Item 5

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	Quarter 1: 2025/26 Treasury Management Performance Report
Report of	Strategic Director of Resources
Contact Details	Liam.Hull@cardiffcapitalregion.gov.uk
Date to be Considered	13 October 2025
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 (CJC) performance against its 2025/26 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 Corporate Joint Committee is asked to:

   (1) Note a draft report on the 2025/26 Quarter 1 Treasury Management position was considered by the Governance & Audit Sub-Committee at its meeting of the 26 September 2025, at which there were no amendments proposed;
   (2) Note the 2025/26 Quarter 1 Treasury Management Performance Report and its associated appendices (Appendix 1 – Full Treasury Management Report and Appendix 2 - Prudential Indicators); and
   (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 2025/26 approved Treasury Management Strategy.

Background

4. The South-East Wales Corporate Joint Committee (CJC) implemented its 2025/26 Treasury Management Strategy on the 1 April 2025, following its approval by the CJC at its meeting of the 31 March 2025.

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

6. The CJC has a fully funded capital programme and therefore, much of the CIPFA Prudential Code 2021 and associated Prudential Indicators, which have a significant focus on borrowing costs and arrangements, has limited application to the CJC.

Key Considerations

7. A summary of the 2025/26 Quarter 1 position is set out below, with the full Quarter 1 Treasury Management Report included at **Appendix 1** and Prudential Indicators set out at **Appendix 2**.

8. During the finalisation of the 2024/25 financial statements, consideration was given to an amount of £10m which was novated to the CJC during 2024/25.

9. This relates to money provided by Welsh Government to support a project that is still in the process of being developed. This has been provided by Welsh Government as an interest free loan and cannot be utilised until such time that an appropriate scheme has been agreed.

10. It has been included within the financial statements as borrowing, albeit one at an interest free rate and that is not currently being utilised to fund any aspect of the CJC's capital programme.

11. Given the nature of the transaction, it has not been included in the subsequent borrowing figures within the appendices included with this report but will continue to be captured within this report with updates provided as an appropriate scheme is developed.

12. The CJC has undertaken investments in line with its approved 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 Quarter 1 is set out in the table below:

Table 1: 2025/26 Quarter 1 Treasury Investment Position

	31.3.25 Balance £m	Net Movement £m	31.6.25 Balance £m	31.6.25 Income Return %	31.6.25 Weighted Average Maturity days
Banks & building societies (unsecured)	0.4m	-0.2m	0.2m	1.20%	1 days
Government	67.5m	-12.0m	55.5m	4.21%	7 days
Total investments	**67.9m**	**-12.2m**	**55.7m**	**4.20%**	**7 days**

13. Whilst this approach has a low risk-appetite, it has resulted in the CJC achieving interest returns totalling £0.661m in the first quarter of 2025/26.

14. The CJC's 2025/26 revenue budget is predicated on a contribution of £1.289m from the cumulative balances generated by the CJC on its cash balances and treasury management activities. Based on the amount generated in the first quarter of 2025/26 and the forecasted returns over the remainder of the year (£2.412m), it is anticipated that the CJC will be able to meet this commitment in full. The remaining balance will serve to strengthen the CJC's overall balance sheet position.

Compliance

15. All other principles in the Treasury Management Code and the CJC's approved Treasury Management Strategy were fully complied with in Quarter 1 and compliance with specific investment limits is demonstrated in the table below:

Table 2 Investment Limits

	2025/26 Maximum	30.6.25 Actual	2025/26 Limit	Complied? Yes/No
The UK Government	67.5m	55.5m	Unlimited	Yes
Local authorities & other government entities	**0m**	**0m**	**£10m**	Yes
Secured investments *	**0m**	**0m**	**£10m**	Yes
Banks (unsecured) *	**4.6m**	**0.2m**	**£10m**	Yes
Building societies (unsecured) *	**0m**	**0m**	**£10m**	Yes
Registered providers (unsecured) *	**0m**	**0m**	**£10m**	Yes
Money market funds *	**0m**	**0m**	**£10m**	Yes
Strategic pooled funds	**0m**	**0m**	**£10m**	Yes
Real estate investment trusts	**0m**	**0m**	**£10m**	Yes
Other investments *	**0m**	**0m**	**£10m**	Yes

16. The CJC's Treasury Management Strategy sets out counter party organisations that the CJC can invest in, which must have a minimum target credit rating of A. Table 3 below demonstrates full compliance with that target with an actual rating of AA- being achieved.

Table 3 Counter Party Minimum Credit Ratings

	2024/25 Target	**30.6.25 Actual**	**Complied?**
Portfolio average credit rating	A	AA-	Yes

Comments of the s.151 Officer

17. This report sets out the CJC's performance against its Treasury Management Strategy for Quarter 1 of 2025/26 in line with reporting requirements.

18. Investments at low risk yielded £0.661min interest during the first quarter of 2025/26 and are projected to total £2.412m for the year. This level of returns will enable the CJC to make the required level of budgeted contribution towards its 2025/26 Revenue Budget.

19. Members are asked to note the comments in paragraphs 9 and 10 relating to a £10m interest free loan from Welsh Government novated to the CJC in 2024/25.

Comments of the Monitoring Officer

20. 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.

21. 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

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

Equality, Human Rights and Community Cohesion

23. No adverse equalities implications have been identified.

Well-being of Future Generations

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

Welsh Language Implications

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

Background Papers

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Meeting Date: **13 October 2025**

Appendices

Appendix 1 Q1 2025-26 Full Treasury Management Report
Appendix 2 Q1 2025-26 Prudential Indicators

Treasury Management Report Q1 2025/26

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 quarterly 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 reports.

The CJC's Treasury Management Strategy for 2025/26 was approved at a meeting on 31st March 2025. 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: The quarter started to significant financial market volatility as US President Donald Trump announced a wide range of 'reciprocal' trade tariffs in early April, causing equity markets to decline sharply which was subsequently followed by bond markets as investors were increasingly concerned about US fiscal policy. As the UK was included in these increased tariffs, equity and bond markets here were similarly affected by the uncertainty and investor concerns.

President Trump subsequently implemented a 90-day pause on most of the tariffs previously announced, which has been generally positive for both equity and bond markets since, but heighted uncertainty and volatility remained a feature over the period.

UK headline consumer price inflation (CPI) increased over the quarter, rising from an annual rate of 2.6% in March to 3.4% in May, well above the Bank of England's 2% target. The core measure of inflation also increased, from 3.4% to 3.5% over the same period. May's inflation figures were generally lower than in the previous month, however, when CPI was 3.5% and core CPI 3.8%. Services inflation was 4.7% in May, a decline from 5.4% in the previous month.

Data released during the period showed the UK economy expanded by 0.7% in the first quarter of the calendar year, following three previous quarters of weaker growth. However, monthly GDP data showed a contraction of 0.3% in April, suggesting growth in the second quarter of the calendar year is unlikely to be as strong as the first.

Labour market data appeared to show a softening in employment conditions as weaker earnings growth was reported for the period February to April 2025, in what would no doubt be welcome news to Bank of England (BoE) policymakers. Regular earnings (excluding bonuses) were 5.2% 3mth/yoy while total earnings were 5.3%. Both the employment and unemployment rates increased, while the economic inactivity rate and number of vacancies fell.

Having started the financial year at 4.5%, the Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 4.25% in May. The 5-4 vote was split with the majority wanting a 25bps cut, two members voting to hold rates at 4.5% and two voting for a 50bps reduction. At the June MPC meeting, the committee voted by a majority of 6-3 to keep rates on hold. The three dissenters wanted an immediate reduction to 4%. This dovish tilt by the Committee is expected to continue and financial market expectations are that the next cut will be in August, in line with the publication of the next quarterly Monetary Policy Report (MPR).

The May version of the MPR highlighted the BoE's view that disinflation in domestic inflation and wage pressures was generally continuing and that a small margin of excess supply had opened in the UK economy, which would help inflation to fall to the Bank's 2% over the medium term. While near-term GDP growth was predicted to be higher than previously forecast in the second quarter of calendar 2025, growth in the same period the following year was trimmed back, partly due to ongoing global trade developments.

Arlingclose, the Corporate Joint Committee's treasury advisers, maintained its central view that Bank Rate would continue to fall, and that the BoE would focus more on weak GDP growth rather than stickier and above-target inflation. Two more cuts to Bank Rate are expected during 2025, taking the main policy rate to 3.75%, however the balance of risks is deemed to be to the downside as weak consumer sentiment and business confidence and investment impact economic growth.

Despite the uncertainty around US trade policy and repeated calls for action from the US President, the US Federal Reserve held interest rates steady the period, maintaining the Fed Funds Rate at 4.25%-4.50%. The decision in June was the fourth consecutive month where no changes were made to the main interest rate and came despite forecasts from Fed policymakers that compared to a few months ago they now expected lower growth, higher unemployment and higher inflation.

The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, and representing the eighth cut in just over a year. ECB noted heightened uncertainty in the near-term from trade and that stronger economic growth in the first quarter of the calendar may weaken. Inflation in the region rose to 2.0% in June, up from an eight-month low of 1.9% in the previous month but in line with the ECB's target. Inflation is expected to stay broadly around the 2% target over the next year or so.

Financial markets: After the sharp declines seen early in the quarter, sentiment in financial markets showed signs of improvement during the period, but bond and equity markets remained volatile. Early in the period bond yields fell, but then uncertainty from the impact of US trade policy caused bonds to sell-off but from the middle of May onwards, yields have steadily declined, but volatility continues. Equity markets sold off sharply in April but have seen gained back most of the previous declines, with investors seemingly remaining bullish in the face of ongoing uncertainty.

Over the quarter, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.49% having hit 4.82% early in April and falling to 4.45% by the end of the same month. While the 20-year gilt started at 5.18%, fell to 5.02% a few days later before jumping to 5.31% within a week, and then ending the period at 5.16%. The Sterling Overnight Rate (SONIA) averaged 4.31% over the quarter to 30th June.

Credit review: Arlingclose maintained its advised recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

During the quarter, Fitch upgraded NatWest Group and related entities to AA- from A+ due to the generally stronger business profile. Fitch also placed Clydesdale Bank's long-term A- rating on Rating Watch Positive

Moody's downgraded the long-term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.

Credit default swap prices on UK banks spiked in early April following the US trade tariff announcements but have since generally trended downwards and ended the quarter at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.

European banks' CDS prices followed a fairly similar pattern, albeit some German banks are modestly higher compared to the previous quarter. Trade tensions between Canada and the US caused Canadian bank CDS prices to rise over the quarter and remain elevated compared to earlier in 2025 and in 2024, while Singaporean and Australian lenders CDS rose initially in April but have since trended downwards, albeit are modestly higher than in previous recent periods.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

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 Corporate Joint Committee counterparty list recommended by Arlingclose remain under constant review.

Local Context

On 30th June 2025, the Corporate Joint Committee had net investments of £55.7m 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

	31.03.25 Actual £m	**30.06.25 Actual £m**
General Fund CFR	0	0
Less: *Other debt liabilities	0	0
Loans CFR	**0**	**0**
External borrowing	0	0
Internal borrowing	0	0
Less: Balance sheet resources	67.9m	55.7m
Net investments	**67.9m**	**55.7m**

* lease and PFI liabilities and transferred debt that form part of the Corporate Joint Committee total debt

** shows only loans to which the Corporate Joint Committee is committed and excludes optional refinancing. Does not include £10m Welsh Government, interest-free loan

The treasury management position as at 30 June 2025 and the change over the quarter is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	30.6.25 Balance £m	30.6.25 Rate %
Long-term borrowing - PWLB - LOBOs - Other Short-term borrowing				
Total borrowing	**0**	**0**	**0**	**0%**
Long-term investments Short-term investments Cash and cash equivalents	 67.5m 0.4m	 -12.0m -0.2m	 55.5m 0.2m	 4.21% 1.20%
Total investments	**67.9m**	**-12.2m**	**55.7m**	**4.20%**
Net investments	**67.9m**	**-12.2m**	**45.7m**	**4.20%**

Borrowing Strategy and Activity

Whilst the CJC's Treasury Management Strategy sets out a clear process for borrowing if required, the only borrowing that the CJC currently has relates to a £10m interest-free loan from Welsh Government which cannot be utilised until a scheme has been agreed.

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 Corporate Joint Committee holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Corporate Joint Committee investment balances ranged between £55.5 and £67.5 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.25 Balance £m	Net Movement £m	31.6.25 Balance £m	31.6.25 Income Return %	31.6.25 Weighted Average Maturity days
Banks & building societies (unsecured) Government	0.4m 67.5m	-0.2m -12.0m	0.2m 55.5m	1.20% 4.21%	1 days 7 days
Total investments	**67.9m**	**-12.2m**	**55.7m**	**4.20%**	**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 Corporate Joint Committee 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 asset benchmark in this report, the Corporate Joint Committee expects to be a long-term lender and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

The rates on DMADF deposits ranged between 4.45% and 4.21% and money market rates between 4.2% and 4.4%.

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 %
31.03.2025 30.06.2025	3.7 3.7	AA- AA-	0.55% 0%	7 days 7 days	4.43% 4.20%
Similar LAs **All LAs**	**4.60** **4.56**	**A+** **A+**	**36%** **62%**	**98 days** **10 days**	**4.57%** **4.36%**

*Weighted average maturity

Treasury Performance

The Corporate Joint Committee 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 £m	Actual %	Benchmark %	Over/ under
Total borrowing	**0**	**0**	**0**	**N/A**
PFI and leases	0	0	0	N/A
Total debt	0	0	0	N/A
DMO	55.5	4.21%		
Total treasury investments	**55.5**	**4.21%**		
		n/a	n/a	n/a

Compliance

The Section 151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Corporate

Joint Committee approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Table 7: Investment Limits

	2025/26 Maximum	**30.6.25 Actual**	**2025/26 Limit**	**Complied?** Yes/No
The UK Government	67.5m	55.5m	Unlimited	Yes
Local authorities & other government entities	**0m**	**0m**	**£10m**	Yes
Secured investments *	**0m**	**0m**	**£10m**	Yes
Banks (unsecured) *	**4.6m**	**0.2m**	**£10m**	Yes
Building societies (unsecured) *	**0m**	**0m**	**£10m**	Yes
Registered providers (unsecured) *	**0m**	**0m**	**£10m**	Yes
Money market funds *	**0m**	**0m**	**£10m**	Yes
Strategic pooled funds	**0m**	**0m**	**£10m**	Yes
Real estate investment trusts	**0m**	**0m**	**£10m**	Yes
Other investments *	**0m**	**0m**	**£10m**	Yes

Treasury Management Prudential Indicators

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

1. Liability Benchmark**:**
This indicator compares the Corporate Joint Committee actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £0.05m required to manage day-to-day cash flow.

2. Long-term Treasury Management Investments**:** The purpose of this indicator is to control the Corporate Joint Committee 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:

	2025/26	**2026/27**	**2027/28**	**No fixed date**
Limit on principal invested beyond year end	£55m	£30m	£20m	£10m
Actual principal invested beyond year end	£0m	£0m	£0m	£0m
Complied?	Yes	Yes	Yes	Yes

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 Corporate Joint Committee 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.

	2026/26 Target	**30.6.25 Actual**	**Complied?**
Portfolio average credit rating	A	AA-	Yes

Liquidity**:** The Corporate Joint Committee 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.

	30.6.25 Actual	**2025/26 Target**	**Complied?**
Total cash available within 3 months	55.5m	10.0m	Yes
Total sum borrowed in past 3 months without prior notice	0m	Unlimited	Yes

Interest Rate Exposures: This indicator is set to control the Corporate Joint Committee exposure to interest rate risk.

Interest rate risk indicator	**2025/26 Target**	**30.6.25 Actual**	**Complied?**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£1.0m	£0m	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£1.0m	£0m	Yes

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

	01/04/25	30/06/25
Bank Rate	4.50%	4.25%
1-year PWLB certainty rate, maturity loans	4.82%	4.50%
5-year PWLB certainty rate, maturity loans	4.94%	4.70%
10-year PWLB certainty rate, maturity loans	5.38%	5.27%
20-year PWLB certainty rate, maturity loans	5.88%	5.88%
50-year PWLB certainty rate, maturity loans	5.63%	5.71%

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.

Prudential Indicators Q1 2025/26

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

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

Capital Expenditure: The Corporate Joint Committee has undertaken and is planning capital expenditure as summarised below

	2024/25 actual	2025/26 forecast	2026/27 forecast	2027/28 forecast
General Fund services	0	0	0	0
Council housing (HRA)	0	0	0	0
Capital investments	£48.5m	£52.8m	£67.2m	£52.4m

Capital Financing Requirement: The Corporate Joint Committee's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt.

	31.3.2025 actual	31.3.2026 forecast	31.3.2027 forecast	31.3.2028 forecast
General Fund services	0	0	0	0
Council housing (HRA)	0	0	0	0
Capital investments	0	0	0	0
TOTAL CFR	**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 Corporate Joint Committee has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.3.2025 actual	31.3.2026 forecast	31.3.2027 forecast	31.3.2028 forecast	Debt at 30.6.2025
Debt (incl. PFI & leases)	0m	0m	0m	0m	10m
Capital Financing Requirement	0m	0m	0m	0m	0m

Debt and the Authorised Limit and Operational Boundary: The Corporate Joint Committee 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 2025/26	**Debt at 30.6.25**	**2025/26 Authorised Limit**	**2025/26 Operational Boundary**	**Complied?** Yes/No
Borrowing	£10m	£10m	n/a	n/a	Yes
PFI and Finance Leases	**0m**	**0m**	**n/a**	**n/a**	Yes
Total debt					

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 2025/26.