



Leader's Report to Council 28th September 2011

Icelandic Update

During the last three years the Council has made significant progress in recovering these investments and we remain confident that we will have the vast majority of the Council's investments returned.

As I reported last time the Council won its court case in the Icelandic District Court which retained our "priority" status for the Landsbanki investment. This has been appealed and the case was heard by the Icelandic Supreme Court in mid September. The result of the appeal has been delayed whilst the Supreme Court has heard the "Glitnir" appeal, this is another Icelandic bank in a very similar position, however, with whom the Council did not have any investments.

The are now expecting the result of the appeal either next week or the week after, as always I will ensure that the whole of Council is briefed as soon as any information becomes available. We remain confident that we will defend our position and that the judgement will be in our favour, there is no further right of appeal. With the "priority" status the Council expects to recover 95% of this investment and should see the first dividend payments before Christmas.

Good progress is continuing also being made in relation to the recovery of the investments with the Heritable and Kaupthing Singer and Friedlander with regular dividend payments still being received.

So far the Council has received over £3.6m in dividends from these two investments, we are however, expecting a further payment of at least £1¼ million next week from KSF, and have also been informed to expect a payment from the Heritable in October.

I can also report further good news in relation to the Heritable investment. It was announced by the administrators on 28th July that the amount that is likely to be recovered on behalf of the Council has increased again. It is now anticipated that the maximum recovery will be around 92%.

The Statement of Accounts which are due to be approved by the Audit Committee tomorrow, reflects this improved position with a 5% increase in the recovery to the Council. This follows the improved position on the KSF investment, which I was able to report in May.

As always if further information emerges in relation to the recovery of these investments then I will ensure that all members are briefed accordingly,

John Campion
Leader of the Council.