 there were no breaches of the Authorised Limit and the Operational Boundary.
- 9.7.5 Further details of compliance with prudential indicators are contained in Appendix C.

9.8 Compliance

- 9.8.1 The current 2010/2011 TMS was approved by this Committee on 17 March 2010 and subsequently amended on 30 November 2010. The TMS demands regular compliance reporting to this Committee to include an analysis of deposits made during the review period. This also reflects good practice and will serve to reassure this Committee that all current deposits for investment are in line with agreed principles as contained within the corporate TMS.
- 9.8.2 As at 28 March 2011, the Council had deposits outstanding with a total value of £146.65 (£5.96m of which is Icelandic impairments) of which four Icelandic deposits totalling £27.4m fell outside the TMS as approved on 30 November 2010. A list of deposits outstanding and counterparty credit ratings at 28 March 2011 is attached as Appendix B.
- 9.8.3 All Deposits placed during the part year ended 28 March 2010 were compliant with the TMS as approved on 30 November 2010.
- 9.8.4 Treasury management procedures are monitored and reviewed in light of CIFPA guidance and current market conditions.
- 9.8.5 The Department of Education have recently changed their guidance on schools banking arrangements. The new guidance requires schools to bank with institutions that meet the requirements of approved counterparties as identified in the Treasury Management Strategy. Appendix D contains a list of schools who currently bank with institutions that fall outside the Treasury Management Strategy.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal – TE
CFO – JH

APPENDIX A

PWL B

INTEREST RATE NOTICE NUMBER 127/11
FIXED RATES FOR TRANSACTIONS AGREED AFTER 09:15 ON 01 APR 2011

Use yellow arrow (above) to scroll through pages of report. Use the buttons at the bottom of the page to produce csv and PDF formats.

Period (years)	New Loan Rates						Premature Repayment Rates					
	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change
1 year	-		-		1.95	(+0.06)	-		-		0.84	(+0.06)
Over 1 not over 1½	-		-		2.18	(+0.06)	0.84	(+0.06)	0.84	(+0.06)	0.84	(+0.06)
Over 1½ not over 2	2.07	(+0.06)	2.07	(+0.06)	2.42	(+0.07)	0.84	(+0.06)	0.84	(+0.06)	1.07	(+0.06)
Over 2 not over 2½	2.18	(+0.06)	2.19	(+0.06)	2.65	(+0.07)	0.96	(+0.06)	0.96	(+0.06)	1.31	(+0.07)
Over 2½ not over 3	2.30	(+0.06)	2.31	(+0.07)	2.87	(+0.07)	1.07	(+0.06)	1.08	(+0.06)	1.54	(+0.07)
Over 3 not over 3½	2.42	(+0.07)	2.43	(+0.07)	3.08	(+0.07)	1.19	(+0.06)	1.20	(+0.07)	1.76	(+0.07)
Over 3½ not over 4	2.53	(+0.06)	2.54	(+0.06)	3.28	(+0.07)	1.31	(+0.07)	1.32	(+0.07)	1.97	(+0.07)
Over 4 not over 4½	2.65	(+0.07)	2.66	(+0.07)	3.47	(+0.07)	1.42	(+0.06)	1.43	(+0.06)	2.17	(+0.07)
Over 4½ not over 5	2.76	(+0.07)	2.77	(+0.06)	3.65	(+0.08)	1.54	(+0.07)	1.55	(+0.07)	2.36	(+0.07)
Over 5 not over 5½	2.87	(+0.07)	2.89	(+0.07)	3.81	(+0.07)	1.65	(+0.07)	1.66	(+0.06)	2.54	(+0.08)
Over 5½ not over 6	2.97	(+0.06)	3.00	(+0.07)	3.97	(+0.08)	1.76	(+0.07)	1.78	(+0.07)	2.70	(+0.07)
Over 6 not over 6½	3.08	(+0.07)	3.11	(+0.07)	4.11	(+0.08)	1.86	(+0.06)	1.89	(+0.07)	2.86	(+0.08)
Over 6½ not over 7	3.18	(+0.07)	3.22	(+0.08)	4.24	(+0.09)	1.97	(+0.07)	2.00	(+0.07)	3.00	(+0.08)
Over 7 not over 7½	3.28	(+0.07)	3.32	(+0.07)	4.35	(+0.08)	2.07	(+0.07)	2.11	(+0.08)	3.13	(+0.09)
Over 7½ not over 8	3.38	(+0.08)	3.43	(+0.08)	4.46	(+0.08)	2.17	(+0.07)	2.21	(+0.07)	3.24	(+0.08)
Over 8 not over 8½	3.47	(+0.07)	3.53	(+0.08)	4.56	(+0.09)	2.27	(+0.08)	2.32	(+0.08)	3.35	(+0.08)
Over 8½ not over 9	3.56	(+0.07)	3.62	(+0.07)	4.65	(+0.09)	2.36	(+0.07)	2.42	(+0.08)	3.45	(+0.09)
Over 9 not over 9½	3.65	(+0.08)	3.72	(+0.08)	4.73	(+0.09)	2.45	(+0.07)	2.51	(+0.07)	3.54	(+0.09)
Over 9½ not over 10	3.73	(+0.08)	3.81	(+0.08)	4.80	(+0.09)	2.54	(+0.08)	2.61	(+0.08)	3.62	(+0.09)
Over 10 not over 10½	3.81	(+0.07)	3.89	(+0.08)	4.86	(+0.08)	2.62	(+0.08)	2.70	(+0.08)	3.69	(+0.09)
Over 10½ not over 11	3.89	(+0.08)	3.98	(+0.08)	4.92	(+0.09)	2.70	(+0.07)	2.78	(+0.08)	3.75	(+0.08)
Over 11 not over 11½	3.97	(+0.08)	4.06	(+0.08)	4.97	(+0.08)	2.78	(+0.08)	2.87	(+0.08)	3.81	(+0.09)
Over 11½ not over 12	4.04	(+0.08)	4.14	(+0.09)	5.02	(+0.09)	2.86	(+0.08)	2.95	(+0.08)	3.86	(+0.08)
Over 12 not over 12½	4.11	(+0.08)	4.21	(+0.08)	5.06	(+0.09)	2.93	(+0.08)	3.03	(+0.09)	3.91	(+0.09)
Over 12½ not over 13	4.17	(+0.08)	4.29	(+0.09)	5.09	(+0.08)	3.00	(+0.08)	3.10	(+0.08)	3.95	(+0.09)
Over 13 not over 13½	4.24	(+0.09)	4.36	(+0.09)	5.13	(+0.08)	3.06	(+0.08)	3.18	(+0.09)	3.98	(+0.08)
Over 13½ not over 14	4.30	(+0.09)	4.42	(+0.09)	5.15	(+0.07)	3.13	(+0.09)	3.25	(+0.09)	4.02	(+0.08)
Over 14 not over 14½	4.35	(+0.08)	4.48	(+0.09)	5.18	(+0.08)	3.19	(+0.09)	3.31	(+0.09)	4.04	(+0.07)
Over 14½ not over 15	4.41	(+0.09)	4.54	(+0.09)	5.20	(+0.07)	3.24	(+0.08)	3.37	(+0.09)	4.07	(+0.08)
Over 15 not over 15½	4.46	(+0.08)	4.60	(+0.09)	5.22	(+0.07)	3.30	(+0.09)	3.43	(+0.09)	4.09	(+0.07)
Over 15½ not over 16	4.51	(+0.08)	4.65	(+0.09)	5.24	(+0.07)	3.35	(+0.08)	3.49	(+0.09)	4.11	(+0.07)
Over 16 not over 16½	4.56	(+0.09)	4.70	(+0.09)	5.26	(+0.07)	3.40	(+0.08)	3.54	(+0.09)	4.13	(+0.07)
Over 16½ not over 17	4.60	(+0.08)	4.75	(+0.09)	5.27	(+0.07)	3.45	(+0.09)	3.59	(+0.09)	4.15	(+0.07)
Over 17 not over 17½	4.65	(+0.09)	4.79	(+0.09)	5.29	(+0.07)	3.49	(+0.08)	3.64	(+0.09)	4.16	(+0.07)
Over 17½ not over 18	4.69	(+0.09)	4.83	(+0.09)	5.30	(+0.07)	3.54	(+0.09)	3.68	(+0.09)	4.18	(+0.07)
Over 18 not over 18½	4.73	(+0.09)	4.87	(+0.09)	5.31	(+0.07)	3.58	(+0.09)	3.72	(+0.09)	4.19	(+0.07)
Over 18½ not over 19	4.76	(+0.08)	4.91	(+0.09)	5.32	(+0.07)	3.62	(+0.09)	3.76	(+0.09)	4.20	(+0.07)
Over 19 not over 19½	4.80	(+0.09)	4.94	(+0.09)	5.32	(+0.06)	3.65	(+0.08)	3.80	(+0.09)	4.21	(+0.07)
Over 19½ not over 20	4.83	(+0.09)	4.97	(+0.08)	5.33	(+0.06)	3.69	(+0.09)	3.83	(+0.09)	4.21	(+0.06)
Over 20 not over 20½	4.86	(+0.08)	5.00	(+0.08)	5.34	(+0.06)	3.72	(+0.09)	3.86	(+0.08)	4.22	(+0.06)
Over 20½ not over 21	4.89	(+0.08)	5.03	(+0.08)	5.34	(+0.05)	3.75	(+0.08)	3.89	(+0.08)	4.23	(+0.06)

Period (years)	New Loan Rates						Premature Repayment Rates					
	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change
Over 21 not over 21½	4.92	(+0.09)	5.06	(+0.09)	5.35	(+0.06)	3.78	(+0.08)	3.92	(+0.08)	4.23	(+0.05)
Over 21½ not over 22	4.94	(+0.08)	5.08	(+0.08)	5.35	(+0.05)	3.81	(+0.09)	3.95	(+0.09)	4.24	(+0.06)
Over 22 not over 22½	4.97	(+0.08)	5.11	(+0.09)	5.35	(+0.05)	3.83	(+0.08)	3.97	(+0.08)	4.24	(+0.05)
Over 22½ not over 23	4.99	(+0.08)	5.13	(+0.08)	5.36	(+0.06)	3.86	(+0.08)	4.00	(+0.09)	4.24	(+0.05)
Over 23 not over 23½	5.02	(+0.09)	5.15	(+0.08)	5.36	(+0.05)	3.88	(+0.08)	4.02	(+0.08)	4.25	(+0.06)
Over 23½ not over 24	5.04	(+0.09)	5.16	(+0.07)	5.36	(+0.05)	3.91	(+0.09)	4.04	(+0.08)	4.25	(+0.05)
Over 24 not over 24½	5.06	(+0.09)	5.18	(+0.08)	5.36	(+0.05)	3.93	(+0.09)	4.05	(+0.07)	4.25	(+0.05)
Over 24½ not over 25	5.07	(+0.08)	5.20	(+0.08)	5.36	(+0.05)	3.95	(+0.09)	4.07	(+0.08)	4.25	(+0.05)
Over 25 not over 25½	5.09	(+0.08)	5.21	(+0.07)	5.36	(+0.05)	3.96	(+0.08)	4.09	(+0.08)	4.25	(+0.05)
Over 25½ not over 26	5.11	(+0.08)	5.23	(+0.08)	5.36	(+0.05)	3.98	(+0.08)	4.10	(+0.07)	4.25	(+0.05)
Over 26 not over 26½	5.13	(+0.08)	5.24	(+0.07)	5.36	(+0.05)	4.00	(+0.08)	4.12	(+0.08)	4.25	(+0.05)
Over 26½ not over 27	5.14	(+0.08)	5.25	(+0.07)	5.36	(+0.05)	4.02	(+0.08)	4.13	(+0.07)	4.25	(+0.05)
Over 27 not over 27½	5.15	(+0.07)	5.26	(+0.07)	5.36	(+0.05)	4.03	(+0.08)	4.14	(+0.07)	4.25	(+0.05)
Over 27½ not over 28	5.17	(+0.08)	5.27	(+0.07)	5.36	(+0.05)	4.04	(+0.07)	4.15	(+0.07)	4.25	(+0.05)
Over 28 not over 28½	5.18	(+0.08)	5.28	(+0.07)	5.36	(+0.05)	4.06	(+0.08)	4.16	(+0.07)	4.24	(+0.04)
Over 28½ not over 29	5.19	(+0.07)	5.29	(+0.07)	5.35	(+0.04)	4.07	(+0.08)	4.17	(+0.07)	4.24	(+0.04)
Over 29 not over 29½	5.20	(+0.07)	5.30	(+0.07)	5.35	(+0.04)	4.08	(+0.07)	4.18	(+0.07)	4.24	(+0.05)
Over 29½ not over 30	5.21	(+0.07)	5.30	(+0.06)	5.35	(+0.05)	4.09	(+0.07)	4.19	(+0.07)	4.24	(+0.05)
Over 30 not over 30½	5.22	(+0.07)	5.31	(+0.06)	5.36	(+0.05)	4.10	(+0.07)	4.19	(+0.06)	4.23	(+0.05)
Over 30½ not over 31	5.23	(+0.07)	5.32	(+0.06)	5.36	(+0.05)	4.11	(+0.07)	4.20	(+0.06)	4.22	(+0.04)
Over 31 not over 31½	5.24	(+0.07)	5.32	(+0.06)	5.35	(+0.04)	4.12	(+0.07)	4.21	(+0.06)	4.22	(+0.05)
Over 31½ not over 32	5.25	(+0.07)	5.33	(+0.06)	5.35	(+0.05)	4.13	(+0.07)	4.21	(+0.06)	4.22	(+0.05)
Over 32 not over 32½	5.26	(+0.07)	5.33	(+0.06)	5.35	(+0.05)	4.14	(+0.07)	4.22	(+0.06)	4.22	(+0.05)
Over 32½ not over 33	5.27	(+0.07)	5.34	(+0.06)	5.35	(+0.05)	4.15	(+0.07)	4.22	(+0.06)	4.21	(+0.04)
Over 33 not over 33½	5.27	(+0.07)	5.34	(+0.06)	5.34	(+0.04)	4.16	(+0.07)	4.23	(+0.06)	4.21	(+0.05)
Over 33½ not over 34	5.28	(+0.07)	5.35	(+0.06)	5.34	(+0.05)	4.16	(+0.07)	4.23	(+0.06)	4.21	(+0.05)
Over 34 not over 34½	5.29	(+0.07)	5.35	(+0.06)	5.34	(+0.05)	4.17	(+0.07)	4.24	(+0.06)	4.20	(+0.04)
Over 34½ not over 35	5.29	(+0.06)	5.35	(+0.05)	5.33	(+0.04)	4.18	(+0.07)	4.24	(+0.06)	4.20	(+0.04)
Over 35 not over 35½	5.30	(+0.07)	5.35	(+0.05)	5.34	(+0.04)	4.18	(+0.06)	4.24	(+0.05)	4.19	(+0.05)
Over 35½ not over 36	5.30	(+0.06)	5.36	(+0.06)	5.34	(+0.05)	4.19	(+0.07)	4.24	(+0.05)	4.18	(+0.04)
Over 36 not over 36½	5.31	(+0.07)	5.36	(+0.06)	5.33	(+0.04)	4.19	(+0.06)	4.25	(+0.06)	4.18	(+0.04)
Over 36½ not over 37	5.31	(+0.06)	5.36	(+0.05)	5.33	(+0.04)	4.20	(+0.07)	4.25	(+0.06)	4.18	(+0.04)
Over 37 not over 37½	5.32	(+0.07)	5.36	(+0.05)	5.33	(+0.04)	4.20	(+0.06)	4.25	(+0.05)	4.18	(+0.05)
Over 37½ not over 38	5.32	(+0.06)	5.36	(+0.05)	5.33	(+0.05)	4.21	(+0.07)	4.25	(+0.05)	4.17	(+0.04)
Over 38 not over 38½	5.32	(+0.06)	5.36	(+0.05)	5.32	(+0.04)	4.21	(+0.06)	4.25	(+0.05)	4.17	(+0.04)
Over 38½ not over 39	5.33	(+0.06)	5.36	(+0.05)	5.32	(+0.04)	4.21	(+0.06)	4.25	(+0.05)	4.17	(+0.04)
Over 39 not over 39½	5.33	(+0.06)	5.36	(+0.05)	5.32	(+0.04)	4.22	(+0.06)	4.25	(+0.05)	4.17	(+0.05)
Over 39½ not over 40	5.33	(+0.05)	5.36	(+0.05)	5.32	(+0.05)	4.22	(+0.06)	4.25	(+0.05)	4.16	(+0.04)
Over 40 not over 40½	5.34	(+0.06)	5.36	(+0.05)	5.31	(+0.04)	4.22	(+0.05)	4.25	(+0.05)	4.16	(+0.04)
Over 40½ not over 41	5.34	(+0.06)	5.36	(+0.05)	5.31	(+0.04)	4.23	(+0.06)	4.25	(+0.05)	4.16	(+0.04)
Over 41 not over 41½	5.34	(+0.05)	5.36	(+0.05)	5.31	(+0.04)	4.23	(+0.06)	4.25	(+0.05)	4.15	(+0.04)
Over 41½ not over 42	5.35	(+0.06)	5.36	(+0.05)	5.30	(+0.04)	4.23	(+0.05)	4.25	(+0.05)	4.15	(+0.04)
Over 42 not over 42½	5.35	(+0.06)	5.36	(+0.05)	5.30	(+0.04)	4.24	(+0.06)	4.25	(+0.05)	4.15	(+0.04)
Over 42½ not over 43	5.35	(+0.06)	5.36	(+0.05)	5.30	(+0.04)	4.24	(+0.06)	4.25	(+0.05)	4.15	(+0.04)
Over 43 not over 43½	5.35	(+0.05)	5.36	(+0.05)	5.30	(+0.04)	4.24	(+0.06)	4.25	(+0.05)	4.15	(+0.04)
Over 43½ not over 44	5.35	(+0.05)	5.36	(+0.05)	5.30	(+0.04)	4.24	(+0.05)	4.24	(+0.04)	4.14	(+0.04)
Over 44 not over 44½	5.35	(+0.05)	5.35	(+0.04)	5.29	(+0.04)	4.24	(+0.05)	4.24	(+0.05)	4.14	(+0.04)
Over 44½ not over 45	5.36	(+0.06)	5.35	(+0.05)	5.29	(+0.04)	4.24	(+0.05)	4.24	(+0.05)	4.14	(+0.04)
Over 45 not over 45½	5.36	(+0.06)	5.35	(+0.05)	5.30	(+0.04)	4.25	(+0.06)	4.24	(+0.05)	4.13	(+0.04)
Over 45½ not over 46	5.36	(+0.06)	5.36	(+0.05)	5.30	(+0.04)	4.25	(+0.06)	4.23	(+0.05)	4.12	(+0.03)

New Loan Rates							Premature Repayment Rates						
		EIP		Annuity		Maturity		EIP		Annuity		Maturity	
Period (years)	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	
Over 46 not over 46½	5.36	(+0.05)	5.36	(+0.05)	5.29	(+0.03)	4.25	(+0.06)	4.22	(+0.04)	4.12	(+0.04)	
Over 46½ not over 47	5.36	(+0.05)	5.35	(+0.04)	5.29	(+0.04)	4.25	(+0.05)	4.22	(+0.04)	4.12	(+0.04)	
Over 47 not over 47½	5.36	(+0.05)	5.35	(+0.04)	5.29	(+0.04)	4.25	(+0.05)	4.22	(+0.05)	4.12	(+0.04)	
Over 47½ not over 48	5.36	(+0.05)	5.35	(+0.05)	5.29	(+0.04)	4.25	(+0.05)	4.22	(+0.05)	4.12	(+0.04)	
Over 48 not over 48½	5.36	(+0.05)	5.35	(+0.05)	5.29	(+0.04)	4.25	(+0.05)	4.22	(+0.05)	4.11	(+0.03)	
Over 48½ not over 49	5.36	(+0.05)	5.35	(+0.05)	5.28	(+0.03)	4.25	(+0.05)	4.21	(+0.04)	4.11	(+0.03)	
Over 49 not over 49½	5.36	(+0.05)	5.34	(+0.04)	5.28	(+0.03)	4.25	(+0.05)	4.21	(+0.04)	4.11	(+0.04)	
Over 49½ not over 50	5.36	(+0.05)	5.34	(+0.04)	5.28	(+0.04)	4.25	(+0.05)	4.21	(+0.05)	4.11	(+0.04)	

Rates determined for residual contractual obligations for periods in excess of 50 years will be:

New Loan Rates							Premature Repayment Rates						
		EIP		Annuity		Maturity		EIP		Annuity		Maturity	
Period (years)	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	
	5.36	(+0.05)	5.34	(+0.05)	5.29	(+0.04)	4.25	(+0.05)	4.21	(+0.05)	4.10	(+0.04)	

APPENDIX B

DEPOSITS OUTSTANDING AS AT 28 MARCH 2011

Deal Number	Counter Party	Deposit Date	Maturity Date	Rate of Interest	Amount Outstanding	Max Limit	Actual Limit	Fitch Rating				Moody's Rating			S&P Ratings		
								L Term	S Term	Indiv	Support	L Term	S Term	Fin Stgth	L Term	S Term	
Debt Management Agency Deposit Facility																	
Local Authorities																	
2000011089	BIRMINGHAM CITY COUNCIL	04-Mar-11	11-Apr-11	0.52	3,500,000	No Limit											
2000011100	LANCASHIRE COUNTY COUNCIL	15-Mar-11	06-Apr-11	0.6	8,000,000	No Limit											
2000011099	LEEDS CITY COUNCIL	15-Mar-11	31-Mar-11	0.45	5,000,000	No Limit											
2000011073	PLYMOUTH CITY COUNCIL	21-Feb-11	31-Mar-11	0.45	3,000,000	No Limit											
2000011098	SOUTHAMPTON CITY COUNCIL	15-Mar-11	15-Apr-11	0.6	4,100,000	No Limit											
2000011018	THURROCK BOROUGH COUNCIL	04-Jan-11	04-Apr-11	0.65	5,000,000	No Limit											
2000011077	THURROCK BOROUGH COUNCIL	23-Feb-11	31-Mar-11	0.5	6,000,000	No Limit											
2000011083	WEST YORKSHIRE F & R AUTH	01-Mar-11	01-Jun-11	0.7	1,000,000	No Limit											
UK Banks & Building Societies																	
2000011027	BANK OF SCOTLAND	11-Jan-11	10-Jan-12	2	4,000,000	15%	13.64%	AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	
2000011028	BANK OF SCOTLAND	11-Jan-11	11-Oct-11	1.6	5,000,000			AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	
2000011070	BANK OF SCOTLAND	17-Feb-11	17-Feb-12	2.1	4,500,000			AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	
2000010341	BANK OF SCOTLAND CORPORA	09-Sep-09	Call Account	0.75	6,500,000			AA-	F1+	C	1	Aa3	P-1	D+	A+	A-1	
2000010527	BARCLAYS COMMERCIAL BANK	11-Feb-10	Call Account	0.45	9,650,000	15%	6.58%	AA-	F1+	B	1	Aa3	P-1	C	AA-	A-1+	
2000011023	NATIONWIDE BUILD. SOC.	05-Jan-11	05-Apr-11	0.65	10,000,000	15%	13.64%	AA-	F1+	B	1	Aa3	P-1	C-	A+	A-1	
2000011036	NATIONWIDE BUILD. SOC.	17-Jan-11	31-Oct-11	1.24	10,000,000			AA-	F1+	B	1	Aa3	P-1	C-	A+	A-1	
2000011000	ROYAL BANK OF SCOTLAND	08-Dec-10	07-Dec-11	1.43	4,000,000	15%	9.55%	AA-	F1+	C/D	1	Aa3	P-1	C-	A+	A-1	
2000011006	ROYAL BANK OF SCOTLAND	15-Dec-10	15-Sep-11	1.22	10,000,000			AA-	F1+	C/D	1	Aa3	P-1	C-	A+	A-1	
2000011001	SANTANDER CORP BANKING	08-Dec-10	Call Account	0.8	20,000,000	15%	13.64%	AA-	F1+	B	1	Aa3	P-1	C-	AA	A-1+	
Non UK Banks & Building Societies																	
Investments outside TMS																	
Icelandic Banks																	
2000005163	GLITNER BANK (ICELAND)	07-Nov-06	frozen		7,000,000												
2000005218	GLITNER BANK (ICELAND)	24-Jan-07	frozen		3,000,000												
2000005226	GLITNER BANK (ICELAND)	07-Feb-07	frozen		2,400,000												
2000005511	LANDISBANKI ISLANDS H.F.	28-Sep-07	frozen		15,000,000												
TOTAL VALUE OF INVESTMENTS					146,650,000		100.00%										
LESS ICELANDIC IMPAIRMENT					-5,969,000												
					140,681,000												
Pension Fund																	
UK Banks & Building Societies																	
5000011101	Santander Corp Banking	16-Mar-11	Call Account	0.8	22,398,318			AA-	F1+	B	1	Aa3	P-1	C-	AA	A-1+	

Appendix C: Prudential Indicator Compliance

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2010/11 %
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	40
Compliance with Limits:	Yes

Maturity Structure of Fixed Rate Borrowing

- This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 28/03/11	% Fixed Rate Borrowing as at 28/03/11	Compliance with Set Limits?
Under 12 months	0	50	5,000,000	2.47%	Yes
12 months and within 24 months	0	50	0	0	Yes
24 months and within 5 years	0	75	4,000,000	1.98%	Yes
5 years and within 10 years	0	75	0	0%	Yes
10 years and above	0	100	193,500,000	95.55%	Yes

Appendix D: List of Schools Banking Institutions

School	Banking
Bishop Douglass	Allied Irish
Finchley Catholic High	Allied Irish
St James' Catholic High	Allied Irish
St Michaels Cath Gram	Allied Irish
Osidge JMI	Barclays
Mill Hill High	Barclays
Akiva	Barclays
All Saints NW2	Co-Operative
All Saints N20	Co-Operative
Annunciation Inf	Co-Operative
Annunciation Jun	Co-Operative
Barnfield	Co-Operative
Beis Yaakov	Co-Operative
Bell Lane	Co-Operative
Blessed Dominic	Co-Operative
Broadfields Primary	Co-Operative
Brookland Inf	Co-Operative
Brookland Jun	Co-Operative
Brunswick Park	Co-Operative
Chalgrove	Co-Operative
Childs Hill	Co-Operative
Christchurch JMI	Co-Operative
Church Hill	Co-Operative
Claremont Primary	Co-Operative
Colindale	Co-Operative
Coppetts Wood	Co-Operative
Courtland	Co-Operative
Cromer Road	Co-Operative
Deansbrook Inf	Co-Operative
Deansbrook Jun	Co-Operative
Dollis Inf	Co-Operative
Edgware Inf	Co-Operative
Edgware Jewish Primary	Co-Operative
Edgware Jun	Co-Operative
Fairway	Co-Operative
Foulds	Co-Operative
Frith Manor	Co-Operative
Garden Suburb Inf	Co-Operative
Garden Suburb Jnr	Co-Operative
Goldbeaters	Co-Operative
Grasvenor Avenue Inf	Co-Operative
Hasmonean Primary	Co-Operative
Hollickwood	Co-Operative
Holly Park	Co-Operative
Holy Trinity	Co-Operative

Hyde	Co-Operative
Independent Jewish	Co-Operative
Livingstone	Co-Operative
Manorside	Co-Operative
Martin Primary School	Co-Operative
Menorah Primary	Co-Operative
Monken Hadley CE	Co-Operative
Monkfrith	Co-Operative
Moss Hall Inf	Co-Operative
Moss Hall Jun	Co-Operative
Northside	Co-Operative
Orion	Co-Operative
Our Lady of Lourdes	Co-Operative
Pardes House	Co-Operative
Parkfield	Co-Operative
Queenswell Inf	Co-Operative
Queenswell Jun	Co-Operative
Rosh Pinah	Co-Operative
Sacred Heart	Co-Operative
St Agnes RC	Co-Operative
St Andrews CE	Co-Operative
St Catherines RC	Co-Operative
St Johns CE N11	Co-Operative
St Johns CE N20	Co-Operative
St Josephs RC Inf	Co-Operative
St Josephs RC Jun	Co-Operative
St Mary's & St Johns Primary	Co-Operative
St Marys CE N3	Co-Operative
St Marys CE EB	Co-Operative
St Pauls CE N11	Co-Operative
St Therasas RC	Co-Operative
St Vincents RC	Co-Operative
Summerside	Co-Operative
Sunnyfields	Co-Operative
Trent	Co-Operative
Tudor	Co-Operative
Underhill Inf	Co-Operative
Underhill Jun	Co-Operative
Wessex Gardens	Co-Operative
Whitings Hill	Co-Operative
Woodcroft Primary	Co-Operative
Woodridge	Co-Operative
Christs College Finchley	Co-Operative
Copthall	Co-Operative
Friern Barnet	Co-Operative
Hasmonean High	Co-Operative
Henrietta Barnett	Co-Operative
JCoSS	Co-Operative

Ravenscroft	Co-Operative
Whitefield	Co-Operative
Mapledown	Co-Operative
Northway	Co-Operative
Oak Lodge	Co-Operative
Oakleigh	Co-Operative
BrookHill Nursery	Co-Operative
Hampden Way Nursery	Co-Operative
Moss Hall Nursery	Co-Operative
St Margaret's Nursery	Co-Operative
Menorah Foundation	HSBC
East Barnet	HSBC
Danegrove	Lloyds TSB
Dollis Junior	Lloyds TSB
Mathilda Marks Kennedy	Lloyds TSB
St Pauls CE NW7	Lloyds TSB
Hendon	Nat West
Queen Elizabeth's Girls'	Nat West
St Mary's C E High	Nat West