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	2011/12 Actual as at 30th Jun. 2011
	£'000	£'000
Borrowing	201,000	90,000
Other long term liabilities	3,000	0
Cumulative Total	**204,000**	**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.

	2011/12 Prudential Indicator	2011/12 Actual as at 30th Jun. 2011
	£'000	£'000
Borrowing	150,000	90,000
Other long term liabilities	2,000	0
Cumulative Total	**152,000**	**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.

	2011/12 Prudential Indicator	2011/12 Actual as at 30th Jun. 2011
	£'000	£'000
Fixed interest rate exposure	**204,000**	**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).

	2011/12 Prudential Indicator	2011/12 Actual as at 30th Jun. 2011
	£'000	£'000
Variable interest rate exposure	**0**	**-60,800**

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 30th Jun. 2011
	%	%
Investments over 364 days	**25**	**10**

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

	Upper Limit	Lower Limit	2011/12 Actual as at 30th Jun. 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	0

APPENDIX 2

The Council's Investment position at 30th June 2011

	Balance at 30th June 2011
	£'000's
Notice (instant access funds)	17,800
Up to 1 month	19,000
1 month to 3 months	10,000
Over 3 months	44,000
Total	**90,800**

The investment figure of £90.8 million is made up as follows :

	Balance at 30th June 2011
	£'000's
B&NES Council	73,290
West Of England Growth Points	4,623
Schools	12,887
Total	**90,800**

The Council had an average net positive balance of £97.7m (including Growth Points Funding) during the period April 2011 to June 2011.

Chart 1: Investments as at 30th June 2011 (£90.8m)

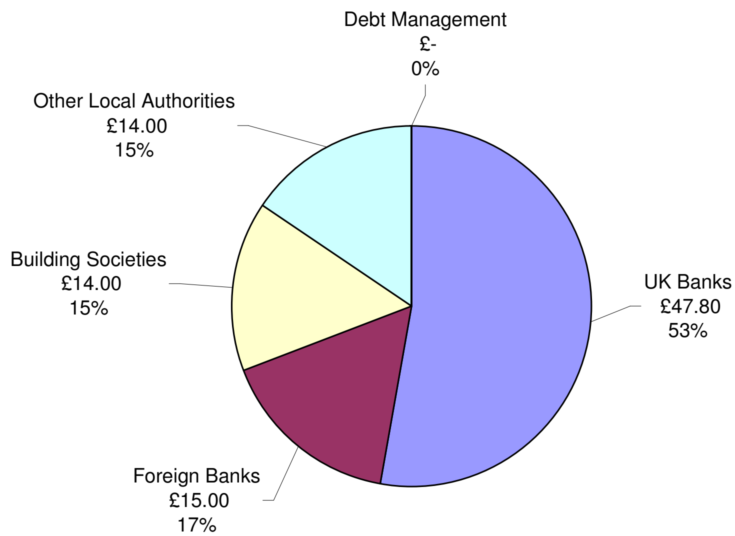


Chart 2: Investments as at 31st March 2011 (£64.0m)

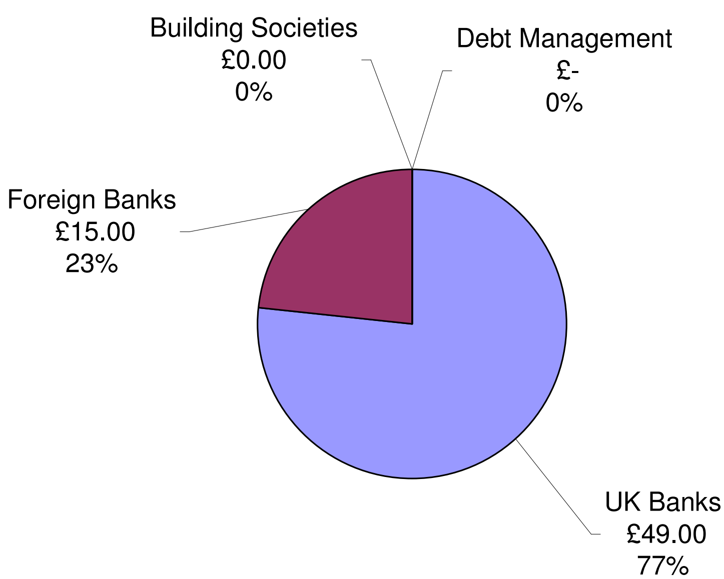


Chart 3: Investments per Lowest Equivalent Long-Term Credit Ratings (£90.8m) - 30th June 2011

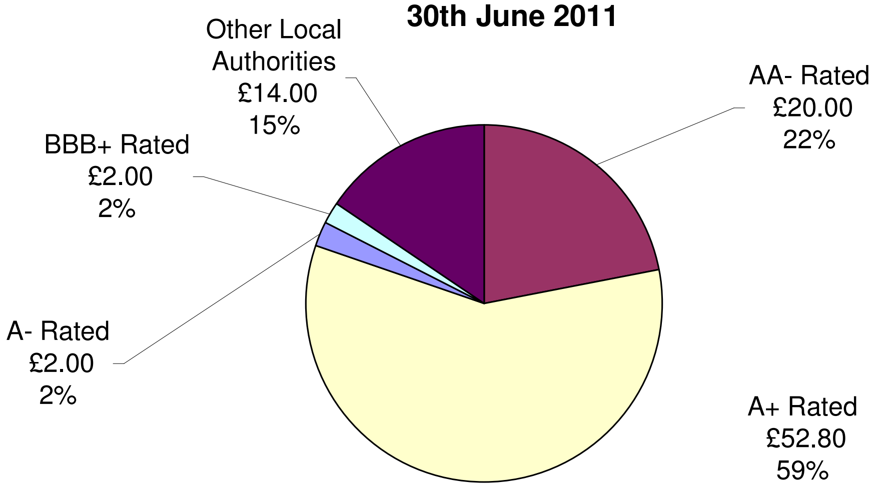
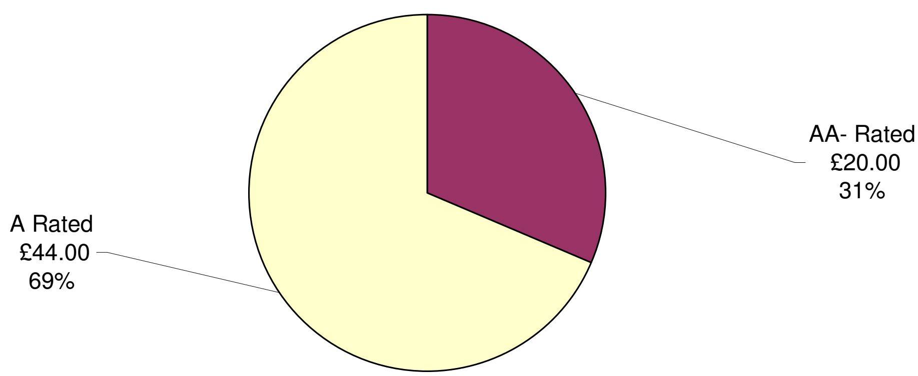


Chart 4: Investments per Lowest Equivalent Long-Term Credit Ratings (£64.0m) - 31st March 2011



APPENDIX 3
Average rate of return on investments for 2011/12

	April %	May %	June %	Average for Period
Average rate of interest earned	1.05%	1.13%	1.18%	**1.13%**
Benchmark = Average 7 Day LIBID rate +0.05% **(source: Sterling)**	0.50%	0.50%	0.50%	**0.50%**
Performance against Benchmark %	+0.55%	+0.63%	+0.68%	**+0.63%**

APPENDIX 4
Councils External Borrowing at 30th June 2011

LONG TERM	Amount	Fixed Term	Interest Rate	Variable Term	Interest Rate
PWLB	10,000,000	30 yrs	4.75%	n/a	n/a
PWLB	20,000,000	48 yrs	4.10%	n/a	n/a
PWLB	10,000,000	46 yrs	4.25%	n/a	n/a
PWLB	10,000,000	50 yrs	3.85%	n/a	n/a
PWLB	10,000,000	47 yrs	4.25%	n/a	n/a
PWLB	5,000,000	25 yrs	4.55%	n/a	n/a
PWLB	5,000,000	50 yrs	4.53%	n/a	n/a
KBC Bank N.V*	5,000,000	2 yrs	3.15%	48 yrs	4.50%
KBC Bank N.V*	5,000,000	3 yrs	3.72%	47 yrs	4.50%
Eurohypo Bank*	10,000,000	3 yrs	3.49%	47 yrs	4.50%
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 4.50%. 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
<u>Economic and market review for the three months to June 2011 (Sterling Consultancy Services)</u>

The UK economy has experienced a soft patch over the past six months. GDP growth barely recovered in Q1 from the last snow-hit quarter of 2010 and a range of economic indicators suggest it has slowed since. The weakness in growth stems primarily from reduced household spending, which is a consequence of low consumer confidence and a reduction in real disposable incomes. There have also been signs of softening global growth over the past few months, which has reduced demand for UK manufactured goods. Inflation, on the other hand, has risen further over the Bank of England's target; the CPI rate was confirmed at 4.5% for May 2011. High commodity prices, the rise in the VAT rate and the continued effect from the past depreciation of sterling are the main drivers behind the current level. Commodity prices in particular increased sharply over the past three months due to a number of geo-political events, such as the unrest in North Africa and the Middle East and flooding in Australia. Oil prices have since stabilised at a relatively elevated level of around $110 per barrel.

The May Bank of England (BoE) Inflation Report suggested a similar story for the rest of the year. GDP growth is expected to remain soft, with tighter fiscal policy depressing household and government spending. Business investment and net trade are projected to contribute more significantly to UK economic growth, with the current conditions helping to rebalance the economy away from domestic consumer spending. Despite softer growth, there is seen to be a risk of the CPI rate reaching 5% in the short term and remaining above target until early 2013.

The Monetary Policy Committee (MPC) at the BoE is currently split on the direction of monetary policy. Bank Rate has remained at 0.5% for the past 27 months to support stuttering economic activity and avoid the threat of deflation. But with inflation currently more than double the CPI target rate of 2%, and projected to remain so for the near future, two members of the MPC currently support tighter monetary policy to reduce the risk of high inflation expectations feeding into wage and price growth. For most of the remaining members the risk arising from high inflation expectations is also material, but is weighed against great uncertainty over the health of the economy. With indications of slowing economic activity, the current balance on the MPC appears weighted against a near-term rise in interest rates. Financial markets currently expect the first rise in Bank Rate around the start of 2012.

APPENDIX 6
Interest & Capital Financing Costs – Budget Monitoring 2011/12 (April to June)

April to June 2011	YEAR END FORECAST			
	Budgeted Spend or (Income) £'000	Forecast Spend or (Income) £'000	Forecast over or (under) spend £'000	ADV/FAV
Interest & Capital Financing				
- Debt Costs	4,840	4,840		
- Internal Repayment of Loan Charges	(3,188)	(3,188)		
- Ex Avon Debt Costs	1,491	1,491		
- Minimum Revenue Provision (MRP)	3,380	3,380		
- Interest of Balances	(460)	(460)		
Sub Total - Capital Financing	**6,063**	**6,063**		