SURREY COUNTY COUNCIL

CABINET

DATE:	**26 NOVEMBER 2024**
REPORT OF CABINET MEMBER:	**DAVID LEWIS, CABINET MEMBER FOR FINANCE AND RESOURCES**
LEAD OFFICER:	**ANDY BROWN, DEPUTY CHIEF EXECUTIVE & EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE SERVICES (S151 OFFICER)**
SUBJECT:	**2024/25 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 Council's 2024/25 financial position, for revenue and capital budgets, as at 30th September 2024 (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 £18.6m against the 2024/25 revenue budget.** The details are shown in Annex 1 and summarised in Table 1 (paragraph 1 below).
- **All 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 M6, capital expenditure of £325.5m is forecast for 2024/25. This is £9.0m more than the re-phased budget. Further details are provided in paragraphs 11-13.

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

Recommendations:

It is recommended that Cabinet:

1. Notes the Council's forecast revenue budget and capital budget positions for the year.

2. Approves the write off of an Adult Social Care debt which is over £100,000, in accordance with Financial Regulation 21.4. Further details are available in the Part 2 report. The write off is necessary as part of a negotiated settlement following a complaint and dispute resolution, which leaves a residual amount to be written off.

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:

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1. At M6, the Council is forecasting a full year overspend of £18.6m against the revenue budget. This is a £1.9m deterioration on the M5 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 30th September 2024

	M6 Forecast £m	Annual Budget £m	Forecast Variance £m
Adults, Wellbeing & Health Partnerships	515.3	511.7	3.6
Children, Families and Lifelong Learning	310.4	299.9	10.4
Environment, Infrastructure & Growth	192.1	185.5	6.5
Surrey Fire and Rescue Service	44.1	44.1	0.0
Customers, Digital & Change	50.7	50.8	(0.0)
Finance & Corporate Resources	27.6	27.5	0.0
Communications, Public Affairs and Engagement	2.8	2.8	(0.0)
Central Income & Expenditure	83.2	86.0	(2.8)
Directorate position	1,226.2	1,208.4	17.8
Contingency	0.0	0.0	0.0
Corporate Funding	(1,207.6)	(1,208.4)	0.8
Overall	18.6	0.0	18.6

2. The forecast overspend relates primarily to the following:

Adults Wellbeing & Health Partnerships - £3.6m overspend, £0.8m decrease from M5.
This is due to a £4.9m overspend on the total care package budget, primarily related to starting the year with higher care package commitments combined with spending pressures during year, particularly for Older People care packages, and a £2.2m overspend on the staffing & other expenditure budget due to the underachievement against the workforce reconfiguration efficiency

target, pressures related to statutory responsibilities for Deprivation of Liberty Safeguard assessments and improved recruitment and retention to deliver core statutory duties.

These pressures are partially mitigated by a £0.9m underspend for wider support services and £0.6m of additional grant funding.

The decrease since last month relates to a number of mitigations being put in place across the Directorate, offset by reduced care package income and increased care package expenditure.

Children, Families & Lifelong Learning - £10.4m overspend, £1.6m increase from M5
The movement in month 6 has been driven by some significant packages of support for individual Children in external placements as well as support for Children with disabilities in their homes.

Significantly, within this month there has also been recognition that £4.8m of prior year stretch savings targets are now considered unachievable in this financial year. This is partially offset by favourable movements in the amount of staff vacancies, increased grant income rates received for unaccompanied asylum-seeking Children and the application of some additional funding to reduce the Directorate overspend.

The largest area of pressure continues to be the overspend related to Home to School Travel Assistance of £7.4m, reflecting 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, however significant work to mitigate the demand pressures have meant the forecast overspend has remained steady in year.

Environment, Infrastructure & Growth - £6.5m overspend, £3.1m increase from M5. 18
Highways and Transport are forecasting a £3.0m overspend in relation to verge maintenance improvements. Additional pressures of £2m mainly relating to parking and traffic enforcement (contract inflation linked to the living wage, lower than expected levels of enforcement) have been mitigated by planned drawdown of one-off prior year parking surpluses.

Land & Property forecast a pressure of £2.4m, an increase of £0.6m on last month. Issues include increased facilities management and utilities costs (including backdated electricity charges), dual operation of office buildings, and delays to anticipated rental income. The service is reviewing the new contract to manage demand and reduce current rates of spend.

Environment forecasts an overspend of £1m, an improvement of £0.6m from month 5 following a reduction in closed landfill site liabilities. The remaining pressure is due primarily to market costs of managing dry mixed recyclables, after taking account of mitigations. There are smaller pressures and mitigations in other services.

Surrey Fire & Rescue Service – a balanced position is forecast, £0.1m decrease from M5.
A balanced position is forecast, with pressures offset by mitigations. A pressure of £0.2m due to abortive prior year capital costs is offset by a net staffing underspend and efficiencies generated through shared support costs of Joint Fire Control.

Central Income & Expenditure & Corporate Funding – £2m net underspend, a £2m increase from M5. (Central Income and Expenditure forecasting a £2.8m underspend, offset by a £0.8m overspend in corporate funding).
There is a £0.8m overspend/under-recovery forecast in relation to corporate funding relating to various business rates movements, including pressures relating to appeals, partially offset by additional income through the Business Rate Pool. This is offset by a forecast underspend of £0.8m in Central Income & Expenditure mainly due a £2m forecast underspend on transformation

expenditure, reduced forecasts for secondary pension contributions and other smaller underspends.

3. In addition to the forecast overspend position, emerging risks and opportunities are monitored throughout the year. Directorates have additionally identified net risks of £10.5m, consisting of quantified risks of £11.9m, offset by opportunities of £1.4m. This is a reduction in net risks of £6.3m from M5. 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	235.5	253.2	17.7
Place Funding	24.7	24.7	0.0
Children's Services	2.3	2.6	0.3
Corporate Funding	2.0	2.0	0.0
TOTAL	**264.5**	**282.5**	**18.0**
FUNDING	-225.5	-225.5	0.0
In-Year Deficit	**39.0**	**57.0**	**18.0**

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6. The Council has remained within the spending profile for the first two years of the programme and first quarter forecasts had been showing that the trajectory was still on target.
7. Significant recovery work in completing outstanding Education Health and Care Plan (EHCP) backlogs and transition reviews in the early part of 2024/25 have highlighted that the ambitious budget reductions in the initial safety valve programme are under growing pressure for delivery this year. Additional state funded places have been delayed in becoming available whilst costs and demand have grown at a faster rate than in the original assumptions.
8. The current forecast is showing that pressure is emerging in all areas of the budget, with the costs and demand for places across all provisions showing increased numbers. Costs are increasing due to the shortage of availability for specialist placements as well as increased costs and need in mainstream provision.
9. The second monitoring report for the Safety Valve agreement in 2024/25 was submitted to the Department for Education at the end of August 2024. The instalment related to this return of £1.9m was received on the 30th of September. The next monitoring return is due at the end of November.
10. To date, the Council has received £80.08m in Safety Valve payments (80% of the total DfE contributions) with a remaining £19.92m due to be paid over the next three years. Our Safety Valve monitoring report had previously confirmed that the Council was on track with its agreed trajectory, The next iteration will draw out the pressures both from demand within the system and through cost inflation, and capital programme delays including the DfE funded Specialist Free Schools. There is also a new risk arising from potential VAT charges to non-maintained independent schools which may increase the number of parents seeking council funding through an EHCP.

Capital Budget

11. 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 £316.5m, as approved by Cabinet in July 2024.

12. The month six forecast is £325.5m, which is £9.0m more than the re-phased budget, and a £6.3m increase from month five.

Strategic Capital Groups	Annual Budget £m	FY Forecast at M6 £m	M6 Forecast Variance £m	M5 Forecast Variance £m	Change from M5 to M6 £m	Movement
Property						
Property Schemes	131.2	132.1	0.9	0.9	0.0	Increase
ASC Schemes	1.6	1.6	0.0	0.0	0.0	Unchanged
CFLC Schemes	4.4	4.4	0.0	0.0	0.0	Unchanged
Property Total	**137.2**	**138.1**	**0.9**	**0.9**	**0.0**	Increase
Infrastructure						
Highways and Transport	125.2	137.6	12.4	6.0	6.4	Increase
Infrastructure and Major Projects	29.0	26.6	(2.4)	(2.4)	0.0	Unchanged
Environment	8.7	7.6	(1.1)	(0.9)	(0.2)	Decrease
Surrey Fire and Rescue	2.5	2.4	(0.1)	(0.1)	0.0	Unchanged
Infrastructure Total	**165.4**	**174.2**	**8.8**	**2.6**	**6.2**	Increase
IT						
IT Service Schemes	13.9	13.2	(0.7)	(0.8)	0.1	Increase
IT Total	**13.9**	**13.2**	**(0.7)**	**(0.8)**	**0.1**	Increase
Total	**316.5**	**325.5**	**9.0**	**2.7**	**6.3**	**Increase**

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13. The overall variance is attributable to the following:

- **Land and Property - £0.9m variance over budget** caused by acceleration of works at Extra Care (Phase 2) sites.
- **Infrastructure - £8.8m variance over budget,** this includes £9.2m 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. There is also a £1.3m increase in Safety Barriers to be funded by Lane Rental bids, and £2.2m increased spend on footway maintenance.

  These are partly offset by a delay to part of the Farnham Town Centre programme (£1.0m), slippage across various SIP schemes (£1.5m) and the early termination of a National Highways scheme (£0.5m) for improved air quality on the A3.

  Home Upgrade Grant 2 is forecasting an underspend of £0.9m due to slow down in delivery due to the general election and installer capacity.
- **IT - £0.7m 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.

Consultation:

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

Risk Management and Implications:

15. 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:

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

Section 151 Officer Commentary:

17. 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.

18. 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.

19. 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
18 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:

20. 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.

21. 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:

22. 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.

23. 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:

24. 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 Revenue M6 position

Annex 2 – Balance Sheet indicators

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Detailed Revenue M6 Position

Annex 1

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Service	Cabinet Member	Net budget	Forecast	Outturn variance
Public Health	M Nuti	£37.8m	£37.8m	£0.0m
Communities & Prevention	M Nuti	£3.4m	£3.3m	(£0.1m)
Adult Social Care	S Mooney	£470.4m	£474.1m	£3.7m
Adults, Wellbeing & Health Partnerships		**£511.7m**	**£515.3m**	**£3.6m**
Family Resilience	C Curran	£68.4m	£68.0m	(£0.4m)
Education and Lifelong Learning	C Curran	£31.6m	£31.2m	(£0.4m)
Commissioning	C Curran	£2.1m	£2.5m	£0.4m
Quality & Performance	C Curran	£87.4m	£94.4m	£7.0m
Corporate Parenting	C Curran	£112.0m	£112.9m	£0.9m
Exec Director of CFLL central costs	C Curran	-£1.7m	£1.3m	£3.0m
Children, Families and Lifelong Learning		**£299.9m**	**£310.4m**	**£10.4m**
Highways & Transport	M Furniss	£71.1m	£74.1m	£3.0m
Environment	M Heath/ N Bramhall	£82.8m	£83.8m	£1.0m
Infrastructure, Planning & Major Projects	M Furniss	£2.5m	£2.6m	£0.1m
Planning Performance & Support	M Furniss	£3.4m	£3.5m	£0.1m
Land & Property	N Bramhall	£24.0m	£26.4m	£2.4m
Economic Growth	M Furniss	£1.8m	£1.7m	(£0.1m)
Environment, Infrastructure & Growth		**£185.5m**	**£192.1m**	**£6.5m**
Surrey Fire and Rescue	K Deanus	£40.4m	£40.4m	£0.0m
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**	**£44.1m**	**£0.0m**
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	£3.4m	£0.1m
Customer Experience	D Turner-Stewart	£0.5m	£0.5m	£0.0m
Customer and Communities Leadership	D Turner-Stewart	£0.5m	£0.5m	£0.0m
Design & Change	D Lewis	£4.1m	£3.6m	(£0.5m)
Heritage	D Turner-Stewart	£0.9m	£0.9m	£0.0m
Information Technology & Digital	D Lewis	£21.2m	£21.1m	(£0.0m)
Libraries Services	D Turner-Stewart	£7.8m	£7.8m	£0.0m
People & Change	T Oliver	£9.4m	£9.6m	£0.3m
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		**£50.8m**	**£50.6m**	**(£0.0m)**
Finance	D Lewis	£9.2m	£9.2m	£0.0m
Joint Orbis	D Lewis	£6.0m	£6.3m	£0.3m
Legal Services	D Lewis	£6.2m	£6.2m	(£0.0m)
Democratic Services	D Lewis	£3.9m	£3.9m	£0.0m
Director of Resources	D Lewis	£0.1m	£0.2m	£0.1m
Leadership Office	D Lewis	£2.3m	£2.0m	(£0.2m)
Corporate Strategy and Policy	D Lewis	£1.2m	£1.0m	(£0.1m)
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	(£0.0m)
Finance & Corporate Services		**£27.5m**	**£27.6m**	**£0.0m**
Central Income & Expenditure	**D Lewis**	**£86.0m**	**£83.2m**	**(£2.8m)**
Directorate position		**£1,208.4m**	**£1,226.1m**	**£17.8m**
Corporate Funding		**-£1,208.4m**	**-£1,207.6m**	**£0.8m**
Overall		**-£0.0m**	**£18.6m**	**£18.6m**

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	326	344	231	164	147
Capital Programme - Pipeline	-	43	250	127	60	53
Sub-total Capital Programme	**298**	**369**	**594**	**359**	**223**	**201**
Capital investment strategy	1	23	3	-	-	-
TOTAL	**299**	**392**	**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	1,247	1,709	1,858	1,936	2,012
Investment Programme	439	453	446	437	428	420
TOTAL CFR	**1,503**	**1,700**	**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%

<u>Net Income from Commercial and Service Investments to Net Revenue Stream</u>

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 Councils 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 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Total net income from service and commercial investments (£m)	21	19	19	19	19	19
Proportion of net revenue stream	1.9%	1.6%	1.6%	1.6%	1.6%	1.5%

Investments

8. The Council's average daily level of investments has been £67.0m during 2024/25 (up to the end
18 of Q2), compared to an average of £68.0m during 2023/24 (up to the end of Q2). The lower cash investment balances reflect management of the Council's cash flow and the higher borrowing costs incurred currently for short-term borrowing.

9. The Bank of England (BoE) base rate was reduced by 0.25% in August 2024 to 5.00%. 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.

10. Table 5 shows the weighted average return on all investments the Council received in the quarter to 30 September 2024 is 5.10%. This compares to a 5.08% average Bank of England (BoE) base rate for the same period.

11. Table 5: 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)	5.08%	5.10%	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

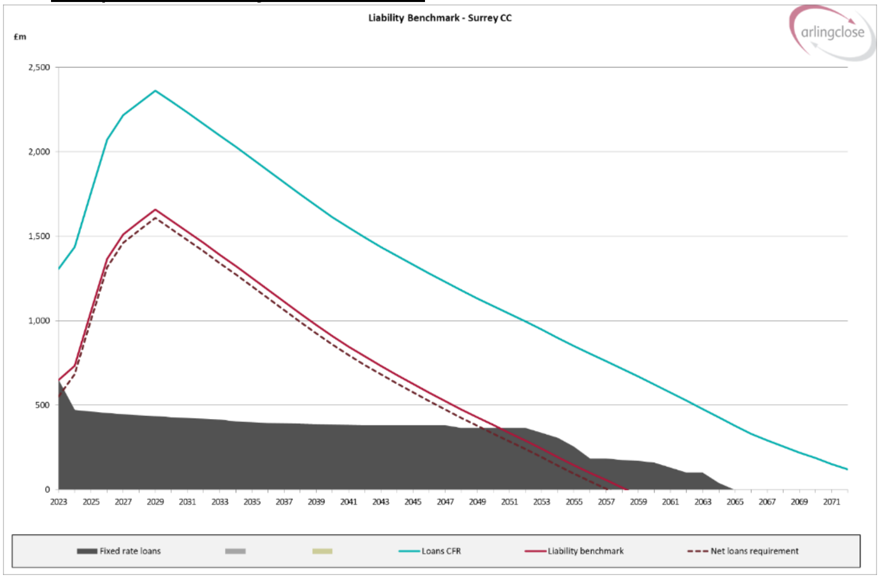
Liability Benchmark

12. The liability benchmark compares the Council's actual borrowing against an alternative strategy and is updated as part of the annual Capital Investment and Treasury Management Strategy. This

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. The benchmark itself 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 required to manage day-to-day cash flow.

13. The liability benchmark as part of the 2024/25 Capital Investment and Treasury Management Strategy is as follows:

<u>Graph 1: Liability benchmark</u>



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Debt

14. During the three months to 30 September 2024, the Council raised invoices totalling £75.1m. Overdue debt is the total debt less those balances not immediately due (i.e. less than 30 days old). There was a total of £52.6m of overdue debt at the end of September 2024, an increase of £0.4m since the last quarter. General debt has decreased by £5.3m since the last quarter, but this is offset by an increase in Integrated Care Board debt of £4.2m since the last quarter and a smaller increase in other local authority debt.

15. Unsecured social care overdue debt has remained stable since the last 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 6: Age profile of the Council's debt as at 30 September 2024

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	6.7	11.5	5.9	6.5	30.7	24.0	24.0	0.0
Care debt – secured	0.6	5.3	3.7	4.4	14.0	0.0		
Total care debt	**7.3**	**16.9**	**9.6**	**10.9**	**44.7**	**24.0**	**24.0**	**0.0**
Schools, colleges and nurseries	1.3	0.4	0.1	0.0	1.8	1.0	1.0	0.0
Integrated Care Boards	9.7	15.5	2.1	0.9	28.2	18.5	14.2	4.2
Other local authorities	4.1	2.5	0.1	0.0	6.7	2.6	1.1	1.5
General debt	4.0	3.5	1.7	1.3	10.5	6.5	11.9	(5.3)
Total non-care debt	**19.2**	**21.9**	**4.0**	**2.2**	**47.2**	**28.6**	**28.2**	**0.4**
Total debt	**26.5**	**38.7**	**13.6**	**13.1**	**91.9**	**52.6**	**52.2**	**0.4**
Q1 2024/25	**24.0**	**39.0**	**13.6**	**12.7**	**89.4**	**52.2**		
Change	2.5	(0.3)	(0.0)	0.4	2.6	0.4		

** 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.

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