Audit Committee

6 December 2011

Report of the Head of Finance & Property

Item 9 Heritable Bank Plc – Update

As at 22 November 2011 the Council had received £670k from the administrators of Heritable Bank Plc. This represents 65% of the total amount owed and so far payments have been received earlier than originally forecast.

We expect another interim payment in January 2012 but the level of this has not yet been disclosed. The administrator has raised the range of his expected final settlement which is now between 86p and 90p in the pound, up from a maximum of 85p in the pound.

Our claim against the Heritable Bank's parent company, Landsbanki Islands HF, has been accepted but only as an unsecured creditor. This would only be for any amounts that we do not recover from the Heritable's administrator and the value of the claim will not be known until that process is finished. In the view of the LGA "ultimate recoveries to general unsecured creditors in Landsbanki are likely to be very small (if anything)".

The recent Icelandic Supreme Court ruling that confirmed that Local Authorities with direct investments in Landsbanki had priority creditor status has no material impact on local authorities with deposits in Heritable. All Heritable creditors are deemed to be general unsecured creditors with respect to the winding up of Landsbanki and thus only stand to recover after priority creditors are paid out. Therefore Charnwood Borough Council's position in respect of Landsbanki has not changed from that referred to in the above paragraph.

Officer to contact: John Casey, 01509 634810
John.casey@charnwood.gov.uk