South East Wales Corporate Joint Committee

Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

Report for:	NOTING
Contains Confidential or Exempt Information	NO

For Consideration By	South-East Wales Corporate Joint Committee
Report Title	Quarters 1 and 2: 2024/25 Treasury Management Performance Report
Report of	Strategic Director of Resources
Contact Details	Liam.Hull@cardiffcapitalregion.gov.uk
Date to be Considered	18th November 2024
Implementation Date	Immediate
Affected Council Areas	All
Keywords / Index	Finance; Treasury Management

Report Summary

1. This report sets out the South-East Wales Corporate Joint Committee's performance against its Treasury Management Strategy. The report complies with the requirement of both the 2021 Treasury Management Code and the CIPFA Prudential Code 2021. The Codes state that regular monitoring of the approved indicators should be undertaken and reported at least quarterly in-year.

Recommendations

2. The Committee is asked to:

(1) Consider the 2024/25 Quarter 1 & 2 Treasury Management Report (Appendix 1) and Prudential Indicators (Appendix 2);

(2) Note the issue of non-compliance relating to counterparty limits in Quarter 1 & 2;

(3) Note that regular updates will be provided throughout the year.

Reasons for Recommendations and Options Considered

3. To ensure the CJC is kept up to date with performance against its Treasury Management Strategy.

Background

4. The South-East Wales Corporate Joint Committee (CJC) enacted its Treasury Management Policy on the 1 April 2024. This brought the treasury management arrangements from Cardiff Council (CC), which was the Accountable Body for the Cardiff Capital Region City Deal previously, to the CJC. From 1st April 2024 the CJC entered into a Service Level Agreement with Rhondda Cynon Taff CBC to provide transactional support to our Treasury Management function.

5. The CIPFA Prudential Code 2021 states that regular monitoring of the approved indicators should be undertaken and reported at least quarterly.

6. Reports are initially considered by the Governance & Audit Sub-Committee and the Quarter 1 report was considered by them at their meeting on 27th September 2024.

7. Given that the Governance & Audit Sub-Committee are not due to meet again until January, this report to the CJC combines the Quarter 1 and Quarter 2 Performance for CJC consideration.

8. Much of the CIPFA Prudential Code 2021 and associated Prudential Indicators focus on borrowing and has limited application to the CJC due to it not undertaking any borrowing to date.

Key Considerations

9. The Full Quarter 1 & 2 Report is included at **Appendix 1** with Prudential Indicators included as **Appendix 2**.

10. The CJC has undertaken investments in line with the Treasury Management Strategy, investing surplus funds with the UK Government Debt Management Office (DMO) for a 7-day maturity period, along with maintaining a working balance with Barclays Bank to fund weekly cashflow requirements. A summary of the activity during Quarters 1 & 2 is set out in the table below:

Table 1: Treasury Investment Position

	31.3.24 Balance £m	**Net Movement £m**	**30.9.24 Balance £m**	**30.9.24 Income Return %**	**30.9.24 Weighted Average Maturity Days**
Banks & building societies (unsecured)	0.21	1.15	1.36	1.60%	1 day
Government	67.88	(23.48)	44.40	5.04%	7 days
Total investments	**68.09**	**(22.33)**	**45.76**	**4.94%**	**7 days**

11. Whilst this approach has a low risk-appetite, it has resulted in the CJC achieving interest returns in the sum of £1.506m cumulatively in Quarters 1 & 2.

12. This income has not been factored into income projections within the annual revenue budget and will therefore strengthen our balance sheet position.

Compliance

13. The Section 151 Officer needs to draw to the attention of the Committee two instances of non-compliance in Quarters 1 & 2.

14. This relates to breaches of a counterparty limit due to having to retain funds in our current account on a short-term basis in order to make a substantial payment later in the week.

15. The Counterparty Limit of £5m was breached by retaining balances of £6.7m and £6.1m in our bank account on a short-term basis for operational purposes.

16. The current SLA with RCT only provides for weekly lending to the DMO with no facility for overnight lending, meaning that the CJC has to retain funds in its account for planned payments later in the week.

17. Whilst this means that a breach of this nature could not be avoided, we have since worked with RCT to allow for some flexibility in our processes to mitigate the risk of this happening again. Whilst this flexibility is welcomed and appreciated, we are also urgently looking at additional ways that we can further increase flexibility of our cash flow management.

18. All other principles in the Treasury Management Code and the CJC's approved Treasury Management Strategy were fully complied with and compliance with specific investment limits is demonstrated in the table below:

Table 2 Investment Limits

Sector	2024/25 Maximum	30/09/24 Actual	2024/25 Limit	Complied? Yes/No
The UK Government	66m	44.4m	Unlimited	Yes
Local authorities & other government entities	0m	0m	5m	Yes
Secured investments *	0m	0m	5m	Yes
Banks (unsecured) *	***6.7m***	***1.4m***	***5m***	***No***
Building societies (unsecured) *	0m	0m	5m	Yes
Registered providers (unsecured) *	0m	0m	5m	Yes
Money market funds *	0m	0m	5m	Yes
Strategic pooled funds	0m	0m	5m	Yes
Real estate investment trusts	0m	0m	5m	Yes
Other investments *	0m	0m	3m	Yes

19. The Treasury Management Strategy sets out counter party organisations that we can invest in with a minimum credit rating target of A. The table below demonstrates full compliance with that target with an actual rating of AA-

	2024/25 Target	30.6.24 Actual	Complied?
Portfolio average credit rating	A	AA-	Yes

Comments of the s.151 Officer

20. This report sets out the CJC's performance against its Treasury Management Strategy for Quarters 1 & 2 of 2024/25 in line with reporting requirements.

21. Investments at low-risk yielded £1.506m in interest during the quarter.

22. Members are asked to note two instances of non-compliance in relation to the CJC's approved Counterparty Limits for a short period in Quarters 1 & 2 and note that we have worked with RCT to provide additional flexibility within the SLA to mitigate against the risk of this happening in the future. Whilst this flexibility is welcomed and appreciated, we are also urgently looking at additional ways that we can further increase flexibility of our cash flow management.

Comments of the Monitoring Officer

23. The Local Government Act 2003 provides a framework for the capital finance of local authorities, for which purposes include corporate joint committees. It provides a power to borrow and imposes a duty to determine an affordable borrowing limit. It provides a power to invest. Fundamental to the operation of the scheme is an understanding that authorities will have regard to proper accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in carrying out capital finance functions.

24. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 require the CJC to have regard to the CIPFA publications "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" ("the Treasury Management Code") and "The Prudential Code for Capital Finance in Local Authorities" ("the Prudential Code") in carrying out capital finance functions under the Local Government Act 2003.

Staffing Implications

25. There are no direct staffing implications arising from this report.

Equality, Human Rights and Community Cohesion

26. No adverse equalities implications have been identified.

Well-being of Future Generations

27. Regard has been had to the well-being duty arising under the Well-Being of Future Generations (Wales) Act 2015.

Welsh Language Implications

28. There are no Welsh Language implications arising from this report.

Background Papers

- SEW CJC Meeting 18 March 2024 – Item 07: CJC 2024 2025 Treasury Management Strategy

- Governance & Audit Committee 27 September 2024 – Item 07: 2024/25 Treasury Management Quarter 1 Reporting

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Meeting Date: **18th November 2024**

Appendices

Appendix 1 Q1 & 2 2024-25 Treasury Management Report
Appendix 2 Q1 & 2 2024-25 Prudential Indicators

Appendix 1

South East Wales Corporate Joint Committee Treasury Management Report Q1 & 2 2024/25

Introduction

In April 24 the Corporate Joint Committee (CJC) adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the CJC to approve, as a minimum, treasury management semi-annual and annual outturn reports.

This half yearly report provides an additional update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the CJC's normal quarterly revenue and capital monitoring report.

The CJC's Treasury Management Strategy for 2024/25 was approved at a meeting on 18th March 2024. The CJC has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the CJC's Treasury Management Strategy.

External Context

Economic background: UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.

The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.

Labour market data was slightly better from a policymaker perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.

Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.

With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.

The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.

The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.

Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.

Financial markets: Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.

Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.

Credit review: Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.

Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.

S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.

Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the period was also generally more muted compared to previous periods.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

Local Context

On 31st March 2024, the CJC had net investments of £67.88m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.24 Estimate £m	31.3.25 Forecast £m
General Fund CFR	0	0
Less: *Other debt liabilities	0	0
Borrowing CFR	**0**	**0**
External borrowing**	0	0
Internal borrowing	0	0
Less: Balance sheet resources	68m	71m
Net Investments	**68m**	**71m**

* finance leases, PFI liabilities and transferred debt that form part of the CJC's total debt
** shows only loans to which the CJC is committed and excludes optional refinancing

The treasury management position at 30th September and the change over the quarter is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.24 Balance £m	Movement £m	30.9.24 Balance £m	30.9.24 Rate %
Long-term borrowing				
- PWLB	0	0	0	0
- LOBOs	0	0	0	0
- Other	0	0	0	0
Short-term borrowing	0	0	0	0
Total borrowing	**0**	**0**	**0**	**0**
Long-term investments				
Short-term investments	67.88	(23.48)	44.40	5.04%
Cash and cash equivalents	0.21	1.15	1.36	1.60%
Total investments	**68.09**	**(22.33)**	**45.76**	**4.91%**
Net investments	**68.09**	**(22.33)**	**45.76**	**4.91%**

Borrowing Strategy and Activity

Whilst the CJC's Treasury Management Strategy sets out a clear process for borrowing, to date the CJC has not undertaken any borrowing.

Treasury Investment Activity

The CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (revised in 2021) defines treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The CJC holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the CJC's investment balances ranged between £44 and £67 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.24 Balance £m	**Net Movement £m**	**30.9.24 Balance £m**	**30.9.24 Income Return %**	**30.9.24 Weighted Average Maturity days**
Banks & building societies(unsecured)	0.21	1.15	1.36	1.60%	1 day
Government	67.88	(23.48)	44.40	5.04%	7 days
Total investments	**68.09**	**(23.48)**	**45.76**	**4.94%**	**7 days**

**Weighted average maturity will apply to the first five categories above and to cash plus and bond funds.*

Both the CIPFA Code and government guidance require the CJC to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Corporate Joint Committee objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

As demonstrated by the liability benchmark in this report, the CJC expects to be a long-term investor and the Treasury Management Strategy treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for contributing to the CJC's wider objectives.

Bank Rate reduced from 5.25% to 5.00% in August 2024 through the quarter with short term interest rates largely being around this level. The rates on DMO deposits was 5.04% market rates between [4.8% and 5.3%]. The CJC currently invests all of it's surplus funds with the DMO on a short-term basis.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30.09.2024	3.77	AA-	3.00%	7 days	4.94%
Other LAs Average	**4.60**	**A+**	**61%**	**11 days**	**4.90%**

*Weighted average maturity

Treasury Performance

The CJC measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 6 below.

Table 6: Performance

	Actual (30.09.24) £m	Actual %	Benchmark %	Over/ under
	0	**0**	**0**	**0**
Total borrowing	**0**	**0**	**0**	**0**
PFI and Finance leases	0	0	0	0
Total debt	0	0	0	0
DMO	44.4	4.94%	4.90%	0.04%
Total treasury investments	**44.4**	**4.94%**	**4.90%**	**0.04%**
Total investments	**44.4**	4.94%	4.90%	0.04%

Compliance

The Section 151 Officer needs to draw to the attention of the Committee two instances of non-compliance in Quarters 1 & 2.

Both relate to a breach of a counterparty limit due to having to retain funds in our current account on a short-term basis in order to make a substantial payment later in the week.

The current SLA with RCT only provides for weekly lending to the DMO with no facility for overnight lending, meaning that the CJC has to retain funds in its account for planned payments later in the week.

Whilst this means that a breach of this nature could not be avoided, we have since worked with RCT to allow for some flexibility in our processes to mitigate the risk of this happening again. Whilst this flexibility is welcomed and appreciated, we are also urgently looking at additional ways that we can further increase our flexibility of our cash flow management.

All other principles in the Treasury Management Code and the CJC's approved Treasury Management Strategy were fully complied with and compliance with specific investment limits is demonstrated in Table 7 below.

Table 7: Investment Limits

Sector	2024/25 Maximum £	30/09/24 Actual £	2024/25 Limit £	Complied? Yes/No
The UK Government	66.m	55.1m	Unlimited	Yes
Local authorities & other government entities	0m	0m	5m	Yes
Secured investments *	0m	0m	5m	Yes
Banks (unsecured) *	6.7m	0.9m	5m	No
Building societies (unsecured) *	0m	0m	5m	Yes
Registered providers (unsecured) *	0m	0m	5m	Yes
Money market funds *	0m	0m	5m	Yes
Strategic pooled funds	0m	0m	5m	Yes
Real estate investment trusts	0m	0m	5m	Yes
Other investments *	0m	0m	3m	Yes

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the CJC monitors and measures the following treasury management prudential indicators.

1. Liability Benchmark**:**
This indicator compares the CJC's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. As the CJC currently has no borrowing and is not forecasted to borrow in the medium-term, this indicator is not applicable.

3. Long-term Treasury Management Investments**:** The purpose of this indicator is to control the CJC's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£0m	£0m	£0m	£0m
Actual principal invested beyond year end	£0m	£0m	£0m	£0m
Complied?	n/a	n/a	n/a	n/a

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Additional indicators

Security: The CJC has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2024/25 Target	30.9.24 Actual	Complied?
Portfolio average credit rating	A	AA-	Yes

Liquidity: The CJC has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30.6.24 Actual	2024/25 Target	Complied?
Total cash available within 3 months	£55m	£5m	Yes

Interest Rate Exposures: This indicator is set to control the CJC's exposure to interest rate risk.

Interest rate risk indicator	2024/25 Target	30.9.24 Actual	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£0.5m	£0m	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0.5m	£0m	Yes

For context, the changes in interest rates during the quarter were:

	01/04/24	30/06/24	30/09/24
Bank Rate	5.25%	5.25%	5.00%
1-year PWLB certainty rate, maturity loans	5.39%	5.37%	4.95%
5-year PWLB certainty rate, maturity loans	4.72%	4.89%	4.55%
10-year PWLB certainty rate, maturity loans	4.80%	4.96%	4.79%
20-year PWLB certainty rate, maturity loans	5.24%	5.37%	5.27%
50-year PWLB certainty rate, maturity loans	5.07%	5.18%	5.13%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

Appendix 2

Prudential Indicators Q1& 2 2024/25

The Corporate Joint Committee measures and manages its capital expenditure, borrowing and commercial and service investments (where applicable) with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

The non-treasury prudential indicators are incorporated in the CJC's normal quarterly revenue and capital monitoring report.

Capital Expenditure: The CJC has undertaken and is planning capital expenditure as summarised below

	2023/24 actual	2024/25 forecast *	2025/26 budget	2026/27 budget
General Fund services	0	0	0	0
Council housing (HRA)	0	0	0	0
Capital investments	40.71m	48.65m	55.36m	61.44m

* £0 of capital expenditure in [2024/25 *(or other date of adopting IFRS 16)*] arises from a change in the accounting for leases and does not represent cash expenditure.

The liability benchmark is an important tool to help establish whether the CJC is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the CJC must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow. However, as the CJC is expected to be a long-term investor, it is more appropriate to use an asset benchmark.

Prudential Indicator: Asset benchmark

	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
Loans CFR	**0**	**0**	**0**	**0**	**0**
Plus: Balance sheet resources	68.0	**71.0**	71.0	71.0	80.0
Plus: Equity Sales	0	**0**	0	0	10
Net investments	57.0	**61.0**	61.0	61.0	70.0
Less: Liquidity allowance	0	**0**	0	0	0
Asset benchmark	**57.0**	**61.0**	61.0	61.0	70.0

Capital Financing Requirement

	31.3.2024 actual	30.9.2024 actual	31.3.2025 forecast *	31.3.2026 budget	31.3.2027 budget
General Fund services	0	0	0	0	0
Council housing (HRA)	0	0	0	0	0
Capital investments	40.71m	23.76m	55.36m	61.43m	60.38m
TOTAL CFR	**0**	**0**	**0**	**0**	**0**

Gross Debt and the Capital Financing Requirement: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The CJC has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.3.2024 actual	31.3.2025 forecast	31.3.2026 budget	31.3.2027 budget	Debt at 30.6.2024
Debt (incl. PFI & leases)	0	0	0	0	0
Capital Financing Requirement	0	0	0	0	0

Debt and the Authorised Limit and Operational Boundary: The CJC is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	Maximum debt Q1&2 2024/25	Debt at 30.9.24	2024/25 Authorised Limit	2024/25 Operational Boundary	Complied? Yes/No
Borrowing	0	0	0	0	Yes
PFI and Finance Leases	**0**	**0**	**0**	**0**	Yes
Total debt	**0**	**0**	**0**	**0**	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Treasury Management Indicators: These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments are within the [Treasury Management Report Q1 2024/25].