STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

28 November 2011

Agenda Item 8

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SUBMISSION BY CLLR MJ WILCOX, THE LEADER OF THE COUNCIL & THE CABINET MEMBER FOR FINANCE, REVENUES & BENEFITS

Half Year Report on Treasury Management Services and Projected Prudential Indicators 2011/12

1. Purpose of Report

1.1 The Treasury Management Strategy for Lichfield has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.

1.2 The Code also recommends that members be informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing Best Practice in accordance with CIPFA's recommendations.

1.3 Treasury management is defined as: "The management of the local authority'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."

1.4 These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities, and enable those with ultimate responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

1.5 The report is to full Council and is in addition also being submitted to Cabinet.

2. Background

2.1 Treasury Management Advice and the Expected Movement in Interest Rates

- The latest central case forecast for interest rates provided by our Treasury Management advisors Arlingclose compared to the ones used in the calculation of our investment income budgets is shown in the table below:

Projection	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013
Treasury Management Strategy 2011-14	0.75	1.00	1.25	1.50	2.00	2.50	2.75
Economic and Interest Rate October 2011	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Change	**-0.25**	**-0.50**	**-0.75**	**-1.00**	**-1.50**	**-2.00**	**-2.25**

- This shows that the level of interest rates is likely to remain lower for a much longer period than was previously forecast. Lower interest rates together with the need to reduce investment periods to ensure the safe return of investments in the current climate will have an impact on the level of our investment income. We will need to take into account any reduction in the level of our investment income in our Medium Term Financial Strategy.

2.2 Specified and Non Specified Investments

- On 7th October 2011 Moody's downgraded the long term rating of 12 UK financial institutions in conclusion of its review of the assumed level of support for Banks and Building Societies from the UK Government in the event of any major issues such as a sovereign default that would impact on the banking sector.

- Additionally, on the 13th October 2011 Fitch downgraded the long term ratings of Lloyds TSB Bank plc, Bank of Scotland plc, Royal Bank of Scotland plc and National Westminster Bank plc and placed Barclays Bank plc on rating watch negative.

- This downgrade means that five of our current Banks and Building Societies are currently not eligible for new investments – Nationwide Building Society, Royal Bank of Scotland, Lloyds TSB Bank, Bank of Scotland and the National Westminster Bank.

- The immediate issue this presented to the Council was that because the National Westminster Bank is also the Council's bank we would be unable to retain sums of money within our bank accounts because the bank no longer meets our minimum credit criteria. Therefore approval was sought and received from Council on 11th October 2011 to continue to retain a working balance in our bank account.

- These downgrades also mean we have also lost the ability to place investments with five counterparties up to a value of £8 million and we therefore need to consider how we manage our new investments moving forward. The options we have to manage a reduction in the number of banks and building societies available for new investments is:

    - **Option 1** - To reduce the minimum long term credit rating criteria from **A+** to a lower threshold. This option would mean we can continue to spread our investments (and counterparty risk) over a wider number counterparties, however we would need to ensure we only continued to use systemically important banks and building societies.
    - **Option 2** - To increase the individual counterparty and group limits for the remaining banks and building societies. This option would mean we will only invest with "higher quality" banks and building societies and are likely to receive some better rates (or yields). However, it would mean we would spread our investments (and counterparty risk) over a smaller number of counterparties and in the event of further downgrades we would have a much larger issue to address.
    - **Option 3** - To remove the group limit of £10 million for deposits with AAA rated Money Market Funds (together with an increase in the upper limit for variable rate exposure on investments from **75% to 100%**). This option would mean we can continue to spread our

investments (and counterparty risk) over a wider number of counterparties however because these instruments are instant access, the rates (or yield) we receive will be lower. The limit for each individual Money Market Fund will remain at £2m.

- ❖ **Option 4** – to continue to invest with only A+ rated Banks and Building Societies and to invest more cash with other Local Authorities and the Government's Debt Management Office. This option would provide a much higher level of security however there would be a significant reduction in the rates we receive.
- ❖ **Option 5** - A combination of the options detailed above.

- Our primary objective in relation to our investments is their safe return and therefore the recommended changes relate to a combination of options 1, 3 and 4 (this option does not require any change to our investment strategy) identified above and these are detailed below.

Specified Investments – Banks and Building Societies (Changes to Minimum Credit Criteria)

- ❖ The minimum longer term rating for credit rated Bank and Building society counterparties is reduced from **A+** to **A-**.

Specified Investments – Money Market Funds (Changes to Limits)

- ❖ To enable the increased use of more Money Market Funds, the "Group Limit" for Money Market funds is recommended for increase from **£10m** to **Unlimited** (the limit for each individual Money Market Fund will remain at £2m).
- ❖ The upper limit for variable rate exposure (Prudential Indicator 9) will also need to increase from **75%** to **100%** because the rates for Money Markets are set on a daily basis and are therefore classified as variable rate investments. This change will provide the Council with additional flexibility within our limits to enable us to take account of future interest rate increases.

2.3 Investments and Cash flow

- The investments that the Council had outstanding together with a summary of investment activity throughout the 2011/12 financial year are shown at **APPENDIX A**.
- The summary of investment activity information shows how restrictive our current list of institutions remains in light of the "credit crunch" and problems in the banking sector.
- Our actual cash flow in 2011/12 closely followed the revised budgeted trend (**APPENDIX A)** until June 2011 when we had budgeted to receive the Chasewater Dam reimbursement.
- We project to receive **£154,000** in net investment income in 2011/12 and this compares to a Current Budget of **£120,000**.
- We have undertaken no new external long-term borrowing in 2011/12.

2.4 The Performance of and Training within the Treasury Management Function

- The performance of the Treasury Management function should be measured against our investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments) and these are shown in detail at **APPENDIX B**.
- Our aim for the risk status of our investments was **A+** and our investments at the 30th September 2011 had a more secure risk status of **AA-** based on the length of the investment and **AA-** based on the value of investment**.**
- We have not needed to temporarily borrow during 2011/12.
- We achieved an average yield of **1.14%** and this compares to a 7 day London Interbank Bid rate (LIBID) of **0.43%.** In addition, to compare performance with longer-term benchmarks, the average 1 month LIBID rate is **0.49%,** the average 3 month LIBID rate is **0.77%** and the average 6 month LIBID rate is **1.10%.**

2.5 Balance Sheet

- The projected balance sheet and balance sheet summary compared to the estimated balance sheet as at 30th September 2011 are shown at **APPENDIX C**.
- The reasons for the major variances between projections and the estimated balance sheet are also shown at **APPENDIX C**.

2.6 Treasury Position

- Our Treasury Position as at 30th September 2011 is set out at **APPENDIX C**.
- However, we need to keep the Treasury Position under review to take account of changes to budgets and changes in the wider economy specifically in relation to interest rates.

2.7 Prudential indicators 2011/12

- Our projected Prudential Indicators are summarised in the financial implications section of this report and we are compliant with all of our approved Prudential Indicators.

2.8 Capital Programme Updates

Friary Outer Development

- Developments on the Friary Outer Scheme and its impact to the Capital Programme were reported to Cabinet in a Confidential Report on 1 March 2011.

Friarsgate

- Under the terms of the Compulsory Purchase Order for the Friarsgate Development, the Council will acquire a number of assets (with full reimbursement being provided by the Developers) such as the Police Station to enable the Development to proceed. These asset acquisitions need to be incorporated into the Capital Programme.

- There is a degree of uncertainty in both the timing and cost of these asset acquisitions, it therefore will be necessary for Cabinet to agree to these changes being incorporated through a delegated approval process (with retrospective reporting to Cabinet as part of the normal Budget Monitoring Reports).

3. Community Benefits

3.1 Management of the Council's resources is essential in order to ensure economical and efficient delivery of Council services.

4. Financial Implications

4.1 The Prudential Indicators are summarised below:

PI	Capital expenditure	2011/12 Original	2011/12 Approved	2011/12 Projected
1	Capital Expenditure (£m)	£3.383m	£5.003m	£4.795m
2	Ratio of Financing Costs to Net Revenue Stream (%)	0%	4%	4%
3	Capital Financing Requirement (£m)	£1.097m	£1.324m	£1.324m
3	Net external borrowing does not exceed the Capital Financing Requirement in the current year and the next two years.	True	True	True
4	Actual External Debt (£m) includes Finance Leases	£1.096m	£1.323m	£1.323m
5	Incremental impact of capital investment decisions on Band D Council Tax (£)	£0.21	£0.14	£0.14
6	Authorised limit (£m) (Maximum)	£12.113m	£12.113m	£12.113m
7	Operational boundary (£m) (Maximum)	£2.981m	£2.981m	£2.981m
8	Adoption of CIPFA Code of Practice in Treasury Management	Yes	Yes	Yes
	Interest Rate Exposures (%)			
9	Upper Limit for Investments Fixed Interest Rate Exposure	-100%	-100%	-100%
9	Upper Limit for Investments Variable Interest Rate Exposure	-75%	-75%	-75%
10	Upper Limit for Borrowings Fixed Interest Rate Exposure	100%	100%	100%
10	Upper Limit for Borrowings Variable Interest Rate Exposure	30%	30%	30%
	Maturity Structure of Fixed Rate Borrowing (Upper Limit) (%)			
11	Under 12 months	100%	100%	13%
11	12 months and within 24 months	20%	20%	13%
11	24 months and within 5 years	80%	80%	75%
11	5 years and within 10 years	40%	40%	0%
11	10 years and within 20 years	60%	60%	0%
11	20 years and within 30 years	40%	40%	0%
11	30 years and within 40 years	40%	40%	0%
11	40 years and within 50 years	40%	40%	0%
11	50 years and above	20%	20%	0%
12	Principal sums invested > 364 days (£m)	£2.10m	£2.10m	£0m

5. Risk Management Issues

	Risk Description	Likelihood / Impact	Status	Countermeasure
A	Counterparty default	Medium / High	Financial	Investments are restricted to those organisations with the lowest credit risk: a) The Debt Management Account Deposit Facility. b) Stable Net Asset Value Money Market Funds with an AAA rating. c) Deposits with other Local Authorities. d) Deposits with UK Banks and Building Societies systemically important to the UK banking system. As conditions in the Financial Sector improve, we may diversify the counterparty list based on our advisor's recommendations.
B	Adverse Interest Rate fluctuations	Low / Low	Financial	The budget for investment income will be monitored as part of the Council's budget monitoring procedures.
C	Actual cash flows are	Low / High	Financial	The Council maintains a comprehensive cash flow model

	different to those that are planned			that is updated on a daily basis to reflect both actual and planned cash flows. An element of the Council's investment portfolio will be invested in call accounts.

Background Documents:

CIPFA Code of Practice for Treasury Management in the Public Services Treasury Management Strategy Report 2011/12 to 2013/14 – Cabinet 1st February 2011. Annual Report on Treasury Management Services and Actual Prudential indicators 2010/11 – Cabinet 6th September 2011 The Prudential Code for Capital Finance in Local Authorities

Investments and Cash flow in 2011/12

Investments at 30th September 2011

The table below shows a breakdown of our investments at the 30th September 2011:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating[1] 30/09/10	Foreign Parent
Money Market Funds						
Deutsche Bank	£2,000,000	01-Oct-11	Instant Access	0.78%	AAA	N/a
Ignis	£2,000,000	01-Oct-11	Instant Access	0.78%	AAA	N/a
Invesco Aim	£485,000	01-Oct-11	Instant Access	0.64%	AAA	N/a
Other Counterparties						
Bank of Scotland	£1,000,000	16-Apr-12	199	2.05%	A+	No
Barclays Bank	£1,000,000	13-Feb-12	136	1.31%	AA-	No
Lloyds TSB	£2,000,000	18-Jul-12	292	2.05%	A+	No
Barclays Bank	£1,000,000	20-Jun-12	264	1.46%	AA-	No
Nationwide	£2,000,000	23-Jan-12	115	1.02%	A+	No
Santander (UK)	£1,000,000	20-Oct-11	20	0.97%	AA-	Yes
Santander (UK)	£1,000,000	13-Oct-11	13	1.25%	AA-	Yes
National Westminster Bank	£1,170,000	01-Oct-11	Instant Access	0.80%	A+	No
Royal Bank of Scotland	£1,330,000	01-Oct-11	Instant Access	0.80%	A+	No
Total	**£15,985,000**					

However, the previous table only shows the investment position on one particular day of the financial year, the table below shows a summary for the financial year to date:

Counterparty	Number of Deals	Total Principal Invested £m	Is the Counterparty on our current list[2] of institutions?
Blackrock Institutional	18	£13.61	Yes
Deutsche Bank	10	£10.56	Yes
Santander (UK)	9	£9.00	Yes
Ignis	9	£9.06	Yes
Invesco Aim	8	£7.80	Yes
National Westminster Bank	5	£1.28	Yes
Royal Bank of Scotland	2	£0.75	Yes
JP Morgan	2	£2.27	Yes
Barclays Bank	2	£2.00	Yes
Yorkshire Bank	1	£0.30	No
Bank of Scotland	1	£1.00	Yes
Lloyds TSB	1	£2.00	Yes
Nationwide	1	£2.00	Yes
Total	**69**	**£61.62**	

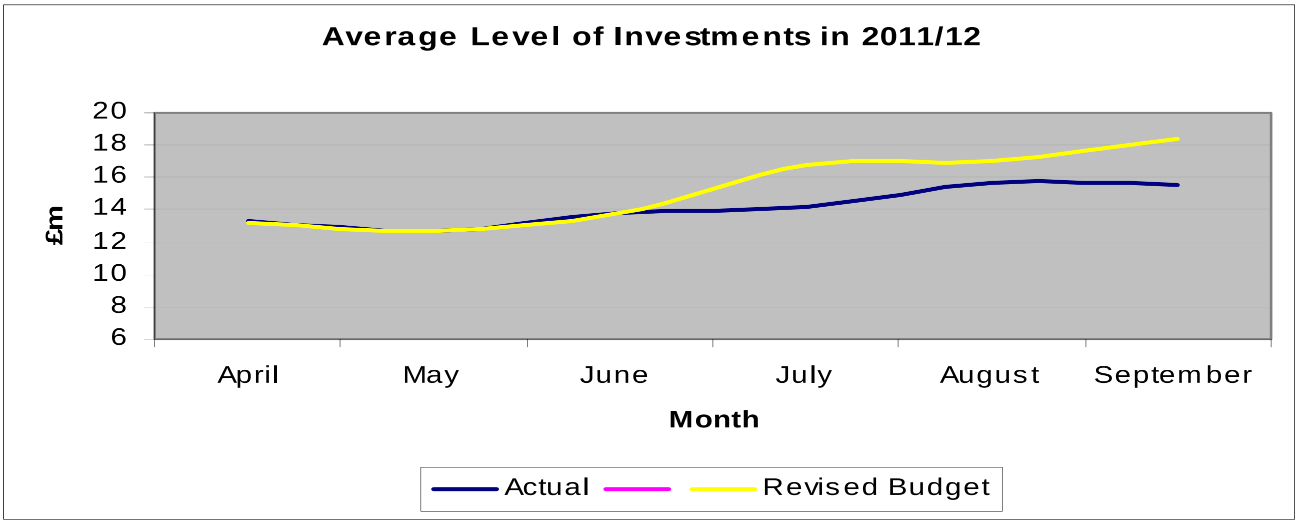
The table shows how restrictive our current list of institutions remains in light of the "credit crunch" and problems in the banking sector. This list is reviewed on an ongoing basis and takes account of the following sources of information:

- Advice from our Treasury Management advisors.
- Credit Ratings (A minimum of A+ across all three rating agencies).
- Gross Domestic Product of the Country in which the institution operates.
- The Country's net debt as a percentage of Gross Domestic Product.
- UK Sovereign support mechanisms or potential support from a well resourced parent institution.
- Credit Default Swaps (CDS) prices.
- Share Prices.
- Information in the general and financial media.

[1] This is the lowest rating provided by the three credit rating agencies - Moodys, Fitch and Standard and Poors.
[2] As at 30th September 2011.

Cash flow for 2011/12

The graph below compares the budget for average investment levels in 2011/12 with the actual levels.



The graph shows that the actual trend of investments followed the revised budget (after taking account of actual balances at the end of the previous financial year) closely until June 2011 when we had budgeted to receive the reimbursement in relation to Chasewater Dam.

Investment Income Budgets for 2011/12

Net Investment Income

In terms of interest receipts, there are two key risks / sensitivities:

a) The interest rate receivable.
b) The amount of money we have available to invest.

The interest rates, amounts of money we had available to invest, interest receipts, interest paid and net investment income is shown in the table below:

Details	**2011/12 Approved**	**2011/12 Projected**	**2011/12 Variance**
Average Amount we had available to Invest (£m)	12.44	14.20	1.76
Average Interest Rate (%)	1.16	1.14	(0.02)
Interest Receipts (£)	(133,000)	(167,000)	(34,000)
Other Interest (£)	13,000	13,000	0
Net Investment Income (£)	**(120,000)**	**(154,000)**	**(34,000)**

New Long Term Borrowing Costs

No new long-term borrowing has been undertaken in 2011/12.

Performance of the Treasury Management Function

The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

Security

Our aim for the risk status of our portfolio was **A+** using the lowest rating from the three credit rating agencies as the basis for assessing the risk status**.**

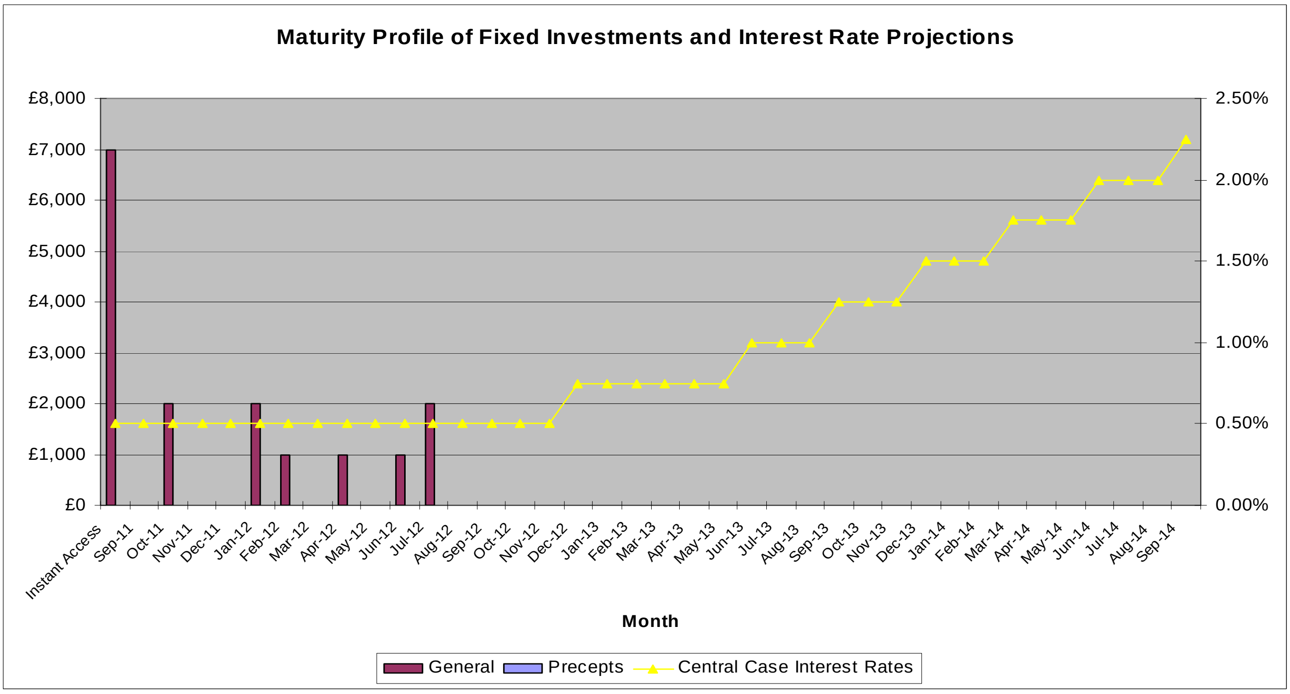
The investments outstanding at the 30th September 2011 had a risk status of **AA-** based on the length of the investment and **AA-** based on the value of investment, which has a more secure risk status, and this is both compliant with our aim and the recommendations from our Treasury Management advisors.

In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily. Our Treasury Management advisors recommend for each bank or building society the new investment time limit to manage counterparty credit risk. At the 30th September 2011, the investment time limits were (we were previously able to invest with some counterparties up to 12 months until on 11th August 2011 our Treasury Management advisors recommended reducing the investment time limits to reflect market volatility):

Bank or Building Society	New Investment Time Limit
Santander (UK)	3 months
Lloyds	6 months
Bank of Scotland	6 months
Barclays	6 months
HSBC	6 months
Royal Bank of Scotland	6 months
National Westminster Bank	6 months
Nationwide Building Society	6 months
Standard Chartered	6 months

To manage the interest rate risk we are spreading investment maturities. The average length of investments we have made in 2011/12 is **91 days**.

The maturity profile of our investments together with interest rate projections at September 2011 are shown in the graph below.



Liquidity

Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the financial year. In 2011/12 we have not needed to borrow temporarily. We currently use call accounts and Money Market Funds for short-term liquidity requirements, which gives us same day access to funds if we require them.

Yield

To date in 2011/12, we have achieved an average interest rate of **1.14%** and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate, which was **0.43%.** In addition, to compare performance with longer-term benchmarks, the average 1 month LIBID rate is **0.49%,** the average 3 month LIBID rate is **0.77%** and the average 6 month LIBID rate is **1.10%.**

Training within the Treasury Management Function

Our Treasury Management Practices (TMP 10) states, "This organisation 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 Director of Finance, Revenues and Benefits will recommend and implement the necessary arrangements."

We have one point of access for training:

- Our Treasury Management Advisors run regular courses and we are entitled to two free places on each course.

From the 1st April 2011 to the 30th September 2011, members of the core Treasury Management Team plus officers responsible for authorisation of investments in the wider Finance function have attended no courses because we have attained the required levels of training and competence within the Team.

Balance Sheet Projections

Balance	31 Mar 2011 Actual £m	31 Mar 2012 Estimated £m	31 Mar 2012 Projected £m	Projected Variance £m
1. Property, Plant and Equipment, Investment Property & Intangible Assets	50.649	44.102	48.147	4.045
4. Long Term Debtors	0.236	0.061	0.215	0.154
Current Assets				
4. Current Assets (including accrued interest)	5.797	3.244	5.797	2.553
2. Short Term Investments (excluding accrued interest)	7.448	8.743	8.188	-0.555
2. Cash and Cash Equivalents	2.846			
Current Liabilities				
3. Short Term Borrowing	-0.005	-0.005	-0.005	0
3. Finance Leases	-0.523	-0.486	-0.486	0
4. Short Term Creditors	-7.046	-5.001	-7.046	-2.045
4. Receipts in Advance	-0.247	-0.172	-0.089	0.083
4. Provisions	0	-0.079	0	0.079
Long Term Liabilities				
3. Finance Leases	-1.240	-0.576	-0.802	-0.226
3. Borrowing	-0.035	-0.033	-0.030	0.003
4. Pension Scheme	-20.187	-36.373	-20.187	16.186
4. Receipts in Advance	-0.863	-1.052	-0.280	0.772
Total Assets less Liabilities	**36.830**	**12.373**	**33.422**	**21.049**

Usable Reserves				
4. Capital Grants Unapplied	-1.636	0	-0.882	-0.882
5. Usable Capital Receipts	-2.087	-3.010	-1.124	1.886
5. Burntwood Leisure Centre Sinking Fund	-0.665	-0.425	-0.456	-0.031
5. Burntwood Synthetic Pitch Sinking Fund	-0.029	-0.029	-0.029	0
5. City Centre Redevelopment Sinking Fund	-0.024	-0.025	-0.024	0.001
5. King Edwards Leisure Centre Sinking Fund	-0.031	-0.031	-0.031	0
5. Lombard Street Car Park Sinking Fund	-0.017	-0.017	-0.017	0
5. Elections	-0.095	0	-0.095	-0.095
5. Public Open Spaces	-0.007	-0.007	-0.007	0
5. Three Spires Multi Storey Reserve	-0.994	-1.148	-1.141	0.007
5. Earmarked Reserves	-1.413	-0.925	-1.353	-0.428
5. Grant Aid	-0.038	-0.035	-0.038	-0.003
5. Building Regulations	-0.006	0	-0.006	-0.006
5. General Fund Balance	-3.406	-1.000	-1.821	-0.821
Unusable Reserves				
1. Revaluation Reserve	-4.932	-1.898	-4.932	-3.034
1. Capital Adjustment Account	-41.873	-40.439	-41.891	-1.452
4. Deferred Credits	-0.011	-0.008	-0.009	-0.001
4. Benefits Payable during Employment	0.233	0.201	0.233	0.032
5. Collection fund	0.014	0.050	0.014	-0.036
4. Pension Scheme	20.187	36.373	20.187	-16.186
Total Equity	**-36.830**	**-12.373**	**-33.422**	**-21.049**

Balance Sheet Summary

1. Capital Financing Requirement	3.844	1.097	1.324	0.227
2. Investments	10.294	8.743	8.188	-0.555
3. Borrowing and Finance Leases	-1.803	-1.096	-1.323	-0.227
4. Net Creditors	-1.887	-2.142	-1.164	0.978
5. Balances and Reserves	-10.448	-6.602	-7.025	-0.423

APPENDIX C

Balance Sheet Commentary

Actual Balance Sheet as at 31st March 2011

There were a number of variances between our estimated and actual Balance Sheets at the 31st March 2011 and the reasons for the major variances were reported to Cabinet on 6th September 2011 as part of the Annual Report on Treasury Management Services and Actual Prudential Indicators 2010-11. These variances also impact on future Balance Sheet projections and the major ones are shown below:

Capital Programme

The Capital Programme under spent the Final Budget by £3.434m of which £2.236m related to non current assets (fixed assets) and £1.198m related to Revenue Expenditure funded from Capital under Statute. This also meant that the funding we budgeted to use from grants and contributions and capital receipts was reduced.

In addition, the spend included £1.443m plus £0.610m related to previous years in relation to Chasewater Dam that was budgeted to be reimbursed by Staffordshire County Council. However, the transfer of Chasewater was not completed before the end of the 2010/11 Financial Year and therefore this spend was funded by "internal borrowing" through reducing the level of our investments.

Revenue Budget

The Revenue Budget under spent the Final Budget by £0.085m including a net transfer from earmarked reserves of £(0.535)m.

Pensions

The triennial valuation of the pension fund took place in 2010/11 using new assumptions such as CPI etc and this valuation has resulted in the Pension scheme liability reducing from £36.373m to £20.187m.

Creditors

The level of creditors has increased because there has been a reduction in the payments of Housing and Council Tax benefits and therefore a refund of £1.08m is due to the Department of Works and Pensions for grant received.

Projected Balance Sheet as at 31st March 2012

As part of our work in relation to the implementation of International Financial Reporting Standards our asset in relation to the Land at Bakers Lane, Lichfield was reclassified from an investment asset (held solely for capital appreciation or rental income) to an operational asset (used to deliver services and achieve corporate objectives). This meant we had to revalue the asset using an alternative valuation basis and therefore the value of the asset and the revaluation reserve increased by £3.6m.

Borrowing Requirement and Strategy (Treasury Position)

The Balance Sheet projections can also be used to assess the underlying need to borrow (known as the Capital Financing Requirement). The table below indicates when the Council would need to borrow to fund its capital programme based on latest projections.

31 Mar 2011 Actual £m	Details	31 Mar 2012 Approved £m	31 Mar 2012 Projected £m	31 Mar 2013 Projected £m	31 Mar 2014 Projected £m
3.844	The amount of our capital spend that is not financed from capital receipts, revenue, grants and contributions (Capital Financing Requirement)	1.097	1.324	0.826	0.522
-1.803	Less: current funding provided through finance leases and long term borrowing	-1.096	-1.323	-0.826	-0.498
2.041	**Projected Borrowing Need**	**0.001**	**0.001**	**0**	**0.024**
-10.448	Less: the projected level of our balances and reserves we currently hold as investments	-6.602	-7.025	-4.693	-3.667
-8.407	**Our net projected borrowing need (a positive figure indicates when we need to borrow)**	**-6.601**	**-7.024**	**-4.693**	**-3.643**