
LGA Executive: Tabled Item

Thursday 20 February 2014

2.00 pm

Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ

Item	Page
7. Icelandic Banks LGA Press Release	1 - 2

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Item 7 - Icelandic Banks

ICELAND PRESS RELEASE

The majority of councils which had money tied up in the failed Icelandic bank Landsbanki have recouped the lion's share of their deposits by selling their claims.

The sale of most councils' remaining claims against LBI (formerly Landsbanki Islands hf) in the Winding Up proceedings was organised through a competitive auction to ensure the highest possible price was achieved. These authorities will, on average, recover more than 95 per cent of the money they originally deposited with LBI. Selling the claims now eliminates the risk of any further loss of value, for example through depreciation of the Icelandic krona against sterling.

Councils had just under £1.05 billion deposited in the four failed Icelandic banks at the time of the collapse in 2008. Following this settlement the total amount recouped by local authorities is expected to be just over £1 billion.

Recovery rates will differ for individual councils but overall local authorities are expected to recoup considerably more than 90p for every £1 put into LBI, Glitnir, Heritable and Kaupthing Singer & Friedlander.

Local Government Association Chairman Sir Merrick Cockell said:

"This settlement has enabled a number of councils to fast-track their recovery of money from LBI and avoid any risk of further loss.

"From day one we have always been clear in our determination that local government would fight to recover the lion's share of the money deposited in Iceland at the time of the crash. Councils had just over £1 billion deposited in the four failed Icelandic banks at the time of the collapse in 2008. Following this settlement the total amount recouped by local authorities is expected to be £1 billion. We can justifiably say that the tenacious efforts of local government working together to get this money back have paid off."

Councils had £414 million deposited with LBI at the time of the crash. Prior to the auction, around £225 million had been recovered. The auction will realise more than £140 million for the authorities that participated. The LGA and legal representatives Bevan Brittan will explore with authorities which have not sold their outstanding claims against LBI the best opportunity for recovery of the funds.

ENDS

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