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.

	2010/11 Prudential Indicator	2010/11 Actual as at 31st Mar 2011
	£'000	£'000
Borrowing	115,000	90,000
Other long term liabilities	3,000	0
Cumulative Total	**118,000**	**90,000**

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.

	2010/11 Prudential Indicator	2010/11 Actual as at 31st Mar 2011
	£'000	£'000
Borrowing	105,000	90,000
Other long term liabilities	2,000	0
Cumulative Total	**107,000**	**90,000**

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.

	2010/11 Prudential Indicator	2010/11 Actual as at 31st Mar 2011
	£'000	£'000
Fixed interest rate exposure	**107,000**	**70,000***

* 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).

	2010/11 Prudential Indicator	2010/11 Actual as at 31st Mar 2011
	£'000	£'000
Variable interest rate exposure	**20,000**	**-44,000**

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.

	2010/11 Prudential Indicator	2010/11 Actual as at 31st Mar 2011
	%	%
Investments over 364 days	**25**	**0**

6. Maturity Structure of new fixed rate borrowing during 2010/11

	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

£10 million of new borrowing was undertaken from the PWLB (Public Works Loan Board) during 2010/11 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 2011

	Balance at 31st March 2011
	£'000's
Notice (instant access funds)	24,000
Up to 1 month	10,000
1 month to 3 months	15,000
Over 3 months	15,000
Total	**64,000**

The investment figure of £64 million is made up as follows:

	£'000's
B&NES Council	48,434
West of England Growth Points	3,787
Schools	11,779
Total	**64,000**

The Council had an average net positive balance of £75.9m (including Growth Points Funding) during the period April 2010 to March 2011.

The following fixed term investments were undertaken during 2010/11 with a maturity date in the following financial year:

Institution	Amount	Rate	Start Date	Maturity Date	Long Term Credit Rating*
Barclays Bank	£5m	1.55%	15/04/10	14/04/11	AA-
Barclays Bank	£5m	1.00%	08/11/10	09/05/11	AA-
Barclays Bank	£5m	1.10%	10/12/10	10/06/11	AA-
Bank of Scotland	£5m	1.84%	01/06/10	01/06/11	A+
Bank of Scotland	£5m	2.10%	12/07/10	12/07/11	A+
Lloyds Banking Group	£5m	1.60%	26/11/10	26/08/11	A+
Oversea Chinese Banking Corporation	£5m	1.07%	31/03/11	30/09/11	A+
Total	**£35m**	-	-	-	

* The credit rating shown is the lowest equivalent rating from Fitch, Standard & Poors and Moody's credit rating agencies
The balance of £29m was held in call accounts at 31st March 2011.

Chart 1: Investments as at 31st March 2011 (£64m)

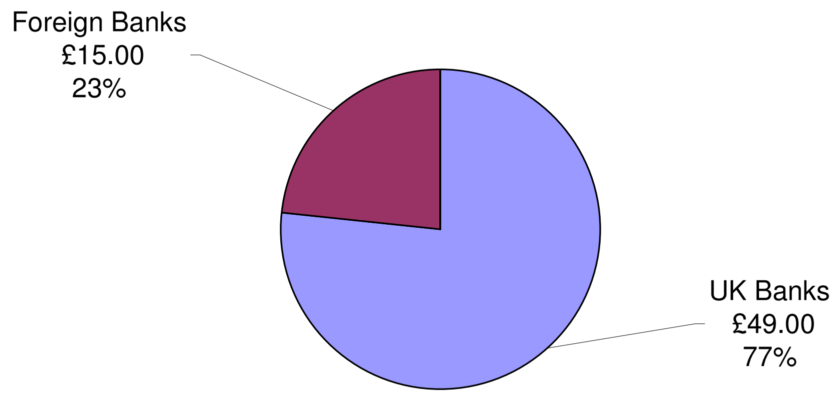
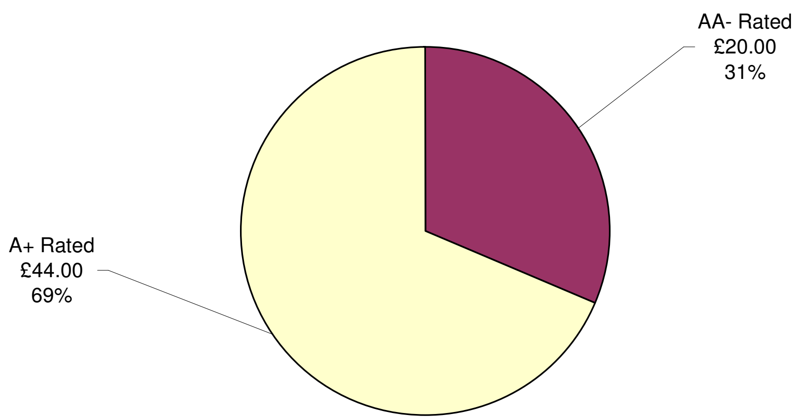


Chart 2: Investments - Lowest Equivalent Credit Ratings (£64m) - 31st March 2011



APPENDIX 3

Average rate of return for 2010/11

	Apr %	May %	Jun %	Jul %	Aug %	Sep %
Average rate of interest earned	0.97%	0.94%	0.98%	1.00%	1.03%	1.03%
Benchmark = Average 7 Day LIBID rate +0.05% (source: Sterling)	0.47%	0.48%	0.48%	0.48%	0.48%	0.48%
Performance against Benchmark %	+0.50%	+0.46%	+0.50%	+0.52%	+0.55%	+0.55%

	Oct %	Nov %	Dec %	Jan %	Feb %	Mar %	Average for Period
Average rate of interest earned	1.01%	1.04%	1.05%	0.99%	0.97%	1.05%	**1.00%**
Benchmark = Average 7 Day LIBID rate +0.05% (source: Sterling)	0.48%	0.48%	0.49%	0.50%	0.50%	0.50%	**0.49%**
Performance against Benchmark %	+0.53%	+0.58%	+0.58%	+0.49%	+0.47%	+0.55%	**+0.51%**

APPENDIX 4

Councils External Borrowing at 31st March 2011

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%
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	**90,000,000**			
TEMPORARY	**NIL**			
TOTAL	**90,000,000**			

- 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 2010/11 – (provided by Sterling Treasury Advisors)

Following recession in 2009, global economic activity rebounded in 2010. Traditional exporters like Germany benefited from rising consumer demand worldwide, although economies more reliant on domestic consumption, including the UK, faced a weaker outlook. The government and household sectors of these countries were burdened by excessive debt, ultimately resulting in weaker domestic spending.

The absence of a quick economic recovery led to rising government budget deficits, especially in the European periphery, and prompted some concern among bond investors and credit rating agencies. This loss of confidence in the ability of some governments to repay their debts saw bond yields rise and the markets effectively closed to certain countries. Greece, Ireland and Portugal were all forced to seek financial assistance from the European Union and the International Monetary Fund.

The UK's deteriorating financial position was also a concern. The UK had the highest budget deficit in the EU in 2009/10 and the economic outlook was weak. However, the new Conservative-Liberal Democrat coalition government, formed following the inconclusive General Election in May 2010, outlined what was perceived by investors and credit rating agencies to be a credible fiscal consolidation plan. With financial problems continuing elsewhere in Europe, the UK was perceived to be a relative “safe haven”, and strong appetite for UK government debt kept gilt yields low.

While the UK government focused on tightening fiscal policy, the Bank of England maintained loose monetary policy. Bank Rate remained at 0.5% throughout the financial year, despite inflation rising to over double the 2% target as the price of raw materials increased. With inflation expected to test 5% during 2011, heightening the risk that raised inflation expectations would feed into wages and prices, three members of the Monetary Policy Committee voted for a rise in Bank Rate in February. The remaining six members, however, were more concerned that higher interest rates could choke off the economic recovery, which was already showing signs of slowing in response to fiscal tightening. The MPC remains divided on when to raise Bank Rate.

APPENDIX 6

Capital Financing Costs – Budget Monitoring 2010/11 (Outturn)

April 2009 to March 2010	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	2,025	2,025	0	
- Ex Avon Debt Costs	1,606	1,476	(130)	FAV
- Minimum Revenue Provision (MRP)	2,146	2,146	0	
- Interest on Balances	(560)	(760)	(200)	FAV
Sub Total - Capital Financing	**5,217**	**4,887**	**(330)**	**FAV**

Debt Costs shown net of Service Supported Borrowing income and includes transfers to capital financing reserve.