Meeting	Cabinet Resources Committee
Date	18 July 2013
Subject	**Treasury Management Outturn for Year Ended 31 March 2013**
Report of	Deputy Leader of the Council / Cabinet Member for Resources and Performance
Summary	To report on Treasury Management activity for year ended 31 March 2013.

Officer Contributors	John Hooton - Deputy Chief Operating Officer Iain Millar – Head of Treasury and Pensions. NSCSO
Status (public or exempt)	Public
Wards Affected	Not applicable
Key Decision	No
For decision by	Cabinet Resources Committee
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	Appendix A – Money Market Data and PWLB Rates Appendix B – Deposits as at 31 March 2013 Appendix C – Compliance with Prudential Indicators
Contact for Further Information:	Iain Millar, Head of Treasury and Pensions, 020 8359 7126

1 RECOMMENDATIONS

1.1 That the Treasury Management activity and position for the year ended 31 March 2013 be noted and

1. 2 That the Committee note the Council's response to continuing market uncertainty which is set out in section 9.1.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet (20 February 2012) Decision Item 6 - Treasury Management Strategy 2012/13.

2.2 Council (6 March 2012) Decision item 9 – Report of Cabinet 20 February 2012 – Council Budget and Council Tax 2012/13 was approved.

2.3 Cabinet Resources Committee (20 June 2012) Decision item 10 - Treasury Management Outturn for the year ended 31 March 2012.

2.4 Cabinet Resources Committee (18 October 2012) Decision item 11 - Treasury Management Outturn for the quarter ended 30 June 2012.

2.5 Cabinet Resources Committee (17 December 2012) Decision item 6- Treasury Management Outturn for the quarter ended 30 September 2012.

2.6 Council (6 March 2013) Decision item 10 – Treasury Management Strategy 2013/14.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The Treasury Management Strategy (TMS) ensures effective treasury management supports the delivery and achievement of the Council's priorities and targets as set out in the Corporate Plan The TMS is committed to employing suitable performance measurement techniques, within the context of effective risk management .Adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital and treasury resources are maximised.

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 Under the Equality Act 2010, the Council must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; and c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity, race, religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

5.2 The management of the Council's cash flow ensures the availability of adequate monies to pay for the delivery of the authority's services, taking account of its public sector equality duties.

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

6.1 The purpose of the treasury function is to maximise the Council's budget for investment return and minimise interest costs in accordance with the risk strategy set out in the TMS.

6.2 The total value of long term loans as at 31 March 2013 was £304.08m, with no change from the position as at 31 March 2012. The average cost of borrowing was 3.89 per cent. New borrowing of £102.58m was taken on 28th March 2012 to finance the Council Housing reform settlement at an average cost of 3.36 per cent. No new borrowing was taken during the year and no debt was repaid.

6.3 Investment deposits are managed internally. At 31 March 2013, deposits outstanding amounted to £186.777m (adjusted for Icelandic deposits), achieving an average rate of return of 0.50 per cent (adjusted for Icelandic deposits) against a benchmark of 0.50 per cent. Four Icelandic deposits totalling £27.4m (but partially repaid) are outside the TMS, as approved on 6 March 2012. A list of deposits outstanding as at year end 31 March 2013 is attached as Appendix B. Investment Interest received was £1.165m.

6.4 The benchmark is the average 7-day LIBID rate provided by the authority's treasury advisors Arlingclose. 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.

6.5 In response to market uncertainty the Council has restricted its investment criteria which impacted on investment performance as short term money market rates remained at low levels through out the year.

6.6 The wider financial implications for the Council are dealt with in section 9 of this report.

7. LEGAL ISSUES

7.1 The Council is under a fiduciary duty to the taxpayer, to ensure that public funds and assets are managed in a prudent manner. The monitoring of treasury management activity would ensure that the Council meets its fiduciary duty to the taxpayer as far as the management of funds is concerned. Other legal issues are addressed in the body of this report.

8. CONSTITUTIONAL POWERS

8.1 Constitution - Financial Regulations (Part 1 – Financial Management, Section4.6) states:

(1) The Council adopts the key recommendations contained in " The Prudential Code for Capital Finance in Local Authorities – fully revised second edition, (CIPFA 2009) "Treasury Management in the Public Services: Code of Practice and cross sectoral guidance notes, (CIPFA 2009) and any subsequent good practice recommended by CIPFA.

(2) Adherence to Prudential Code: The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services Code of Practice as described in Section 4 of that code.

(3) Cabinet Resources Committee will create and maintain a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities.

(4) The Chief Finance Officer (section 151 officer) will create and maintain suitable Treasury Management Practices (TMP's) 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.

(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 TMP's. These reports will incorporate the prudential borrowing limits and performance indicators.

8.2 Constitution Part 3 - Responsibilities for Functions, Section 4.6 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 timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing are set out in the Treasury Management Strategy (TMS).

9.1.2 The TMS 2012/13 was approved by Cabinet on 20 February 2012 and by Council on 6 March 2012. The TMS 2013-14 was approved by Council on 6 March 2013 and the revised strategy applied with immediate effect.

The TMS is under constant review to reflect market conditions and the financing requirements of the Council. Given current market uncertainty, officers have ensured that the following principles have been embedded in treasury management practice:

i) Tightening counterparty criteria. Treasury Officers are restricted to investing only with UK, Canadian and Australian institutions who meet the required minimum credit rating in accordance with the treasury management strategy;

ii) Money Market Funds (MMF) have been used since October 2011. These are cash investments in highly liquid financial instruments with the highest credit rating. Arlingclose have recommended that MMF investments are restricted to 10 per cent of the Council's total cash, in any one MMF. Investments must be diversified between a minimum of two funds and exposure limited to 0.5 per cent of each MMF's total funds under management.

iii) The Debt Management Office is used when other permitted counterparties reach their group investment limits.

9.1.3 The 2012-2013 TMS counterparty criteria was amended to allow investment with UK banks which have systemic importance to the global banking system. This allows new investment with the main UK clearing banks which had previously been removed from the counterparty list because of their credit rating downgrading. Investment continues to be subject to an operational overlay to manage credit risk. There are limits on investment duration and the counterparty list is restricted to the key banks and subject to regular review.

9.1.4 Restrictions on duration of investment and exclusions from the counterparty list are expected to be a temporary measure. This report therefore asks the Committee to note the continued cautious approach to the current investment strategy: to note also, that as a result of considerable stabilisation and in some cases improvement in credit metrics, the revised treasury strategy for 2013/14 has extended the maximum duration to 2 years, albeit that Arlingclose apply maximum recommended duration of deposits for different banks depending on risk assessment.

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9.1.5 The ratings agencies had a busy year, with a number of rating actions on global institutions. None of the long-term ratings of the banks on the Council's lending list were downgraded to below the Council's minimum A-/A3 credit rating threshold in the year, so there was no suspension or temporary removal of any financial institution on the Council's lending list.

9.2 Icelandic Bank Deposits

9.2.1 On 28 October 2011, the Supreme Court of Iceland upheld the District Court judgment for the test cases that local authorities' claims are deposits that qualify in full for priority in the bank administrations.

9.2.2. The latest indications are that the Council will recover an amount in excess of the principal deposited in Iceland.

9.2.3. **Glitnir** – in March 2012, approximately 82p/£ was recovered from a mixture of Sterling, Euro and US Dollar payments. The Euro and USD amounts were converted via a spot rate into GBP. The remaining 18 per cent remains held in Icelandic Krona. To date the Council has received £10.97 from the Glitnir Winding- up Board with a further £2.5 million held in escrow in Icelandic Krona.

9.2.4. ***Landsbanki*** –. Approximately 43 per cent has been recovered to date, via a mixture of Euro, US Dollars and Sterling payments. 2 per cent remains held in Icelandic Krona, and this amount is expected to rise to 18 per cent. Regular payments are expected every December, until December 2019. For Landsbanki, the partial distribution is £6.8 million. A further £9.3 million is due to the Council with further partial distributions expected each year until 2018 as and when the administrators realise assets.

9.2.5. Fluctuations in currency rates against sterling since 2009 is likely to result in a potential shortfall on the deposits and interest expected to be returned to the Council. The potential shortfall can be met from within the existing risk reserve. .

9.3 Economic Background

9.3.1 The global outlook stabilised mainly due to central banks maintaining low interest rates and expansionary monetary policy for an extended period. Equity market assets recovered sharply with the FTSE 100 registering a 9.1 per cent increase over the year. This was despite economic growth in G-7 nations being either muted or disappointing.

9.3.2 In the UK the economy shrank in the first, second and fourth quarters of calendar 2012. It was the impressive 0.9 per cent growth in the third quarter, aided by the summer Olympic Games, which allowed growth to register 0.2 per cent over the calendar year 2012. The expected boost to net trade from the fall in the value of sterling did not materialise, but raised the price of imports, especially low margin goods such as food and energy. Avoiding a 'triple-dip' recession became contingent on upbeat services sector surveys translating into sufficient economic activity to overhaul contractions in the struggling manufacturing and construction sectors.

9.3.3. Household financial conditions and purchasing power were constrained as wage growth remained subdued at 1.2 per cent and was outstripped by inflation. Annual CPI dipped below 3 per cent, falling to 2.4 per cent in June before ticking up to 2.8 per cent in February 2013. Higher food and energy prices and higher transport costs were some of the principal contributors to inflation remaining above the Bank of England's 2 per cent CPI target.

9.3.4 The lack of growth and the fall in inflation were persuasive enough for the Bank of England to maintain the Bank Rate at 0.5 per cent and also sanction additional £50 billion asset purchases (QE) in July, taking total QE to £375 billion. The possibility of a rate cut was discussed at some of Bank's Monetary Policy Committee meetings, but was not implemented as the potential drawbacks outweighed the benefits of a reduction in the Bank Rate. In the March Budget the Bank's policy was revised to include the 2 per cent CPI inflation remit alongside the flexibility to commit to intermediate targets.

9.3.5 The resilience of the labour market, with the ILO unemployment rate falling to 7.8 per cent, was the main surprise given the challenging economic backdrop. Many of the gains in employment were through an increase in self-employment and part time working.

9.3.6 The Chancellor largely stuck to his fiscal plans with the austerity drive extending into 2018. In March the Office for Budgetary Responsibility (OBR) halved its forecast growth in 2013 to 0.6 per cent which then resulted in the lowering of the forecast for tax revenues and an increase in the budget deficit. The government is now expected to borrow an additional £146bn and sees gross debt rising above 100 per cent of GDP by 2015-16. The fall in debt as a percentage of GDP, which the coalition had targeted for 2015-16, was pushed two years beyond this horizon. With the national debt metrics out of kilter with a triple-A rating, it was not surprising that the UK's sovereign rating was downgraded by Moody's to Aa1. The AAA status was maintained by Fitch and S&P, albeit with a Rating Watch Negative and with a Negative Outlook respectively.

9.3.7 The Government’s Funding for Lending (FLS) initiative commenced in August which gave banks access to cheaper funding on the basis that it would then result in them passing this advantage to the wider economy. There was an improvement in the flow of credit to mortgagees, but was still below expectation for SMEs.

9.3.8 The big four banks in the UK – Barclays, RBS, Lloyds and HSBC – and several other global institutions including JP Morgan, Citibank, Rabobank, UBS, Credit Suisse and Deutsche came under investigation in the Libor rigging scandal which led to fines by and settlements with UK and US regulators. Banks’ share prices recovered after the initial setback when the news first hit the headlines.

9.3.9 **Europe**: The Euro region suffered a further period of stress when Italian and Spanish government borrowing costs rose sharply and Spain was also forced to officially seek a bailout for its domestic banks. Markets were becalmed after the ECB’s declaration that it would do whatever it takes to stabilise the Eurozone and the central bank’s announcement in September of its Outright Monetary Transactions (OMT) facility, buying time for the necessary fiscal adjustments required. Neither the Italian elections which resulted in political gridlock nor the poorly-managed bailout of Cyprus which necessitated ‘bailing-in’ non-guaranteed depositors proved sufficient for a market downturn. Growth was hindered by the rebalancing processes under way in Euroland economies, most of which contracted in Q4 2012.

9.3.10 **US**: The US Federal Reserve extended quantitative easing through ‘Operation Twist’, in which it buys longer-dated bonds with the proceeds of shorter-dated US Treasuries. The Federal Reserve shifted policy to focus on the jobless rate with a pledge to keep rates low until unemployment falls below 6.5 per cent. The country’s extended fiscal and debt ceiling negotiations remained unresolved.

9.3.11 Gilt yields ended the year lower than the start in April. By September the 2-year gilt yield had fallen to 0.06 per cent, raising the prospect that short-dated yields could turn negative. 10-year yields fell by nearly 0.5 per cent ending the year at 1.72%. The reduction was less pronounced at the longer end; 30-year yields ended the year at 3.11 per cent, around 25bp lower than in April. Despite the likelihood the DMO would revise up its gilt issuance for 2012/13, there were several gilt-supportive factors: the Bank of England’s continued purchases of gilts under an extended quantitative easing programme; purchases by banks, insurance companies and pension funds driven by capital requirements and the preference for safe harbour government bonds.

9.3.12 One direct consequence of the Funding for Lending Scheme was the sharp drop in rates at which banks borrowed from local government. 3-month, 6-month and 12-month Libid rates which were 1 per cent, 1.33 per cent and 1.84 per cent at the beginning of the financial year fell to 0.44 per cent, 0.51 per cent and 0.75 per cent respectively.

9.4 Debt Management

9.4.1 The total value of long term loans as at 31 March 2013 was £304.08m. There was no external borrowing in the financial year. The average total cost of borrowing for the quarter ending 31 December 2012 was 3.89 per cent. Money Market data and Public Works Loan Board (PWLB) rates are attached at Appendix A.

9.4.2 The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns is significant (over 3 per cent). The use of internal resources in lieu of borrowing was judged to be the most cost effective means of funding capital expenditure. This has, for the time being, lowered overall treasury risk by reducing both external debt and temporary investments.

9.4.3 The Council's long term debt position to the year ended 31 March 2013 was as follows:

	31 March 2012		31 March 2013	
	Principal	Average Rate	Principal	Average Rate
PWLB	£139.00m	4.19%	£139.00m	4.19%
Market	£ 62.50m	3.91%	£ 62.50m	3.91%
Total	£201.50m	4.10%	£201.50m	4.10%
PWLB HRA self-financing	£102.58m	3.36%	£102.58m	3.36%
Total	£304.08m		£304.08m	

9.4.4 The Council's long-term debt portfolio is a mixture of PWLB and market loans in the form of Lender's Option Borrower's Option, (LOBO's) 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.

9.4.5 PWLB Borrowing: Despite the issue of Circular 147 in October 2010, where new borrowing rates for fixed loans increased by approximately 0.87% across all maturities, the PWLB remains the preferred source of borrowing for the Council as it offers flexibility and control.

9.4.6 The Council successfully qualified for borrowing at the 'Certainty Rate', following the submission of the Certainty Rate form to Central Government, which included details of the capital expenditure and borrowing plans for the authority over the next three years. PWLB borrowing from 1st November 2012 will be undertaken at a 20bps reduction from the standard rate (certainty rate is approximately gilt plus 80bps).

9.4.7 In the Autumn Statement of 5th December 2012, the anticipated 'Scrutiny Rate' for PWLB borrowing was rebadged as the 'Project Rate'. It has been set at 40bps below standard PWLB rates, and therefore 20bps below the Certainty Rate, and will be introduced in November 2013. The amount offered at this discounted rate will be capped at £1.5bn (outside London) and is linked to single projects identified by Local Enterprise Partnerships (LEPs). At the current time, the announcement referred only to English authorities as being eligible.

9.5 Investment Performance

9.5.1 The DCLG's revised Investment Guidance came into effect on 1 April 2010 and reiterated the need to focus on security and liquidity, rather than yield. Security of capital remained the Authority's main investment objective. This was maintained by following and complying with the counterparty policy as out in the TMS 2012/13 and revised by the adoption of TMS 13/14 in March 2013.

9.5.2 Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A - across all three rating agencies, Fitch, S&P and Moody's); credit default swaps; Gross Domestic Product (GDP) of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price.

9.5.3 Investment deposits are managed internally. At 31 March 2013, deposits outstanding amounted to £18.0 million excluding Icelandic deposits), achieving an average rate of return of 0.50 per cent (adjusted for Icelandic deposits) against a benchmark of 0.50 per cent. A list of deposits outstanding as at year end March 2013 is attached as Appendix B.

9.5.4 The benchmark, the average 7-day LIBID rate, is provided by the authority's treasury advisors Arlingclose. 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.

9.5.5 **Safe Custody Arrangements:** The Council set up a custody account with King and Shaxston in November 2012. By opening a custody account, the Council now has access to more approved investment instruments, as outlined in the 2012/13 Treasury Management Strategy to further diversify the investment portfolio. Investment instruments requiring a custodian facility include Treasury Bills, Certificates of Deposit, Gilts, Corporate Bonds and Supranational Bonds. By establishing custody arrangements, the Council is better-placed to consider the use of alternative investment instruments in response to evolving credit conditions.

9.6 Prudential Indicators

9.6.1 The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of its 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 and approved at £465.248 million.

9.6.2 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 2012/2013 was set and approved at £450.218million

9.6.3 During the year ended 31 March 2013 there were no breaches of the Authorised Limit and the Operational Boundary.

9.6.4 Further details of compliance with prudential indicators are contained in Appendix C.

9.7 Compliance

9.7.1 The 2012/2013 TMS was approved by Council on 6 March 2012. and revised when the Council adopted the 2013/14 TMS on 6 March 2013. 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.

9.7.2 All Deposits placed during the year ended 31 March 2013 were compliant with the TMS as approved on 6 March 2012. Deposits placed after 6 March 2013 were compliant with the TMS 13/14 as approved on that date.

9.7.3 Treasury management procedures are monitored and reviewed in light of CIFPA guidance and current market conditions.

10. Summary

In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during the financial year 2012/13. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

11. LIST OF BACKGROUND PAPERS

11.1 None.

Cleared by Finance (Officer's initials)	**JH**
Cleared by Legal (Officer's initials)	**PJ**

Appendix A Money Market Data and PWLB Rates

The average, low and high rates correspond to the rates during the financial year and rather than those in the tables below

Table 1: Bank Rate, Money Market Rates

Date		Bank Rate		O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2012		0.50		0.55	0.55	0.61	1.00	1.33	1.84	1.24	1.30	1.59
30/04/2012		0.50		0.50	0.65	0.60	0.99	1.32	1.84	1.35	1.43	1.68
31/05/2012		0.50		0.48	0.65	0.57	0.97	1.30	1.82	1.20	1.20	1.34
30/06/2012		0.50		0.50	0.50	0.55	0.83	1.13	1.65	0.96	0.99	1.25
31/07/2012		0.50		0.50	0.65	0.45	0.63	0.92	1.43	0.76	0.77	1.02
31/08/2012		0.50		0.50	0.52	0.40	0.57	0.81	1.23	0.75	0.78	1.03
30/09/2012		0.50		0.25	0.52	0.40	0.47	0.66	0.95	0.70	0.76	1.00
31/10/2012		0.50		0.25	0.44	0.40	0.44	0.55	0.82	0.69	0.77	1.05
30/11/2012		0.50		0.25	0.30	0.40	0.44	0.54	0.80	0.73	0.80	1.05
31/12/2012		0.50		0.25	0.43	0.40	0.44	0.54	0.80	0.69	0.76	1.00
31/01/2013		0.50		0.42	0.43	0.40	0.44	0.54	0.80	0.73	0.86	
29/02/2013		0.50		0.41	0.42	0.40	0.44	0.54	0.80	0.59	0.69	**1.19**
31/03/2013		0.50		0.40	0.40	0.40	0.44	0.51	0.75	0.59	0.68	**1.72**
												0.95
Minimum		0.50		0.25	0.30	0.40	0.44	0.51	0.75	0.55	0.65	**0.77**

Table 2: PWLB Borrowing Rates - Fixed Rate, Maturity Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2012	130/12	1.29	2.07	3.25	4.22	4.43	4.46	4.41
30/04/2012	166/12	1.31	2.09	3.15	4.13	4.38	4.42	4.39
31/05/2012	210/12	1.19	1.76	2.74	3.79	4.13	4.19	4.16
29/06/2012	248/12	1.2	1.84	2.83	3.79	4.11	4.19	4.16
31/07/2012	292/12	1.01	1.57	2.58	3.6	3.97	4.07	4.05
31/08/2012	336/12	1.07	1.62	2.61	3.62	4.05	4.14	4.11
28/09/2012	376/12	1.15	1.67	2.64	3.71	4.12	4.2	4.14
28/10/2012	422/12	1.19	1.82	2.82	3.81	4.17	4.25	4.19
30/11/2012	466/12	1.22	1.81	2.74	3.74	4.1	4.16	4.11
31/12/2012	504/12	1.22	1.89	2.83	3.82	4.18	4.25	4.21
31/01/2013	044/13	1.26	2.06	3.1	4.06	4.37	4.43	4.4
28/02/2013	084/13	1.16	1.91	3.04	4.04	4.36	4.43	4.4
28/03/2013	124/13	1.13	1.75	2.84	3.87	4.18	4.25	4.22
	Low	1.01	1.57	2.58	3.60	3.97	4.07	4.05
	Average	1.18	1.84	2.86	3.86	4.20	4.26	4.23
	High	1.31	2.09	3.25	4.22	4.43	4.46	4.41

Appendix B: DEPOSITS OUTSTANDING AS AT 31 MARCH 2013 FOR LONDON BOROUGH OF BARNET

Deal Number	Counter Party	Start Date	Maturity Date	Rate of Interest %	Principal Outstanding
					£
2000011404	Peterborough City Council	25/10/2012	25/10/2013	0.42	5,000,000
2000011421	BIRMINGHAM CITY COUNCIL	19/03/2013	19/12/2013	0.5	5,000,000
2000011422	Doncaster Metropolitan Borough Council	22/03/2013	23/03/2015	0.76	2,000,000
2000011424	SALFORD CITY COUNCIL	22/03/2013	21/03/2014	0.53	5,000,000
					17,000,000
	UK Banks & Building Societies				
2000010341	BANK OF SCOTLAND	09-Sep-12	CALL A/C	0.75	20,000,000
2000010411	BANK OF SCOTLAND	19-Dec-12	19-Jun-13	1.00	5,000,000
2000010527	BARCLAYS COMMERCIAL BANK	11-Feb-10	CALL A/C	0.45	5,000,000
2000011414	NATIONWIDE BUILDING SOCIETY	10-Jan-13	10-Apr-13	0.48	16,500,000
2000011408	NATIONWIDE BUILDING SOCIETY	30-Nov-12	31-May-13	0.62	8,500,000
2000011409	STANDARD CHARTERED BANK	05-Dec-12	05-Jun-13	0.49	10,000,000
2000011419	STANDARD CHARTERED BANK	19-Feb-13	19-Aug-13	0.44	15,000,000
2000010417	ROYAL BANK OF SCOTLAND	22-Jan-13	22-Jul-13	0.48	15,000,000
2000010418	ROYAL BANK OF SCOTLAND	07-Feb-13	31-Jul-13	0.48	10,000,000
2000011378	CO-OPERATIVE Bank	28-Mar-13	overnight reserve	0.56	9,777,000
					114,777,000

Non UK Banks & UK Building Societies

2000011420	AUSTRALIA & NEW ZEALAND BANKING GRP LTD	22-Feb-13	22-Aug-13	0.46	15,000,000
2000011416	AUSTRALIA & NEW ZEALAND BANKING GRP LTD	16-Jan-13	16-Apr-13	0.40	10,000,000
2000011423	COMMONWEALTH BANK OF AUSTRALIA	21-Mar-13	21-Jun-13	0.40	15,000,000
2000011415	BANK OF NOVA SCOTIA	14-Jan-13	15-Apr-13	0.40	15,000,000
					55,000,000
			Average rate of return	**0.50**	186,777,000

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 2012/13 %
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	**Lower Limit %**	**Upper Limit %**	**Actual Fixed Rate Borrowing as at 31/12/13**	**% Fixed Rate Borrowing as at 30/12/13**	**Compliance with Set Limits?**
Under 12 months	0	50	0	0	N/A
12 months and within 24 months	0	50	0	0	N/A
24 months and within 5 years	0	75	0	0	N/A
5 years and within 10 years	0	75	0	0%	N/A
10 years and above	0	100	£304,080,000	100%	Yes