SURREY COUNTY COUNCIL

CABINET

DATE:	**28 NOVEMBER 2023**
REPORT OF CABINET MEMBER:	**DAVID LEWIS, CABINET MEMBER FOR FINANCE AND RESOURCES**
LEAD OFFICER:	**LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR FOR RESOURCES (S151 OFFICER)**
SUBJECT:	**2023/24 MONTH 6 (SEPTEMBER) FINANCIAL REPORT**
ORGANISATION STRATEGY PRIORITY AREA:	**NO ONE LEFT BEHIND / GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT / TACKLING HEALTH INEQUALITY / ENABLING A GREENER FUTURE / EMPOWERED AND THRIVING COMMUNITIES / HIGH PERFORMING COUNCIL**

Purpose of the Report:

This report provides details of the County Council's 2023/24 financial position, for revenue and capital budgets, as at 30th September 2023 (M6) and the expected outlook for the remainder of the financial year.

Regular reporting of the financial position underpins the delivery of all priority objectives, contributing to the overarching ambition to ensure No One Left Behind.

Key Messages – Revenue

- Local government continues to work in a challenging environment of sustained and significant pressures. **At M6, the Council is forecasting an overspend of £0.9m against the 2023/24 revenue budget, after the application of the contingency budget.** The details are shown in Annex 1 and summarised in Table 1 (paragraph 1 below).
- In addition to the residual overspend, £15.5m of net risks to the forecast position have been quantified, a reduction since month 5 (further details in paragraph 3).
- The application of the contingency reduces the overall net forecast overspend position and enables Directorates to focus on maximising the opportunities to offset further risks of overspends, in order to contain costs within available budget envelopes.
- Alongside, the identification of these areas of focus, the Council has assessed the level of reserves, balancing the need to ensure ongoing financial resilience with the need to ensure funds are put to best use. The level of reserves held by the Council provides additional financial resilience should the residual forecast overspend not be effectively mitigated.

Key Messages – Capital

- A capital budget reset was approved by Cabinet on 31st October 2023, to ensure that the budget reflects spend profiles more accurately, taking into account known delays, additional in-year approvals and reflecting the current supplier market and wider economic conditions impacting on programme delivery.

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- At month 6, capital expenditure of £267.7m is forecast for 2023/24, a variance of £0.4m to the re-set budget of £267.3m. Further details are set out in paragraph 12.

Recommendations:

It is recommended that Cabinet:

1. Notes the Council's forecast revenue budget (after the application of the full contingency budget) and capital budget positions for the year.

Reason for Recommendations:

This report is to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval of any necessary actions.

Executive Summary:

1. At M6, the Council is forecasting a full year overspend of £0.9m against the revenue budget, unchanged since the M5 report. Table 1 below shows the forecast revenue budget outturn for the year by Directorate (further details are set out in Annex 1):

Table 1 - Summary revenue budget forecast variances as of 30th September 2023

	M6 Forecast £m	**Annual Budget** £m	**M6 Forecast Variance** £m
Adult Social Care	438.9	438.9	0.0
Public Service Reform & Public Health	38.1	38.1	0.0
Children, Families and Lifelong Learning	277.5	257.1	20.4
Environment, Transport & Infrastructure	155.0	153.8	1.2
Surrey Fire and Rescue	39.2	38.7	0.5
Customer & Communities	20.8	20.7	0.1
Resources	83.5	82.6	0.8
Communications, Public Affairs and Engagement	2.2	2.2	(0.0)
Prosperity, Partnerships & Growth	2.1	2.2	(0.1)
Central Income & Expenditure	45.9	48.0	(2.1)
Directorate Position	1,103.1	1,082.2	20.9
Contingency	0.0	20.0	(20.0)
Corporate Funding	(1,102.2)	(1,102.2)	0.0
Overall	0.9	(0.0)	0.9

2. The £20.9m forecast overspend relates primarily to the following:

   - **Adult Social Care - balanced outturn forecast, unchanged since last month.** There remains significant pressure on ASC's care package budget due to demand and market pressures on care packages and the forecast impact of assessed fees & charges debt across the year, requiring increases to the bad debt provision or write off where debt is deemed irrecoverable. The underlying care package budget position has remained the same this month, which represents an important improvement from increased spending commitments in recent months. Pressures in care package budgets are mitigated by additional grant funding and underspends outside of the care package budget. Within the latest position there is a £2.5m shortfall against the strengths-based practice efficiency target, the delivery of which is impacted by a focus on fulfilling statutory obligations in the context of the new CQC assurance regime. This is forecast to be fully offset by overachievement of efficiencies relating to the completion of the closure of in-house Older People care homes.

- **Children, Families and Lifelong Learning - £20.4m overspend, £2.3m deterioration** since August. The forecast overspend position is due to number of factors:
    - A £4.7m pressure in relation to Home to School Transport Assistance (H2STA); despite the net increase in transport budgets of £14.6m for 2023/24, the H2STA budget is experiencing significant pressures from unit costs over and above what was anticipated. This is partly related to the tender of c30% of contracts, where prices have come in higher than budget. The contracts are for three years, so although we are experiencing higher costs this year, it should enable some stability of costs in the next two years.
    - A forecast overspend of £15.4m in external social care placements for our children looked after. This is due to a national lack of market sufficiency and price inflation, meaning children are having to be placed in extremely high-cost placements, as there are no viable alternatives. Intelligence from other County Council's suggest this is an issue affecting a large proportion of local authorities due to the lack of alternative options in the placement market.
    - Further risks remain for placements, with volatility in demand on services and prices paid. The current forecast assumes an increase in the use of in-house provision will be delivered by the end of the year.
    - Legislative changes and matching of special guardianship rates to fostering child allowances results in a £1.7m pressure in 2023/24.
    - Demand pressures within children with disability of £1.5m reflecting a continuation of the demand experienced in 2022/23.
    - These pressures are partially mitigated by a net improvement on Unaccompanied Asylum Seeking Children budgets due to increased grant rates (£0.8m), underspends on in-house fostering due to a lower number of children supported through in-house foster carers (£1.1m) and reduced current capacity for in-house residential provision (£0.6m).
- **Environment, Transport & Infrastructure - £1.2m overspend, £0.1m improvement** since August**.** The change relates to various small improvements in the Environment Service reducing their reported pressure by 0.1m. Other existing pressures include £0.8m within Highways & Transport due to a range of smaller items including additional staffing (including highway inspectors) and reduced income related to the housing market, and delayed parking enforcement, partly offset by concessionary fares saving due to lower patronage and other savings or reduced spend; £0.2m in the Planning, Performance & Support service due to additional capacity to support service improvements and legislative change and resources to support community engagement; £0.1m due to an additional interim director to support the Planning, Place and Infrastructure services; and £0.1m additional resource in Emergency Management. In addition, Highways & Transport face other pressures which are being monitored and are currently expected to be contained within the overall service budget envelope.
- **Surrey Fire and Rescue - £0.5m overspend, unchanged** since August**,** due to a backdated national pay award agreed in March at a higher rate than budgeted for, partly mitigated by vacancies.
- **Resources - £0.8m overspend, unchanged** since August. The overspend is mainly due to the anticipated reduction in income from the provision of payroll services caused

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by a decrease in customer numbers (£0.3m) as well as staffing pressures in Legal Services and People & Change due to agency and restructure costs (£0.4m).

- **Customer & Communities - £0.1m overspend, unchanged** since August. The overall overspend position is due mainly to under recovery of income in Libraries, offset by staffing underspends. The libraries' income budget was set at 2019/20 levels as footfall continued to recover after the pandemic, however it is now considered unlikely that income will fully recover. The service is seeking new revenue streams to replace income reductions.
- **Communications, Public Affairs and Engagement – balanced, £0.1m improvement** since August. The improvement since last month is due to later than anticipated recruitment.
- **Central Income & Expenditure – improvement of £2.1m** since August, relating to one-off additional business rate income from the Business Rates pool gain and additional grant income due to higher than forecast inflationary compensation.

3. In addition to the forecast overspend position, emerging risks and opportunities are monitored throughout the year. Directorates have additionally identified net risks of £15.5m (a reduction of £3.8m since M5), consisting of quantified risks of £16.2m, offset by opportunities of £0.7m. These figures represent the weighted risks and opportunities, taking into account the full value of the potential risk or opportunity adjusted for assessed likelihood of the risk occurring or opportunity being realised.

4. Directorates are expected to take action to mitigate these risks and maximise the opportunities available to offset them, in order to avoid these resulting in a forecast overspend against the budget set.

Children's Social Care – the national picture

5. There is a growing evidence base that there are sustained and increasing pressures in the sector and a need to influence government thinking regarding sustainable levels of resourcing.

6. The County Councils Network (CCN) has released the findings of its Budget Survey 2023 (conducted with the Society of County Treasurers) ahead of the Autumn Statement later this month. It says "While all council frontline services are experiencing higher than expected costs, the survey shows a combination of stubbornly high inflation, rising demand and 'broken' provider markets for children's care placements mean in-year spending on children's services is spiralling out of control with almost half (£319m) of the projected £639m overspend attributable to this service".

7. In a joint letter to the Permanent Secretaries in the DfE, DLUHC and Treasury, the Association of Directors of Children's Services, the Local Government Association and Solace highlight concerns about the increasing costs of children's social care placements and drawing attention to the increasingly urgent need to act, to ease pressure in the short and medium term.

8. There is strong and consistent evidence that the issues we are facing in children's social care and Home to School Transport are replicated across neighbouring and other peer counties and are the largest financial pressures for those councils.

Dedicated Schools Grant (DSG) update

9. The table below shows the projected forecast year end outturn for the High Needs Block. The forecast at month 6 is in-line with the budget.

Table 2 - DSG HNB Summary

2023/24 DSG HNB Summary	Budget £m	Forecast £m
Education and Lifelong Learning	231.7	231.7
Place Funding	22.7	22.7
Children's Services	2.3	2.3
Corporate Funding	2.0	2.0
Total expenditure	**258.7**	**258.7**
DSG High Needs Block	(218.3)	(218.3)
Deficit	**40.4**	**40.4**

10. The second monitoring report for the safety valve agreement in 2023/24 was submitted in in September and has been approved by the Department for Education, with a further £3m funding paid to SCC. The report confirmed that the Council remains on track with its agreed trajectory, although also noted continued pressures both within the system and through rising inflation. This brings the total DfE contributions to £6m in this financial year and £70m in total. Reporting requirements are now for 3 submissions during each financial year with the next submission being due in December.

Capital Budget

11. The 2023/24 Capital Budget was approved by Council on 7th February 2023 at £319.3m, with a further £92.7m available to draw down from the pipeline and £15m budgeted for Your Fund Surrey. After adjustments for 2022/23 carry forwards and acceleration, the revised budget was £326.4m.

12. During August a re-set of the capital budget was undertaken, to ensure that the budget reflects spend profiles more accurately, taking into account known delays, additional in-year approvals and reflecting the current supplier market and wider economic conditions impacting on programme delivery. The re-set budget of **£267.3m** was approved by Cabinet on 31 October 2023.

13. Capital expenditure of **£267.6m** is forecast against this budget, as summarised below.

Table 3 - Summary capital budget

Strategic Capital Groups	Reset Budget at M5 £m	Outturn Forecast at M6 £m	M6 Forecast Variance £m	Increase / Decrease / Unchanged
Property				
Property Schemes	100.7	100.8	0.1	Increase
ASC Schemes	1.6	1.6	0.0	Unchanged
CFLC Schemes	2.4	2.4	0.0	Unchanged
Property Total	**104.7**	**104.8**	**0.1**	Increase
Infrastructure				
Highways and Transport	121.9	121.9	0.0	Unchanged
Infrastructure and Major Projects	15.9	15.9	0.0	Unchanged
Environment	9.5	9.7	0.3	Increase
Surrey Fire and Rescue	6.0	6.0	0.0	Unchanged
Infrastructure Total	**153.4**	**153.6**	**0.3**	Increase
IT				
IT Service Schemes	9.2	9.2	0.0	Unchanged
IT Total	**9.2**	**9.2**	**0.0**	Unchanged
Total	**267.3**	**267.6**	**0.4**	**Increase**

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14. The overall variance is attributable to the following:

- **Property Schemes - £0.1m acceleration** reflecting accelerated spend on Looked After Children schemes (£2.4m), reflecting the acquisition of properties for care leavers accommodation. This is offset by slippage on Depots due to procurement and other delays (£2.3m).
- **Environment Schemes - £0.3m acceleration** reflecting the impact of inflation on Surrey Flood Alleviation schemes (£0.2m) and accelerated spend on the grant funded Greener Homes Sustainable Warmth scheme (£0.1m)

Consultation:

15. Executive Directors and Cabinet Members have confirmed the forecast outturns for their revenue and capital budgets.

Risk Management and Implications:

16. Risk implications are stated throughout the report and each relevant director or head of service has updated their strategic and or service risk registers accordingly. In addition, the Corporate Risk Register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council and the sustainability of the Medium-Term Financial Strategy. In the light of the financial risks faced by the Council, the Leadership Risk Register will be reviewed to increase confidence in Directorate plans to mitigate the risks and issues.

Financial and Value for Money Implications:

17. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus.

Section 151 Officer Commentary:

18. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.

19. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.

20. The Council has a duty to ensure its expenditure does not exceed the resources available. As such, the Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

Legal Implications – Monitoring Officer:

21. The Council is under a duty to set a balanced and sustainable budget. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available whilst continuing to meet its statutory duties.

22. Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.

Equalities and Diversity:

23. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary In implementing individual management actions, the Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

24. Services will continue to monitor the impact of these actions and will take appropriate action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.

What Happens Next:

25. The relevant adjustments from the recommendations will be made to the Council's accounts.

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Consulted:

Cabinet, Executive Directors, Heads of Service

Annexes:

Annex 1 – Detailed Outturn position

Annex 2 – Balance Sheet indicators – Q2 2023/24

Detailed Revenue Outturn position

Annex 1

Service	Cabinet Member	Gross budget	Net budget	Forecast	Outturn variance
Family Resilience	S Mooney	£58.4m	£58.4m	£59.3m	£0.9m
Education and Lifelong Learning	C Curran	£28.2m	£28.2m	£28.2m	£0.0m
Commissioning	S Mooney	£69.6m	£69.6m	£74.3m	£4.7m
Quality & Performance	S Mooney	£10.2m	£10.2m	£10.0m	(£0.3m)
Corporate Parenting	S Mooney	£94.1m	£94.1m	£109.2m	£15.1m
Exec Director of CFLL central costs	S Mooney	-£3.3m	-£3.3m	-£3.3m	£0.0m
Children, Families and Lifelong Learning		**£257.1m**	**£257.1m**	**£277.5m**	**£20.4m**
Public Health	M Nuti	£35.8m	£35.8m	£35.8m	£0.0m
Public Service Reform	M Nuti	£2.3m	£2.3m	£2.3m	£0.0m
Public Health and PSR		**£38.1m**	**£38.1m**	**£38.1m**	**£0.0m**
Adult Social Care	**M Nuti**	**£439.7m**	**£438.9m**	**£438.9m**	**£0.0m**
Highways & Transport	M Furniss / K Deanus	£67.1m	£67.1m	£67.9m	£0.8m
Environment	M Heath/ N Bramhall	£82.6m	£81.5m	£81.5m	£0.1m
Infrastructure, Planning & Major Projects	M Furniss	£2.8m	£2.8m	£2.9m	£0.1m
Planning Performance & Support	M Furniss	£1.9m	£1.9m	£2.1m	£0.2m
Emergency Management	K Deanus	£0.5m	£0.5m	£0.6m	£0.0m
Environment, Transport & Infrastructure		**£154.9m**	**£153.8m**	**£155.0m**	**£1.2m**
Surrey Fire and Rescue	**D Turner- Stewart**	**£44.5m**	**£38.7m**	**£39.2m**	**£0.5m**
Armed Forces and Resilience	K Deanus	£0.1m	£0.1m	£0.1m	(£0.0m)
Communications	T Oliver	£2.1m	£2.1m	£2.2m	£0.0m
Communications, Public Affairs and Engagement		**£2.2m**	**£2.2m**	**£2.2m**	**(£0.0m)**
PPG Leadership	T Oliver	£0.3m	£0.3m	£0.3m	(£0.0m)
Economic Growth	M Furniss	£1.8m	£1.8m	£1.7m	(£0.1m)
Partnerships, Prosperity and Growth		**£2.2m**	**£2.2m**	**£2.1m**	**(£0.1m)**
Community Partnerships	D Turner-Stewart	£1.9m	£1.9m	£1.9m	(£0.0m)
Customer Services	D Turner-Stewart	£2.9m	£2.9m	£3.1m	£0.2m
Customer Experience	D Turner-Stewart	£0.5m	£0.5m	£0.5m	£0.0m
Cultural Services	D Turner-Stewart	£8.3m	£8.3m	£8.7m	£0.4m
Customer and Communities Leadership	D Turner-Stewart	£2.2m	£2.2m	£1.7m	(£0.4m)
Registration and Nationality Services	D Turner-Stewart	-£1.5m	-£1.5m	-£1.5m	(£0.0m)
Trading Standards	D Turner-Stewart	£1.9m	£1.9m	£1.9m	(£0.0m)
Health & Safety	D Turner-Stewart	£0.0m	£0.0m	£0.0m	£0.0m
Coroners	K Deanus	£4.5m	£4.5m	£4.5m	(£0.0m)
Customers and Communities		**£20.7m**	**£20.7m**	**£20.8m**	**£0.1m**
Land & Property	N Bramhall	£26.3m	£25.1m	£25.4m	£0.3m
Information Technology & Digital	D Lewis	£20.2m	£20.2m	£20.2m	£0.0m
Twelve15	D Lewis	-£1.3m	-£1.3m	-£1.4m	(£0.1m)
Finance	D Lewis	£7.6m	£7.6m	£7.6m	(£0.1m)
People & Change	T Oliver	£7.8m	£7.8m	£8.0m	£0.2m
Legal Services	D Lewis	£5.9m	£5.9m	£5.9m	(£0.0m)
Joint Orbis	D Lewis	£6.2m	£6.2m	£6.2m	£0.1m
Democratic Services	D Lewis	£3.8m	£3.8m	£3.8m	£0.0m
Business Operations	D Lewis	£0.7m	£0.7m	£1.0m	£0.3m
Executive Director Resources (incl Leadership Office)	D Lewis	£3.5m	£3.5m	£3.7m	£0.2m
Corporate Strategy and Policy	D Lewis	£1.1m	£1.1m	£1.1m	(£0.0m)
Transformation and Strategic Commissioning	D Lewis	£1.7m	£1.7m	£1.6m	(£0.1m)
Procurement	D Lewis	£0.1m	£0.1m	£0.1m	£0.0m
Performance Management	D Lewis	£0.2m	£0.2m	£0.2m	£0.0m
Resources		**£83.9m**	**£82.6m**	**£83.5m**	**£0.8m**
Central Income & Expenditure	**D Lewis**	**£48.0m**	**£48.0m**	**£45.9m**	**(£2.1m)**
Overall before funding		**£1,091.2m**	**£1,082.2m**	**£1,103.1m**	**£20.9m**
Contingency	**D Lewis**	**£20.0m**	**£20.0m**	**£0.0m**	**(£20.0m)**
Corporate Funding			**-£1,102.2m**	**-£1,102.2m**	**£0.0m**
Overall		**£1,111.2m**	**£0.0m**	**£0.9m**	**£0.9m**

Balance Sheet Indicators

Prudential Indicators (capital expenditure, borrowing and commercial & service investments)

1. The Council measures and manages its capital expenditure, borrowing and commercial and service investments with reference to the following indicators, which are reported to Cabinet on a quarterly basis.

Table 1 :Estimates of Capital Expenditure

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	Total Budget
	£m	£m	£m	£m	£m	£m	£m
Capital Programme - Budget	199	268	333	222	164	178	**898**
Capital Programme - Pipeline	0	0	206	202	143	44	**595**
Your Fund Surrey	3	10	15	15	15	0	**45**
Sub-total Capital Programme	202	278	555	439	323	221	**1,538**
Commercial Spend	0	26	2	3	0	0	**4**
TOTAL	**202**	**304**	**556**	**442**	**323**	**221**	**1,542**

<u>Estimates of Capital Financing Requirement</u>

2. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure on service delivery and on investments and reduces by the annual Minimum Revenue Provision and capital receipts used to replace debt.

Table 2 :Estimates of Capital Financing Requirement

As at 31st March	2022/23 Actual	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	£m	£m	£m	£m	£m	£m
Capital Programme	940	1,058	1,399	1,605	1,766	1,858
Investment Programme	442	468	469	472	472	472
TOTAL CFR	**1,382**	**1,526**	**1,868**	**2,077**	**2,238**	**2,330**

<u>Proportion of Financing Costs to Net Revenue Stream</u>

3. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from council tax, business rates and general government grants.

Table 3 : Proportion of Financing Costs to Net Revenue Stream

	2022/23 Actual	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Ratio of Financing Costs to Net Revenue Stream	4.0%	4.8%	6.2%	8.1%	9.2%	10.1%

Net Income from Commercial and Service Investments to Net Revenue Stream

4. This is an indicator of affordability and highlights the net financial impact on the authority of its entire non-treasury investment income.

Table 4: Net Income from Commercial and Service Investments to Net Revenue Stream

	2022/23 Actual	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Total net income from service and commercial investments	23.1	20.1	21.1	21.3	21.3	21.3
Proportion of net revenue stream	2.22%	1.83%	1.88%	1.96%	1.97%	1.98%

Treasury Management – Borrowing

5. The Council borrows to finance its capital spending that is not funded from grants, third party contributions, capital receipts or reserves. The Council's long-term debt stands at £464.0m and has not increased this year.

6. As at 30 September 2023, the weighted average interest rate of the Council's long term debt portfolio is 3.63%. The Treasury Strategy, approved by County Council in February 2023, continued the policy of internal borrowing and where necessary, to borrow short-term to meet cash flow liquidity requirements. Table 5 below shows a net £8m increase in the Council's short-term borrowing activity since 30 June 2023.

Table 5: Short term borrowing as at 30 September 2023

	£m
Debt outstanding as at 30 June 2023	102
Loans raised	90
Loans repaid	(82)
Quarter movement	8
Current Balance as at 30 September 2023	110

Note: Figures are for Surrey Council only and do not include Surrey Police

7. The weighted average interest rate of the Council's short term external debt is 5.17% at 30 September 2023 (1.04% at September 2022).

Investments

8. The Council's average daily level of investments has been £98m during 2023/24 (up to the end of Q2), compared to an average of £138m during 2022/23 (up to the end of Q2). The lower cash investment balances reflect management of the Council's cash flow and the lower short-term borrowing undertaken.

9. The Bank of England (BoE) base rate was increased twice in April and June to 5.00% with a further increase to 5.25% in August. The Council invests temporary cash surplus exclusively through the use of money market funds (MMF). Other investment facilities are

available, including: brokers, direct dealing with counterparties through the use of call accounts or direct deal facilities, or with the government's Debt Management Office (DMO). No new fixed term deposits have been agreed during 2023/24, MMF investments ensure sufficient liquidity and to reduce credit risk exposure. 13

10. Table 6 shows the weighted average return on all investments the Council received in the quarter to 30 September 2023 is 5.02%. This compares to a 5.16% average Bank of England (BoE) base rate for the same period.

11. Table 6: Weighted average return on investments compared to Bank of England (BoE) base rate.

	2023/24		2022/23		2021/22	
Period	Average BoE Base Rate	Weighted return on investments	Average BoE Base Rate	Weighted return on investments	Average BoE Base Rate	Weighted return on investments
Quarter 4 (Mar)	-	-	0.95%	0.77%	0.10%	0.01%
Quarter 3 (Dec)	-	-	1.61%	1.48%	0.10%	0.02%
Quarter 2 (Sep)	5.16%	5.02%	2.82%	2.56%	0.13%	0.03%
Quarter 1 (Jun)	4.44%	4.33%	3.85%	3.67%	0.45%	0.28%

Note: All numbers in all tables have been rounded - which may cause a casting difference

Debt

12. During the three months to 30 September 2023, the Council raised invoices totalling £115m. Overdue debt is the total debt less those balances not immediately due (i.e. less than 30 days old). There was a total £46.7m of overdue debt at the end of September, a decrease of £14.7m since the last quarter.

13. Unsecured social care overdue debt has increased by £0.7m over the quarter. The Financial Assessments & Income Collection Team in ASC responsible for the recovery of social care debt take a range of actions to recover unsecured debts. In addition to undertaking probate searches, the team agree instalment arrangements, pursue recovery action, including via the Council's legal services team if necessary, and take action to secure the debt where possible.

14. General debt increased has decreased by £0.9m since the last quarter.

15. Integrated Care Board debt has also decreased by £13.9m since the last quarter, due to the payment of some large outstanding invoices.

Table 7:Age profile of the Council’s debt as at 30 September 2023

Account group	<1 month £m	1-12 months £m	1 to 2 years £m	over 2 years £m	Gross debt £m	Overdue debt £m	Q1 Overdue debt £m	Change £m
Care debt – unsecured	5.2	11.7	5.5	4.9	27.3	22.1	21.4	0.7
Care debt – secured	0.2	4.7	2.9	4.0	11.8			
Total care debt	**5.4**	**16.4**	**8.3**	**9.0**	**39.1**	**22.1**	**21.4**	**0.7**
Schools, colleges and nurseries	1.8	2.3	0.0	0.0	4.1	2.4	1.4	1.0
Integrated Care Boards	9.1	15.7	1.2	0.2	26.2	17.1	31.0	(13.9)
Other local authorities	0.7	0.3	0.1	0.0	1.0	0.4	1.8	(1.5)
General debt	12.7	3.1	0.7	1.0	17.5	4.8	5.7	(1.0)
Total non-care debt	**24.2**	**21.4**	**2.0**	**1.2**	**48.8**	**24.6**	**39.9**	**(15.4)**
Total debt	**29.6**	**37.8**	**10.4**	**10.2**	**87.9**	**46.7**	**61.4**	**(14.7)**
Q1 2023/24	**11.8**	**45.6**	**17.2**	**9.4**	**84.0**	**61.4**		
Change	17.8	(7.8)	(6.8)	0.8	3.9	(14.7)		

** Secured care debt does not become due until either the property is sold or after 90 days following the death of the resident, whichever is earlier. Note: All numbers have been rounded - which might cause a casting difference*