

**Nottinghamshire County Council**  
**Treasury Management Outturn Statement 2010/11**

*(Half-year out-turn comments are included in bold italics within brackets.)*

The Council, in line with the CIPFA Code of Practice, defines its treasury management activities as:

*The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*

The Council regards the successful identification, monitoring and control of risk as the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The Council acknowledges that effective treasury management will provide support towards achieving its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council's Treasury Management Policy will be implemented through the following Treasury Management Practices (TMPs).

**TMP1 Risk management**

The Investments Manager will design, implement and monitor all arrangements for the identification, management and control of treasury management risk. Reports will be made on these arrangements in accordance with the procedures set out in ***TMP6 Reporting requirements and management information arrangements***. The arrangements will seek to cover each of the following risks.

**1. Credit and counterparty risk**

- The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or revenue resources.

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in the following paragraphs (1.1 to 1.12).

- 1.1 The Local Government Act 2003 gives a local authority power to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. In exercising this power, the local authority must have regard to guidance issued by the Secretary of State.
- 1.2 The guidance classifies investments between “specified” and “non-specified”. Specified investments are those offering high security and high liquidity. All such investments should be in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority will automatically count as specified investments. In addition, short-term sterling investments with bodies or investment schemes with "high credit ratings" will count as specified investments. This classification is not intended to discourage authorities from using non-specified investments but is aiming to ensure that proper procedures are in place for undertaking risk assessments of investments made for longer periods or with bodies which are not highly credit-rated.
- 1.3 The Council’s policy is to invest surplus funds prudently, giving priority to security and liquidity rather than yield and investing in sterling instruments only. The majority of these will be specified investments. The Council will operate an approved list of counterparties for lending. The list reflects a prudent attitude to lending and uses a combination of ratings issued by Fitch Ratings. Banks will be assessed for inclusion on the basis of short term and support ratings, money market funds on the basis of separate money market fund ratings.
- 1.4 Short term ratings assess the capacity of an entity to meet financial obligations with maturity of up to 13 months and are based on the short term vulnerability to default. Support ratings are an assessment of a potential supporter's propensity to support a bank and of its ability to support it and indicate Fitch’s judgement on whether a bank would receive support, on a timely basis, should this become necessary.
- 1.5 Money market funds are mutual funds that invest in cash and short-term money market instruments such as government bonds and commercial paper. They allow investors to participate in a more diverse portfolio than direct investment by spreading capital across a variety of institutions. Fitch’s highest rating (AAAmf) reflects an extremely strong capacity to achieve the ‘investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk’.
- 1.6 The approved lending list will include institutions with high credit ratings based on Fitch Ratings as follows:
  - Banks – short term F1 and support 1
  - Money market funds – AAAmfThese are all the highest levels issued by Fitch. The list will also include the Council’s current bank as well as the UK Government and other local

- authorities. Some investments may involve opening accounts with counterparties.
- 1.7 The support rating is seen as a key part of the management of credit and liquidity risk and is the reason Fitch Ratings are used in preference to ratings issued by Moodys or Standard & Poors. The Council subscribes to on-line access to Fitch Ratings and receives regular updates on the credit ratings of institutions on the approved lending list. The Council also subscribes to an information feed from Reuters and will ensure that ratings from the other two agencies are monitored along with general market data.
- 1.8 The approved list will be monitored by the Investments Manager in the light of rating changes and market conditions, and individual institutions or countries may be suspended from the list if felt appropriate. The Service Director (Finance) may remove any organisation from the approved list but additions require the approval of the Cabinet Member for Finance & Property.
- 1.9 All investments (up to one year duration) with the counterparties in the *Approved List* are considered specified investments apart from those with the Co-operative Bank. The Co-operative Bank is less highly rated by Fitch but it is recognised that it benefits from strong retail deposit funding and has sound capitalisation. As the Council's bank, all treasury activity effectively operates through them, they are able to offer later deal deadlines than the money markets and transaction costs are lower.
- 1.10 The maximum amount to be lent to any organisation on the approved list is subject to the individual institution limits below (applicable at the time the investment is made):

Total outstanding investments:	<u>Limit</u>
Up to £80m	£10m
Between £80m and £120m	£15m
Over £120m	£20m

Only two institutions within the same group may be used at any one time. On occasions when there are insufficient borrowers in the market at current market rates, as a practical measure, the Service Director (Finance) may authorise up to £10 million above these limits to the Council's current bank for a period not exceeding 7 days.

- 1.11 Where markets are extremely volatile, there may be occasions where it would be prudent to have a greater proportion of funds invested in UK banks. To give this additional flexibility, delegated authority is given to the Service Director (Finance) to be able to increase the maximum limit for UK institutions on the approved list to £50 million. This will be used in exceptional circumstances only and, if the delegation is exercised, this will be reported to the Cabinet Member for Finance & Property.
- 1.12 Amounts invested in non-specified investments will be limited as follows:
- Investments over one year - £20 million or 15% of the total invested at the time of the investment, whichever is the higher.

- Investments with the Co-operative Bank – for periods not exceeding 7 days and subject to the limits specified in paragraph 1.10.

*(No Limits were exceeded. A summary of total amounts lent to each organisation is appended.*

*There were 3 investments with the Co-Op Bank during the half year, all returned the next business day. In addition there were 19 deposits made to an interest earning account with the Bank during the half year. At 30 September 2010 the balance on this account was zero.)*

## **2. Liquidity risk**

- The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

Summarised weekly and annual cash flow forecasts will be provided on a quarterly basis to the *Treasury Management Group*, comprising the Service Director (Finance), the Head of Service (Investments) and the Investments Manager. Detailed daily cash flow forecasts will be maintained by the Loans Officer. These forecasts will be used as the basis for ensuring adequate cash resources are available in order to support the Council's objectives.

The Investments Manager may approve fixed term investments up to and including 3 months. Longer periods require permission from one other member of the *Treasury Management Group* and must comply with the relevant prudential limits.

*(During the first half of 2010/11 there were 8 days when cash needed to be borrowed from the market, compared with 10 days in the whole of 2009/10. Half of these were days were due to unusually high creditor payments at the end of July 2010.*

*No loans were made for longer than 3 months during the half year.)*

## **3. Interest rate risk**

- The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with ***TMP6 Reporting requirements and management information arrangements.***

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

Monitoring will be daily by the Investments Manager, in line with the prudential code indicators, with quarterly reports to the *Treasury Management Group*.  
***(All long-term debt is currently at fixed interest rates providing certainty as to interest to be paid in the future.***

***The debt borrowed from banks is currently in the form of LOBOs. This means that at the end of a period of fixed interest rate the bank has an option (Lender's Option) to vary the interest rate, but if they do then we have the option (Borrower's Option) to repay the loan. This is an option we would plan to take (and has been taken in the past) and therefore we consider these loans to be at a fixed rate.)***

**4. Exchange rate risk**

- The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels. Exposure will be minimal as the Council's borrowing and investment are all in sterling.

***(All treasury instruments (excluding Pension Fund investments) are in sterling.)***

**5. Refinancing risk**

- The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer

terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

The maturity structure and prevailing interest rates are monitored by the Investments Manager in line with the limits set in the prudential indicators, and regular reports are made to the *Treasury Management Group*.

*(There was no refinancing in the half year.)*

## **6. Legal and regulatory risk**

- The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under **TMP1(1) credit and counterparty risk management**, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

The Council is an administering authority in the Local Government Pension Scheme and is required, under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, to invest any fund money that is not needed immediately to make payments.

From 1 April 2010, the Council will separately identify pension fund cash and specific investment decisions will be made on any surplus cash identified, based on the estimated cash flow requirements of the Fund. Investments will be made on the Fund's behalf by the County Council in line with this treasury management policy. As the majority of Fund cash is allocated to individual investment managers and may be called by them at short notice, it is expected that the majority of cash will be placed on call or on short-term fixed deposits.

Joint investments with the County Council may be made where this is in the best interests of the Fund. In considering such investments, guidance issued by the Department for Communities and Local Government will be followed

and the Fund will receive its fair share of interest in proportion to the share of cash invested. If losses occur the Fund will bear its share of those losses.

*(Pension Fund treasury investments are separately identified.)*

**7. Fraud, error and corruption, and contingency management**

- The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

*(The most recent annual internal audit report on treasury management made no recommendations.)*

**8. Market risk**

- The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations. Decisions on investment in tradeable securities, which risk loss of capital, will only be authorised by the *Treasury Management Group*.

*(There were no transactions in tradeable securities in the half year.)*

**TMP2 Performance measurement**

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy. Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. Methods of service delivery and the scope for potential improvements will be regularly examined.

Investments are made most days and the majority are for fixed periods at fixed rates. Longer term deals are only placed where expectations of future interest rate movements suggest the potential for higher returns. For this reason, cash management returns will be benchmarked against the average 7-day rate each year.

Returns are also benchmarked against other local authorities within the CIPFA benchmarking club but caution needs to be exercised in analysing these results as the attitude to risk of these authorities and the nature of their treasury management activities are not known in any detail.

Long term borrowing will be targeted to achieve a managed decline in the average interest rate. Borrowing will be in accordance with the treasury management strategy and opportunities will to be taken to borrow, as appropriate, at rates that are considered to be attractive over the long term.  
*(The average return achieved on lending was 0.7% against a benchmark of 0.4%.*

*There was no additional long-term borrowing made during the half-year.)*

**TMP3 Decision-making and analysis**

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

Treasury management processes and practices are documented in the Investments Procedural Manual. This is reviewed and agreed by the *Treasury Management Group* following any material changes. Full records are maintained of all treasury management decisions in order to demonstrate compliance with these processes and for audit purposes. Where appropriate, decisions are reported to the *Treasury Management Group*.

*(No issues were reported.)*

**TMP4 Approved instruments, methods and techniques**

The Council will undertake its treasury management activities within the limits and parameters defined in ***TMP1 Risk management***. Its borrowing activity will be within the limits and by any instrument allowed by statute. This includes:-

- (a) by overdraft or short-term loan from an authorised Bank;
- (b) by loan from a bank, merchant bank, bank subsidiary, local authority, nationalised industry, building society or other organisation of acceptable financial standing;
- (c) the PWLB;
- (d) loan instruments, including transferable loans up to five years duration and non-transferable of no fixed duration;
- (e) accepting deposits from charities and individuals; and
- (f) by any other means approved by the Secretary of State.

*(There was no additional long-term borrowing made during the half-year.)*



**TMP5 Organisation, clarity and segregation of responsibilities and dealing arrangements**

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Investments Manager will ensure that the reasons are properly reported in accordance with ***TMP6 Reporting requirements and management information arrangements***, and the implications properly considered and evaluated.

The Investments Manager will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Investments Manager will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out.

The Investments Manager will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The current responsibilities and procedures are outlined below.

**1. Responsibilities**

Treasury management policies and practices are set by the County Council.

The Audit Committee is responsible for ensuring effective scrutiny of these policies and practices.

Responsibility for the implementation and regular monitoring of the treasury management policies and practices is delegated to the *Treasury Management Group*. In particular it will:-

- (a) authorise the use of borrowing instruments;
- (b) agree borrowing and lending strategies for the Investments Manager;
- (c) authorise deletions or suspensions from the *Approved Lending List*;
- (d) monitor external borrowing levels against agreed limits;
- (e) monitor cash management and debt management performance.

The responsible officer for the execution and administration of treasury management decisions is the Investments Manager, who will act within the

parameters set by the Treasury Management Policy Statement and TMPs and decisions of the *Treasury Management Group*.

## **2. Cash flow**

Daily cash flow forecasts will be maintained by the Loans Officer. Summarised weekly and annual cash flow forecasts will be provided to the *Treasury Management Group* on a quarterly basis.

## **3. Daily procedures**

The daily procedures for cash flow monitoring, placing deals, transmission of funds and documentation are set out in the Investments Procedural Manual. These procedures are usually carried out by the Loans Officer with absences covered by another officer under the responsibility of the Investments Manager.

The officer dealing on the money market each day must prepare a cash flow forecast for that day based on the most up-to-date information available and this must be checked by the Investments Manager, or another officer under the responsibility of the Investments Manager, before that day's deals are carried out. Before conducting a deal, the officer will confirm that the Fitch ratings of the counterparty are in line with the approved policy.

Deals must be within the limits set out in ***TMP1 Risk management***. Dealing staff must be aware of the principles set out in the "London Code of Conduct" published by the Bank of England. Documentation must be kept in accordance with the Investments Procedural Manual.

The transfer of funds will normally be actioned by CHAPS transfer through the banking system. Separate authorisation is required by a senior officer of the Council in order to release the payment.

## **4. Limits to Decision making**

Individual deal limits specified in ***TMP1 Risk management*** apply to all staff placing deals. Any borrowing or lending for periods greater than three months may only be actioned on the authority of the Investments Manager and one other member of the *Treasury Management Group*. Money may only be lent to institutions or funds on the *Approved List*.

***(Responsibilities were exercised within the parameters set out and there were no exceptions to the limits on decision-making.)***

### **TMP6 Reporting requirements and management information arrangements**

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

Full Council will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function in the past year and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

The Audit Committee will have responsibility for the scrutiny of treasury management policies and practices.

The Cabinet Member for Finance & Property will receive quarterly reports on the performance of the treasury management function.

The *Treasury Management Group* will receive regular monitoring reports on treasury management activities and risks and on compliance with and suggested revisions to policy. Members of the *Treasury Management Group* will be informed of any breach of the principles contained in **TMP5**.

*(All reports required for the half year were provided as suggested and there were no breaches of the principles contained in TMP5.)*

**TMP7 Budgeting, accounting and audit arrangements**

The responsible officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with **TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques**. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with **TMP6 Reporting requirements and management information arrangements**.

The treasury management function is performed by the Investments & Treasury Management section within the Finance Division of Corporate Services. An annual budget is agreed for the treasury management function and the expenditure relevant to this is compared with the half year estimate below.

	Estimate	Actual
	£000	£000
Staff	17	8
CHAPS fees	1	-
Brokerage	13	-
External data providers	8	4
<b>Total Budget</b>	<b>39</b>	<b>12</b>

The Council accounts for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting

practices and standards, and with statutory and regulatory requirements in force for the time being.

The impact of expected borrowing and investment activity is dealt with in the Council's budget book. Systems and procedures are subject to both internal and external audit and all necessary information and documentation is provided on request.

*(The latest annual internal audit report on treasury management made no recommendations.)*

**TMP8 Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with **TMP1(2) liquidity risk management**.

As outlined in **TMP5**, daily cash flow forecasts are prepared in accordance with the Investments Procedural Manual, and summarised weekly and annual forecasts are regularly provided to the *Treasury Management Group*.

*(Achieved.)*

**TMP9 Money laundering**

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

All treasury management activity with banks other than the Council's own bank is actioned through CHAPS transfers to/from nominated accounts. Suspicions that a third party is attempting to involve the County Council in "money laundering" will be reported to the Head of Service (Investments).

*(None were reported)*

**TMP10 Training and qualifications**

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Investments Manager will recommend and implement the necessary arrangements. Requests and suggestions for training may be discussed at any time with the Investments Manager and also feature as part of the EPDR process.

The *Treasury Management Group* will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

*(The Head of Service (Finance) is studying for the CIPFA/ACT Certificate in International Treasury Management – Public Finance.)*

#### **TMP11 Use of external service providers**

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies.

Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer.

The Council currently uses four broking companies to act as intermediaries in lending and borrowing activity although it will also carry out this activity directly with counterparties. It does not currently employ the services of any specialist treasury management advisers. It subscribes to Reuters for access to on-line Money Market and Gilt information and Fitch Ratings for credit and support rating information.

*(The Fitch service gives daily notification of changes in Bank ratings.)*

#### **TMP12 Corporate governance**

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and implemented the key provisions of the CIPFA Code and reports are made in accordance with the approved policy. The Council's constitution includes schemes of delegation covering treasury management activities.

These measures are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if necessary, report upon the effectiveness of these arrangements.

*(All reports due to be made in the first half year have been presented.)*