Agenda item 10

Cabinet – 15 December 2021

Treasury Management Mid Year Position Statement 2021/22

Portfolio: Councillor Bird, Leader of the Council

Related portfolios: N/A

Service: Finance

Wards: All

Key decision: No

Forward plan: Yes

1. Aim

1.1 The council is required through regulations issued under the Local Government Act 2003 to produce a mid year position statement reviewing treasury management activities and prudential and treasury indicator performance. The Treasury Management mid year position statement at Appendix A provides Cabinet with these details and meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

2. Summary

2.1. This report sets out the council's 2021/22 mid year position statement for treasury management activities (Appendix A) and a summary of performance against set targets (Appendix B).

2.2. Despite difficult market conditions with low interest rates for investment income the net position for capital financing is expected to be underspent against the 2021/22 budget by £1.200m. There are currently assumptions that pressures for dividend income, temporary interest costs in relation to pension payments and an element of Minimum Revenue Provision (MRP) costs are funded by reserves earmarked for that purpose.

3. Recommendations

3.1 To note and forward to Council, for consideration and noting (and in line with the requirements of the Treasury Management Code of Practice (2017)), the mid-year position statement for treasury management activities 2021/22 including prudential and local indicators (Appendix A).

3.2 That Cabinet note that all Members should undertake training that is available from the Council's external Treasury Management advisors to enable Members to better understand and challenge the long-term financial implications of matters reported within the Treasury Management Strategy.

4. Report detail - know

Context

4.1 Each year the Council operates a balanced budget, which broadly means cash raised during the year will meet its expenditure. Part of the treasury management service is to ensure this cash flow is adequately planned, with surplus monies being invested in line with the Treasury Management Policy Statement – approved by Council in February 2021.

4.2 Another function of the treasury management service is the funding of the Council's capital programme. This function highlights any potential borrowing requirement which may involve arranging long or short term loans, or using longer term cash flow surpluses.

4.3 The following key points of interest have been extracted from the report at Appendix A:

- The mid year position statement meets the requirement of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

- The banking environment has continued to be one of low interest returns with some improved confidence in counter party risk. The base rate remained static at 0.10% for the period 1 April until 30 September 2021.

- Despite this situation the authority has continued to identify appropriate new areas of investment opportunity that has led to a significant impact on average investment performance. This has meant that whilst average investment income has decreased from 1.50% in 2019/20, to 1.01% in 2020/21 and to 0.79% in 2021/22, it is still expected to be in line with budgeted expectations for 2021/22.

- In terms of dividend income Birmingham Airport have announced that no ordinary dividends will be paid in 2021/22, to conserve cash and mitigate the impact of reduced income due to the effects of the drop in passenger numbers as a result of Covid-19. The impact of this has resulted in a forecast variance of £1.950m where a use of reserves had been planned to offset this.

- Savings are forecast to be made on interest payable costs totalling approximately £5.258m, with £4.047m expected to be transferred to reserves to meet future cost pressures. These savings are as a result of the council choosing to utilise its cash balances to fund capital expenditure rather than borrowing as budgeted for, which at present is more favourable given the historical low base rate, and the low potential investment returns from borrowing and increasing cash.

Council Corporate Plan priorities

4.4 Sound financial management of the council's cash balances supports the delivery of council priorities within council's available resources.

Risk management

4.5 Treasury management activity takes place within a robust risk management environment, which enables the council to effectively maximise investment income and minimise interest payments without undue or inappropriate exposure to financial risk. It is recognised that the management of risk is as important as maximisation of performance and it is essential that the council has the right balance of risk and reward when making investment decisions. This is supported by treasury management policies which seek to manage the risk of adverse fluctuations in interest rates and safeguard the financial interests of the council.

4.6 The impact of Covid-19 continues to provide uncertainty for interest rates and within the financial markets and is expected to continue for the foreseeable future. The Council has responded to this risk by reviewing counterparties for investments to minimise the risk to any one counter party or class of counter party, and by utilising cash balances as a first call rather than taking out borrowing for capital expenditure.

4.7 The impact of Covid-19 on the Council's cashflow is being managed by keeping cash in at call and notice accounts rather than longer fixed term investments, enabling the Council to ensure there is sufficient levels of cash available at all times to meet demand. As set out in section 4.1 above by holding cash in more liquid forms and the reduction in interest rates has had a corresponding impact on investment returns.

Financial implications

4.8 Treasury management activity forms part of the council's financial framework and supports delivery of the medium term financial strategy. The review of treasury management performance and activity is reviewed through both the treasury management annual report and the mid-year performance review report.

4.9 The proposed treasury management training session detailed within the report would incur a small one-off fee of £1,500, which can be contained within the overall existing Treasury Management budget.

Legal implications

4.10 The council is required to have regard to the Prudential Code under the duties outlined by the Local Government Act 2003. One requirement of the Prudential Code is that the council should comply with the CIPFA Code of Practice for Treasury Management. The council adopted the original treasury management code in 1992 and further revisions to the Code in 2002, 2010 and 2017.

Procurement Implications/Social Value

4.11 None directly relating to this report.

Property implications

4.12 None directly relating to this report.

Health and wellbeing implications

4.13 None directly relating to this report.

Staffing implications

4.14 None directly relating to this report.

Reducing Inequalities

4.15 None directly relating to this report.

Climate Change

4.16 None directly relating to this report.

Consultation

4.17 The report has been approved by the finance treasury management panel, an internal governance arrangement comprising the S151 Officer, Director - Finance Corporate Performance & Corp Landlord, Head of Finance, and Deputy Head of Finance (Corporate).

5. Decide

5.1 In line with the Treasury Management Code of Practice (2017) there are a number of reports that are required to be produced and reported publicly each year. The Treasury Management Mid Year Position Statement forms one of these requirements and as such is being reported to Cabinet for noting and forwarding onto Council for consideration.

6. Respond

6.1 This report is not seeking approval of a decision, in line with the Treasury Management Code of Practice (2017) it is required to be reported for noting and forwarding to Council for consideration.

7. Review

7.1 In line with Treasury Management Code of Practice (2017) this is a backward looking document looking at performance over the first six months of the current financial year and a further report on performance will be provided each year in line with the requirements of the Code.

Background papers

Various financial working papers

Corporate Budget Plan and Treasury Management and Investment Strategy 2021/22 (including Treasury Management Policy Statement) – Council 25/02/21

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15 December 2021

Councillor M Bird
Leader of the Council

15 December 2021

Appendix A

Treasury Management Mid Year Review

Table 1 shows borrowing and investments held at 31 March 2021 and 30 September 2021. The table shows that net borrowing during this period have remained the same.

The forecast borrowing position for the year end shows an approximate £18m reduction in overall borrowing levels linked predominantly due to the repayment of loan maturities for loans taken out to meet the cash flow requirements for the upfront pension payment made in April 2020.

The investment balance for the period to 30 September 2021 has increased by approximately £30m; this is in line with the budgeted assumptions for the year which included a plan to ensure that cash balances were maintained at an appropriate and robust level in line with expected cashflows projected for the year. This is also linked to the cashflow profile for local authorities where a large proportion of income is normally received at the start of the year (with upfront payment of grants / council tax / business rates etc), with corresponding expenditure normally being spread across the year.

The forecast investment position for the year end shows that investment balances are expected to decrease as we approach 31 March 2022 and payments on capital schemes are made and less income is profiled to be raised, and therefore collected, during the period.

Table 1

Borrowing	31-Mar-21	30-Sep-21	Change in year	Forecast Position 31-Mar-22	Forecast Change 31-Mar-21 to 31-Mar-22
	£m	£m	£m	£m	£m
PWLB	195.613	195.614	0.001	195.613	0.000
Private Loans	95.000	95.000	0.000	95.000	0.000
Other Loans	56.743	39.742	(17.001)	38.302	(18.441)
Total Borrowing	**347.356**	**330.356**	**(17.000)**	**328.915**	**(18.441)**
Investments	**31-Mar-21**	**30-Sep-21**	**Change in year**	**Forecast Position 31-Mar-22**	**Forecast Change 31-Mar-21 to 31-Mar-22**
	£m	£m	£m	£m	£m
At-call	36.360	57.125	20.765	25.000	(11.360)
Short term	138.500	148.000	9.500	104.500	(34.000)
Long term	15.000	15.000	0.000	10.000	(5.000)
Property funds	30.000	30.000	0.000	30.000	0.000
Total Investments	**219.860**	**250.125**	**30.265**	**169.500**	**(50.360)**
Net Position (Borrowing less Investment)	**127.496**	**80.231**	**(47.265)**	**159.415**	**31.919**

Capital Financing

Table 2 below shows the midyear revenue outturn forecast for treasury management capital financing. There is a forecast underspend of £5.258m in relation to interest payable mainly as a result of more favourable borrowing rates being secured by the treasury service than budgeted, and by a decision to delay borrowing and utilise cash balances. Borrowing to be taken out to cover the 2020/21 capital programme was expected to take place in this financial year, but will no longer be taken out in this financial year as it is more prudent to utilise cash balances and reduce the cost of carry as well as reducing counterparty risk. A net transfer to reserves of £4.047m is forecast to fund future cost pressures for borrowing and loss of investment and dividend income in future years, leaving the remaining £1.211m underspend available to fund central cost pressures.

Birmingham Airport have announced that no ordinary dividends will be paid in 2021/22, to conserve cash and mitigate the impact of reduced income due to the effects of the drop in passenger numbers as a result of Covid-19. The impact of this has resulted in a forecast variance of £1.950m which is offset by a planned and corresponding release from reserves.

The MRP charge for the year is forecasted to be £0.780m over budget, however this is expected and a transfer from reserves equal to the forecasted overspend will be made. This transfer from reserves is a continuation of the release of the c.£24m savings identified as a result of the MRP review in 2015/16 and c.£21m savings identified as a result of the MRP review in 2020/21

Table 2

Service Description	Full Year Forecast	Annual Budget	Forecast Variance	Transfer (from) / to reserves	Net Forecast Variance
	£m	£m	£m	£m	£m
Interest Payable	11.575	16.833	(5.258)	4.047	(1.211)
Investment Returns	(1.904)	(3.854)	1.950	(1.950)	0.000
Allocation of interest on internal balances	0.009	0.009	0.000	0.000	0.000
Other Local Authority Debt	2.214	2.214	0.000	0.000	0.000
Treasury Management costs	0.020	0.020	0.000	0.000	0.000
Bank charges	0.097	0.086	0.011	0.000	0.011
Minimum Revenue Provision	9.139	8.359	0.780	(0.780)	0.000
Total	**21.150**	**23.667**	**(2.517)**	**1.317**	**(1.200)**

Economics update provided by the Council's external Treasury Management Partner as at September 2021

The Monetary Policy Committee (MPC) voted unanimously at its meeting on 5 August 2021 to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn, with only one MPC member voting to stop these purchases now to leave total purchases £45bn short of the total target.

While that was all very much unchanged from previous MPC decisions over the last year, there was a major shift from indicating no expected tightening any time soon to now flagging up that interest rate increases were now on the horizon. There was disagreement among MPC members, some of whom felt that the forward guidance that the MPC won't tighten policy until inflation "is achieving the 2% inflation target sustainably", had already been met. Although other MPC members did not agree with them, they did all agree that "some modest tightening of monetary policy over the forecast period was likely to be necessary to be consistent with meeting the inflation target sustainably in the medium term".

The MPC was more upbeat in its new 2-3 year forecasts so whereas they had expected unemployment to peak at 5.4% in Q3, the MPC now thought that the peak had already passed. (It is to be noted though, that the recent spread of the Delta variant has damaged growth over the last couple of months and has set back recovery to the pre-pandemic level of economic activity till probably late 2021.)

We have been waiting for the MPC to conclude a review of its monetary policy as to whether it should raise Bank Rate first before reducing its balance sheet (quantitative easing) holdings of bonds. This review has now been completed so we learnt that it will start to tighten monetary policy by: -

1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
2. Raising Bank Rate to 0.50% (1.50% previously), before starting on reducing its holdings.
3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

What the MPC did not give us was any indication on when it would start raising Bank Rate. Inflation is currently expected to peak at over 4% during 2021. The key issue then is whether this is just going to be transitory inflation or whether it will morph into inflation which will exceed the MPC's 2% target on an ongoing basis. In his press conference, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it's worried that labour shortages will push up wage growth by more than it expects and that, as a result, CPI inflation will stay above the 2% target for longer. Which then raises an interesting question as to whether the million or so workers who left the UK during the pandemic, will come back to the UK and help to relieve wage inflation pressures. We also have an unknown as to how trade with the EU will evolve once the pandemic distortions have dissipated now that the UK no longer has tariff free access to EU markets.

At the current time, the MPC's forecasts are showing inflation close to, but just below, its 2% target in 2 to 3 years' time. The initial surge in inflation in 2021 and 2022 is due to a combination of base effects, one off energy price increases and a release of pent-up demand, particularly from consumers who have accumulated massive savings during the pandemic, hitting supply constraints. However, these effects will gradually subside or fall out of the calculation of inflation. The issue for the MPC will, therefore, turn into a question of when the elimination of spare capacity in the economy takes over as being the main driver to push inflation upwards and this could then mean that the MPC will not start tightening policy until 2023. Remember, the MPC has sets its policy as being wanting to see inflation coming in sustainably over 2% to counteract periods when inflation was below 2%. While financial markets have been pricing in a hike in Bank Rate to 0.25% by mid-2022, and to 0.50% by the end of 2022, they appear to be getting ahead of themselves. The first increase to 0.25% is more likely to come later; our forecast shows the first increase in Q1 of 23/24 and the second to 0.50% in Q4 of 23/24. The second increase would then open the way for the Bank to cease reinvesting maturing bonds sometime during 2024.

Member Training

Treasury Management policies, strategy, full year and mid year reviews are scrutinised by Cabinet and Council, and members must be trained to better understand and challenge the long-term financial implications of matters reported within the Treasury Management Strategy.

Link Asset Services, the council's treasury advisors, offer independent Member training which is tailored to the Council's specific needs, using the Council's own strategic documents, financial statements, capital programme, balance sheet position and debt and investment portfolios, as appropriate.

Training would be delivered by the Council's Client Relationship Manager, who has been a treasury management consultant for over 20 years and previously worked in Local Government, and is a Fellow of the Chartered Institute of Public Finance and Accountancy.

This training allows members to develop an enhanced awareness of their role within the Treasury Management function, understanding the changing regulatory and market environment and the challenges facing officers on a daily basis.

The training would provide a sound understanding through interactive discussion on the roles and responsibilities of members and officers relating to treasury management and covers:-

- The overarching strategic and governance frameworks relating to the Capital Strategy and Treasury Management activity
- The Treasury Management and Prudential Codes of Practice (revised December 2017)
- MHCLG Investment Guidance issued February 2018 and with effect from April 2018
- Risk Management
- The Financial Markets
- Interest Rate Forecasts
- Credit Ratings and Creditworthiness
- Investment Management
- Debt Management
- Non-Financial Investments e.g. Investment Property
- Scrutiny Focus – officers and members responsibilities

The training can be delivered via Microsoft Teams. It normally takes two hours to deliver and there is opportunity for interaction and to ask questions. Handouts will be provided if requested and the slides sent to members for review a week ahead of any training being delivered.

The relevant fee for the training service is a flat £1,500 (plus VAT) regardless of the number of members / officers that attend, therefore this allows the training offer to be extended to all members, if supported, at no extra cost.

Performance

The prudential and local indicators as at 30 September 2021 are shown in **Appendix B.** All indicators are currently being met with the exception of the following:

PRL1 - Capital Expenditure is forecasted to be £91.190m less than target, due to the re profiling of capital schemes from 2021/22 to future years.

The report also sets out a number of Local Indicators covering performance against targets for interest expense and investment income. Notable variances include:

L3a - Net borrowing costs as % of net council tax requirement (variance of -63.94%). The target figure of 20.00% represents an upper limit of affordable net borrowing costs as a percentage of the net council tax requirement for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.

L3b - Net borrowing costs as % of Tax Revenue (variance of -62.89%). The target figure of 12.50% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.

L5 & L6 – Average interest rate of external debt outstanding excluding/including OLA. The target for this year includes borrowing for capital expenditure which was budgeted to be taken out at lower rates than our historical borrowing rates, resulting in a lower average rate across all of our borrowing. This borrowing will no longer be undertaken in 2021/22 and will be funded by utilising the Council's cash balances. Therefore whilst the target is not being met there are interest cost savings being made as a result of not borrowing and a reduction in interest rate and counterparty risks.

L8 – Average rate achieved on Short Term Interest vs At Call Rate – The target is to achieve a 50% better rate on short term investments vs the current At Call rate (i.e. do nothing other than leave all cash in overnight At Call accounts). The average At Call rate was 0.04%, creating a 50% above target of 0.06%. The short term interest rate achieved was actually 0.34%, which results in a 750% favourable variance above the At Call rate.

L9a – The At Call interest rate is currently below target due to the unstable short term interest environment resulting from Covid-19, and the subsequent base rate cuts in March 2020. Please note that whilst this is below target it is still an improvement on negative rates provided by many existing At Call investments.

The targets that these prudential indicators are monitored against have been taken from the Treasury Management and Investment Strategy for 2021/22 Onwards, which was approved by Council in February 2021.

Appendix B

Prudential Indicator		Actual 2020/21 £m	Target 2021/22 £m	Forecast Position at 31-Mar-22 £m	Variance to target: Numerical Variance	Variance to target: % Variance
PrI 1	**Capital Expenditure**	102.837	228.240	**137.050**	-91.190	-40%
This indicator is required to inform the council of capital spending plans it is the duty of a local authority to determine and keep under review the amount that it can afford to allocate to capital expenditure. Capital expenditure may be funded by grant, capital receipts and borrowing. The forecast variance to target for 2020/21 is due to re profiling of capital schemes.						
PrI 2	**Ratio of financing costs to net revenue stream**	**5.17%**	8.71%	**7.24%**	-1.47%	-17%
Financing costs - Divided by (Interest charged on loans Less Interest earned on investments)		**Budget requirement** (Revenue Support Grant + NNDR +Council Tax)			**The ratio of financing costs to net revenue stream (General Fund)** as a %	
PrI 3	**Estimates of the incremental impact of new capital investment decisions on Council Tax**	**£28.49**	£52.43	**£52.43**	0.00	0%
This is a notional amount indicating the amount of council tax band D that is affected by the capital programme in the budget report compared to existing approved commitments and current plans.						
PrI 4	**Capital Financing Requirement**	**380.886**	417.360	**417.360**	0.00	N/A
This represents the underlying level of borrowing needed to finance historic and future capital expenditure. It is updated at end of the financial year.						
PrI 5	**Authorised Limit for external debt**	**472.173**	498.300	**498.300**	0.00	0%
The council may not breach the limit it sets, so it is important to allow prudent room for uncertain cash flow movements and borrowing in advance of future need.						
PrI 6	**Operational Limit for external debt**	**429.248**	453.000	**453.000**	0.00	0%
This has been set at the level of the capital financing requirement less the CFR items relating PFI and finance leases.						
PrI 7	**Gross Borrowing exceeds capital financing requirement**	**No**	**No**	**No**		
The CFR represents the underlying level of borrowing needed to finance historic capital expenditure. Actual net borrowing should be lower than this because of strong positive cash flow and balances. It would be a cause for concern if net borrowing exceeded CFR.						

PrI 8	**Authority has adopted CIPFA Code of Practice for Treasury Management**	**Yes**	**Yes**	**Yes**	
To ensure that treasury management activity is carried out within best professional practice**.**					
PrI 9	**Total principle sums invested for longer than 364 days must not exceed**	**15.0**	**25.0**	**15.0**	
The council is at risk when lending temporarily surplus cash. The risk is limited by investing surplus cash in specified investments and by applying lending limits and high credit worthiness. These are kept under constant review.					

Prudential Indicator continued		Upper Limit	Lower Limit	Actual 2020/21	Forecast Position at 31-Mar-22
PrI 10	Fixed Interest Rate Exposure	95.00%	40.00%	**94.31%**	**89.54%**
PrI 11	Variable Interest Rate Exposure	45.00%	0.00%	**5.69%**	**10.46%**
PrI 12	***Maturity Structure of Borrowing***				
	Under 12 months	25.00%	0.00%	**10.48%**	**23.14%**
	12 months and within 24 months	25.00%	0.00%	**21.72%**	**13.10%**
	24 months and within 5 years	40.00%	0.00%	**19.84%**	**11.88%**
	5 years and within 10 years	50.00%	5.00%	**0.54%**	**2.06%**
	10 years and above	85.00%	30.00%	**47.42%**	**49.82%**

Local Indicators as at 30th September 2021

Local Indicators		Actual 2020/21	Target 2021/22	Forecast Position as at 31-Mar-22	Variance to target: Numerical Variance	Variance to target: % Variance	Met
L1	**Full compliance with prudential code**	**Yes**	Yes	**Yes**	-	-	Y
L2	**Average length of debt**	**16.23**	Lower Limit 15 years, Upper limit 25 years	**16.72**	-	-	Y
This is a maturity measure and ideally should relate to the average lifespan of assets.							
L3a	**Financing costs as a % of council tax requirement**	**7.02%**	20.00%	**7.21%**	-12.79%	-63.94%	Y
L3b	**Financing costs as a % of tax revenues**	**4.44%**	12.50%	**4.64%**	-7.86%	-62.89%	Y
These are a variation to PrI 3 excluding investment income and including MRP (amount set aside to repay debt costs). The target figure of 12.5% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.							
L4	**Net actual debt vs. operational debt**	**80.92%**	85.00%	**72.93%**	-12.07%	-14.20%	Y
This assists the monitoring of the authority's debt position.							
L5	**Average interest rate of external debt outstanding excluding OLA**	**3.46%**	3.30%	**3.59%**	0.29%	8.67%	N
L6	**Average interest rate of external debt outstanding including OLA**	**3.54%**	3.46%	**3.67%**	0.21%	6.15%	N
The measure should be as low as possible. Other Local Authority debt (OLA) is managed on our behalf by Dudley council.							

L7	**Gearing effect of 1% increase in interest rate**	**3.58%**	5.00%	**3.71%**	**0.04%** **This would increase the average interest rate payable from 3.67% shown in L6 to 3.71%**		**Y**
This relates risk management principles to the monitoring of the TM strategy. It measures the effect of a change in interest rates and the effect it may have on the capital financing costs.							
L8	**Average interest rate received on STI vs. At Call rate**	**580.00%**	374.00%	**750.00%**	376.00%	100.53%	**Y**
L9a	**AT call investments**	**0.10%**	0.05%	**0.04%**	-0.01%	-20.00%	**N**
L9b	**Short Term Investments**	**0.68%**	0.25%	**0.34%**	0.09%	36.00%	**Y**
L9c	**Long Term Investments**	**1.57%**	0.80%	**1.26%**	0.46%	57.50%	**Y**
L9d	**Property Fund Investments**	**4.10%**	3.82%	**3.84%**	0.02%	0.52%	**Y**
L10	**Average interest rate on all ST investments (ST and AT call)**	**0.46%**	0.24%	**0.25%**	0.01%	5.53%	**Y**
L11a	**Average rate on all investments (ex. Property fund)**	**0.59%**	0.27%	**0.37%**	0.10%	35.76%	**Y**
L11b	**Average rate on all investments (inc. property fund)**	**1.01%**	0.68%	**0.79%**	0.11%	16.23%	**Y**
L12	**% daily bank balances within target range**	**100%**	99%	**100%**	1.00%	1.01%	**Y**
This measures how good our daily cash flow prediction is. A figure of 98% and above indicates a high level of accuracy.							