



Wednesday 1 April 2009

Dear Mr Smith

Further to your FOI request dated 18 March in respect of the Council's investments in the collapsed Icelandic banks, set out below is the information you require.

Norfolk County Council receives advice from Butlers and does not receive advice from Arlingclose.

In respect of the advice received from Butlers, and analysis by Butlers of information from the respective credit rating agencies regarding the status of the Icelandic Banks, this was strictly followed by the Council.

At the time all of the Council's investments were made in the Icelandic banks, those banks met the Council's strict investment criteria and were on the Council's approved counterparty list.

However, because the investments which the Council held with the banks were 'term deposits' with maturity dates beyond their date of collapse, the Council was left with exposure amounting to £32.5m when the banks collapsed in early October. By way of example, the Council had an investment with Glitnir of £2.5m which was made on 22 January 2008 and was due to mature on 19 November 2008.

So far as the investment decisions relating to the Icelandic banks are concerned, no investment was made in those banks after 20 March 2008. On the 1st April 2008, the banks were put on negative watch by the rating agencies and the banks were removed from the Council's approved counterparty list of institutions in which investments can be made.

However, as noted above, at the date of the banking collapse, the Council held investments amounting to £32.5m which were due to mature after that date.

In summary, the advice from Butlers was followed, but the maturity dates of the Council's investments meant that when the banks collapsed, the Council was left with investments 'at risk' amounting to £32.5m.

The banks are now in administration; the Council has lodged its claim with the administrators; and every effort is being made to secure the return of the Council's investments along with those of the other 127 English local authorities affected in this way.

You have the right of appeal through the Council's internal complaints procedure by setting out the grounds of your appeal in writing to the Freedom of Information Officer at:

Freedom of Information & Data Protection Unit
The Archive Centre
Martineau Lane
Norwich NR1 2DQ

e-mail: xxx@xxxxxxx.xxx.xx
Telephone: 01603 222661

If you are dissatisfied after pursuing the complaints procedure, you may apply to the Information Commissioner under Section 50 of the Act for a decision whether your request for information has been dealt with in accordance with the requirements of Part I of the Act. Contact details as follows:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire SK9 5AF
Telephone 01625 545 700
www.informationcommissioner.gov.uk

Yours sincerely

Matthew Smith
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