APPENDIX 1
Performance against Treasury Management Indicators agreed in Treasury Management Strategy Statement

1. Authorised limit for external debt
These limits include current commitments and proposals in the budget report for capital expenditure, plus additional headroom over & above the operational limit for unusual cash movements.

	2011/12 Prudential Indicator	2012/12 Actual as at 31st Mar 2012
	£'000	£'000
Borrowing	201,000	120,000
Other long term liabilities	3,000	0
Cumulative Total	**204,000**	**120,000**

2. Operational limit for external debt
The operational boundary for external debt is based on the same estimates as the authorised limit but without the additional headroom for unusual cash movements.

	2011/12 Prudential Indicator	2011/12 Actual as at 31st Mar 2012
	£'000	£'000
Borrowing	150,000	120,000
Other long term liabilities	2,000	0
Cumulative Total	**157,000**	**120,000**

3. Upper limit for fixed interest rate exposure
This is the maximum amount of total borrowing which can be at fixed interest rate, less any investments for a period greater than 12 months which has a fixed interest rate.

	2011/12 Prudential Indicator	2011/12 Actual as at 31st Mar 2012
	£'000	£'000
Fixed interest rate exposure	**201,000**	**100,000***

* The £20m of LOBO's are quoted as variable rate in this analysis as the Lender has the option to change the rate at 6 monthly intervals (the Council has the option to repay the loan should the rate increase)

4. Upper limit for variable interest rate exposure
While fixed rate borrowing contributes significantly to reducing uncertainty surrounding interest rate changes, the pursuit of optimum performance levels may justify keeping flexibility through the use of variable interest rates. This is the maximum amount of total borrowing which can be at variable interest rates less any investments at variable interest rates (this includes any investments that have a fixed rate for less than 12 months).

	2011/12 Prudential Indicator	2011/12 Actual as at 31st Mar 2012
	£'000	£'000
Variable interest rate exposure	**0**	**-101,900**

*This is the variable rate debt (LOBOs of £20m) less the £121.9m variable rate investments.

5. Upper limit for total principal sums invested for over 364 days
This is the maximum % of total investments which can be over 364 days.

	2011/12 Prudential Indicator	2011/12 Actual as at 31st Mar 2012
	%	%
Investments over 364 days	**25**	**7.6**

6. Maturity Structure of new fixed rate borrowing during 2011/12

	Upper Limit	Lower Limit	2010/11 Actual as at 31st Mar 2011
	%	%	%
Under 12 months	50	Nil	0
12 months and within 24 months	50	Nil	0
24 months and within 5 years	50	Nil	0
5 years and within 10 years	50	Nil	0
10 years and above	100	Nil	100

£30million of new borrowing was undertaken from the PWLB (Public Works Loan Board) during 2011/12 all of which had a maturity of greater than 10 years. The borrowing portfolio is shown in Appendix 4.

APPENDIX 2

The Council's Investment position at 31st March 2012

	Council (excl. RIF) Balance at 31st March 2012	RIF Balance at 31st March 2012	**Total Balance at 31st March 2012**
	£'000's	£'000's	**£'000's**
Notice (instant access funds)	18,000	0	**18,000**
Up to 1 month	0	56,938	**56,938**
1 month to 3 months	14,000	0	**14,000**
Over 3 months	43,000	0	**43,000**
Total	**75,000**	**56,938**	**131,938**

The total investment figure of £131.938 million is made up as follows:

	£'000's
B&NES Council	61,322
West of England Growth Points	4,861
Schools	8,817
RIF Funding	56,938
Total	**131,938**

The Council had an average net positive balance of £93.9m (including Growth Points, B&NES PCT and RIF Funding) during the period April 2011 to March 2012.

The following fixed term investments were undertaken during 2011/12 with a maturity date in the following financial year:

Institution	**Amount**	**Rate**	**Start Date**	**Maturity Date**	**Long Term Credit Rating***
Barclays Bank	£5m	1.53%	05/08/11	03/08/12	A
Nationwide	£5m	1.35%	30/03/11	28/09/12	A
Bank of Scotland	£5m	2.20%	05/08/11	03/08/12	A
Lloyds Banking Group	£5m	2.65%	01/06/11	27/07/12	A
Lloyds Banking Group	£5m	2.15%	26/08/11	24/08/12	A
Development Bank of Singapore	£5m	0.85%	16/01/12	16/07/12	AA-
Development Bank of Singapore	£5m	0.85%	06/02/12	06/08/12	AA-
Reading Borough Council	£4m	1.75%	01/04/11	01/06/12	
Newcastle City Council	£5m	1.70%	03/05/11	03/05/12	
Cambridgeshire County Council	£5m	0.70%	10/08/11	10/05/12	
Kingston Upon Hull City Council	£1m	1.20%	12/12/11	11/06/13	
Nottingham City Council	£2m	0.70%	31/01/12	12/12/12	

Lancashire County Council	£5m	0.60%	28/03/12	28/09/12	
DMO	£11.579m	0.25%	21/02/12	10/04/12	AAA
DMO	£39.831m	0.25%	28/03/12	27/04/12	AAA
DMO	£5.528m	0.25%	29/03/12	10/04/12	AAA
Total	**£113.938m**	-	-	-	

* The credit rating shown is the lowest equivalent rating from Fitch, Standard & Poors and Moody's credit rating agencies
The balance of £18m was held in call accounts and Money Market Funds as at 31st March 2012.

Chart 1: Council Investments (excl. RIF) as at 31st March 2012 (£75.0m)

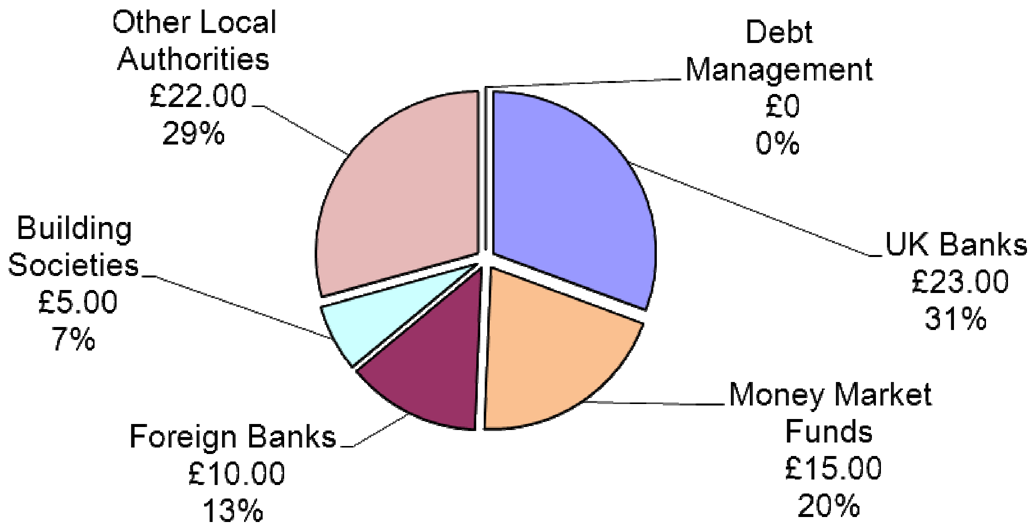
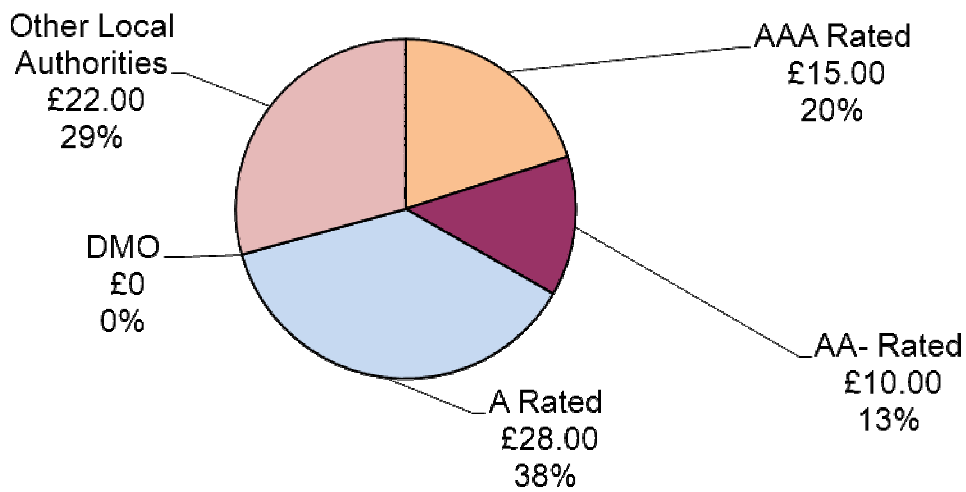


Chart 2: Council Investments (excl. RIF) per Lowest Equivalent Long-Term Credit Ratings (£75.0 m) - 31st March 2012



APPENDIX 3

Average rate of return for 2011/12

	Apr %	May %	Jun %	Jul %	Aug %	Sep %
Average rate of interest earned	1.05%	1.13%	1.18%	1.10%	1.09%	1.14%
Benchmark = Average 7 Day LIBID rate +0.05% **(source: Sterling)**	0.50%	0.50%	0.50%	0.52%	0.49%	0.54%
Performance against Benchmark %	+0.55%	+0.63%	+0.68%	+0.58%	+0.60%	+0.60%

	Oct %	Nov %	Dec %	Jan %	Feb %	Mar %	Average for Period
Average rate of interest earned	1.11%	1.08%	1.11%	1.06%	1.04%	0.98%	**1.09%**
Benchmark = Average 7 Day LIBID rate +0.05% **(source: Sterling)**	0.55%	0.55%	0.55%	0.55%	0.53%	0.53%	**0.53%**
Performance against Benchmark %	+0.56%	+0.53%	+0.56%	+0.51%	+0.51%	+0.45%	**+0.56%**

APPENDIX 4

Councils External Borrowing at 31st March 2012

LONG TERM	Amount	Start Date	Maturity Date	Interest Rate
PWLB	10,000,000	15/10/04	15/10/35	4.75%
PWLB	20,000,000	02/10/06	20/05/54	4.10%
PWLB	10,000,000	21/12/06	20/11/52	4.25%
PWLB	10,000,000	15/02/06	15/02/56	3.85%
PWLB	10,000,000	19/07/06	15/04/53	4.25%
PWLB	5,000,000	12/05/10	15/08/35	4.55%
PWLB	5,000,000	12/05/10	15/08/60	4.53%
PWLB	5,000,000	05/08/11	15/02/31	4.80%
PWLB	10,000,000	05/08/11	15/08/29	4.90%
PWLB	15,000,000	05/08/11	15/02/61	4.96%
KBC Bank N.V*	5,000,000	08/10/04	08/10/54	4.50%
KBC Bank N.V*	5,000,000	08/10/04	08/10/54	4.50%
Eurohypo Bank*	10,000,000	27/04/05	27/04/55	4.50%
TOTAL	**120,000,000**			
TEMPORARY	**NIL**			
TOTAL	**120,000,000**			**4.46%**

- All LOBO's (Lender Option / Borrower Option) have reached the end of their fixed interest period and have reverted to the variable rate of 4.5%. The lender has the option to change the interest rate at 6 monthly intervals, however at this point the borrower also has the option to repay the loan without penalty.

APPENDIX 5

Annual Review 2011/12 – (provided by Sterling Consultancy Services)

The Eurozone debt crisis dominated the year's economic news. The apparent inability of leaders to either agree on remedial policies or implement fiscal consolidation measures prompted frequent bouts of market volatility, as investors positioned themselves for potential government defaults or even the breakup of the Eurozone itself. Investor confidence in struggling Eurozone nations, such as Greece, Italy and Spain, dived, prompting sharp upward movements in government borrowing rates. Greece finally defaulted in March by forcing private bondholders into a distressed debt exchange, in return for a second bailout from the European Union and the International Monetary Fund.

Exposure to the Eurozone periphery, coupled with actions making future government support less likely, placed downward pressure on the creditworthiness of many European banks, prompting a raft of credit rating downgrades and sharp rises in credit default swap spreads. This led to an increase in funding costs as interbank lending rates rose sharply above official interest rates. Dexia, a banking group based in Belgium, France and Luxembourg was the main casualty, but was bailed out and broken up by the respective governments. Two small Danish banks failed and imposed losses on depositors, while Spain forced its regional banking sector to consolidate to prevent similar occurrences.

In late December, the European Central Bank cut interest rates and flooded the Eurozone banking sector with cheap three-year loans, immediately reducing the near-term risk of a liquidity crisis and moderating Eurozone wholesale interbank lending rates. Unfortunately, the central bank action could not prevent the debt crisis causing a sharp decline in household and business confidence, eventually pushing the Eurozone into recession.

The UK's reliance on the Eurozone as a major trading partner was illustrated when this country followed the Eurozone into recession over the last six months of the financial year. Other factors responsible for the fall in economic activity included the government's deficit reduction programme and the weakness in household and business spending. The decline in household spending was the result of low confidence and the erosion of disposable income by persistently elevated inflation, subdued wage growth, higher taxes and rising unemployment. Businesses were in a similarly weak position, with access to credit restricted or too expensive due to a risk-averse banking sector, and limited domestic and foreign demand.

Weakening economic growth and signs of further deterioration in the Eurozone prompted the Bank of England to loosen monetary policy in October, despite above target inflation. With Bank Rate already at 0.5%, the Monetary Policy Committee voted for a further £50bn of quantitative easing, which combined with safe haven buying to push gilt yields to record lows over the next few months. Policymakers justified the action because they were confident inflation would fall quickly back to target during 2012. However, although the annual Consumer Price Index rate has declined from the September peak of 5.2%, a combination of higher crude oil and food prices caused the rate to rise slightly in March to 3.5%, leaving Bank of England policymakers in the unenviable position of setting policy to battle both weak growth and high inflation.

APPENDIX 6

Capital Financing Costs – Budget Monitoring 2011/12 (Outturn)

April 2011 to March 2012	YEAR END POSITION Budgeted Spend or (Income) £'000	Actual Spend or (Income) £'000	Actual over or (under) spend £'000	ADV/FAV
Interest & Capital Financing				
- Debt Costs	4,840	4,848	8	ADV
- Internal Repayment of Loan Charges	(3,188)	(3,188)		
- Ex Avon Debt Costs	1,491	1,490	(1)	FAV
- Minimum Revenue Provision (MRP)	3,380	3,352	(28)	FAV
- Interest of Balances	(560)	(933)	(373)	FAV
Sub Total - Capital Financing	**5,963**	**5,569**	**(394)**	**FAV**

Internal Repayment of Loan Charges includes transfers to capital financing reserve.