

SURREY COUNTY COUNCIL

CABINET



DATE: 24 SEPTEMBER 2024

REPORT OF CABINET MEMBER: DAVID LEWIS, CABINET MEMBER FOR FINANCE AND RESOURCES

LEAD OFFICER: ANNA D'ALESSANDRO, INTERIM EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE SERVICES (INTERIM S151 OFFICER)

SUBJECT: 2024/25 MONTH 4 (JULY) 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 Council's 2024/25 financial position, for revenue and capital budgets, as at 31st July 2024 (M4) and the expected outlook for the remainder of the financial year. In addition, the report proposes minor changes to the operation of the Your Fund Surrey small projects capital scheme.

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 M4, the Council is forecasting an overspend of £15.5m against the 2024/25 revenue budget.** The details are shown in Annex 1 and summarised in Table 1 (paragraph 1 below).
- **Directorates are working on developing mitigating actions to offset forecast overspends, to deliver services within available budgets.**
- In order to ensure ongoing financial resilience, the Council holds a corporate contingency budget and over recent years has re-established an appropriate level of reserves. These measures provide additional financial resilience should the residual forecast overspend not be effectively mitigated by corrective actions before the end of the financial year.

Key Messages – Capital

- The Capital Programme Panel, alongside Strategic Capital Groups, has undertaken an assurance review of the capital programme to ensure deliverability. This has resulted in a re-phased budget for 2024/25, approved by Cabinet in July 2024.
- At M4, capital expenditure of £318.1m is forecast for 2024/25. This is £3.3m more than the re-phased budget. Further details are provided in paragraphs 9-11.

- Proposals to increase the maximum value of an individual capital project funded via the Your Fund Surrey Small Projects Fund from £50,000 to £100,000 and the delegated approval levels are included at paragraphs 12-15.

Each quarter, key balance sheet indicators are reported; these are set out in Annex 2.

Recommendations:

It is recommended that Cabinet:

- Notes the Council's forecast revenue budget and capital budget positions for the year.
- Approves the changes to the Your Fund Surrey small project fund allocation to increase the maximum value of a single capital project from £50,000 to £100,000.
- Approves the proposed amendments to the current delegated authority levels for Your Fund Surrey large project fund to include Director level Director level, in consultation with Cabinet Member for Customer and Communities, for projects up to £100k.

Reason for Recommendations:

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

Executive Summary:

- At M4, the Council is forecasting a full year overspend of £15.5m against the revenue budget. This is a £2.6m improvement on the M3 position. 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 at 31st July 2024

	M4 Forecast	Annual Budget	Forecast Variance
	£m	£m	£m
Adults, Wellbeing & Health Partnerships	515.7	511.8	3.9
Children, Families and Lifelong Learning	307.0	298.1	8.9
Environment, Infrastructure & Growth	187.8	185.2	2.6
Surrey Fire and Rescue Service	44.2	44.1	0.1
Customers, Digital & Change	49.6	49.5	0.0
Finance & Corporate Services	27.4	27.4	(0.0)
Communications, Public Affairs and Engagement	2.8	2.8	0.0
Central Income & Expenditure	89.4	89.4	0.0
Directorate position	1,223.8	1,208.4	15.5
Contingency	0.0	0.0	0.0
Corporate Funding	(1,208.4)	(1,208.4)	0.0
Overall	15.5	(0.0)	15.5

- The forecast overspend relates primarily to the following:

Adults, Wellbeing & Health Partnerships - £3.9m overspend, £3.2m decrease from Month 3 position. The decrease is due to incorporating refreshed efficiency plans agreed by the Senior Leadership Team. These plans now forecast a £1.1m overachievement against the Directorate's original budgeted efficiencies for 2024/25, primarily related to

further managing the cost of inflationary uplifts on care packages, together with £1.8m of additional efficiencies for securing increased income related to Section 117 Aftercare and Continuing Health Care, targeted reviews of existing care packages and managing the impact of assessed charges debt below the budgeted cost. These additional measures are anticipated to have a full year impact of £10m. Close monitoring of delivery with rapid action to address variances will be important to ensure delivery. A small reduction in ASC staffing budget pressures and a small underspend for the Communities & Prevention service also contributed to the improvement.

The overall overspend of £3.9m relates to two main areas of pressure:

- £3.3m relating to increased care packages spending commitments, due to growth in the latter part of 2023/24, mainly relating to Older People care packages.
- £1.4m pressure on staffing budgets due to £0.5m underachievement against the £1m 2024/25 workforce reconfiguration efficiency target, £0.5m of pressures related to statutory responsibilities for Deprivation of Liberty Safeguard assessments and the remaining £0.4m due to improved recruitment and retention to deliver core statutory duties.

These pressures are partially offset by underspends for wider support services and additional grant funding.

Children, Families and Lifelong Learning - £8.9m overspend, £0.1m increase from Month 3 position. The overspend relates to £7.4m of Home to School Travel Assistance pressure (no change from the previous month's forecast). The Home to School travel assistance cost pressure reflects several factors, including growth in eligible SEN pupil numbers exceeding the initial assumptions. New modelling taking account of current trends has led to increases in demand profiles, which has in part been led by additional in year placements being made through the EHCP recovery work. Also contributing to the spend pressures is the continued increases in rates, due to supply and demand issues in the driver market. There continues to be a significant number of solo route arrangements, which are regularly reviewed to maximise shared arrangements on compatible routes. There are multiple activities in hand to tackle the forecast spend increases in Home to School Travel Assistance. A Member and officer oversight group has been set up to review, monitor and target proposed mitigations.

Further pressures of £2m have been identified in placement costs, due to additional costs in external fostering and health contributions currently being forecast lower than budget. There are a number of underspends partly offsetting these pressures, including reduced costs in relation to care leavers of £0.4m and staffing underspends due to vacancies. The increase in projection of £0.1m relates to changes in external placements.

Environment, Transport & Infrastructure - £2.6m overspend, £0.2m increase from Month 3 position. Waste management continues to forecast an overspend of £1.3m after mitigations, primarily due to market costs of managing dry mixed recyclables. In addition, Land & Property continues to forecast a pressure of £1m due to the cost of soft facilities management (including additional cleaning and security costs) and increased utility costs

linked to usage and backdated electricity distribution costs. Additionally, there is c£0.3m of other smaller pressures.

Whilst Highways and Transport is forecasting no variation overall, this is after pressures totalling £1.9m relating to parking and traffic enforcement, staffing and income have been mitigated by planned drawdown of prior year parking surpluses.

There are smaller mitigations in other service areas. The Directorate continues to review options to mitigate or offset these pressures including contract meetings to address facilities management costs and reviewing energy usage.

Surrey Fire and Rescue Service - £0.1m overspend, £0.1m increase from Month 3 position. The overspend is due to operational pressures of £0.7m, including additional water training requirements of £0.2m, Fleet costs of £0.2m, and abortive prior year capital costs of £0.2m which are being investigated for possible third-party recovery. These have been partly offset by a net staffing underspend of £0.3m and efficiencies generated through shared support costs of Joint Fire Control of £0.3m.

3. In addition to the forecast overspend position, emerging risks and opportunities are monitored throughout the year. Directorates have additionally identified net risks of £17.8m, consisting of quantified risks of £20.3m, offset by opportunities of £2.5m. This is a reduction in net risks of £0.2m from M3. 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, to avoid these resulting in a forecast overspend against the budget set.

Dedicated Schools Grant (DSG) update

5. The table below shows the projected forecast year-end outturn for the High Needs Block.

Table 2 - DSG HNB Summary

2024/25 DSG HNB Summary	Budget £m	Forecast £m	Variance £m
Education and Lifelong Learning	237.0	237.0	0.0
Place Funding	23.1	23.1	0.0
Children's Services	2.3	2.3	0.0
Corporate Funding	2.0	2.0	0.0
TOTAL	264.4	264.4	0.0
FUNDING	-225.4	-225.4	0.0
In-Year Deficit	39.0	39.0	0.0

6. The Council remains within the spending profile of the Safety Valve and is currently forecasting to be within the budget profile for 2024/25.
7. The first monitoring report for the Safety Valve agreement in 2024/25 was submitted to the Department for Education at the end of May 2024. In line with the deadline, the first instalment payment of £1.91m was received at the end of June. The next monitoring return is due at the end of August.
8. To date, the Council has received £78.18m in Safety Valve payments (78% of the total DfE contributions) with a remaining £21.82m due to be paid over the next three years. Our

Safety Valve monitoring report confirmed that the Council remains on track with its agreed trajectory, although also noted continued pressures both from demand within the system and through cost inflation.

Capital Budget

9. The 2024/25 Capital Budget was approved by Council on 6th February 2024 at £404.9m. The Capital Programme Panel, working alongside Strategic Capital Groups, has undertaken a detailed review of the programme to validate and ensure deliverability. The re-phased capital programme reduces the 2024/25 budget to £314.8m, as approved by Cabinet in July 2024.

10. The month four forecast is £318.1m, which is £3.3m more than the re-phased budget.

Strategic Capital Groups	Annual Budget	FY Forecast at M4	M4 Forecast Variance	M3 Forecast Variance	Change from M3 to M4	Movement
	£m	£m	£m	£m	£m	
Property						
Property Schemes	131.2	131.2	0.0	0.0	0.0	Unchanged
ASC Schemes	1.6	1.6	0.0	0.0	0.0	Unchanged
CFLC Schemes	2.7	2.7	0.0	0.0	0.0	Unchanged
Property Total	135.5	135.5	0.0	0.0	0.0	Unchanged
Infrastructure						
Highways and Transport	125.2	131.2	6.0	(0.2)	6.2	Increase
Infrastructure and Major Projects	29.0	27.1	(1.9)	(1.5)	(0.4)	Decrease
Environment	8.7	8.7	0.0	0.3	(0.3)	Decrease
Surrey Fire and Rescue	2.5	2.5	0.0	0.0	0.0	Unchanged
Infrastructure Total	165.4	169.5	4.1	(1.4)	5.5	Increase
IT						
IT Service Schemes	13.9	13.1	(0.8)	(0.8)	0.0	Unchanged
IT Total	13.9	13.1	(0.8)	(0.8)	0.0	Unchanged
Total	314.8	318.1	3.3	(2.2)	5.5	Increase

11. The overall variance is attributable to the following:

- **Infrastructure - £4.1m variance over budget**, this includes £5m of accelerated and additional surface dressing and safety defect spend, including the A24 emergency works which it is assumed will be recovered through Damage to County Property processes, and other smaller changes to road safety and improvement schemes.

These are partly offset by a delay to part of the Farnham Town Centre programme (£1.0m) and the early termination of a National Highways scheme (£0.5m) for improved air quality on the A3.

- **IT - £0.8m variance under budget**, caused by a further reprofile of the WAN / Wi-Fi refresh programme that has reprofiled spend into future years. This is due to a recent change in the scope and sites at which the work will take place this financial year.

Your Fund Surrey

12. The capital pipeline budget includes £30m for Your Fund Surrey for the period 2024/25 – 2025/26. This includes a £100,000 allocation available to each Councillor for the small project fund, aimed to enable Councillors to support capital projects in their local community. A whole range of projects have been funded from this scheme to date,

including refurbishment of village halls, new pathways, community gardens and improved playground facilities.

13. The small project fund will close in Spring 2025 and in order to build on its success and ensure it supports projects that make the most difference to local communities, it is proposed, as a recommendation via a Select Committee, to increase the maximum value of an individual capital project from £50,000 to £100,000. This represents an increase in the amount allowable for a single application and not an increase in the overall funding, which will remain within the budget allocation.
14. All projects above this level, or any applications deemed by officers as complex, will continue to follow the YFS Large Community Projects process, which includes robust officer reviews to ensure the required rigour regarding assessment. In addition, it is proposed to amend the current delegated authority levels to approve funding awards for the Your Fund Surrey large project fund. For projects up to £100k, the current delegation is to the appropriate Executive Director. It is proposed to amend this to include an appropriate Director or Executive Director, for administrative purposes.
15. All projects over £100k are currently approved by the appropriate Cabinet Member, with any over £500k requiring approval of Cabinet. There are no changes proposed to these levels.
16. All projects continue to be assessed by a range of officers and given due consideration by the Your Fund Surrey Advisory Panel, comprised of Members from all political parties.

Consultation:

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

Risk Management and Implications:

18. 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:

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

Section 151 Officer Commentary:

20. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost of service delivery, increasing demand, financial uncertainty 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 deliver financial efficiencies and reduce spending to achieve a balanced budget position each year.

21. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 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.
22. 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:

23. 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.
24. 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:

25. 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.
26. 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 ongoing analysis.

What Happens Next:

27. The relevant adjustments from 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 – Prudential Indicators

Detailed Revenue M4 Position

Annex 1

Service	Cabinet Member	Net budget	Forecast	Outturn variance
Public Health	M Nuti	£37.8m	£37.8m	£0.0m
Communities & Prevention	M Nuti	£3.2m	£3.1m	(£0.1m)
Adult Social Care	S Mooney	£470.8m	£474.7m	£4.0m
Adults, Wellbeing & Health Partnerships		£511.8m	£515.7m	£3.9m
Family Resilience	C Curran	£68.3m	£68.5m	£0.2m
Education and Lifelong Learning	C Curran	£31.7m	£31.7m	(£0.0m)
Commissioning	C Curran	£2.1m	£2.0m	(£0.0m)
Quality & Performance	C Curran	£87.2m	£94.4m	£7.3m
Corporate Parenting	C Curran	£112.0m	£113.4m	£1.4m
Exec Director of CFLL central costs	C Curran	£-3.1m	£-3.1m	£0.0m
Children, Families and Lifelong Learning		£298.1m	£307.0m	£8.9m
Highways & Transport	M Furniss	£71.1m	£71.1m	£0.0m
Environment	M Heath/ N Bramhall	£82.8m	£84.3m	£1.6m
Infrastructure, Planning & Major Projects	M Furniss	£2.5m	£2.6m	£0.1m
Planning Performance & Support	M Furniss	£3.4m	£3.4m	£0.0m
Land & Property	N Bramhall	£24.0m	£25.0m	£1.0m
Economic Growth	M Furniss	£1.4m	£1.4m	£0.0m
Environment, Infrastructure & Growth		£185.2m	£187.8m	£2.6m
Surrey Fire and Rescue	K Deanus	£40.4m	£40.5m	£0.1m
Safer Communities	K Deanus	£1.2m	£1.2m	£0.0m
Emergency Management	K Deanus	£0.7m	£0.7m	£0.0m
Trading Standards	D Turner-Stewart	£1.8m	£1.8m	£0.0m
Surrey Fire and Rescue Service		£44.1m	£44.2m	£0.1m
Armed Forces and Resilience	K Deanus	£0.1m	£0.1m	£0.0m
Comms, Public Affairs & Engagement	T Oliver	£2.7m	£2.7m	£0.0m
Communications, Public Affairs and Engagement		£2.8m	£2.8m	£0.0m
Active Surrey	D Lewis	£0.0m	£0.0m	£0.0m
Coroners	K Deanus	£4.6m	£4.6m	(£0.0m)
Customer Services	D Turner-Stewart	£3.2m	£3.3m	£0.1m
Customer Experience	D Turner-Stewart	£0.2m	£0.2m	£0.0m
Customer and Communities Leadership	D Turner-Stewart	£0.5m	£0.5m	£0.0m
Design & Change	D Lewis	£3.3m	£3.1m	(£0.2m)
Heritage	D Turner-Stewart	£0.9m	£0.9m	£0.0m
Information Technology & Digital	D Lewis	£21.1m	£21.1m	(£0.0m)
Libraries Services	D Turner-Stewart	£7.8m	£7.8m	£0.0m
People & Change	T Oliver	£9.3m	£9.4m	£0.1m
Registration and Nationality Services	D Turner-Stewart	£-1.7m	£-1.7m	(£0.0m)
Surrey Arts	D Turner-Stewart	£0.4m	£0.4m	£0.0m
Transformation Programmes	D Lewis	£0.0m	£0.0m	£0.0m
Customers, Digital & Change		£49.5m	£49.6m	£0.0m
Finance	D Lewis	£9.2m	£9.2m	£0.0m
Joint Orbis	D Lewis	£6.0m	£6.2m	£0.2m
Legal Services	D Lewis	£6.2m	£6.2m	(£0.0m)
Democratic Services	D Lewis	£3.9m	£4.0m	£0.0m
Director of Resources	D Lewis	£0.1m	£0.2m	£0.1m
Leadership Office	D Lewis	£2.1m	£1.9m	(£0.3m)
Corporate Strategy and Policy	D Lewis	£1.2m	£1.1m	(£0.0m)
Pensions	D Lewis	£-0.7m	£-0.7m	£0.0m
Performance Management	D Lewis	£0.2m	£0.2m	£0.0m
Procurement	D Lewis	£0.1m	£0.1m	£0.0m
Twelve15	D Lewis	£-1.0m	£-1.1m	(£0.1m)
Finance & Corporate Services		£27.4m	£27.4m	(£0.0m)
Central Income & Expenditure	D Lewis	£89.4m	£89.4m	£0.0m
Directorate position		£1,208.4m	£1,223.8m	£15.5m
Corporate Funding		£-1,208.4m	£-1,208.4m	£0.0m
Overall		£-0.0m	£15.5m	£15.5m

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

1. All Prudential Indicators have been adhered to and the Authorised Borrowing Limit and Operational Boundary have not been breached during the period.
2. 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

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
	£m	£m	£m	£m	£m	£m
Capital Programme - Budget	298	318	344	231	164	147
Capital Programme - Pipeline	-	60	250	127	60	53
Sub-total Capital Programme	298	378	594	359	223	201
Capital investment	1	23	3	-	-	-
TOTAL	299	401	597	359	223	201

Estimates of Capital Financing Requirement

3. 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

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
	£m	£m	£m	£m	£m	£m
Capital Programme	1,064	1,386	1,709	1,858	1,936	2,012
Investment Programme	439	453	446	437	428	420
TOTAL CFR	1,503	1,840	2,155	2,295	2,364	2,432

Proportion of Financing Costs to Net Revenue Stream

4. 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.
5. In February 2024, the Council approved an ambitious Capital Programme to 2028/29, continuing the significant investment in infrastructure and assets to support key services. As table 3 illustrates, the mid-term financing costs are forecast to increase over the medium term (3.6% in 2023/24 to 7.5% in 2028/29). This means that financing costs will reduce the percentage of the revenue budget available for other uses, unless the revenue budget increases more than forecast and / or capital expenditure funded by borrowing is less than forecast. As part of the 2025/26 – 2029/30 Medium Term Financial Strategy Planning a review of all capital commitments is underway.

Table 3: Proportion of Financing Costs to Net Revenue Stream

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Ratio of Net Financing Costs to Net Revenue Stream	3.6%	3.3%	4.7%	5.9%	6.8%	7.5%

Net Income from Commercial and Service Investments to Net Revenue Stream

6. This is an indicator of affordability and highlights the net financial impact on the authority of its entire non-treasury investment income.
7. The Council's reliance on non-treasury investment income is forecast to remain at 1.6% over the mid-term. This is a small proportion of the total net revenue stream and demonstrates that the Council has limited exposure to external commercial market forces.

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

	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Total net income from service and commercial investments	21	19	19	19	19	19
Proportion on net revenue stream	1.9%	1.6%	1.6%	1.6%	1.6%	1.5%

Treasury Management – Borrowing

8. 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 £461.0m and has not increased this year.
9. As at 30 June 2024, the weighted average interest rate of the Council's long term debt portfolio is 3.66%. The Treasury Strategy, approved by County Council in February 2024, 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 £106.6m increase in the Council's short-term borrowing activity since 31 March 2024.

Table 5: Short term borrowing as at 30 June 2024

	£m
Debt outstanding as at 31 March 2024	246.4
Loans raised	374.7
Loans repaid	(268.1)
Quarter movement	106.6
Current Balance as at 30 June 2024	353.0

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

10. The weighted average interest rate of the Council's short term external debt is 5.33% at 30 June 2024 (4.06% at June 2023).

Investments

11. The Council's average daily level of investments has been £48.1m during 2024/25 (up to the end of Q1), compared to an average of £76.5m during 2023/24 (up to the end of Q1). The lower cash investment balances reflect management of the Council's cash flow and the higher borrowing costs incurred currently for short-term borrowing.
12. The Bank of England (BoE) base rate did not increase during the quarter and remained at 5.25% (although subsequently was reduced to 5% in August 2024). 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 2024/25, MMF investments ensure sufficient liquidity and to reduce credit risk exposure.
13. Table 6 shows the weighted average return on all investments the Council received in the quarter to 30 June 2024 is 5.23%. This compares to a 5.25% average Bank of England (BoE) base rate for the same period.
14. Table 6: Weighted average return on investments compared to Bank of England (BoE) base rate.

	2024/25		2023/24		2022/23	
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)	-	-	5.25%	5.27%	3.85%	3.67%
Quarter 3 (Dec)	-	-	5.25%	5.29%	2.82%	2.56%
Quarter 2 (Sep)	-	-	5.16%	5.02%	1.61%	1.48%
Quarter 1 (Jun)	5.25%	5.23%	4.44%	4.33%	0.95%	0.77%

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

Debt

15. During the three months to 30 June 2024, the Council raised invoices totalling £59.5m. Overdue debt is the total debt less those balances not immediately due (i.e. less than 30 days old). There was a total of £52.2m of overdue debt at the end of June 2024, a decrease of £0.6m since the last quarter. General debt has reduced by £0.9m since the last quarter. Integrated Care Board debt has also increased by £0.3m since the last quarter.
16. Unsecured social care overdue debt has increased by £0.3m 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.

Table 7: Age profile of the Council's debt as at 30 June 2024

Account group	<1	1-12	1 to 2	over 2	Gross	Overdue	Q4 Overdue	
	month	months	years	years	debt	debt	debt	Change
	£m	£m	£m	£m	£m	£m	£m	£m
Care debt – unsecured	5.5	11.6	6.4	5.9	29.4	24.0	23.7	0.3
Care debt – secured	0.5	5.6	2.8	4.7	13.7	0.0		
Total care debt	6.0	17.2	9.2	10.6	43.1	24.0	23.7	0.3
Schools, colleges and nurseries	1.1	0.6	0.3	0.0	2.1	1.0	1.4	(0.4)
Integrated Care Boards	8.9	11.0	2.5	0.8	23.1	14.2	15.2	(0.9)
Other local authorities	3.2	1.0	0.1	0.0	4.4	1.1	1.6	(0.4)
General debt	4.8	9.2	1.5	1.2	16.7	11.9	11.0	0.8
Total non-care debt	18.0	21.8	4.4	2.0	46.2	28.2	29.1	(0.9)
Total debt	24.0	39.0	13.6	12.7	89.4	52.2	52.8	(0.6)
Q4 2023/24	22.4	40.3	12.8	11.9	87.3	52.8		
Change	1.6	(1.2)	0.8	0.8	2.0	(0.6)		

* 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.