

**REPORT OF THE CORPORATE COMMITTEE No. 01/2011-12
COUNCIL 19 JULY 2011**

Chair:
Councillor George Meehan

Deputy Chair:
Councillor Gmmh Rahman Khan

INTRODUCTION

- 1.1 This report to full Council arises from the report entitled "Treasury Management Outturn 2010/11 out-turn and Quarter 1 2011/12 update."

ITEMS FOR NOTING

2.1 Treasury Management Outturn 2010/11 (Appendix 1)

2.1.1 The CIPFA Treasury Management Code of Practice recommends that the report on treasury management 2010/11 outturn (Appendix 1) should be reported to Full Council as best practice. The relevant information relating to the Treasury Management Outturn in 2010/2011 is set out from section 1 to section 19.3 of the attached report.

2.1.2 The Corporate Committee received a report on the treasury management activity and performance in 2010/11. The Council were continuing with the emphasis on utilising cash balances as opposed to external borrowing to contain costs. As a result the investment balances were low and significantly invested in Money Market Funds Clydesdale Bank had been suspended from the Council's lending list following Moody's decision to review it's long term credit rating.

2.1.3 The Committee learned that the Council had now received £11m back from previously invested Icelandic deposits. In April 2011 the Icelandic District court ruled that Local Authority deposits in Landsbanki and Glitnir had priority status but other creditors had challenged this decision. Therefore an Icelandic supreme court hearing was expected in 2011 which would determine the expected rate of recovery of these remaining deposits. It was currently anticipated that if priority status is confirmed, the Glitnir funds would be recovered by the end of 2011 and around 90% of the Landsbanki funds by 2018. It was important to note that the Heritable position would not be affected by the supreme court judgement, as it is being dealt with under a UK administration process with an estimated recovery rate of 80-85% by the end of 2012, with 56% already received.

WE RECOMMEND:

- (i) Treasury Management Outturn 2010/11

That Treasury Management activity and performance during 2010/11 be noted.