



Date: Wednesday, 15 February 2023

Time: 10.30 am

Venue: Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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CABINET

TO FOLLOW REPORT (S)

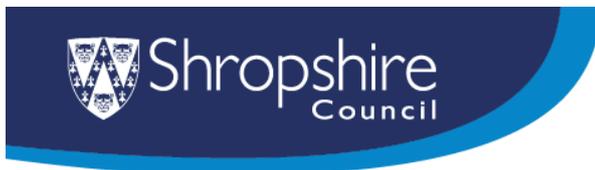
9 Financial Strategy 2023/24 - 2027/28 - Final (Pages 1 - 224)

Lead Member – Councillor Gwilym Butler – Portfolio Holder for Finance and Corporate Resources

Report of James Walton – Executive Director of Resources

Report to follow

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Committee and Date

Cabinet

15th February 2023

Item

Public



Financial Strategy 2023/24 - 2027/28 - Final

Responsible Officer:	James Walton
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Cabinet Member (Portfolio Holder):	Gwilym Butler, Finance and Corporate Support

1. Synopsis

The latest update to Shropshire Council's MTFs includes the impact of proposed spending reductions and the financial settlement. Together, these set out a clear route to securing long term financial sustainability for the Council, aligning our resources to The Shropshire Plan.

2. Executive Summary

2.1. The Shropshire Plan (TSP) was approved by Council on 12 May 2022 setting the Council's Vision: Shropshire Living the Best Life, and four key priorities – to develop Healthy People, A Healthy Economy, a Healthy Environment and a Healthy Organisation. A commitment was made to ensure that the Council's resources would follow the outcomes set out within TSP, and within the priority to deliver a Healthy Organisation is the Strategic Objective:

We will put our resources in the right place using accurate data, insights, and evidence to support the delivery of the organisation's priorities and balance the books.

2.2. The Council's Medium Term Financial Strategy is the key strategic document within TSP that defines how finances over the medium term will be allocated and aligned to the outcomes set within TSP.

- 2.3. The MTFs is therefore determined by TSP outcomes and priorities – the budget for next year has been led by our priorities, rather than the other way around.
- 2.4. The MTFs brings together the planned revenue and capital estimates for resources and spending across the coming 5 years. It is shaped by the priorities of the Shropshire Plan, and clearly sets out the financial challenge and the opportunity created by successfully tackling that challenge.

3. Changes since the December report

- 3.1. This latest update of the MTFs sets out a much improved outlook for the medium term - for example, 12 months ago, the prospects for the year 2026/27 indicated a savings requirement of £56m. That is now reduced to £2.8m. Clearly, the extent of the challenge in the coming year cannot be underestimated, and the risk of failing in the challenge is severe. At the same time – the opportunity created is immense.

	2023/24	2024/25	2025/26	2026/27	2027/28
Funding Gap	£	£	£	£	£
Resources (incl savings plans)	645,741,039	646,324,105	637,800,561	649,655,202	662,033,548
Expenditure (incl savings plans)	690,271,309	690,887,339	681,202,417	694,773,327	709,141,914
Gap in year	44,530,271	44,563,234	43,401,856	45,118,125	47,108,367
One off Grants & Reserves:					
Improved Better Care Funding	9,896,143	10,252,045	10,618,624	10,996,201	11,385,105
New Homes Bonus - One Off	0	0	0	0	0
Rural Services Delivery grant	7,757,314	7,757,314	7,757,314	7,757,314	7,757,314
Social Care Grant - One Off	21,547,059	22,193,471	22,859,275	23,545,053	24,251,405
Services Grant	2,065,886	0	0	0	0
Market Sustainability and Fair Cost Fund	3,263,869	3,263,869	0	0	0
TOTAL ONE OFF FUNDING	44,530,271	43,466,699	41,235,213	42,298,568	43,393,823
Remaining Gap/(Surplus) to be Funded	0	1,096,536	2,166,643	2,819,557	3,714,543

- 3.2. Additionally, the period since the December update to Cabinet has included two key related areas of work – the public consultation on the budget proposals and the preparation of Alternative Budget proposals by opposition parties.
- 3.3. Public consultation has secured a high level of return (the highest of recent years) and the weight of respondents' opinion is clearly in favour of both the proposed council tax increase and the approach to securing spending reductions, income generation and service efficiencies outlined in the budget proposals. This consultation closes on 31 January, and a report will be included alongside the formal budget proposals taken to Full Council on 2 March.
- 3.4. Alternative budget proposals were received by Performance Management and Scrutiny Committee on 11 January and an update provided by the Chair at the Cabinet meeting of 18 January. Cabinet expressed their gratitude for the work of opposition Councillors in submitting their proposals and have undertaken to review them as part of the finalisation of the budget proposals for Full Council.
- 3.5. Three further factors have also led to changes in the MTFs. These are the final financial settlement for local government, the forecast on the collection fund, and the budget forecast for the current year.

3.6. The settlement outcomes were positive for the council. Published on 6th February, the headline on the provisional settlement was that there was a 9.2% average increase for all councils in terms of the 'Core Spending Power' (CSP) measure which is preferred by government. CSP is comprised of three elements set out below.

- estimated Council Tax receipts,
- the 'settlement funding assessment' (SFA – combining retained business rates receipts, various related grants, and the Revenue Support Grant),
- various grants

3.7. The movement from the December MTFs assumptions and the current MTFs assumptions are summarised in the table below.

	2023/24 Dec Cabinet £m	2023/24 Feb Cabinet £m	Change £m	Commentary
Council Tax	(193.6)	(193.6)	0	Council Tax referendum levels notified in Autumn Statement so amended for December Cabinet
Council Tax Collection Fund Surplus/(Deficit)	0.1	(2.3)	(2.4)	Collection Fund Estimate considered on Cabinet's agenda
Business Rates Collected	(35.8)	(38.0)	(2.3)	Locally determined following production of NNDR1
Business Rates - Energy Renewable Schemes	(1.0)	(1.4)	(0.4)	Locally determined following production of NNDR1
Top Up Grant	(10.0)	(11.1)	(1.1)	Announced in Provisional Settlement as part of Settlement Funding Assessment
Business Rate Collection Fund Surplus/(Deficit)	0.2	(2.0)	(2.2)	Collection Fund Estimate considered on Cabinet's agenda
Revenue Support Grant	(6.5)	(7.5)	(1.0)	Announced in Final Settlement as part of Settlement Funding Assessment
Core Funding Grants	(37.6)	(49.9)	(12.3)	Announced in Final Settlement
Other Funding	(316.1)	(339.9)	(23.8)	Changes in other specific grants and other income budgets
Resources	(600.2)	(645.7)	(45.5)	
Expenditure Budgets	688.3	720.8	32.5	Changes in expenditure budgets as a result of specific grant and income budget changes
Use of Core Grants	(35.2)	(44.5)	(9.3)	Announced in Final Settlement
Savings	(51.2)	(51.4)	(0.2)	Savings have not been amended
Contribution to General Fund	0	20.9	20.9	Required as a result of the Q3 2022/23 projected outturn
Expenditure	602.0	645.7	43.8	
Funding Gap	1.7	(0.0)	(1.7)	

3.8. The Collection Fund forecast is also positive and indicates a £4m improvement in the outturn position for both council tax and business rates. A more detailed report is included elsewhere on this agenda.

3.9. By contrast to the above factors, the latest forecast for the financial outturn in the current year (quarter 3) is a £9.950m overspend (Q3) and is significantly driven by spending pressures in both adults' and children's social care.

- 3.10. The year to year budgetary impact of this is that, at that level, the outturn overspend will need to be funded from the General Fund balance. Currently at £15m, the balance will be reduced to an unsustainable level. The highest priority for the new year will therefore be to restore the General Fund balance to a reasonable operating level in the coming year, with further restoration in future years.
- 3.11. While no clear guidance is provided on target levels of unallocated reserves, a reasonable assumption would be to have 3%-5% of gross spending. Based on the £688m estimated total revenue spending in 2023/24 set out above, this would equate to a General Fund balance of between £20m and £34m.
- 3.12. Holding unallocated reserves at this level is a key indicator of overall financial resilience as it ensures that a council is able to sustain unanticipated (i.e. unbudgeted) shocks without needing to take immediate remedial action – recent examples of these sorts of shocks include the impact of unexpected changes to inflation, sudden widespread disease, or extreme weather events.
- 3.13. Based on the data from the year 2021/22, the CIPFA Resilience Index provides a comparison between a variety of key measures impacting on financial sustainability across all councils. Comparison of the Shropshire reserves position with nearest statistical neighbours shows that, as at March 2022, Shropshire was 14th out of 15 similar councils.
- 3.14. If the first priority of the MTF5 is to ensure financial resilience, which indicates the priority in 2023/24 must be ensuring a viable General Fund balance, the next priority will be to support the delivery of the planned savings – using additional resources to ‘de-risk’ proposals, for example by identifying ways to support delivery and provide the best chances of success.
- 3.15. Taking these points together, they can be summarised as:
- £12.4m of Improved forecast in 2023/24 resources arising from estimates of council tax receipts and SFA items providing the majority of funding required to restore the General Fund balance
 - £12.3m of growth in ‘core’ grants will be used to de-risk related efficiency proposals, either through support in delivering those proposals or through provision of ringfenced funding held as ‘contingency’
 - £23.8m of growth in ‘other grants’ is ringfenced to those objectives (also set out in more detail in appendix 1).
- 3.16 The Capital Strategy 2022/23 – 2027/28, detailed at Appendix 2 has been rolled forward from the 2021/22 – 2026/27 Capital Strategy, but reflects the latest information on the capital programme, and updates where additional funding has been secured for Council projects such as the Levelling Up Funding. It is the intention that a mid-year review will be carried out of the prioritised projects contained within the Capital Strategy in 2023/24.

4. Links to other documents on this agenda

- 4.1. The MTFS is supported on this agenda by the Treasury Management strategy and the proposed fees and charges for 2023/24, and also by the Collection Fund Outturn. These accompanying documents flesh out how the financial objectives of the council will be met in other areas.

5. Recommendations

- 5.1. That Cabinet consider the MTFS and, subject to any amendment, recommends the 2023/24 budget of £645.741m outlined in the Budget Book at Appendix 3, to full Council for discussion and approval.
- 5.2. That Cabinet discusses the key changes since the December update of the MTFS and the advice relating to those changes, in particular
 - The public consultation and early results from that
 - The Alternative Budget process and its outcomes
 - The Financial Settlement and the outcomes for this Council
 - The Collection Fund outturn and the impact on next year
 - The latest budget forecast for the current year, the deterioration in the outlook, and the resulting likely impact on reserves in this year and next (also included in the MTFS assumptions)
- 5.3. That Cabinet notes that the Council papers will include the full budget report including all proposals to achieve the estimated MTFS position, but that some of those proposals will require further specific member approval, and possible consultation.
- 5.4. Agree the adoption of the Capital Strategy 2022/23 – 2027/28 attached as Appendix 2.
- 5.5. That Cabinet notes that the budget report for Council will include the council tax resolution and the relevant decisions to be made in setting that.

6. Risk Assessment and Opportunities Appraisal

- 6.1. The finances of the Council are complex and their management entails having due regard to a range of risks. These are set out in the appendix and will be further elucidated in the forthcoming budget proposals for Full Council.
- 6.2. Cabinet should be aware that the attached MTFS and the forthcoming budget report for Full Council include some measure which are already covered within delegations to officers and as such can be implemented without further member or public involvement. Some other proposals (marked as 'policy' proposals) are new areas of policy and so, in the proper manner, will be required to be brought back to Councillors in the appropriate forum for decision, and may also require public consultation and/or relevant impact assessments. Appropriate advice will be sought in the implementation of both efficiency and policy measures to ensure that the requirements of the Constitution are complied with.

7. Financial Implications

7.1. The subject of the report.

8. Climate Change Appraisal

8.1. The measures set out in the MTFS include provision for investment of resources in climate change mitigation measures.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

February 2022 Cabinet

- Cover report: [Date \(shropshire.gov.uk\)](#)
- MTFS document: [Appendix 1 - Medium Term Financial Strategy 2022-23 - 2026-27.pdf \(shropshire.gov.uk\)](#)

July Cabinet

- Cover report and MTFS document: [\(Public Pack\)11 Financial Strategy 22/23 Review Agenda Supplement for Cabinet, 20/07/2022 10:30 \(shropshire.gov.uk\)](#)

October Cabinet

- Cover report: [Date \(shropshire.gov.uk\)](#)
- MTFS document: [Appendix 1 - V2 Oct Medium Term Financial Strategy 2023-24 - 2027-28.pdf \(shropshire.gov.uk\)](#)

December Cabinet

- Cover report [Date \(shropshire.gov.uk\)](#)
- MTFS document [Appendix 1 - Dec Medium Term Financial Strategy 2023-24 - 2027-28 Final.pdf \(shropshire.gov.uk\)](#)
- Council Tax base - [Date \(shropshire.gov.uk\)](#)

Local Member: All

Appendices

Appendix 1 – Medium Term Financial Strategy

Appendix 2 – Capital Strategy

Appendix 3 – Budget Book

MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2027/28



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1. Foreword and Introduction



Foreword

We are pleased to set out the February update of the Council's Medium Term Financial Strategy. This is led by the priorities for our local areas set out the Shropshire Plan. Although it proposes a unique challenge in terms of the level of savings required, it also sets out clearly how that can be achieved. Moreover, if – when – this target is secured, the subsequent years are significantly easier. The strategy compares the forecast for 2026/27 made in February 2022 with that being made now: likely savings required have fallen from £56 million to £3m.

This is testament to the hard work of councillors and officers already undertaken, and augurs well for the future. It confirms that we have a clear plan, one which genuinely puts our residents at the heart of what we do.

This update for February 2023 includes savings proposals for the MTFS period previously included in the December update, and now subject to public consultation. These proposals are extensive but necessary.

Our plan is very clear – it focuses on the services we deliver and the priorities that matter to our residents, and so allows us to plan for a much improved financial position, one that protects and even improves frontline service delivery.



Lezley Picton
Leader of the Council



Andy Begley
Chief Executive

Introduction

This financial strategy ensures that the Council's finances are aligned to the delivery of the objectives of The Shropshire Plan through the coming years and presents a clear route which – if followed carefully – will secure a much improved financial position in future years.

It builds on the engagement of the Council with the Local Government Association (LGA) through its finance 'peer review', undertaken in summer 2022. The LGA review was clear in its conclusions; the technical and professional resources the Council has at its disposal are of a sufficiently high standard and provide a sound foundation from which to meet the coming challenges. The review also highlighted that we could make changes in several areas, including

- Confidence in our ability to deliver local aspirations.
- Clarity over the financial outlook in the short-, medium-, and long-term.
- A move from 'minimising' to 'managing' risk.
- A clear approach to financial sustainability, and the consequence of failing in this.

This is also evidenced in the year-on-year completion of the statutory accounts and the independent external audit of them, which shows that we are fully aware of our financial position and that we are managing proactively within the resources available.

This is the final MTFs update for the 22/23 year, and sets the scene for the detailed budget that will be presented to Full Council in March. It is the latest milestone in a process of deepening the transparency and inclusivity of our strategic financial planning. The targets for resources, savings and spending for the coming years are set out clearly, along with the most challenging efficiency and change programme this council has yet engaged upon.

We are confident we have the necessary preparations in place to deliver this demanding objective – and we clear that just as the penalty for not delivering will be severe, the prize for success will be a more secure a more efficient, resident focused council than ever before.

This is both a challenging and an exciting time for the council, and one we are each proud to be part of.



Gwilym Butler
Cabinet Member
for Finance



James Walton
Executive Director
of Resources,
S151 Officer

2. Outlook for the Council



2.1 Context – The Shropshire Plan

On 12th May 2022, the Council approved the Shropshire Plan which sets out its vision and key priorities for the coming years. This document will now help shape where the Council prioritises its activities and remove or reduce work where this does not directly support the objectives of the plan. Therefore the Financial Strategy will be closely aligned to the Shropshire Plan to ensure that the Council resources are deployed to only those areas of priority.

The Shropshire Plan (see link here: [The Shropshire Plan 2022-2025 | Shropshire Council](#)) is informed by the following key objectives which sit at the heart of everything the Council does:

- Healthy people,
- Healthy economy,
- Healthy environment, and a
- Healthy organisation.

Figure 1: Priorities within the Shropshire Plan



Alongside the Shropshire Plan, the Workforce Strategy sets out the key values of 'Getting It Right' (GiR) which is our overarching approach for the long term future of Shropshire.

The Workforce Strategy also contains a leadership programme for the 10% of staff who are central to the leadership and performance of the whole Council. This leadership programme is called 'Getting Leadership Right' (GLR). Almost 300 staff are enrolled in the first phase of GLR, including the Chief Executive, the Executive Directors, and the Assistant Directors.

Many participants have already spoken positively of their experiences of this programme, which is important – the values of GiR and the learning from GLR will be vital in being able to secure the MTFS objectives: They will enable significant service transformation and cultural change across the Council. And the programme itself is delivered by an external specialist company (able to provide independent challenge and support), themselves proud to be based in Shropshire and to be working with the Council.



Figure 2: Getting It Right – core values agreed by staff

2.2 Financial Outlook – National and Local

2010-2020 - Austerity then COVID

The financial environment for local government in England has been defined by two key periods – funding contraction arising from austerity policies implemented after 2010, and 2 years of pandemic response from 2020. More recently, the Department of Levelling Up, Homes, and Communities has set out its ‘Levelling Up’ agenda including a £4.8bn infrastructure investment fund.

2021-2022 – international pressures, inflation, and the latest Settlement

In September 2021 the Government announced a Spending Review which would set the departmental budgets for the government up to 2024/25. Within this Spending Review the Government announced new government grant funding of £1.6bn per annum for councils over the next three years.

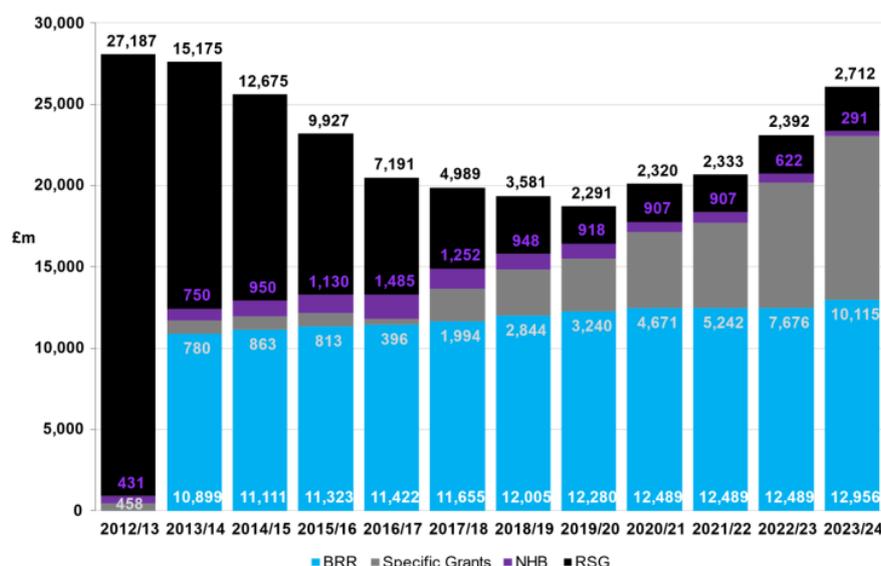
However 2022 has been a turbulent year for the UK economy. In February 2022, Russia embarked on an invasion of Ukraine, whilst not involving the UK directly, this has huge implications for the world economy. Prices of fuel, energy, and commodities rose as trade sanctions were applied with Russia. As a result inflation rates in the UK have increased to their highest level since 1977. Attempts to mitigate this through the ‘mini-budget’ proved counterproductive, eventually leading in October to a new Prime Minister and Chancellor who then focussed on securing fiscal stability.

The November 2022 Autumn Statement was widely trailed as holding ‘eye-watering’ decisions in the pursuit of fiscal stability, and previous updates of the Council’s MTFS reflected prevailing fears in the sector of a return to national spending constraint. In the event, first the government confirmed the commitment to funding inflation at the 3.1% level set out in the October 2021 Spending Review (SR21), and subsequently the Local Government Finance Settlement has confirmed Core Spending Power growth in the sector averaging 9.2% (8.6% for Shropshire Council) which exceeded the expectations of many.

Local Government Funding

For Local Government the last decade has seen a major change in how it is funded. Cuts to central government funding has resulted in local government as a sector, reducing spend in local public services by 17% (or 23% per person). The sector has become increasingly reliant on local taxes for revenue, as national policy on local government funding has sought to localise funding sources around council tax and business rates revenue, and to reduce the level of support provided through government grants (and the challenges around redistribution these present). Council tax now makes up over half of the Core Spending Power of local authorities compared to just over a third in 2009/10.

Funding 2012/13 to 2023/24



- Funding reduced from £28.1bn in 2012/13 to £18.7bn in 2019/20, a 33% cut.
- Rises since 2019/20, the largest 2022/23 to 2023/24 of £2.9bn reduces overall cut to 7%.

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Figure 1 - Local Government Funding (cash terms) since 2012 - source: Local Government Futures, 2023.

In terms of expenditure, local government spends an increasing percentage of all service budgets on social care, and proportions available for other service budgets such as transport, cultural and leisure services and planning have reduced. This had led to an increased reliance on charges for services (fees and charges¹) to support aspects of 'place-based' services, as well as some areas of social care.

In the Autumn Statement 2022 the Government announced additional funding for adult social care to enable local authorities to support the NHS with backlogs for hospital discharges. In addition measures such as increasing council tax referendum levels alongside the additional social care funding have resulted in an additional £5 billion. Also there has been a Funding Guarantee that every council would see at least a 3% increase in core spending power before local decisions on council tax are taken.

As in previous years, this funding has been allocated on a 'one-off' basis – indeed, this is the fifth successive settlement which has been primarily for one year only and largely 'rolled-over' many of the funding streams from one year to the next, despite them being advised each time as being non-recurrent. This presents its own problems in terms of how ongoing service (such as social care) can be planned and managed. The local government sector as a whole continues to lobby government for greater forward-intelligence into likely funding levels, to ensure that we can provide better stability and value for money in our services.

Along with an trend towards 'rolling-over' funding lines, more detailed review and revision of funding distribution (promised previously as part of the 'Fair Funding Review', later the 'needs and resources' review) has been pushed forward into the future. This is not now anticipated to begin within the current parliament.

¹ See also the fees and charges proposals for 2023/24.

Balance of funding

Figure 3 below demonstrates that the proportion of national funding within the Core Spending Power has decreased from 51% to 43% over an eight year period with increased reliance now on local authorities to raise funding locally instead by raising council tax. However this also shows that in 2022/23 and for 2023/24 the Government is starting to increase the proportion of national funding provided.

The detailed analysis of funding within Core Spending Power is detailed in Figure 4 below which shows that the Revenue Support Grant has reduced significantly. It also demonstrates the introduction of social care funding by the government over the last six years to its greatest level in 2023/24, but this in no way compensates for the loss in Revenue Support Grant that has been experienced alongside increased demand for these services over the six year period. Instead local authorities have increased council tax in an attempt to bridge the funding gap.

Figure 3: Balance of Funding – National Picture

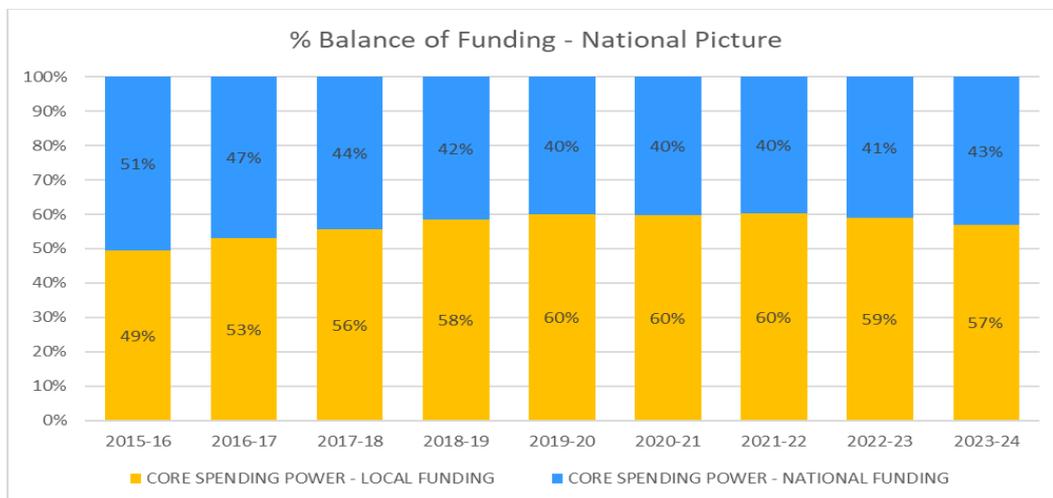
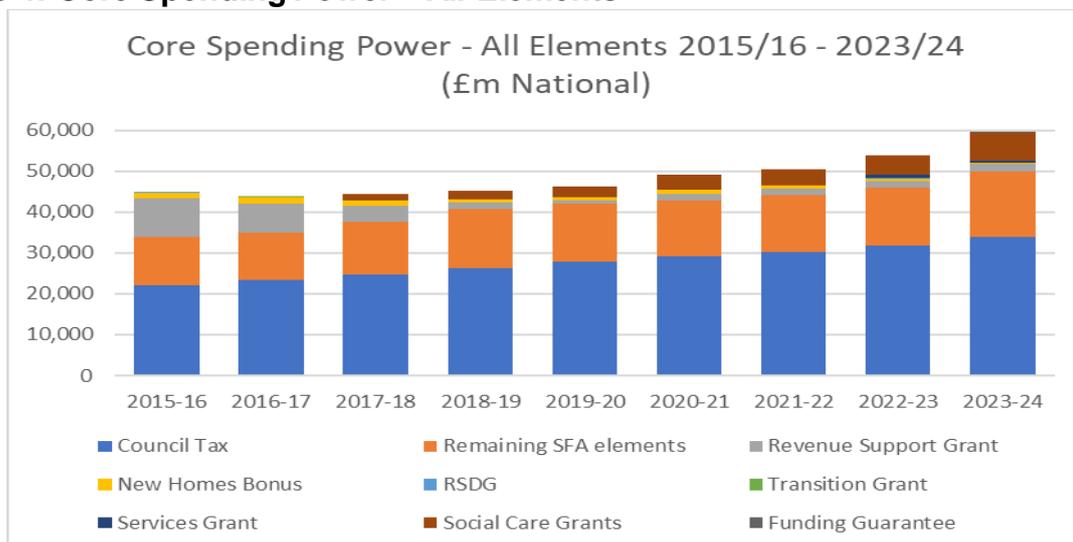


Figure 4: Core Spending Power – All Elements

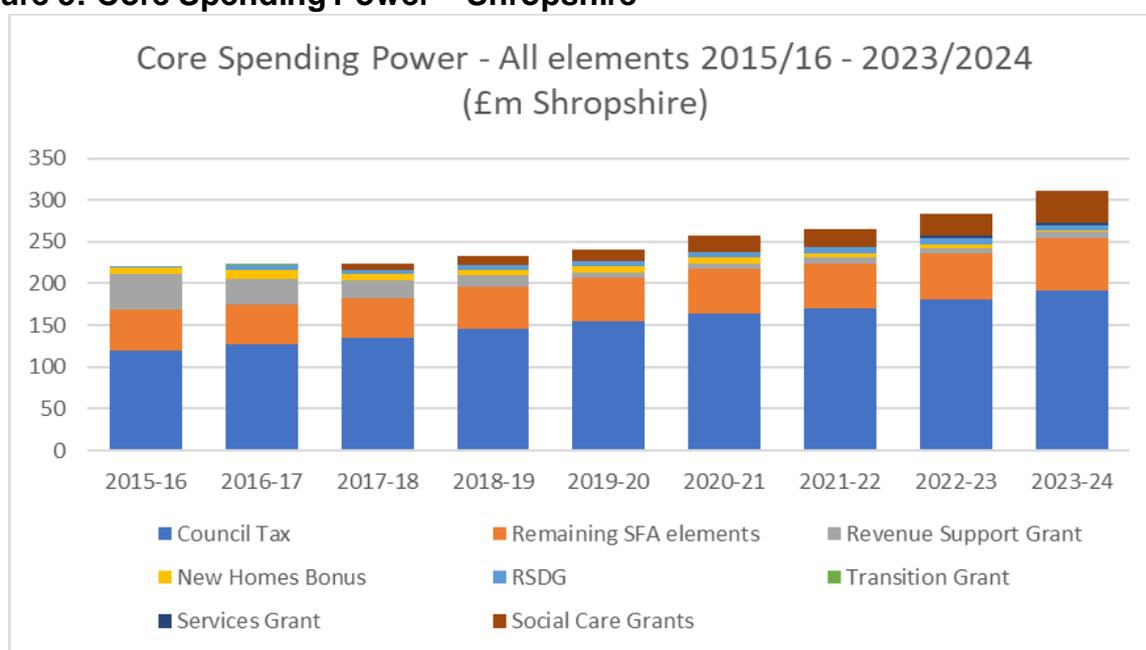


Local Context

Over the last eight years, Shropshire Council's core spending power has changed from £220.9m to £310.5m.

As shown in Figure 5 below, core spending power has increased marginally by an average of just over 4% per year over the eight year period and the constitution of the funding for the Council has altered significantly over this period. Revenue Support Grant has reduced by 83% over the eight year period and removed £36.26m from the Council's resources. The Government has instead started to introduce specific Social Care Grants, to assist with the increased demand for these services, however the Council has also had to raise council tax to the maximum level over this period to help fund these increases.

Figure 5: Core Spending Power – Shropshire



As the graphs below demonstrate, Shropshire Council has had to increase the proportion of local funding compared to national funding provided by the government which has decreased gradually from 46% to 38%. In Comparison with the national picture, the figures demonstrate that Shropshire has always had a lower proportion of national funding to the overall national average, and as a result, in 2023/24 we are still having to place a greater reliance on generating resources locally than the national average.

Shropshire Council has always had a greater proportion of older people than the national average, but as shown in Figure 7 below, whilst the proportion of people over 65 is steadily increasing nationally, the increase in Shropshire is increasing by a larger proportion. This continually builds additional pressure into the budget although in order to try to address this demographic pressure the Council are taking a number of preventative measures to try to reduce demand for longer term care.

In recent years, the Council has experienced growth pressure both in Adult Social Care costs and Children’s Social Care too, which is again a common picture being experienced by upper tier local authorities. Since 2015/16, the proportion of social care budgets has increased from 44% to 71% of the Council’s net budget, an additional £83m. This also demonstrates that the budgets for other services across the Council have had to contract accordingly to enable the Council to remain within its funding envelope

Figure 6: Balance of Funding - Shropshire

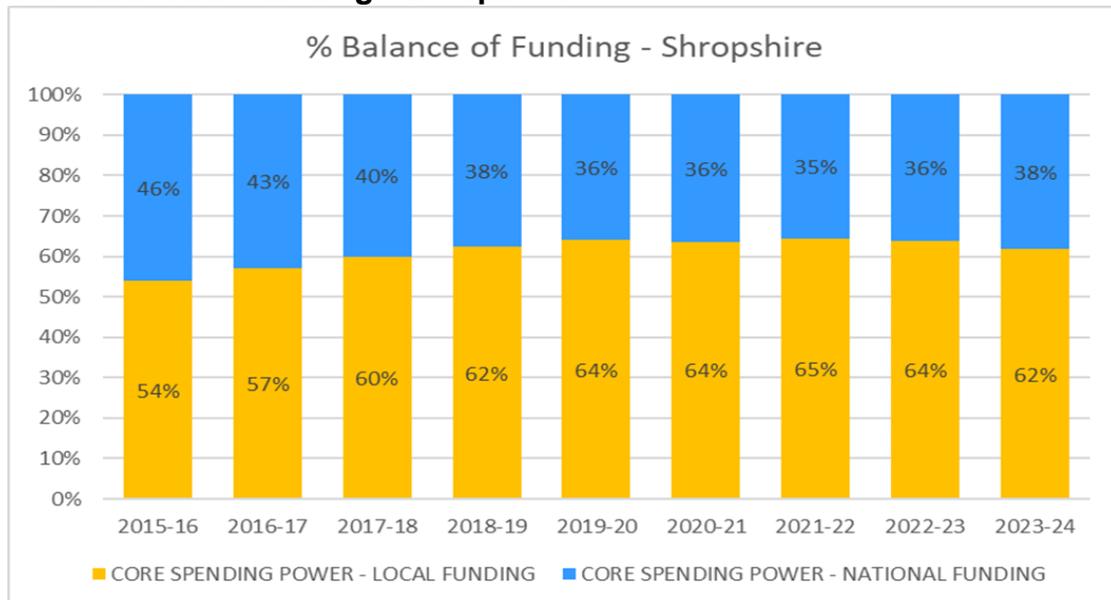


Figure 7: Comparison of Changes in Older People (Shropshire v Nationally)

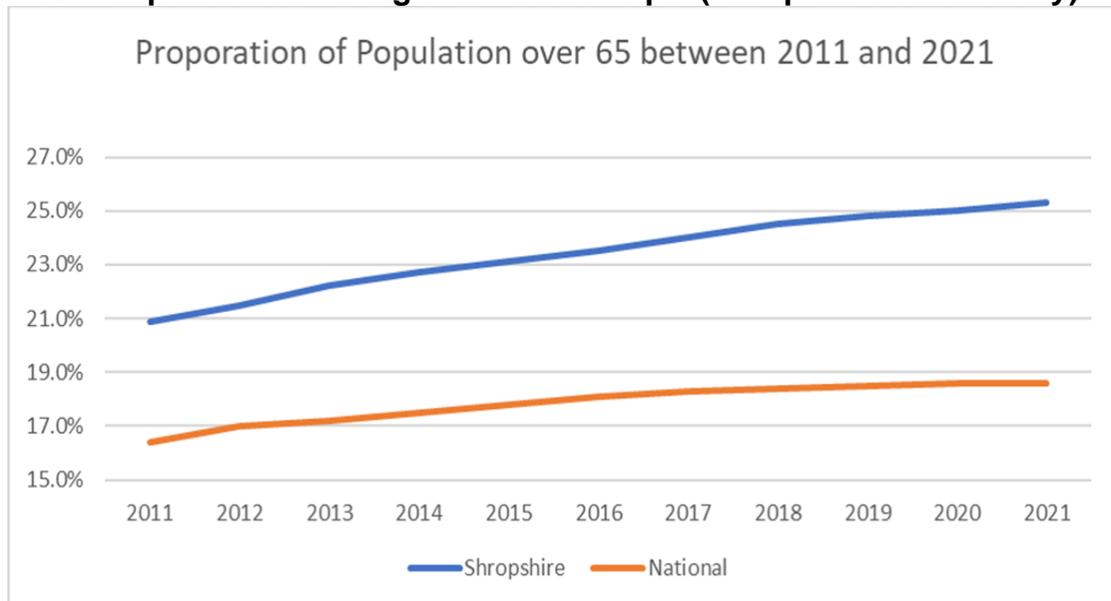
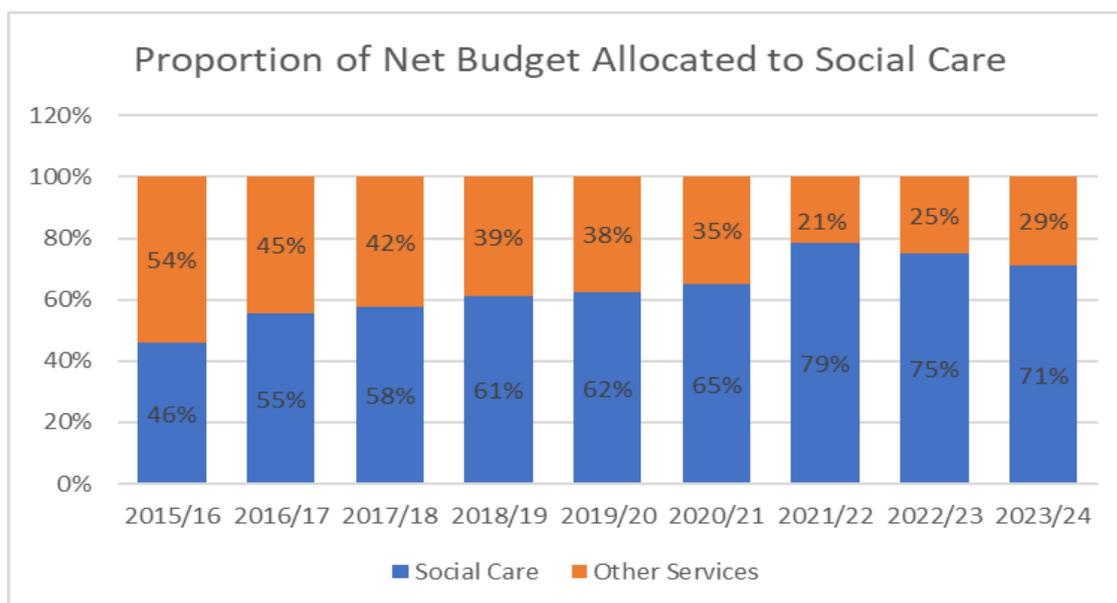


Figure 8: Allocation of Net Budget to Social Care



N.B. The Net Budget for 2021/22 and 2022/23 reduced due to the Collection Fund Deficit which has arisen due to reliefs given to businesses during the Coronavirus pandemic. This therefore impacted on the proportion of new budget allocated to Social Care in these years.

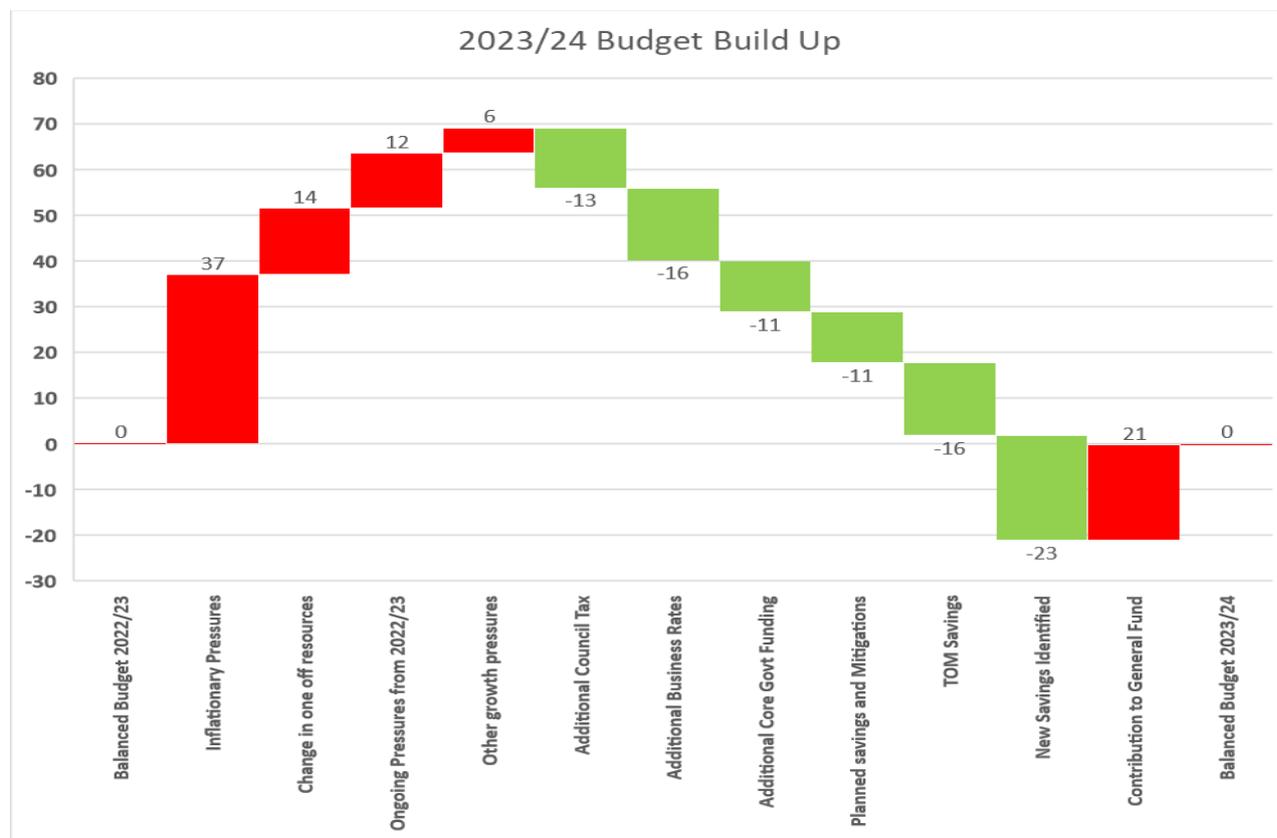
The pressure on costs within Social Care over the last 8 years, in addition to resulting legacy costs arising following the pandemic, has put significant pressure on the Council's budget over and above additional funding for Social Care provided by the Government. As a result over the last two years the Council has had to balance the budget through the use of the Financial Strategy Reserve and through utilising COVID government funding. The Financial Strategy Reserve has been fully utilised in 2022/23 and COVID funding is no longer applicable, therefore in order to balance the budget for 2023/24, the Council would need to deliver an ambitious savings and efficiency programme. The approach taken to planning for 2023/24 has been to:

- seek recurrent savings from service areas in order to address the budget gap identified for 2023/24 in a sustainable way, and
- remove use of reserves to bridge the budget gap, and if possible, make contributions in order to replenish them.

The Council received details of the Provisional Local Government Finance Settlement on 20th December 2022, and this not only allowed the Council to raise additional funds through an increase to council tax of 4.99% (2.99% council tax and 2% Adult Social Care precept) but also increased core funding grants by £9m Further details of how this funding has been applied is set out in section 2.3.

The Final Local Government Finance Settlement was announced on 6th February 2023, and following consultation, the Government has increased the Rural Services Delivery Grant allocation by £10m, and has released unused contingency grant through the Services Grant.

Figure 9: 2023/24 Budget Build



The impact of different factors on the 2023/24 budget is set out in Figure 9 above. This shows that in response to the change in one off resources that were used to fund the 2022/23 budget, a number of planned savings and mitigations were planned to bring the budget back into balance. However, inflationary pressures left the Council with a further gap of just over £40m. Therefore the Council prioritised work to identify necessary savings to deliver a balanced budget, aligned to the Shropshire Plan. Additional savings have been identified from a range of opportunities. In many cases these help to reduce costs to within an affordable range by reducing or diverting demand, or by securing more efficient delivery methods, or are expansions or accelerations of existing measures which see the council ‘doing more with less’.

2.3 Summary Financial Position for Shropshire

The approach to planning our budget for 2023/24 has been guided by a number of key principles:

- Putting services first; these proposals are guided by the best way to deliver services and our Shropshire Plan priorities
- Seeking to increase overall efficiency and effectiveness of council services significantly as our response to rising costs, rather than simply ‘cutting’ services back
- Planning to make significant changes rapidly so we can secure a sustainable financial base for the coming years
- taking difficult decisions and planning to deliver those

The impact of the inflationary pressures and mitigating savings activity outlined above has affected the funding gap over the period of the MTFS. The revised gap over the course of the MTFS is outlined in table 1 (below) which demonstrates a balanced budget for 2023/24.

The MTFS outlook from 12 months ago has been comprehensively re-written.

In February 2022, it was flagged that there was a potential funding gap of around £60m in all future years (2026/27 showed a £56m gap against a £590m resource envelope – 9.5%) around 12% of all revenue resources).

Table 1a: Funding Gap over the Medium term Financial Strategy – Feb 2022

	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Resources (incl savings plans)	597,559,628	553,983,627	562,725,981	577,177,079	590,415,937
Expenditure (incl savings plans)	656,496,475	619,313,227	629,406,493	640,779,762	646,878,170
Gap in year	58,936,847	65,329,600	66,680,512	63,602,683	56,462,233

However, as a result of the work of Cabinet and officers during 2022, the current MTFS forecast for 2026/27 indicates that this is likely to be reduced to just a £2.8m gap against resources estimated at £648m – a gap of 0.4%.

Table 1b: Funding Gap over the Medium term Financial Strategy – Feb 2023

Funding Gap	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Resources (incl savings plans)	645,741,039	646,324,105	637,800,561	649,655,202	662,033,548
Expenditure (incl savings plans)	690,271,309	690,887,339	681,202,417	694,773,327	709,141,914
Gap in year	44,530,271	44,563,234	43,401,856	45,118,125	47,108,367
<u>One off Grants & Reserves:</u>					
Improved Better Care Funding	9,896,143	10,252,045	10,618,624	10,996,201	11,385,105
New Homes Bonus - One Off	0	0	0	0	0
Rural Services Delivery grant	7,757,314	7,757,314	7,757,314	7,757,314	7,757,314
Social Care Grant - One Off	21,547,059	22,193,471	22,859,275	23,545,053	24,251,405
Services Grant	2,065,886	0	0	0	0
Market Sustainability and Fair Cost Fund	3,263,869	3,263,869	0	0	0
TOTAL ONE OFF FUNDING	44,530,271	43,466,699	41,235,213	42,298,568	43,393,823
Remaining Gap/(Surplus) to be Funded	0	1,096,536	2,166,643	2,819,557	3,714,543

3. Revenue Resources 2023/24 – 2027/28



3.1 Revenue resources

Revenue resources for local councils comprise the following items, collectively referred to as 'core spending power':

- council tax
- the 'settlement funding assessment' which includes
 - retained business rates,
 - a 'tariff' or 'top up' calculated by the relationship of the business rates receipts to a target level of overall funding²
 - revenue support grant
 - grants providing local compensation for the impact of national policies – for example, small business rates relief
- government grants – usually separated into 'social care' and 'other'

3.2 Council Tax

The basic rate

The council is primarily supported by council tax receipts of c£200m each year.

In December 2022, the Council approved the Council Tax Taxbase for 2023/24 which calculates the number of Band D equivalent properties to levy Council tax on. The impact of the pandemic had a significant impact on the collection rate of Council Tax in the last two years however we have seen a bigger growth in the taxbase and improved collection rates over the last year. Therefore the decision was taken to set a taxbase which provided a growth target for the number of properties likely to come on board during 2023/24 and strive for an improved collection rate. For 2023/24, the Council Tax Taxbase is 118,106.08 Band D equivalents which was an increase of 2.27% from the 2022/23 level.

The Council is responsible for determining the level of Council Tax to be precepted each year, however the Government does state that there are specific referendum principles that will apply to local authorities in order to try and deter Council's from raising Council tax levels significantly. In the Autumn Statement 2022, the Government announced an increase in the threshold levels from 2% to 3% for 2023/24 and 2024/25. If the Council was to set a Council tax level greater than the 3% threshold, they would be required to hold a referendum in their local area to determine whether the taxpayers believe the increase to be excessive.

For 2023/24 Shropshire Council is proposing a 2.99% increase to Council Tax. This generates an additional £5.5m for the Council.

The Council is a 'billing' authority, collects the Council Tax for a number of 'precepting authorities' as well as itself - Shropshire & Wrekin Fire Authority, West Mercia Police and Crime Commissioner and for the Parish and Town Councils in Shropshire. Therefore, the Council Tax Resolution that Full Council are required to approve in February of each year

² so, very high NDR receipts lead to a 'tariff' being levied, while a level of receipts below the target will lead to a 'top-up'; Shropshire receives a top-up)

will detail all of these elements in agreeing the Council Tax Band levels to be charged in each Parish or Town Council area.

The social care precept

Since 2016/17, the Government has allowed councils that provide social care to increase their share of Council tax by charging an additional adult social care precept to help fund growing pressures within this essential service area. The Government stipulate that budgets for Adult Social Care must increase by at least the amount that the Adult Social Care Precept generates, allowing for levels of efficiency savings which could be expected within such service areas.

The Government stipulates as part of the Local Government Finance Settlement the percentage increase that is permitted for the Adult Social Care Precept before a referendum of the local electorate is required. For 2023/24 the Government permitted that local authorities could set an Adult Social Care precept up to a maximum of 2%. Therefore for 2023/24 the Council will be setting a 2% total Adult Social Care Precept.

Collection rates and the Collection Fund

As the Council collects Council tax from taxpayers, it is required by statute to administer Council Tax within a separate account which is known as the Collection Fund. Each year the Council will pay into the Collection Fund all council tax receipts it receives from taxpayers less any discounts or exemptions that are due, and then receives the budgeted precept from the Collection Fund.

When setting the Council Tax taxbase the Council assumes a percentage collection rate for Council tax as it is not always possible to collect 100% of income for a number of reasons. For 2023/24, the MTFS has assumed a 98.5% collection rate. This is an improvement on previous years' collection rates and in line with sector averages. Performance against this measure is actively monitored, and, if possible, the assumed rate will be increased in future years.

If the Council manages to overachieve this collection rate, or new houses are built over and above the budgeted increase in the taxbase, then the Collection Fund generates a surplus in the year. Clearly, there is an opposite effect if Council Tax is overestimated.

Each year a calculation is performed to establish what the anticipated Collection Fund surplus or deficit is and this is then distributed to the main precepting bodies in the following financial year i.e. Shropshire Council, Shropshire & Wrekin Fire Authority and West Mercia Police and Crime Commissioner. The collection rate only assumes the collection of current year debts, but action can be taken by the Council to recover any uncollected debts from previous years which would deliver a surplus in the collection fund.

For 2022/23, the estimated Council Tax collection fund surplus is £2.836m and Shropshire Council's proportion of this is £2.331m. This can then be used in the total funding for the 2023/24 budget. This balance has occurred, in the main, due to an increase in the number of houses developed being greater than anticipated.

Council Tax – overall

The total proposed increase in Council tax is therefore 4.99% for 2023/24 (2.99% for Council Tax, 2% for Adult Social Care Precept) and this generates the following Council tax precept for a Band D:

2022/23 total at Band D	£1,561.11
Core Council Tax Increase (2.99% of 2022/23 total)	£46.68
Adult Social Care Precept (2% of 2022/23 total)	£31.22
2023/24 proposed total at Band D	£1,639.01

When this Band D figure is used against the Council Tax taxbase, this generates total council tax of £193,577,046.

For future years of the MTFs, assumptions have been made that Council tax increases will remain at 2.99% and the Social Care Precept at 2% for 2024/25 and then will reduce to 1.99% for Council Tax and 1% for Adult Social Care for 2025/26 onwards (this is subject to the decision each year at Full Council).

3.3 Business Rates

Business rates are collected from local businesses by Shropshire Council and are distributed to the parties detailed below in the following proportions:

Shropshire Council	49%
Shropshire & Wrekin Fire Authority	1%
Central Government	50%

The rateable value of business properties is established by the Valuation Office and this determines the level of business rates to be paid.

As the Council collects Business Rates from local businesses, it is required by statute to administer Business Rates within a separate account which is known as the Collection Fund. Each year the Council will pay into the Collection Fund all business rate receipts it receives from taxpayers less any valuation appeals that reduce the level of income due, and then receives the budgeted precept from the Collection Fund. The Council will again benefit in year from any new businesses coming into the county during the course of the year and changes to rateable values that may take place and so in this situation may generate a surplus in the Collection Fund. Alternatively, if businesses leave during the year, then or we have to write off more bad debts than anticipated, we may have a deficit for the year.

Each year a calculation is performed to establish what the anticipated Collection Fund surplus or deficit will be and this is then distributed to the main precepting bodies in the following financial year i.e. Shropshire Council, Shropshire & Wrekin Fire Authority and Central Government.

For 2022/23, the estimated Business Rate collection fund surplus is £4.005m and Shropshire Council's proportion of this is £1.962m. This surplus has arisen due to a reduction in the appeals provision in 2021/22 for appeals raised against the 2017 rating list. This can be used in the total funding for the 2023/24 budget.

The Council also benefits from the collection of business rates from renewable energy projects such as solar and wind farms and anaerobic digesters in Shropshire. The rates collected from these are allowed to be retained fully by Shropshire Council and therefore are not distributed via the percentage listed above for standard business rates. In 2022/23 the Council is collecting £1.149m from these schemes and the estimated value for 2023/24 is £1.380m. A baseline estimate of £1m has been assumed for future years.

The Government also pays over a top up grant to the Council in respect of Business Rates. This represents the difference between the Council's business rates baseline (which is the amount that is expected to be collected through the local share of business rates) and its baseline funding level (which the government determines through its funding formulae for Local Government). The total of top up grants is neutral across the whole of the sector and some authorities have to pay a tariff rather than receive a top up grant. For 2023/24 Shropshire Council is receiving a top up grant of £11.120m.

3.4 Core Grant Funding

The Government provides a number of Core Funding grants which form part of the Council's Local Government Funding Settlement each year. These grants make up part of the Core Spending Power calculation that the Government uses as a measure of the resources that local authorities have to fund service delivery.

In the Provisional Local Government Funding Settlement for 2023/24, the Government has indicated which of these grants will continue for 2024/25 to assist with financial planning. Longer term assumptions over the 5 year period of the Medium Term Financial Strategy are that these grants in quantum will continue at similar levels in even if the specific grants listed below do not continue in their current format.

For 2023/24 the following core grants will be received:

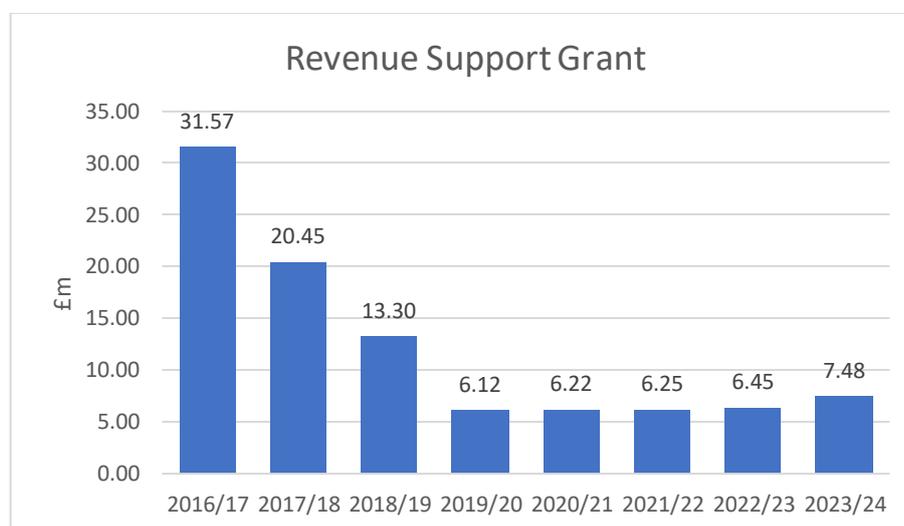
Shropshire Council - Core Grants (2023/24):	£
Revenue Support Grant	7,478,634
Improved Better Care Fund	11,863,403
New Homes Bonus	1,747,510
Rural Services Delivery Grant	7,757,314
Social Care Grant	21,547,059
Market Sustainability and Fair Cost Fund	3,263,869
Discharge Fund	1,663,231
Services Grant	2,065,886
TOTAL CORE FUNDING	57,386,906

Revenue Support Grant (RSG)

There has been no change in distribution for the Revenue Support Grant in 2023/24. Instead the government has inflated the 2022/23 grant level in line with the Consumer Price Index as at September 2022. In addition to this there have been three grants that have been consolidated into the Revenue Support Grant which are the Family Annexe Council Tax Discount Grant, Local Council Tax Support Administration Subsidy grant and Food Safety and Standards Enforcement Grant (Natasha's Law).

As can be demonstrated from Figure 10 below, the level of Revenue Support grant received reduced significantly (£25.45m) between 2016/17 and 2019/20 as a result of the austerity programme, however since that period levels have been relatively stable and only inflationary increases applied. Due to the high inflation rates within the economy in 2022/23, this has resulted in a larger uplift in 2023/24 than in the previous 3 years.

Figure 10: Shropshire Council - Revenue Support Grant



Improved Better Care Fund (IBCF)

The Improved Better Care Fund was introduced in the 2015 Spending Review and can be spent on 3 purposes:

- Meeting adult social care needs
- Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready
- Ensuring that the local social care provider market is supported.

The Government announced that for 2023/24 the grant distribution would be the same as in previous years and the quantum would remain the same as in 2022/23.

New Homes Bonus (NHB)

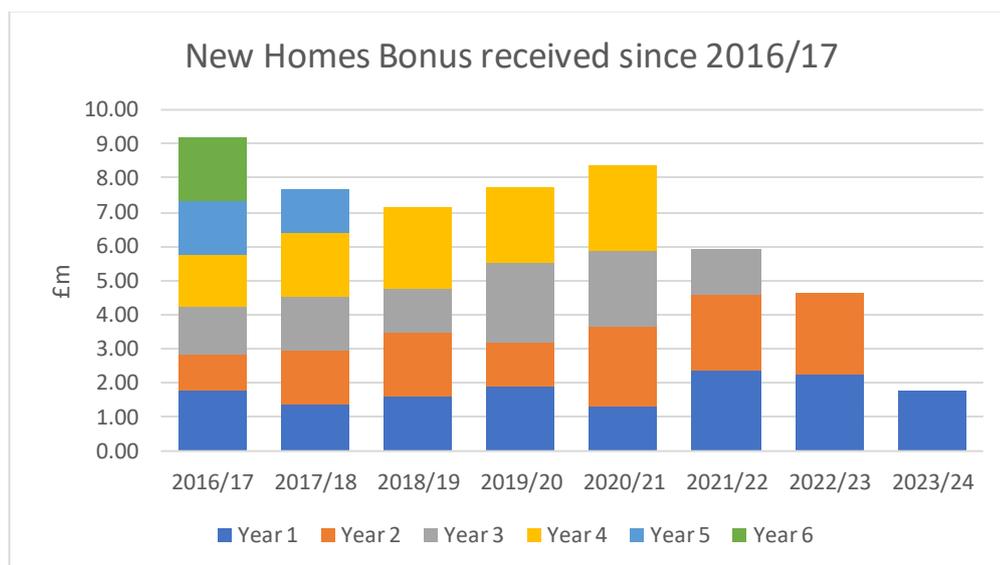
This was introduced by the Coalition Government with the aim of encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue. Under the scheme, the Government initially matched the Council Tax

raised on each new home built or long term empty homes brought back into use for a period of 6 years. In 2017/18 the Government reduced this funding to 5 years, and then subsequently to 4 years from 2018/19 to 2020/21. 2021/22 was due to be the scheme's "final year" however due to the delay in the introduction of the fair funding review, the government has continued to calculate and pay one year allocations of New Homes Bonus, however these payments no longer attract legacy payments on the allocations.

Shropshire Council has generally received good levels of New Homes Bonus due to the levels of housing development in Shropshire over a number of years and as demonstrated from the graph below, the level paid each year has increased due to the volume of new houses being built in the area. However the number of units developed in 2023/24 has reduced and hence this explains the reduction in allocation proposed for the year.

A contribution of £5m of the total New Homes Bonus had previously been assumed within the Council's base budget. This is gradually being reduced as the New Homes Bonus Allocation is reduced and so a growth item of £2.9m has been built into the budget to offset this shortfall.

Figure 11: Shropshire Council - New Homes Bonus



Rural Services Delivery Grant (RSDG)

The Rural Services Delivery Grant had previously been incorporated within the Revenue Support Grant in order to recognise the additional costs of delivering services in sparsely populated areas. In 2016/17 this funding was presented as a standalone grant in order that any proposed uplifts in the funding would not be affected by the new allocation model for revenue support grant. The grant is allocated based on sparsity rather than other measures of rurality and Shropshire Council has received an allocation of grant ever since this was introduced.

For 2023/24, the Government had announced that the allocations of Rural Services Delivery Grant would be cash flat from the levels paid in the previous year, however following the consultation on the Provisional Local Government Finance Settlement, the Government announced a further £10m would be distributed through this grant. Therefore

the total value of Rural Services Delivery Grant received for 2023/24 is £7.757m. It is anticipated that this grant will no longer be paid in its current form in future years as the Fair Funding Review aims to include sparsity as one of the main cost drivers to determine how funding is distributed.

Social Care Grant

In the Spending Round for 2020, the Government announced once again that the Government would provide an additional £1billion towards the costs of adult and children's social care. This funding would then be in addition to existing social care grants that have been paid in 2020/21 and in addition to the Adult Social Care Precept.

Allocations of this funding have been determined predominantly according to the adult social care Relative Needs Assessment, and the Government have not prescribed how much should be used towards Adult Social Care or Children's Social Care.

In 2023/24 the Government announced a further £1.345bn would be built into the Social Care Grant and the Independent Living Fund, which was previously a specific government grant, would be rolled into the Social Care Grant. For Shropshire Council this resulted in an increase in the Social Care Grant of £8.927m to a total grant balance of £21.547m.

Social care: Market Sustainability and Improvement Funding

The Government provided funding in 2022/23 relating to the Fair Cost of Care and is planning again to provide £162m to continue the progress that local authorities and providers have made on fair cost of care exercises. In addition the Autumn Statement included provision for an additional £400m for adult social care to enable local authorities to make some improvements to adult social care such as addressing discharge delays, social care waiting times, low fee rates, workforce pressures and to promote technological innovation in the sector. For Shropshire Council funding of £3.264m has been announced for 2023/24.

Discharge Funding

The Autumn Statement for 2022 announced £600m of grant funding for 2023/24 to ensure that those people requiring social care following a stay in hospital, can be discharged as soon as possible to assist with freeing up hospital beds. Shropshire Council has received £1.663m towards this initiative.

Services Grant

In 2022/23 the Government has provided a one off Services Grant to recognise the costs incurred by councils in providing vital frontline services. For 2023/24, the Government has committed to continue with this funding, however it has reduced the amount distributed nationally to £464m. For Shropshire Council this has provided an additional £2.066m and there no conditions or reporting on where this has been spent

3.5 Non-Core Government Funding

The Government provides a number of non-core government grants towards the costs of services. These are generally in relation to specific services and so will have specific conditions attached to them, however there may be some grants paid over that are without specific ringfences against them.

The most significant examples of non-core government grants are :

- Dedicated Schools Grant
- PFI Credits
- Public Health Grant
- Pupil Premium Grant
- Rent Allowance Subsidy for Housing Benefits
- Rent Rebates
- Business Rate Retention Scheme (Section 31 grant to compensate for various reliefs given to businesses)

The value paid in these grants is determined each individual year therefore it is not possible to predict with any accuracy the future grant levels for these. The Council sets ringfenced expenditure budgets to match these non-core government grants, therefore any reduction in funding experienced will be matched by an equivalent reduction in the expenditure that the grant relates to.

The total budgeted non-core government grants for 2023/24 is £209.080m.

Dedicated Schools Grant

The Dedicated Schools Grant is the biggest non-core government grant that the Council receives. The majority of this grant will be passported through to fund maintained schools in order to manage their budgets however in recent years there has been a national issue with increasing budgetary pressures within the High Needs Block of the grant. In 2022/23 the High Needs Block was increased and Shropshire Council is not anticipated to have a budget deficit for this element.

For 2023/24 the Dedicated Schools Grant has increased to £111.5m and is broken down into the following main blocks:

Dedicated Schools Grant	£m
Early Years Block DSG	18.280
High Needs Block DSG after Recoupment	32.382
Central Schools Services Block DSG	2.378
Schools Block (Maintained Schools)	58.513
	111.552

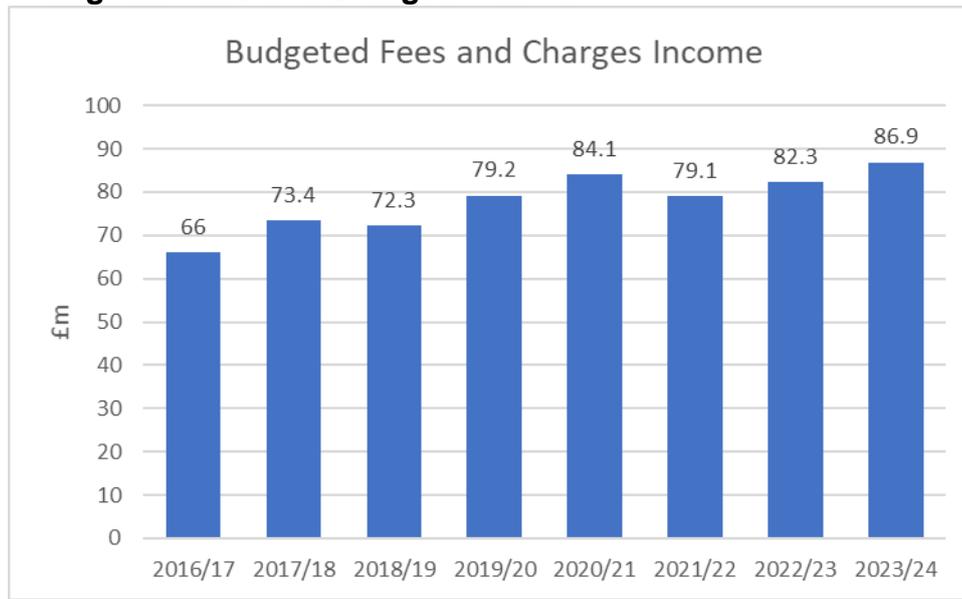
Public Health Grant

The Public Health Grant is a ringfenced grant to be used for public health functions. The Government will usually publish the Public Health grant allocations in February, and so for the purposes of the 2023/24 budget, the Council has assumed a cash flat figure from 2022/23 which was £12.775m.

3.6 Fees and Charges

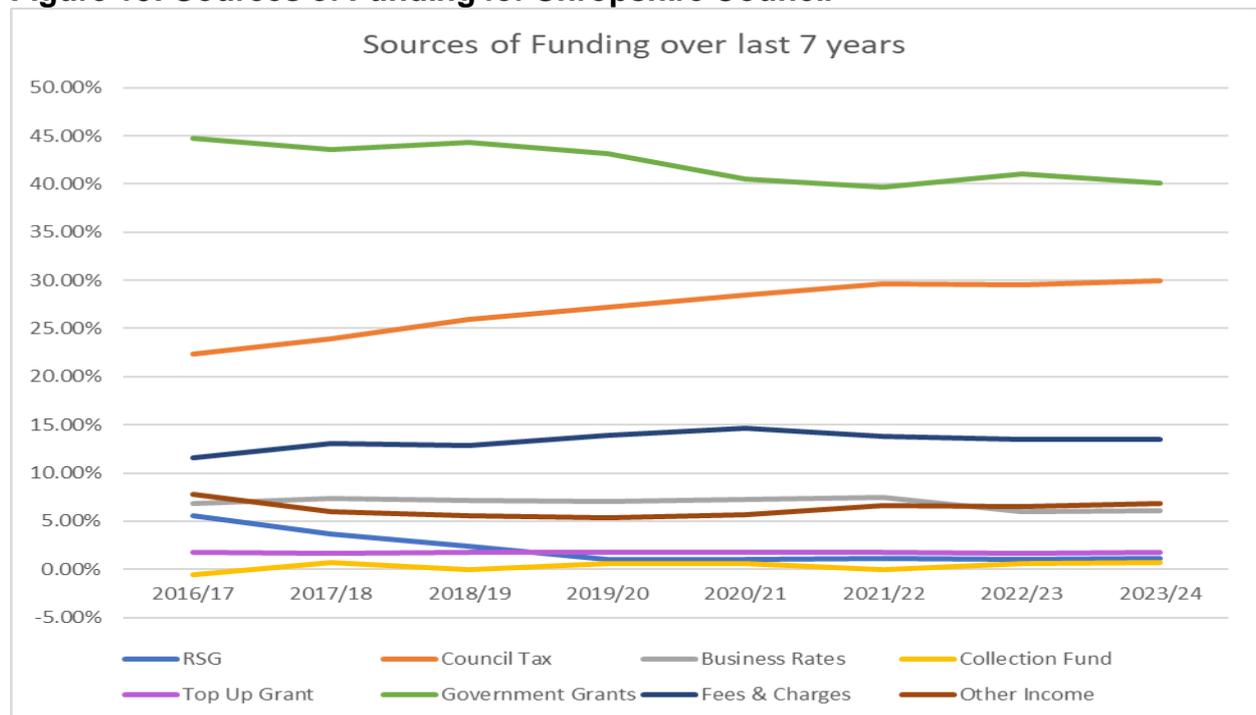
The Council also generates income to fund services by charging for services that it provides. This has increased over the last seven years and has become an important and an increased proportion of the council's total income as demonstrated in the charts below. This has been necessary due to the reduction in Revenue Support Grant by the Government over the same period.

Figure 12: Budgeted Fees and Charges Income



**NB: c£4m Shire Services Shropshire Schools income recategorised as internal income rather than Fees & Charges for 2021/22*

Figure 13: Sources of Funding for Shropshire Council



The Council has the power to charge for some services under various legislation. The Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the service but that it should not make a profit year on year. The same Act also covers local authority's power to trade whereby a profit/surplus can be made as long as trading is carried out through a company.

A significant proportion of the total income achieved through fees and charges is based on statutory income, where the Government prescribe the level of fees to be charged. The remainder is achieved through discretionary fees and other income and Full Council approve the fees and charges to be applied for the coming financial year each February.

For 2023/24 the total budgeted income from fees and charges is £86.9m.

3.7 Total Resources

	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Council Tax	193,577,046	206,590,351	216,277,822	226,419,781	237,036,766
Council Tax Collection Fund Surplus/(Deficit)	2,331,437	0	0	0	0
Business Rates:					
Business Rates Collected	38,044,253	44,836,978	45,533,409	46,240,656	46,958,889
Business Rates - Energy Renewable Schemes	1,380,207	1,000,000	1,000,000	1,000,000	1,000,000
Top Up Grant	11,119,831	11,119,831	11,119,831	11,119,831	11,119,831
Business Rate Collection Fund Surplus/(Deficit)	1,982,243	0	0	0	0
Revenue Support Grant	7,478,634	7,478,634	7,478,634	7,478,634	7,478,634
NET BUDGET	255,913,651	271,025,795	281,409,696	292,258,902	303,594,120
Grants included in Core Funding:					
Improved Better Care Fund	11,863,403	10,252,045	10,618,624	10,996,201	11,385,105
New Homes Bonus	1,747,510	0	0	0	0
Rural Services Delivery Grant	7,757,314	7,757,314	7,757,314	7,757,314	7,757,314
Social Care Support Grant	21,547,059	22,193,471	22,859,275	23,545,053	24,251,405
Market Sustainability and Improvement Funding	3,263,869	3,263,869	0	0	0
Discharge Funding	1,663,231	0	0	0	0
Services Grant	2,065,886	0	0	0	0
CORE FUNDING	305,821,923	314,492,494	322,644,909	334,557,470	346,987,944
Local Income					
Fees and charges (including income savings deliverable from prior years)	86,918,240	86,918,240	86,918,240	86,918,240	86,918,240
Other Grants and contributions	33,445,280	33,445,280	33,445,280	33,445,280	33,445,280
Specific Grants (excluding Core Funding Grants above)	209,079,856	200,992,351	184,316,392	184,258,472	184,206,344
Internal Recharges	10,475,740	10,475,740	10,475,740	10,475,740	10,475,740
TOTAL FUNDING	645,741,039	646,324,105	637,800,561	649,655,202	662,033,548

4. Expenditure Plans 2023/24 – 2027/28

4.1 Profile of Council's Expenditure

The Council's net revenue budget in 2023/24 is £255.914m.

As the number of older people in Shropshire increases, and the complexity of care needs increase, the proportion of the Council's budget that is spent on adult social care grows. As outlined earlier in the strategy, the proportion of spend on social care is a significant proportion of the budget, with Children's Social Care costs increasing as well.

Although these services represent a significant part of the Council's net budget, there are a number of Universal Services that all Council taxpayers receive which include services such as Waste Collection and Disposal, Highways, Buses and Community Transport and Community Safety.

The Council delivers a range of services for population of Shropshire and in order to demonstrate the profile of expenditure across these services, a Council Tax receipt has been produced which shows how an average Band D council tax is allocated to fund the range of services provided for 2023/24.



2023/24 Council Tax Receipt
Charges for a Band D Property

Table listing various council services and their costs, including Universal Services, Adult Services, Children's Services, Economic Growth, and Local Government Running Costs.

** VOUCHER **

** INCOME AND OTHER FUNDING TO SUPPLEMENT COUNCIL TAX **

Table listing income and other funding items such as Car Parking Income (Net of Costs) and Net Use of Non Ring-Fenced Grants.

TOTAL TO PAY 1,639.01

09:00 01/04/23 123456789

4.2 Inflation

The Council is subject to inflationary pressure like any other organisation or individual and therefore needs to build in inflationary cost increases to expenditure each year within the budget. The war in Ukraine has put significant pressure on the country's economy with energy, fuel and food prices all increasing to push inflation levels to the highest in 40 years. This has resulted in a significant increase in all items of expenditure during 2022/23 and into 2023/24.

The Council employs approximately 4,900 full time equivalent members of staff and so inflationary increases in pay is one of the key elements of inflation to be included. The majority of staff pay is linked to the National Joint Council rates, or if not this body, then other recognised pay bodies, and so the inflationary pay award is negotiated nationally, which the Council then implements. As a result of increases in the national minimum wage during 2022/23 the pay award for 2022/23 outstripped the budget provision. This was funded from in year savings in 2022/23 however the legacy impact of the £1,925 pay award for all scale points in the pay structure needs to be built into the budget for 2023/24. It is anticipated that there will need to be a further significant uplift for pay across all pay scales due to further planned rises in the national minimum wage. The Council has assumed a £1,600 increase for 2023/24 and then has reverted to a 3% uplift for future years. As a result of these proposed increase, pay inflation is £11.3m for 2023/24 (including the unbudgeted cost for 2022/23).

As the Council's pay costs increases, the apprenticeship levy that the Authority is required to pay also increases. Growth of £0.021m has been included to reflect the revised cost that the Council can expect to incur in relation to the levy in 2023/24.

The Council pays its pensions to staff through the Shropshire County Pension Fund. Every 3 years the fund is subject to an actuarial valuation to confirm if contributions made into the fund will be sufficient to meet the anticipated future liabilities within the fund. An actuarial valuation has been carried out in 2022, and the results of this is that the employer contribution rate would need to increase to 18.1%. This additional cost pressure has been offset however by a reduction in the Lump Sum payment to the Pension Fund.

The Council pays out a significant proportion of funds to various organisations, for example to Adult Social Care Providers, the Council's Waste Collection and Disposal Contractor or the Highways Maintenance contractor. These contracts will generally have inflation built into them. The majority of these contracts have inflation rates linked to RPI or CPI and so as national levels of inflation have increased, accordingly the level of contract inflation has increased significantly. For perspective, contract inflation is generally included for approximately £2-3m, however for 2023/24 we are funding contract inflation of £23.4m.

In addition, the council has also been subject to price increases in energy prices which have also been significantly impacted through the invasion of Ukraine. This has resulted in the level of inflation for Corporate Landlord related costs increasing fourfold from the 2022/23 original budget with an average inflation rate of 32%. The total cost of corporate landlord inflation is £2.180m.

4.3 Demographic Pressures

Over a number of years, the main budgetary pressure that the Council has faced has been due to demographic increases and specifically growth in numbers of service users within Adult Social Care and Children's Social Care.

Whilst the age profile of the population still shows a growing trend of people living longer, and hence potentially creating increased demand, particularly for Adult Social Care, in 2022/23 the Council has taken a number of steps to try to actively manage this demand for services. This includes a major refocus of activity on early intervention in order to attempt to prevent ill health and reduce the need for long term or hospital care.

Also within children's social care the Council is implementing its Stepping Stones project which aims to reduce the spend on high cost children and address the issues of children coming into care, again to prevent care placements being required.

As a direct result of these interventions there will be no further demography growth required for these service areas for 2023/24.

There are however other demographic growth areas that remain for 2023/24, mainly in relation to an increase in households in the area resulting in increased waste collection costs, growth relating to numbers of children to be fostered, and an increase in pupil numbers for home to school transport provision.

Total demographic pressures for 2023/24 are estimated to be £0.964m.

4.4 Service Specific and Local Generated Pressures

In addition to inflation and demographic growth, during the budget setting process several other growth items will be identified as necessary expenditure either due to budgetary pressures identified in the 2022/23 financial year, that are anticipated to be ongoing, or to provide for investment budgets that will help transform services to deliver budgetary savings in the future.

It has been identified that there is an ongoing budgetary pressure within Adult Services relating to the purchasing costs relating to reablement following a stay in hospital. This pressure is an additional £7.553m and has been built into service specific pressures for 2023/24. There have also minor changes of £0.556m in relation to changes required to revenue budgets arising from capital investment.

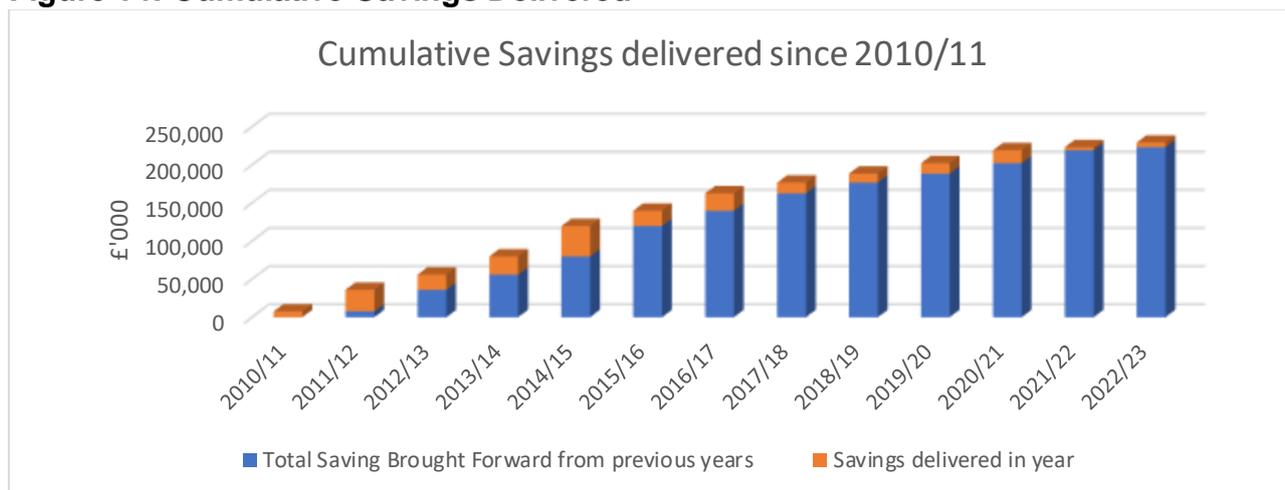
There are a number of changes that have been included within the Local Generated Pressures section of the budget build up and in the main these reflect the unwinding of one-off commitments made in previous years, growth required to reflect that some specific non-core government grants have now been rolled into the Revenue Support Grant, and also other changes in specific grants as detailed in the Resources section which have a corresponding change to expenditure. This also includes the further proposed reduction in New Homes Bonus Grant which had previously funded the base budget of the Council. If the grant does reduce as projected, this is projected to create an additional pressure for the

Council. Also within Local Generated Pressures there are planned contributions to reserves over the course of the financial strategy. Further detail on the need to increase our reserves can be found in Section 6 of this document.

4.5 Savings Plans

The Council has delivered savings consistently each year. Figure 14 shows the level of savings delivered since 2010/11, which is now in excess of £200m.

Figure 14: Cumulative Savings Delivered



During 2022/23 it has been identified that £4.559m of savings previously agreed, were no longer deliverable and so these have been removed from 2023/24. As a result of the inflationary cost pressures being experienced in 2022/23 and continuing into 2023/24, and the need to remove the use of reserves which have supported the budget in previous years, a new five year savings plan has been compiled for the period 2023/24 – 2027/28.

For 2023/24 savings of £51.390m have been identified, the bulk of which consist of efficiency savings, with only 0.8% requiring a policy choice. A breakdown of the savings to be delivered is included in Table 2 below and Table 3 in section 11:

Table 2: Total Savings for 2023/24 – 2027/28

Category	Directorate	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Policy Choices	Health & Wellbeing	0	0	0	0	0
	People	302,000	220,000	255,000	0	0
	Place	115,000	100,000	0	0	0
	Resources	0	0	0	0	0
	Corporate	0	0	0	0	0
	Organisation wide	0	0	0	0	0
Total Policy Choice Savings		417,000	320,000	255,000	0	0
Efficiency	Health & Wellbeing	454,310	0	0	0	0
	People	19,099,628	7,807,127	7,915,136	3,121,424	0
	Place	13,466,230	65,930	1,120,690	-1,773,260	-47,360
	Resources	4,489,372	2,748,000	165,000	-673,292	50,000
	Corporate	213,760	0	0	0	0
	Organisation wide	13,250,000	1,000,000	0	0	0
Total Efficiency Savings		50,973,300	11,621,057	9,200,826	674,872	2,640
TOTAL SAVINGS		51,390,300	11,941,057	9,455,826	674,872	2,640

4.6 Total Expenditure

Expenditure Budget	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Original Gross Budget Requirement	656,496,475	690,271,309	690,887,339	681,202,417	694,773,327
Inflationary Growth :					
Pay	11,336,970	3,968,420	4,087,470	4,210,090	4,336,370
Apprenticeship Levy	21,970	14,110	14,530	14,970	15,420
Pensions	-982,060	305,669	458,757	0	0
Corporate Landlord inflation	2,180,000	185,447	190,084	194,836	199,707
Contract inflation	23,363,437	6,059,096	6,223,974	6,380,058	6,539,053
Demography & Demand	1,133,830	289,455	299,535	306,085	237,550
Service Specific Pressures					
Revenue Growth arising from capital programme	556,270	168,000	-400,000	-500,000	
Ongoing Budget Pressures	7,552,822				
Local Generated Pressures:					
Elections			700,000	-700,000	
Specific Grants Changes between years	-154,412	-6,462,621	-18,907,445	1,005,435	1,043,128
Ongoing reduction in New Homes Bonus (pressure)	2,903,955	1,747,510			
Grants Rolled into RSG, Core Funding	1,770,659				
Estimated Cost of Investment - <i>Approved</i>	508,415	2,032,000	3,104,000	4,452,000	
<i>Additional Staff for Capital Programme</i>	-500,000				
Adjustment to Gross budget offset by Income changes	8,631,513				
Contribution to General Fund	20,867,691		-10,000,000	-10,867,691	
MTFS reserve (savings slippage/optimism bias)		4,250,000	14,000,000	-9,250,000	-6,000,000
Capital Investment/Transformation Fund				15,000,000	6,000,000
Climate Change/Energy Efficiency Fund				4,000,000	2,000,000
Savings					
<i>One off saving - Morrissons Lease and Buyout</i>	1,415,065				
<i>Unachievable Savings agreed in prior years</i>	4,559,010				
Invest to Save Fund for delivery of future savings	-97,000				
<i>Savings Agreed in Previous Financial Years</i>	-3,680,737	-2,279,811	-3,492,667	-2,723,139	
<i>Tactical Budget Savings</i>	-8,752,621	-2,788,000	-657,000	-75,000	-50,000
<i>TOM Budget Savings</i>	-15,796,058	-7,143,796	-5,580,759	-578,285	
<i>New Savings Proposals</i>	-23,063,885	270,550	274,600	2,701,552	47,360
TOTAL EXPENDITURE	690,271,309	690,887,339	681,202,417	694,773,327	709,141,914

5. Long Term Outlook



5.1 Long Term Risks and Mitigations for a Sustainable Budget

The aim of the Council is to achieve the priorities as set out in the Shropshire Plan and in doing so ensure that the budget needed to deliver this is on a sustainable footing in the medium and long term. There is a significant degree of uncertainty, arising from both internal and external factors, which could have a significant impact on the key assumptions made within the financial strategy over the longer term. The environments within which the Council operates are complex and highly sensitive to a range of variables and it is therefore important that risks, that could have a material effect on the financial position of the Council, are identified and understood in terms of the potential impact (positive or negative) and the likelihood of occurrence. It is therefore important that adequate mechanisms are in place to identify and manage risks in order to support the achievement of financial stability.

Key risks are highlighted as part of the Council's Strategic Risk Register and reported on regularly to Cabinet, with considered mitigations in place.

Specific risks or factors that can influence the Council's long term financial position include:

Ability to deliver planned savings and efficiencies – The current MTFs sets out the largest single savings programme in the council's history. Clearly, this entails significant risks. Plans are currently being put in place to ensure that there is an efficient and targeted approach to managing risks around delivery.

Demographics – Shropshire is a rural authority with a population of 332,883. In the next 20 years it is anticipated that there will be a growth in population of 48,600 (15%), with the bulk of this increase being in the over 65 age category. This suggests an even greater emphasis will be on Adult Social Care for the Council, and so it is imperative that the Council invests in preventative measures as soon as possible to reduce the impact that this growth in population could have on Social Care budgets into the future.

Environmental – Flooding within Shropshire is becoming a regular occurrence over the last few years and other meteorological changes starting to occur more frequently highlights the need for climate change. Whilst governments are discussing national targets for reducing carbon emissions, it is necessary for all organisations to look at how they can change behaviour to reduce the impact of climate change. Shropshire Council has set out its vision to become carbon net-neutral by 2030 and to help support other organisations and residents in Shropshire to also achieve this for 2030. In the meantime the Council will need to consider preparing for further potential climate emergencies such as flooding episodes in contingency funds.

Economic – The impact that a change in the economy can have on an organisation has been more than evident in 2022. World events can impact economies significantly despite the best efforts of governments and financial institutions to retain control and take necessary measures. Inflation and Interest rates have increased in 2022, and the government has set out a plan to halve inflation, grow the economy and reduce debt outstanding. In terms of the local economy within Shropshire, over the last five years the region has a higher economic activity rate than the West Midlands region and for Great Britain. There has been a steady

growth in business enterprises in Shropshire over the last five years and with the top three sector being agriculture, forestry & fishing (21.2%), professional, scientific and technical (12.9%) and Construction (11.5%).

Political – Nationally, any change in political party governing the country can have a significant impact on spending priorities or new burdens from legislative changes which impact on services provided by local authorities. Also at a local level and regional, changes resulting from local elections may also influence direction of the Council. The next set of local elections for Shropshire are in May 2025.

These areas of risk and potential change will be under regular review to consider how the Council needs to adapt or change its plans to address any specific concerns that may impact on the delivery of a sustainable budget for the Council.

6. Financial Stability



6.1 General Fund Balance

The Council holds a number of reserves in order to provide funds either for a specific planned purpose, or to provide a contingency fund in case of any financial issues arising in year.

The General Fund Balance is the reserve held by the Council for general purposes, i.e. against which there are no specific commitments. That said it is prudent and sensible for these sums to be treated as a contingency to protect the Council's financial standing should there be any unplanned liabilities arising in the year.

On an annual basis the Council considers the level of reserves held, including the General Fund Balance, to assess whether they are adequate. There are two main approaches for deciding the optimum level of the general balances. One method is to set an arbitrary percentage of expenditure, however this generally has little reflection of the potential contingencies that the Council may need to draw on. An alternative, preferable, method is an approach based on a risk assessment of the budget.

The Council uses the risk assessment approach in calculating the proposed level of General Fund Balance to hold. This approach considers strategic, operational and financial risks that the authority is facing. This includes, for example, changes in external funding or the council's ability to deliver savings; the effectiveness of budget monitoring to identify variances from spending plans and trigger timely remedial action; the availability of other funds to cover costs – for example, from an insurance policy, or from the government under the Bellwin Scheme for emergency financial assistance; and the extent to which contingency is built into individual departmental budgets and the council's overall budget.

A framework has been developed to identify areas of risk with an appropriate budget amount, an assessed level of risk (high, medium and low) and a percentage factor which will vary according to the level of risk. This process produces a value from which a risk assessed optimum level of general balance can be created.

There are six main areas that the General Fund Balance is required to cover and the individual risks within these areas have been considered.

- Treatment of inflation and interest rates
- Level and timing of capital receipts
- Treatment of demand led pressures
- Treatment of efficiency savings/productivity gains
- Availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions
- General Financial Climate

It is essential in setting a balanced budget that the Council has money available in the event of unexpected spending pressures. The "balances" need to reflect spending experience and risks to which the Council is exposed.

The financial monitoring reports have provided members with an updated projection on the General Fund during the course of the year. The most recent monitoring report presented to Cabinet (Q3) forecast an overspend for 2022/23 of £15.000m. This position has been

regularly reviewed during the course of the year with specific management action being taken to reduce the overspend to its current level. Further targeted action is required to manage costs arising from increased demand for services prior to 2023/24.

Projected General Fund Balance for 2022/23	£'000
General Fund Balance as at 1 April 2022	11,522
Budgeted Contribution to the General Fund	4,028
	15,550
Q3 Report 2022/23 – Projected Outturn Under/(Over)spend	(9,950)
Projected Balance as at 31 March 2023	5,600

The overspend for 2022/23 is essentially reducing the General Fund Balance to an unsustainable level. This position would leave the Council with no substantial reserves on which to fall back on should any emergency occur. Therefore as part of the 2023/24 budget, it is planned that £19.7m is contributed into the General Fund Balance.

Even though the Council will be making a significant contribution to the General Fund in 2023/24, there remain a significant risk surrounding the delivery of the savings plans and so a risk based calculation has been applied to the General Fund for 2023/24 to show the potential effect that non delivery or delayed implementation of savings proposal may have on the Balance. This leaves the General Fund Balance remaining at an unsustainable level and so it is imperative that the contribution to the General Fund Balance remains in future years to bring the balance back to a reasonable level. Table 4 and Figure 16 demonstrate the need to improve the General Fund Balance over the course of the financial strategy.

Table 4: Comparison of Risk Based Calculation to Projected General Fund

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Risk assessed level of General Fund Balance (upper)	40,458	33,278	33,096	32,366	32,875
Projected level of General Fund Balance as per Financial Strategy	9,363	30,010	40,878	40,878	40,878

The risk-based calculation for the General Fund Balance over the course of the 5 year Financial Strategy is detailed below.

General advice on reserves levels has been included in the review undertaken by the Council's independent external auditor (Grant Thornton) covering recent 'public interest reports' published for councils that have entered a situation of financial crisis. GT recommend that council reserves should be between 5% and 10% of net spending:

This, we believe, is the absolute and fundamental lesson from the PIRs issued in the last few months. Maintaining sound reserves is absolutely vital and a key indicator of sound financial governance. It should be at the heart of all medium-term financial plans. In our view, general fund reserves (including earmarked general fund reserves) should be a minimum of 5% of net spending

and arguably should be somewhere between 5 and 10%.³ ... flexed upwards to consider the macro-economic and local risks the council faces.⁴

If net spending is considered as 'core spending power', then the target level of general fund reserves for this Council in 2023/24 is between £13m (at 5%) and £26m (at 10%). However, local funding pressures indicate that the council would be well advised to be targeting an ongoing general fund reserve position of at least £30m, with an outlook to 'flex upwards' beyond that through the medium term.

This MTFS include such a strategy within its estimates for the medium term but the pressure on reserves in the short term is acute, and increases overall financial risk as a result.

³ [Lessons from recent Public Interest Reports | Grant Thornton](#), page 5

⁴ Ibid, page 14.

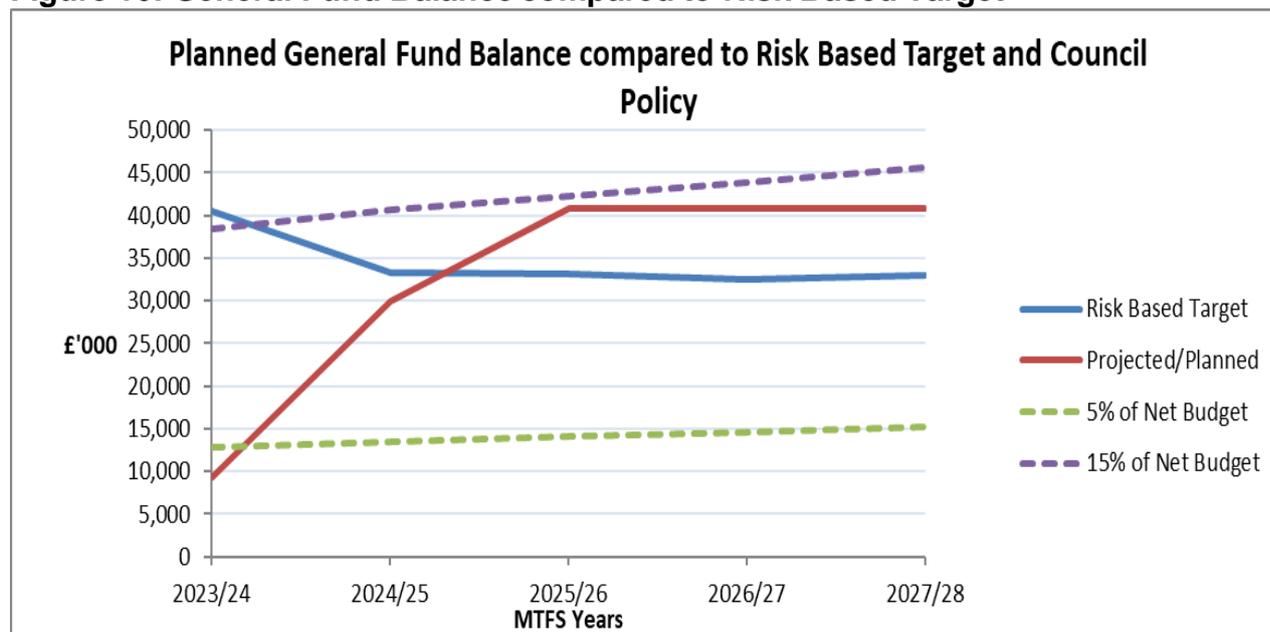
Calculation of Risk Assessed General Fund Balance

2022/23					2023/24			2024/25			2025/26			2026/27			2027/28		
Budget/ Value	Risk Level	Risk Assessed General Fund	Budget Assumption	Area of Risk	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund
£000		£000			£000		£000	£000		£000	£000		£000	£000		£000	£000		£000
Treatment of inflation and interest rates																			
213,045	4.25%	9,054	Inflation	Salaries	196,488	0.50%	982	192,556	0.50%	963	189,646	0.50%	948	186,779	0.50%	934	183,957	0.50%	920
25,191	2.55%	641		Premises	23,233	2.55%	591	22,768	2.55%	580	22,424	2.55%	571	22,085	2.55%	562	21,752	2.55%	554
19,363	1.15%	223		Transport	17,858	1.15%	206	17,500	1.15%	202	17,236	1.15%	199	16,976	1.15%	196	16,719	1.15%	193
85,691	0.50%	428		Supplies & Services	79,032	0.20%	158	77,450	0.20%	155	76,280	0.20%	153	75,127	0.20%	150	73,992	0.20%	148
267,468	0.50%	1,337		Third Party Payments	246,682	0.20%	493	241,745	0.20%	483	238,091	0.20%	476	234,493	0.20%	469	230,949	0.20%	462
109,563	0.50%	548		Transfer Payments	101,048	0.20%	202	99,026	0.20%	198	97,529	0.20%	195	96,055	0.20%	192	94,603	0.20%	189
88,305	0.00%	0		Pension triennial valuation unaffordable	91,529	0.50%	458	93,359	0.50%	467	95,227	0.50%	476	97,131	0.50%	486	99,074	0.50%	495
		12,233		Total Inflation		3,091		3,047		3,018		3,018		2,989		2,961		2,961	
230,368	0.00%	0	Interest rates	Existing Borrowing	224,868	0.00%	0	224,268	0.00%	0	223,768	0.00%	0	223,768	0.00%	0	223,768	0.00%	0
0	0.00%	0		New Borrowing	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0
0	1.00%	0		PWLB	5,500	1.00%	55	600	1.00%	6	500	1.00%	5	0	1.00%	0	0	1.00%	0
119,970	0.50%	600		Investment	119,970	1.00%	1,200	119,970	1.00%	1,200	119,970	1.00%	1,200	119,970	1.00%	1,200	119,970	1.00%	1,200
		600		Total Interest Rates		1,255		1,206		1,205		1,205		1,200		1,200		1,200	
Level and timing of capital receipts																			
2,865	0.00%	0	Capital Receipts	Land Sales	18,414	1.38%	254	30,814	1.38%	425	44,742	1.38%	617	0	1.38%	0	0	1.38%	0
1,400	1.38%	19		Required for new Powers to use for Revenue	1,500	1.38%	21	0	1.38%	0	0	1.38%	0	0	1.38%	0	0	1.38%	0
		19		Total Capital Receipts		275		425		617		617		0		0		0	
Treatment of demand led pressures																			
100,914	5.84%	5,894	Demand Led	Adult Social Care	112,788	5.84%	6,588	117,454	5.84%	6,860	120,880	5.84%	7,060	124,392	5.84%	7,266	127,992	5.84%	7,476
25,455	22.49%	5,725	Pressures	Childrens Social Care	27,069	22.49%	6,087	27,745	22.49%	6,240	28,335	22.49%	6,372	29,046	22.49%	6,532	29,775	22.49%	6,696
		11,619		Total Demand Led Pressures		12,675		13,100		13,433		13,433		13,798		14,172		14,172	
Treatment of planned efficiency savings/productivity gains																			
12,685	35.94%	4,559	Efficiency Savings	22/23 non achievement of savings															
12,685	8.52%	1,081		22/23 slippage of savings															
				23/24 non achievement of savings	51,294	26.96%	13,826												
				23/24 slippage of savings	51,294	6.39%	3,278												
				24/25 non achievement of savings				13,407	26.96%	3,614									
				24/25 slippage of savings				13,407	6.39%	857									
				25/26 non achievement of savings							9,994	26.96%	2,694						
				25/26 slippage of savings							9,994	6.39%	639						
				26/27 non achievement of savings										7,921	26.96%	2,135			
				26/27 slippage of savings										7,921	6.39%	506			
				27/28 non achievement of savings													7,640	26.96%	2,059
				27/28 slippage of savings													7,640	6.39%	488
		5,640		Total Efficiency Savings		17,105		4,471		3,333		3,333		2,641		2,548		2,548	

Calculation of Risk Assessed General Fund Balance

2022/23					2023/24			2024/25			2025/26			2026/27			2027/28		
Budget/ Value	Risk Level	Risk Assessed General Fund	Budget Assumption	Area of Risk	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund
£000		£000			£000		£000	£000		£000	£000		£000	£000		£000	£000		£000
Availability of reserves, government grants and other funds to deal with																			
3,706	5.00%	185	Insurance and	Provision	3,706	5.00%	185	3,706	5.00%	185	3,706	5.00%	185	3,706	5.00%	185	3,706	5.00%	185
3,754	5.00%	188	Emergency	Reserve	3,754	5.00%	188	3,754	5.00%	188	3,754	5.00%	188	3,754	5.00%	188	3,754	5.00%	188
500	Quantum	500	Planning	ICT Disaster	500	Quantum	500	500	Quantum	500	500	Quantum	500	500	Quantum	500	500	Quantum	500
500	Quantum	500		Other Incident	500	Quantum	500	500	Quantum	500	500	Quantum	500	500	Quantum	500	500	Quantum	500
433	Quantum	433		Bellwin	433	Quantum	433	433	Quantum	433	433	Quantum	433	433	Quantum	433	433	Quantum	433
2,180	10.00%	218		Severe Weather	2,239	10.00%	224	2,300	10.00%	230	2,362	10.00%	236	2,426	10.00%	243	2,491	10.00%	249
2,024		Total Insurance and Emergency Planning		2,030		Total Insurance and Emergency Planning		2,036		Total Insurance and Emergency Planning		2,042		Total Insurance and Emergency Planning		2,049		Total Insurance and Emergency Planning	
40,935	0.00%	0		Other Government Settlement Changes	49,010	1.00%	490	42,650	12.50%	5,331	40,419	12.50%	5,052	41,482	12.50%	5,185	42,577	12.50%	5,322
44,650	1.00%	447		Housing Benefits	44,650	1.00%	447	44,650	1.00%	447	44,650	1.00%	447	44,650	1.00%	447	44,650	1.00%	447
2,388	5.00%	119		DSG pressures - Academisation	2,378	5.00%	119	2,378	5.00%	119	2,378	5.00%	119	2,378	5.00%	119	2,378	5.00%	119
482	25.00%	121		Academy School transfer leaving deficit	482	25.00%	121	482	25.00%	121	482	25.00%	121	482	25.00%	121	482	25.00%	121
686		Total Funding Changes		1,176		Total Funding Changes		6,017		Total Funding Changes		5,738		Total Funding Changes		5,871		Total Funding Changes	
General Financial Climate																			
11,617	5.00%	581	General Financial	Debt Collection	11,617	5.00%	581	11,617	5.00%	581	11,617	5.00%	581	11,617	5.00%	581	11,617	5.00%	581
180,285	0.25%	451	Climate	Council Tax - General risk	193,577	0.25%	484	206,590	0.25%	516	216,278	0.50%	1,081	226,420	0.50%	1,132	237,037	0.50%	1,185
36,844	0.25%	92		Business Rates - General risk	39,424	0.25%	99	45,837	0.25%	115	46,533	0.50%	233	47,241	0.50%	236	47,959	0.50%	240
81,638	0.50%	408		Discretionary Income	81,638	0.50%	408	81,638	0.50%	408	81,638	0.50%	408	81,638	0.50%	408	81,638	0.50%	408
1,532		Total General Financial Climate		1,572		Total General Financial Climate		1,620		Total General Financial Climate		2,303		Total General Financial Climate		2,357		Total General Financial Climate	
224,616	0.50%	1,123	Additional Budget Pressures		255,914	0.50%	1,280	271,026	0.50%	1,355	281,410	0.50%	1,407	292,259	0.50%	1,461	303,594	0.50%	1,518
35,476		TOTAL RISK ASSESSED GENERAL FUND		40,458		TOTAL RISK ASSESSED GENERAL FUND		33,278		TOTAL RISK ASSESSED GENERAL FUND		33,096		TOTAL RISK ASSESSED GENERAL FUND		32,366		TOTAL RISK ASSESSED GENERAL FUND	

Figure 16: General Fund Balance compared to Risk Based Target



Research undertaken by CIPFA show that generally upper tier councils hold a general fund balance of approximately 10% of the net revenue budget. Shropshire Council is projected to hold a balance of £0.050m at the end of 2022/23 which represents 0.02% of the Net Revenue Budget. Using the CIPFA research and the Grant Thornton review of Public Interest Reports as a basis for agreeing a benchmark to evaluate the level of General Fund Balance held, it is considered appropriate that the balance held should be somewhere between 5% and 15% of their net revenue budget. If this benchmark was implemented, it would be necessary for the General Fund Balance to be between £12.796m and £38.387m in 2023/24. This can be seen as a blunt tool for calculating an appropriate balance to hold but does give a standard to compare to when considering if the risk calculated approach used by this Council is appropriate. As the graph above shows, in 2023/24, when the Council is embarking on an ambitious £51m savings plan, the risk assessed level is slightly over the higher end of the spectrum. However if the Council can deliver the saving planned in 2023/24, the risk assessed level will reduce in future years to just below the higher end of the spectrum. This would suggest that the current methodology used to calculate an appropriate general fund balance to hold is appropriate.

CIPFA also produce a Resilience Index now to assist authorities in understanding the potential financial risks of the Council's financial position that may need to be addressed the organisation. The latest data available within the Resilience Index relates to 2021/22, and this shows that the level of reserves at Shropshire Council are an area of high risk. Also when comparing with our Nearest Neighbour comparator group, it rates Shropshire as being 12th out of 16 authorities for the level of unallocated reserves held. This supports the need to increase the Council's General Fund Balance.

6.2 Earmarked Reserves

A review of the earmarked balances held by the Council has been performed to establish the purpose of the reserves and the likely timescale that these reserves will be utilised.

Earmarked reserves are created to meet known or predicted requirements in the future. There are 5 main categories of earmarked reserves that the Council holds:

- Sums set aside for major schemes, such as capital developments, or to fund major reorganisations
- Insurance Reserves
- Reserves of trading and business units
- Reserves retained for service departmental use
- School Balances

The Council held balances of £86.665m in earmarked reserves at 31 March 2022 which includes schools budget balances of £8.191m. During the course of 2022/23 it is anticipated that a net £39.662m will be allocated from earmarked reserves to fund commitments in 2022/23. The two most significant movements include the budgeted contribution from the Financial Strategy Reserve in 2022/23 and the release of s31 grants relating to additional reliefs provided to businesses during the pandemic. A full breakdown of the earmarked reserves is detailed below including the purpose of each reserve.

Figure 17: Breakdown of Earmarked Reserves

Reserves		Balance Brought Forward (£'000)	2022/23		Balance Carried Forward (£'000)
			Anticipated Movement (£'000)		
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations					
Revenue Commitments for Future Capital Expenditure	Comprises of underspends against budgeted revenue contributions available for capital schemes. The underspends have arisen due to slippage in capital schemes or because other funding streams were utilised during the year so as to maximise time limited grants.	4,079	0		4,079
Development Reserve	Required to fund development projects or training that will deliver efficiency savings.	18,389	-11,764		6,625
Invest to save Reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	2,964	0		2,964
		25,431	-11,764		13,667
Insurance Reserves					
Fire Liability	Required to meet the cost of excesses on all council properties.	2,412	0		2,412
Motor Insurance	An internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.	1,341	0		1,341
		3,754	0		3,754

Reserves		Balance Brought Forward (£'000)	2022/23	
			Anticipated Movement (£'000)	Balance Carried Forward (£'000)

Reserves of trading and business units

Shire Catering and Cleaning Efficiency	Built up from trading surpluses to invest in new initiatives, to meet exceptional unbudgeted costs or cover any trading deficits.	0	0	0
		0	0	0

Reserves retained for service departmental use

Building Control	Required to manage the position regarding building control charges.	487	-50	437
Care Act & IBCF Reserve	Required to fund the costs of implementing the Care Act requirements within the Council. This will be committed to the costs of one off posts required to implement the changes and training costs for staff within Adult Services. Unspent IBCF monies to fund the IBCF programme in future years.	4,137	-2,174	1,963
Economic Development Workshops Major Maintenance	Established to meet the costs of major maintenance of Economic Development Workshops.	149	0	149
External Fund Reserve	Reserves held where the Council is the administering body for trust funds or partnership working.	2,838	-341	2,497
Financial Strategy Reserve	Established specifically to provide one off funding for savings proposals in the Financial Strategy	7,043	-7,043	0
COVID Government Funding Reserve	Established to hold funds advanced by Government to respond to the COVID 19 pandemic which require to be applied in future years	14,415	-14,415	0
Savings Management Highways	Established specifically to provide one off funding for highways savings proposals in the Financial Strategy	409	0	409
Highways Development & Innovation Fund	Set aside funds for pump priming the Development and Innovation programme.	1,200	300	1,500
New Homes Bonus	Established from unapplied New Homes Bonus Grant balances.	1,633	-192	1,441
Public Health Reserve	This reserve includes balances committed to specific public health projects.	777	717	1,494
Repairs & Maintenance Reserve	Set aside for known repairs and maintenance required to Council owned properties.	685	-85	600
Resources Efficiency	Established for investment in new developments, particularly information technology, that service area would not be expected to meet from their internal service level agreements for support services.	987	-354	633
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2022/23.	9,381	-4,151	5,230
Severe Weather	Required to meet unbudgeted costs arising from the damage caused by severe weather. The policy of the Council is to budget for an average year's expenditure in the revenue accounts and transfer any underspend to the reserve or fund any overspend from the reserve.	2,809	-110	2,699
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	80	0	80
		47,028	-27,898	19,130

School Balances

Balances held by schools under a scheme of delegation	Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion.	8,191	0	8,191
Education – Staff Sickness Insurance	Schools' self help insurance for staff sickness with premiums met from delegated budgets.	0	0	0
Education – Theft Insurance	Schools' self help insurance scheme to cover equipment damage and losses.	0	0	0
Schools Building Maintenance Insurance	The schools building maintenance insurance scheme is a service provided by Property Services for schools. In return for an annual sum all structural repairs and maintenance responsibilities previously identified as the "authority's responsibility" are carried out at no additional charge to the school.	2,261	0	2,261
		18,642	0	18,642

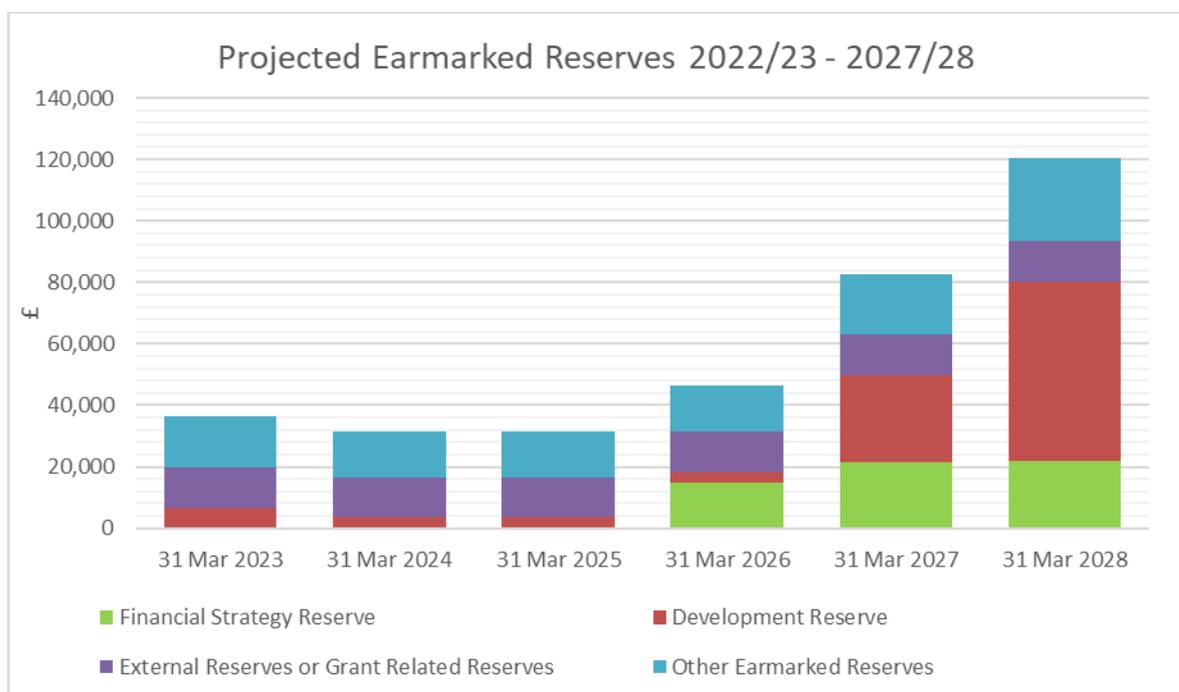
Total Reserves

86,665	-39,662	47,003
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The Finance Strategy assumes that in 2024/25 onwards, funding will be directed to reinstating a Financial Strategy Reserve to help smooth delivery of the Financial Strategy and to provide more resilience to the General Fund Balance.

A projection of the level of earmarked reserves that will be held over the next 5 years of the financial strategy is demonstrated in the graph below and shows the planned increase from 2024/25 onwards. It also intended in the later years of the finance strategy to build up a capital/transformation fund to provide funding for any new initiatives that would help to keep the revenue budget on a sustainable footing and invest in a climate change/energy efficiency fund to provide resilience for the climate emergencies such as flooding which are becoming a regular occurrence in Shropshire.

Figure 18: Projected Earmarked Reserves 2022/23 – 2027/28



6.3 Robustness of Estimates

Each year council considers a Statement of the Robustness of Estimates.

Budget estimates are estimates of spending and income made at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget, but in an objective and systematic manner gives members reasonable assurances that the budget has been based on the best available information and assumptions.

In order to meet the requirements for the robustness of estimates a number of key processes were put into place, including:

- Review of expenditure and resources for the entire council for next five years to identify the underlying viability of the council's resource envelope when compared to cost.
- Review of existing budgets and focus on key risk areas as part of the budget setting and budget monitoring process. For example, our key risk areas in terms of budget size and volatility are Adult Services and Children's Safeguarding. In order to review this, growth models for both service areas have been developed which look at the cost drivers for these service areas. As a result we have a better understanding of the pressures in this area and have used this in the modelling of future costs. This has been successful for some time however, growth pressures continue to grow over and above the original assumptions. Breaches of a small percentage have a significant impact in terms of value.
- Identification of the in-year and the full year impact of any variations compared to budget. This ensures that the underlying budget and any pressure can always be separately identified and arrangements to manage pressures (for example by the use of one-off resources) is undertaken in an open and transparent mechanism, approved by Cabinet.
- The Financial Strategy and Budget Monitoring Reports are updated and reported to Cabinet on a regular basis throughout the year. In this period of unprecedented uncertainty in terms of Local Government funding and spending pressures, the latest position is always reported transparently even though this position can change significantly from one reporting period to the next.
- Separation of roles within the Finance Team in setting budget control totals, identifying budget requirement and inputting into the Finance System which is subject to review by Internal Audit as part of the Council's Internal Audit Plan.
- Review by Finance Staff with Service Managers to understand the achievability, deliverability and timescales for all proposed service redesign.

Notwithstanding these arrangements, which are designed to test the budget throughout its various stages of development, considerable reliance is placed on Senior Managers having proper arrangements in place to identify issues, project demand data, performance information and to consider value for money and efficiency.

Robustness of Revenue Estimates

The 2023/24 budget process continues to progress in improving the Council's budget preparation, most notably in the creation of a detailed growth model and the process of medium term forecasting due to information and trend data drawn from the monitoring of the budget and associated systems, reported as a minimum to Cabinet on a quarterly basis.

As part of developing the 2023/24 budget, The Council has undertaken significant savings identification work, and all available options have been identified, the implications of these savings with the main driver being whether this align to the Shropshire Plan outcomes. Cabinet Members have been updated throughout this process and have had the opportunity to review the options considered, and these are reflected in the proposed budget.

The development of the 5 year financial strategy is based on the assumption that services need to be delivered and funded through an appropriate level of resources over the next five years and this is demonstrated in the resources and expenditure projections given in Table 5 below. This includes assumptions around savings to be delivered as part of the Financial Strategy.

Table 5: Gross Resources and Expenditure Projections

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Projected Resources	597,560	644,843	645,507	636,984	648,839	661,217
Current Projected Expenditure	610,321	644,843	647,421	639,967	652,475	665,748
<i>(One-off Covid-19 Collection Fund Deficit)</i>	-12,761					
Funding Gap	0	0	1,096	2,167	2,820	3,715
Year on Year Gap		0	1,096	1,070	653	895

Savings proposals have been identified for 2023/24 through to 2027/28. The savings identified have been based on service transformation and general efficiencies. Some of the savings values, whilst achievable, are ambitious and so progress against these proposals will be monitored carefully to consider the impact on the budget strategy. The specific factors taken into account in developing the draft budget are detailed below in Figure 19.

Robustness of Budget Management and Savings Delivery

In light of the magnitude of the spending reductions being targeted in the coming year, and recognising the recent history of the council in terms of savings delivery, additional measures are now in place to give increased support to service managers to deliver planned savings and contain spending within budgeted levels. These measures include

- Enhanced in-year monitoring; monthly reviews, including both year-to-date and forecast expenditure
- Increased visibility of activity data and trend analysis
- Scope for rapid intervention to address any significant deviation from spending plans as these are identified.

The approaches summarised above will ensure that the budget is given the best chance of success. These measures have been discussed and agreed with Cabinet and the Chief Officer Team. The measures are an important part of the assurances regarding the robustness of the revenue estimates and the confidence of the Section 151 Officer that the Council can contain its spending within the available funding.

Robustness of Capital Budget

The agreed programme is fully funded within a three-year timescale however this is heavily dependent on the Council generating significant levels of capital receipts. Projects have been costed at current year prices but may be subject to tender processes after inclusion in the programme which may lead to a variance in the final cost. In some areas, the design brief may not be finalised, again giving rise to potential price variance.

The risk of the Council being unable to fund variations outside of the programme is minimal mainly due to the phasing of projects. If necessary, the Council can choose to freeze parts of the programme throughout the year to ensure spend is kept within the agreed budget.

There are two main risks associated with the Capital Programme.

- Firstly, the ability to deliver the capital programme within the agreed timescales. Slippage from 2022/23 is fully funded over the Financial Strategy period but this in itself will increase pressure on the Council to deliver the anticipated 2023/24 programme.
- Secondly, the draft three-year programme includes projects funded from anticipated capital receipts. In the current climate these receipts may be lower than anticipated or may not materialise in the expected timeframe which will have to be managed through a robust monitoring process.

The capital programme will be actively managed and reprofiled during the course of the financial year to reflect scheme delivery timescales and revisions to funding agreements for projects. At the end of the year, however, slippage within the programme normally occurs which had not previously been anticipated. This will be due to delays in delivery of schemes and the net of underspends and overspends against specific projects. As shown in Table 6 below, in 2021/22 there was slippage of £1.245m which represents 1% of the revised capital programme. Action has already been taken during the course of 2022/23 to reprofile budgets to future years to reflect latest data on project delivery.

Table 6: Three Year Capital Position (£000's)

	2021/22 Outturn	2022/23 Latest Projection	2023/24 Latest Estimate
Capital Programme	150,153	125,314	114,719
Reprofile Budgets	(66,582)	(10,195)	0
Revised Capital Programme	83,572	115,119	114,719

Slippage	(1,245)	-	-
Actual Capital Programme	82,327	115,119	114,719

The capital programme includes a target for capital receipts to be delivered to ensure the programme is fully funded and removing the necessity for prudential borrowing to be undertaken to meet a funding gap. This target generally decreases during the course of the year to reflect the reprofiled budget, however the full capital receipt target will still be required to fully fund the capital programme.

Over the last 2 years (2021/22 and 2022/23) the level of capital receipts has been sufficient for a balance of capital receipts to be carried forward to offset any requirement for funding in the next financial year. This has been managed by natural slippage in the programme which has enabled other sources of funding to be used initially. In 2023/24 the level of capital receipts required is £19.789m and a shortfall of £8.961m currently exists within receipt projections. There are currently £10.412m of further assets being considered for disposal which would address this shortfall if progressed. Whilst every effort will be made to bring this level of resources into the Council, should there be a delay in the delivery schedule of capital receipts it is anticipated that this will again be controlled through natural and potentially managed slippage in the capital programme. If this cannot be managed through natural and managed slippage, this will result in prudential borrowing being undertaken for the shortfall which would then generate an additional pressure on the revenue budget.

Figure 19: Analysis of Budget Assumptions and Financial Risks, including the Council's Financial Management Arrangements and Appropriate Mitigation

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
1. The treatment of inflation	<p>There are two key issues in relation to inflation.</p> <ul style="list-style-type: none"> There may be some items of expenditure – fuel or energy costs for example - where any estimate of inflation is a 'best guess'. The risk assessment considers the average level of inflation experienced over a 5 year period and so reflects the higher levels of inflation that may seem to be unreasonable to include in a budget, but might come to pass. Information is less accurate for years 2 onwards; the risk assessment covers the higher range. <p>It is difficult to predict the direction that the wider economy will take and thus</p>	<p>Pay – £1,600 has been provided in the 2023/24 budget whilst the outcome of pay negotiations are awaited. Funding has also been provided for increments due to be awarded for 2023/24 based on existing staffing levels.</p> <p>Pension contribution rates are at the rate of 18.1% for 2023/24 following a new valuation on the Pension Fund.</p> <p>Price inflation has been provided on contractually or quasi-contractually committed budgets at the rate stated in the relevant agreement.</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
	<p>the level of inflation required. As has been seen over the last 12 months the level of inflation is significantly higher than had been anticipated.</p>	
<p>2. Interest rates on borrowing and investment</p>	<p>This issue here are similar to those in 1 above, but for a specific area.</p> <p>The Council's policy of generating capital receipts to prevent new borrowing, and allowing existing borrowing to mature has resulted in a reduction in available cash balances to invest. The level of interest rates on investments has also dropped to record lows resulting in reduced returns on cash balances. In the past it was possible for the Council to lend money and get a better interest rate than it was paying for borrowed money.</p> <p>The Council's borrowing has been undertaken at fixed rates of interest and so the level of interest payable is not considered as a risk to variable rates. However if borrowing should be required, there is a potential risk that any new borrowing may not be secured at similar interest rates to those currently budgeted for.</p>	<p>Interest receivable budgets have been set based on 0.75-1.00% interest receivable. These range from investments for 12 months gaining 1.0% to short term call accounts which gain between 0.40% - 0.75% and money market funds achieving rates of 0.75% - 1.00%</p> <p>The average interest rate of the total debt portfolio (excluding HRA) is calculated at 4.9% for 2022/23 and this is used for all borrowing costs.</p> <p>NB: PWLB have recently increased all new borrowing rates so for 2022/23 the range is currently between 4.5% (short term) and 4.7% (long term). Borrowing for investment properties primarily for yield is now prohibited from the PWLB.</p>
<p>3. Estimates of the level and timing of capital receipts.</p>	<p>The Council has developed an asset management strategy and has a policy of reducing borrowing costs around the capital programme where possible. Therefore, the capital programme is dependent on the delivery of capital receipts. The planned receipts estimated to the Council are made more difficult due to reducing market values and problems for potential procurers in obtaining finance.</p>	<p>Capital receipts are monitored monthly in the capital monitoring report and are RAG rated in terms of their anticipated delivery against target.</p>
<p>4. The treatment of demand led pressures</p>	<p>There are long standing areas of risk due to volatility, where we budget for demographic changes in future years, but might find the actual is at the higher end resulting in a shortfall, particularly in the short term.</p> <p>Two areas specifically affected by</p>	<p>Managers review their base budgets including demand led pressures. Services are expected to put forward management and policy actions to manage the additional demand within the relevant legislation either within the relevant budget or reprioritising within their Service budgets. If this is not possible and under-spending management action or policy actions in other Services are not sufficient to cover the additional demand,</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
	<p>demography are adult social care and children's social care, where we have seen significant budget pressures due to increasing numbers of clients receiving care packages.</p>	<p>then reserves may have to be used to address the additional expenditure temporarily.</p> <p>Such an eventuality has been considered in future years' budgets and it is assumed that general fund reserves are restored to an appropriate prudent level over the course of the Financial Strategy.</p> <p>The 2023/24 budget has been based upon specific demand levels identified during budget monitoring in 2021/22 and six months of 2022/23 and projections made by Heads of Service of demand levels in future years. A growth model for both Children's social care and Adults social care is relied upon for setting these budgets.</p> <p>Measures are also being put into place to give increased support to service managers, specifically within adult social care and children's social care to contain spending within budgeted levels. These measures include</p> <ul style="list-style-type: none"> • Enhanced in-year monitoring; monthly reviews, including both year-to-date and forecast expenditure • Increased visibility of activity data and trend analysis • Scope for rapid intervention to address any significant deviation from spending plans as these are identified.
<p>5. The treatment of efficiency savings</p>	<p>The budget includes improvement programmes that will deliver savings; the risk is that they may be delivered at a slower rate.</p> <p>This includes total savings targets of £51m in 2023/24 which will have risks involved in terms of delivery, and also from delays in delivery. The savings, whilst achievable are ambitious and this should be reflected in the risk factor applied.</p>	<p>All Managers have a responsibility to ensure the efficient delivery of services and when efficiency savings are proposed that those savings are both realistic in terms of the level of savings and timing.</p> <p>Delivery plans for savings are being compiled prior to the 2023/24 financial year and will be carefully monitored during the course of the year.</p> <p>Should the level and timing of such savings vary due to unforeseen events and under-spending, management action or policy actions within the relevant Service Area and corporately will be implemented where appropriate. Alternatively the General Fund Balance will be utilised as a temporary funding mechanism until the full savings are achieved.</p> <p>If the funding gap remains unresolved by future savings plans the council will need to consider making further efficiencies and/or potentially increasing council tax.</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
6. The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments	The Council may decide to establish separate delivery vehicles in order to improve service delivery in the future. Full business cases are required for any services being considered for transfer to an alternative service vehicle.	<p>The sharing of risk is in accordance with the principle of the risks being borne by the party best placed to manage that risk. Inherent risks include any guarantee or variation of service throughput (service volumes). If risks materialise the expectation is that such an eventuality will be considered in future years' budgets.</p> <p>Business cases for any new delivery vehicles will fully investigate any financial risks that the Council may face in the future and the Financial Strategy updated accordingly.</p>
7. The availability of other funds to deal with major contingencies	<p>Were a disaster to occur, we have to have a reserve in place to pick up costs that will fall to the Council.</p> <p>The impact of flooding within the Council area based on present experience in that it is limited to localised pockets.</p> <p>The geographical area covered by the Council has resulted in budget pressures in some years due to extreme weather conditions and additional costs such as snow clearance. Changes to the base budget provision has been made in previous years to help mitigate this, but overspends in previous years have, at times, been in excess of this growth level. In more recent years it has not been necessary to utilise all available funding, but a risk remains.</p> <p>Other disasters such as those relating to ICT could occur on a one off basis.</p>	<p>The level of reserves assumes that management and policy actions will be taken to address major contingencies. Should these be insufficient, the general fund balance may have to be used.</p> <p>An earmarked reserve has been established for Severe Weather however any pressure not covered by this reserve would need to be funded from the general fund balance.</p> <p>A risk based approach in calculating the general fund balance takes into consideration the types of incidents and costs associated and this is reviewed annually.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure" some areas. Premiums and self-funds are reactive to external perceptions of the risks faced by the Council which includes both risks that are generic to all organisations and those specific to the authority. Therefore the values of Insurance Reserves are reviewed each year to ensure that the optimum balance is held based on the level of outstanding liabilities.</p> <p>Any major incident or emergency may result in significant costs to the Council. Depending on the incident concerned, the Council may be able to recover such costs through the Bellwin Scheme however the Council would need to cover any expenditure up to the agreed threshold level. This level is fully included within the Council's general fund balance.</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action						
8. Impact on council funding of announcements of national changes	<p>Council funding is always subject to change, especially in the current economic climate. However the Financial Strategy takes account of projected changes in the Revenue Support Grant and specific government grants.</p> <p>In recent years the Dedicated Schools Grant allocation to the Council has come under pressure, in relation to the costs of supporting High Needs Pupils and the centrally retained share due to the academisation process. However additional funding for High Needs Pupils has now been received which has brought this budget into balance in the last 12 months.</p>	<p>The major risk factor included is in relation to the Housing Benefits grants which the Council receives. Changes are planned for welfare benefits which may increase the Council's exposure to costs over and above the grant that is received. This has been factored into the General Fund risk based calculation.</p>						
9. The overall financial standing of the authority (level of, debt outstanding, council tax collection rates etc.)	<p>Changes may mean doing things in a way for which we have no ready evidence and any assumptions made may be wrong. Additionally, the areas of change will alter over time.</p> <p>An allowance for budget pressures has been built in to accommodate any corrective action that needs to be taken if the assumptions about changes in service delivery should change.</p> <p>Prior to the pandemic the economic downturn meant the risk of not collecting all income due to the Council was enhanced, which includes all sundry debt, and charges relating to Council Tax and Business Rates. Any such pressure identified should be evaluated and provided for.</p> <p>Income from fees and charges is also vulnerable to change based on the current economic climate. This is likely to continue and is adjusted for within the Financial Strategy, but is subject to short term negative variations from year to year.</p>	<p>The level of aged debt within the sundry debtors figure is monitored and reported to management regularly so that the appropriate action may be taken. Bad debt provisions are maintained to protect the budget against any such pressures, but should these not be sufficient, the general fund would be used.</p> <p>An income review is produced for Cabinet covering income from fees and charges. This review considers the level of income as monitored in the quarterly revenue monitors to Cabinet, and considers the impact of increases in charges, or the freezing of charges on the 2023/24 budget.</p>						
10. The authority's track record in budget and financial management.	<p>Any overspend realised in a financial year would result in the use of the general fund balance. The Council has identified that general fund balances need to be in place in order to protect the Council against specific financial risks, and so any general overspend due to weaknesses in</p>	<p>The Council's recent track record in budget and financial management 2016 to 2023 shows potential variations from a £9.9m overspend to a £0.8m underspend (a range of £10.7m).</p> <table border="1" data-bbox="927 1962 1410 2042"> <thead> <tr> <th data-bbox="927 1962 1082 2042">Financial Year</th> <th data-bbox="1082 1962 1219 2042"> (£'000)</th> <th data-bbox="1219 1962 1410 2042">Underspend/ Overspend</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Financial Year	(£'000)	Underspend/ Overspend			
Financial Year	(£'000)	Underspend/ Overspend						

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action		
	<p>budget management, undermine any planned action being taken on the General Fund Balance.</p> <p>Financial management needs to be considered across all service areas of the Council. If a particular service area is unable to manage a particular overspend pressure, this may present a need to use general fund balance in the current financial year. Also this may have implications on future level of balances if no action is taken to reduce the spending pressure for the service area in future years or offset by compensating savings.</p>	2016/17	(894)	Under
		2017/18	(613)	Under
		2018/19	(167)	Under
		2019/20	1,692	Over
		2020/21	(655)	Under
		2021/22	2,505	Over
		2022/23*	9,950	Over
		Total 2016 to 2023	13,128	Over
		<p>* Projected Outturn position at Q3</p> <p>Each year the Council manages budgets carefully and takes necessary management action to bring the budget into balance.</p> <p>Ultimately, financial performance relies on all budget holders actively managing their budgets and complying with financial rules, including not committing expenditure if there is no budget provision available.</p> <p>A significant overspend is arising in 2022/23 as demand for services such as ASC and Children's Social Care has outstripped projections. Further work is required by these service areas to look to reduce demand where appropriate prior in the remainder of the year.</p> <p>The authority needs to continually improve its ability to manage in-year budget pressures. The following steps are already in place:</p> <ul style="list-style-type: none"> • Accuracy of projections has improved over the year, but further work is required. • The monitoring system continues to be improved in terms of accuracy, the frequency of reporting and the challenge process. <p>Financial monitoring is undertaken by line managers within Business World and Finance review the projections to ensure that the monitoring position reported is appropriate.</p> <p>The Council's virement and carry forward rules are clear and detailed in the Constitution.</p>		

7. Housing Revenue Account



7.1 Housing Revenue Account

The Housing Revenue Account (HRA) records expenditure and income on running a council's own housing stock and closely related services or facilities, which are provided primarily for the benefit of the council's own tenants. Shropshire Council inherited its housing stock from Oswestry Borough Council and Bridgnorth District Council when the Council took on unitary status in 2009. The Council transferred the management of the housing stock into an Arm's Length Management Organisation (ALMO) called Shropshire Towns and Rural Housing (STaR) in 2013. (STaR) manage just over 4,000 houses within the HRA and they collect rent, undertake repairs, build new affordable homes and make improvements to neighbourhoods and the housing stock.

In 2012 the Government removed the Housing Revenue Subsidy system and required HRAs to take out self-financing borrowing. Shropshire Council took out borrowing of £83.5m in 2012 as a result of this directive and so the HRA is required each year to repay interest and debt charges in relation to this borrowing. Councils were initially only permitted to borrow funds to support new housing builds to a specific level, however in 2018 the Government removed this borrowing cap from the HRA in a bid to allow councils to address the housing crisis in the country. Since the introduction of self-financing the HRA has developed around 25 new homes each year through the HRA capital programme. These have been funded by a direct revenue contribution from the HRA within the headroom created by the end of the housing subsidy system. The removal of the borrowing cap will allow the opportunity to provide more homes each year by increasing the borrowing limits within the Housing Revenue Account based on affordability calculations to invest further in the development of social housing within Shropshire.

SHROPSHIRE COUNCIL HOUSING REVENUE ACCOUNT

2022/23		2023/24
Budget		Budget
£		£
	<u>Income</u>	
(18,101,280)	Dwellings Rent	(19,547,030)
(104,900)	Garage Rent	(95,300)
(17,000)	Other Rent	(30,000)
(686,820)	Charges for Services	(735,380)
(18,910,000)	Total Income	(20,407,710)
	<u>Expenditure</u>	
9,021,410	ALMO Management Fee	9,663,160
640,370	Supplies and Services	683,600
4,047,050	Capital Charges - Dwelling Depreciation	4,471,690
196,250	Capital Charges - Depreciation Other	261,670
2,988,250	Interest Paid	3,365,270
600,000	Repairs charged to revenue	625,000
1,693,450	Revenue Financing Capital Expenditure	1,013,410
200,000	New Development Feasibility	250,000
50,000	Increase in Bad Debt Provision	50,000
335,910	Corporate & Democratic Core	357,520
19,772,690	Total Expenditure	20,741,320
862,690	Net Cost of Services	333,610
(60,000)	Interest Received	(60,000)
802,690	Net Operating Expenditure	273,610
802,690	Net Cost of Service/(Surplus) for Year	273,610
	<u>HRA Reserve</u>	
11,591,767 Actual	B/fwd 1 April	10,789,077
(802,690)	Surplus/(Deficit) for year (Estimated)	(273,610)
10,789,077	Carried Forward 31 March (Estimated)	10,515,467

8. Links to Other Financial Strategies

8.1 Links to Capital Strategy and Revenue Implications of the Capital Strategy

The Council is required to have a capital strategy in place that sets out the long-term context in which capital expenditure and investment decisions are made to ensure that authorities are taking account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy recognises that the financial resources available to meet capital expenditure priorities are constrained by a significant reduction in financial resources and ensure that investment decisions taken are at least self-sustaining financially whilst also generating positive returns in terms of meeting priorities.

The Capital Programme will be funded from the following sources:

- Capital Receipts
- Prudential Borrowing
- Developers Contribution (S106, CIL)
- Revenue Contributions
- Capital Grants

Where Prudential Borrowing and Revenue Contributions are to be used to fund capital schemes, it is necessary that the costs of borrowing or the revenue contribution to capital is built into the revenue financial strategy. Cost of investment budgets have been built into 2023/24 budget and future years in order to provide for capital schemes being financed from prudential borrowing that are planned to be delivered in the next 5 years.

The Council has also identified a number of future capital and investment schemes within the capital strategy, however as these schemes have not yet completed a full due diligence process, these do not yet form part of the approved capital programme and so associated revenue costs that may be required have not been built into the Finance Strategy. As outlined above, it is expected that these schemes will be fully funded and will therefore not create a further burden on the Finance Strategy of the Council. It should also be noted that no financial savings arising from any of these capital investments has similarly not been projected within the Finance Strategy.

Policy for Flexibility around the use of Capital Receipts

The greater flexibilities around the use of capital receipts has been extended to allow authorities to use them for a further three years from 2022/23 onwards. This allows authorities to use capital receipts to fund transformation projects that produce long term savings or reduce the costs of service delivery.

Over 2022/23 and 2023/24, Shropshire proposes to use the flexibility to help fund the following:

- £2m to fund redundancy costs and allow the council to manage further service redesign and restructure changes.
- £2.7m to fund transformation works relating to the development of the new target operating model.

In 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22, this flexibility has been used to fund redundancy costs. The reduction in staffing numbers enabled through the redundancy programme, has allowed the Council to deliver revenue savings as highlighted in previous years Financial Strategies.

8.2 Links to Treasury Strategy

The Local Government Act 2003 and supporting Regulations requires the Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice in setting Prudential and Treasury Indicators for the next three years to ensure that capital investment plans are affordable, prudent and sustainable. The Act also requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Treasury Strategy outlines affordable borrowing limits based on the level of capital expenditure planned within the Capital Strategy and also considers the requirement for taking out new borrowing. The Council is currently under-borrowed as has applied funding for capital schemes from high cash balances rather than new prudential borrowing given that returns on cash balances are low and the Council has been holding a healthy cash balance. However with reserves reducing in 2022/23 the Council will need to monitor the level of balances held carefully to consider if there is a need to undertake external borrowing, and a number of factors will need to be considered before committing the Council to the additional costs resulting from external borrowing.

9. Public Consultation and Alternative Budget proposals



9.1 Budget Consultation Exercise and Responses

The Budget Consultation was launched on 19th December 2022. It was advertised in the Shropshire Council newsroom and via a number of social media channels. A total of 303 responses have been received, which is a third greater than those that responded last year, although still represents a low proportion of the population of Shropshire. The consultation closed on 30 January 2023 and was live for a period of six weeks. The website link to the consultation was <https://www.shropshire.gov.uk/get-involved/budget-consultation-202324/>

The profile of the 303 respondents are as follows:

Profile	No of Responses	Profile	No of Responses
Gender?		Age?	
Male	91	21-30	17
Female	114	31-54	74
Other	1	55-69	83
Prefer not to say	32	70 or over	28
No response	65	Prefer not to say	33
	303	No response	68
			303
Which Shropshire town is nearest to where you live?		What is your ethnic origin?	
Bishops Castle	12	White (British, Irish, Welsh)	193
Bridgnorth	19	Other ethnic group	1
Broseley	5	Prefer not to say or don't know	41
Church Stretton	5	No response	68
Cleobury Mortimer	4		303
Clun	5		
Craven Arms	6	Role in completing survey? (Able to select multiple roles)	
Ellesmere	8	Local resident	192
Ludlow	8	Representative of a local business or commercial organisation	9
Market Drayton	9	Member of a local interest or community group	16
Much Wenlock	5	Representative of a local town, parish or rural parish council	19
Oswestry	18	Shropshire ward councillor	5
Shifnal	6	Shropshire Council employee	67
Shrewsbury	88	Visitor to Shropshire or a member of the public living elsewhere	1
Wem	9	None of these	0
Whitchurch	9	Prefer not to say	6
Prefer not to say	8		315
No response	79		
	303	Do you have any long standing illness or disability that limits your daily activity?	
Are you mainly?		Yes, limited a lot	5
At school	0	Yes, limited a little	32
At college/university/in further education	1	No	163
Working (employed or self-employed)	134	Prefer not to say	35
Unemployed	0	No response	68
A full time carer or looking after the home	5		303
Retired	57	Are you an informal or unpaid carer to a friend or family member who needs regular	
Prefer not to say	35	Yes	37
None of these	71	No	164
	303	Prefer not to say	33
		No response	69
			303

The first section of the consultation focussed on council tax and asked whether people agreed with the plans to increase council tax. This question provided a close response with 50% agreeing and 44% disagreeing. Where people disagreed, they were asked if they believed that council tax should be increased further and the majority (47%) disagreed with this. The comments regarding the Council's proposal to increase council tax included

mainly focussed on the increase being too high and unaffordable for residents (39 comments), although a number of people have made comments about the impact that this will have on people already struggling with cost of living rises.

The second section focussed on the overarching response to using the Shropshire Plan to help prioritise activities and reduce work where it doesn't directly support the objectives of the plan. The highest response was that people agreed with the approach (37%) and 12% strongly agreed with the approach.

The third section focussed on the savings proposals, and there was general agreement with the savings for each priority area:

There was greater support for the Healthy People proposed savings with a 47% agreeing or strongly agreeing. Some of the most common comments with regard to the proposals for Healthy People include concerns about the impact that the savings would have on vulnerable people and staff, and also the concern of workforce shortages within the care and foster care sector. There were also general comments (12) about the need for whole system changes in health and social care.

There was general agreement with the Healthy Economy proposals however comments raised focussed specifically on how increasing costs of parking could damage the economy (34) and comments surrounding inefficiencies and financial mistakes previously made by the Council (17).

Again, there was general agreement with the Healthy Environment proposals but there was increased comments surrounding the risk that green waste charges would cause fly tipping or reduce recycling (45).

There was 26% of respondents in support for the Healthy Organisation proposals, although there was concern about how the Council was already under-staffed, there were concerns about the impact on service quality and general concerns over the approach and decision making within the Council.

The fourth section looked at the capital programme to gain peoples views on the investment plans. The highest proportion of respondents agreed with the proposals (27%) however comments were received around existing capital schemes such as the North West Relief Road and that this should be stopped.

The detailed responses for each question received to date are as follows:

Questions	Amount of saving/ investment proposed (£m)	Response						
		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly disagree	Don't Know/ No opinion	No response
Council tax								
What is your view on Shropshire Council's proposal to increase council tax by 4.99% (2.99% for council tax and 2% adults' social care precept)			50%		44%		6%	
If you disagree, do you think council tax should be increased above that amount (requiring a local referendum) in order to help prevent cuts in public services?			11%		47%		0%	42%
Overarching Approach								
Views on using the Shropshire Plan to help prioritise activities, and stop or reduce work where it does not directly support the objectives of the plan.		12%	37%	24%	8%	5%	8%	8%
Savings Proposals								
Views on the proposed savings relating to the Healthy People priority	12.4	14%	33%	14%	12%	8%	5%	15%
Views on the proposed savings relating to the Healthy Economy priority	7.2	9%	25%	18%	18%	10%	3%	17%
Views on the proposed savings relating to the Healthy Environment priority	0.1	9%	25%	19%	13%	14%	3%	17%
Views on the proposed savings relating to the Healthy Organisation priority	31.5	9%	26%	19%	15%	10%	3%	18%
Capital Programme								
Views on the investment plans within the proposed capital programme	114.7	8%	27%	19%	12%	9%	6%	20%
Overall opinion on budget								
How supportive are you of Shropshire Council's budget proposals, outlined for 2023/24		6%	27%	13%	17%	16%		20%

Respondents were also asked if they wished to share any ideas of how the Council may make further savings. 120 comments were received with varied responses, however key themes surrounded

- Stopping the North West Relief Road project
- A need for improved council management
- Change of approach so spend to save, or prioritise deprived communities
- Income generation suggestions
- Reduce councillors and payments to councillors and managers.

Given the low proportion of responses received, it is not possible to consider whether the responses received provide a true representation of views of the budget within Shropshire. However it should be noted that responses received were generally in support of the proposals.

9.2 Alternative Budget proposals

Further to the decision of Full Council in September, a revised process was adopted for the current budget round for the preparation of alternative budget proposals by the opposition parties. These proposals were received and discussed by Performance Management and Scrutiny Committee on 11 January.

The consideration of the proposals by PMSC was then also considered by Cabinet in later in January. Cabinet resolved to further consider the proposals put forward by the opposition parties as they confirmed the proposals they wished to bring forward for consideration by Full Council in March.

10. Schedule of Movements



10.1 Movements in MTFS Position

The movements in the MTFS position since the updated MTFS was presented to Cabinet in December 2022 are as follows:

Resources	2023/24 Dec	Movement	2023/24 Feb
	Cabinet		Cabinet
	£	£	£
Council Tax	193,577,046	0	193,577,046
Council Tax Collection Fund Surplus/(Deficit)	-93,463	2,424,900	2,331,437
Business Rates:			
Business Rates Collected	35,752,067	2,292,186	38,044,253
Business Rates - Energy Renewable Schemes	1,000,000	380,207	1,380,207
Top Up Grant	10,031,260	1,088,572	11,119,831
Business Rate Collection Fund Surplus/(Deficit)	-168,114	2,150,357	1,982,243
Revenue Support Grant	6,450,404	1,028,230	7,478,634
NET BUDGET	246,549,199	9,364,451	255,913,651
Grants included in Core Funding:			
Improved Better Care Fund	10,252,045	1,611,358	11,863,403
New Homes Bonus	2,424,326	-676,816	1,747,510
Rural Services Delivery Grant	6,940,755	816,559	7,757,314
Social Care Support Grant	17,998,115	3,548,944	21,547,059
Market Sustainability and Improvement Funding	0	3,263,869	3,263,869
Discharge Funding	0	1,663,231	1,663,231
Services Grant	0	2,065,886	2,065,886
CORE FUNDING	284,164,440	21,657,482	305,821,923
Local Income			
Fees and charges (including income savings deliverable from prior years)	82,718,167	4,200,073	86,918,240
Other Grants and contributions	30,785,140	2,660,140	33,445,280
Specific Grants (excluding Core Funding Grants above)	193,473,094	15,606,762	209,079,856
Internal Recharges	9,104,440	1,371,300	10,475,740
TOTAL FUNDING	600,245,282	45,495,757	645,741,039

This table shows increased resource of £44.6m. Of this, £20.8m relates to Core Funding and £23.8m relates to local income. Local income is targeted to specific activities. Core grant funding is also ring-fenced or targeted. Changes to Council Tax and business rates are not earmarked and can be used to support operational costs and improve financial resilience (e.g. by increasing reserves and risk cover).

Expenditure Budget	2023/24 Dec		2023/24 Feb
	Cabinet £	Movement £	Cabinet £
Original Gross Budget Requirement	656,496,475	0	656,496,475
Inflationary Growth :			
Pay	11,336,970	0	11,336,970
Apprenticeship Levy	21,970	0	21,970
Pensions	-982,060	0	-982,060
Corporate Landlord inflation	2,180,000	0	2,180,000
Contract inflation	25,026,668	-1,663,231	23,363,437
Demography & Demand	1,133,830	0	1,133,830
Service Specific Pressures			
Revenue Growth arising from capital programme	0	556,270	556,270
Ongoing Budget Pressures	7,552,822	0	7,552,822
Local Generated Pressures:			
Specific Grants Changes between years	-23,437,694	23,283,283	-154,412
Ongoing reduction in New Homes Bonus (pressure	2,227,139	676,816	2,903,955
Grants Rolled into RSG, Core Funding	0	1,770,659	1,770,659
Estimated Cost of Investment - <i>Approved</i>	895,415	-387,000	508,415
<i>Additional Staff for Capital Programme</i>	-500,000	0	-500,000
Adjustment to Gross budget offset by Income chan	400,000	8,231,513	8,631,513
Contribution to General Fund	0	20,867,691	20,867,691
Savings			
<i>One off saving - Morrissons Lease and Buyout</i>	<i>1,415,065</i>	<i>0</i>	<i>1,415,065</i>
<i>Unachievable Savings agreed in prior years</i>	<i>4,559,010</i>	<i>0</i>	<i>4,559,010</i>
Invest to Save Fund for delivery of future savings	-97,000	0	-97,000
<i>Savings Agreed in Previous Financial Years</i>	<i>-3,680,737</i>	<i>0</i>	<i>-3,680,737</i>
<i>Tactical Budget Savings</i>	<i>-8,512,561</i>	<i>-240,060</i>	<i>-8,752,621</i>
<i>TOM Budget Savings</i>	<i>-15,796,058</i>	<i>0</i>	<i>-15,796,058</i>
<i>New Savings Proposals</i>	<i>-23,063,885</i>	<i>0</i>	<i>-23,063,885</i>
TOTAL EXPENDITURE	637,175,368	53,095,941	690,271,309

The table sets out overall expenditure changes of £51.3m. Key elements of this are the increase in grant spending, which reflects increased resources and the ring-fenced or targeted nature of these funds (i.e. they are not available for the overall financial position but must be spent on specific activities), and the contribution to the General Fund balance, intended to ensure an adequate level of non-earmarked reserves are held, in line with best practice, and to ensure that the council can address unexpected pressures without impacting on frontline services.

	2023/24 Dec Cabinet £	Movement £	2023/24 Feb Cabinet £
Funding Gap			
Resources (incl savings plans)	600,245,282	45,495,757	645,741,039
Expenditure (incl savings plans)	637,175,368	53,095,941	690,271,309
Gap in year	36,930,087	7,600,184	44,530,271
<u>One off Grants & Reserves:</u>			
Improved Better Care Funding	-10,252,045	355,902	-9,896,143
Rural Services Delivery grant	-6,940,755	-816,559	-7,757,314
Social Care Grant - One Off	-17,998,115	-3,548,944	-21,547,059
Services Grant	0	-2,065,886	-2,065,886
Market Sustainability and Fair Cost Fund	0	-3,263,869	-3,263,869
TOTAL ONE OFF FUNDING	-35,190,915	-9,339,356	-44,530,271
Remaining Gap/(Surplus) to be Funded	1,739,172	-1,739,172	0

11. Proposed Spending Reductions.



11.1 Detailed Spending Reductions

Category	Directorate	Ref.	Description	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Policy Choice	People	POL01	Review the transport arrangements for SEND education placements to ensure efficient use of resources whilst providing appropriate support.	100,000	100,000	100,000	0	0
Policy Choice	People	POL02	Consult on options to revise the contribution scheme for Post 16 applicants with SEND to ensure efficient use of resources.	0	100,000	125,000	125,000	0
Policy Choice	People	POL03	Review the transport arrangements for placements at the Tuition Medical Behaviour Support Service to ensure efficient use of resources.	202,000	0	0	0	0
Policy Choice	People	POL04	Consult on options to revise the Post 16 transport assistance scheme to ensure efficient use of resources.	0	20,000	30,000	0	0
TOTAL Policy Choice - People				302,000	220,000	255,000	125,000	0
Policy Choice	Place	POL05	Installation of battery units at Shirehall and Theatre Severn to store electricity generated from rooftop photovoltaic cell installations, to support reduced local energy use from the Grid and more locally generated energy, and to replace 'selling back' energy to the Grid.	75,000	75,000	0	0	0
Policy Choice	Place	POL06	Reduce small grant funding to local groups	25,000	0	0	0	0
Policy Choice	Place	POL07	Review of collection charges for bulky waste	15,000	0	0	0	0
Policy Choice	Place	POL08	Savings in the Museum Service	0	25,000	0	0	0
Policy Choice	Place	POL09	Implementation of green waste charges- proposals (setup cost in 2023/24)	-240,060	627,000	0	0	0
TOTAL Policy Choice - Place				115,000	100,000	0	0	0
TOTAL POLICY CHOICE SAVINGS				417,000	320,000	255,000	125,000	0

Category	Directorate	Ref.	Description	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency	Health & Wellbeing	EFF01	Review application of grant funds	218,930	0	0	0	0
Efficiency	Health & Wellbeing	EFF02	Additional capacity to support transformation programme	128,960	0	0	0	0
Efficiency	Health & Wellbeing	EFF03	Removal of budgets for vacant posts (avg. 3%)	61,420	0	0	0	0
Efficiency	Health & Wellbeing	EFF04	Review future model of pest control delivery	40,000	0	0	0	0
Efficiency	Health & Wellbeing	EFF05	Reduce the cost by providing the minimum statutory duty for Public Health Funerals.	5,000	0	0	0	0
TOTAL Efficiency - Health & Wellbeing				454,310	0	0	0	0

Category	Directorate	Ref.	Description	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency	People	EFF06	Expand and enhance reablement model to improve people's outcomes get better and to remain independent.	3,844,860	3,922,130	4,000,570	0	0
Efficiency	People	EFF07	Review care at home model	2,759,563	0	0	0	0
Efficiency	People	EFF08	Review client contributions in line with national guidance	1,800,000	0	0	0	0
Efficiency	People	EFF09	Removal of budgets for vacant posts (avg. 3%)	1,325,000	0	0	0	0
Efficiency	People	EFF10	Managing predicted growth	1,300,000	0	0	0	0
Efficiency	People	EFF11	Increase numbers of local foster carers to enable reductions in independent foster care costs (local foster carers, engaged by the Council, are less costly than independent foster carers)	1,000,000	200,000	0	0	0
Efficiency	People	EFF12	Review supported living model	1,000,000	0	0	0	0
Efficiency	People	EFF13	Reduce numbers of childcare placements in long-term residential placements, where appropriate ('Stepping Stones' project, implementing the proven North Yorkshire model of children's social care management).	1,000,000	2,023,997	3,180,566	2,891,424	0
Efficiency	People	EFF14	Prevent the need for residential care	832,198	0	0	0	0
Efficiency	People	EFF15	Deliver efficiencies across the ISF model	500,000	0	0	0	0
Efficiency	People	EFF16	Improving public health to reduce social care costs	500,000	0	0	0	0
Efficiency	People	EFF17	Review of support contracts	346,620	0	0	0	0
Efficiency	People	EFF18	Decreased use of B&B accommodation as temporary accommodation for 2022/23 (including associated costs) in view of current action to reduce or divert demand.	344,000	0	0	0	0
Efficiency	People	EFF19	Develop flexible support model to support people to remain at home	325,000	522,000	520,000	0	0
Efficiency	People	EFF20	Reduce transport costs through improved efficiencies	300,000	0	0	0	0
Efficiency	People	EFF21	Review exceptionally high-cost children's residential care placements to identify the optimum care arrangements for each child, reflecting their changing levels of need.	250,000	250,000	0	0	0

Category	Directorate	Ref.	Description	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency	People	EFF22	Review care at home model.	240,437	0	0	0	0
Efficiency	People	EFF23	Review the Council contribution to maintained school redundancy costs.	180,000	0	0	0	0
Efficiency	People	EFF24	Review the Independent Living Service to ensure value for money.	150,000	0	0	0	0
Efficiency	People	EFF25	Increase joint training opportunities.	150,000	150,000	0	0	0
Efficiency	People	EFF26	Use external grant funding to support staff costs	136,680	0	0	0	0
Efficiency	People	EFF27	Review of arrangements for personal budgets	110,000	110,000	110,000	110,000	0
Efficiency	People	EFF28	Increase private sector housing fees	100,000	0	0	0	0
Efficiency	People	EFF29	Review the 'Enable' services budget	88,000	0	0	0	0
Efficiency	People	EFF30	Review funding arrangements across Learning and Skills to maximise the use of the Central School Services Block (CSSB) grant funding, in line with Government guidance, to rebalance the Council contribution to the service.	86,180	0	0	0	0
Efficiency	People	EFF31	Review grants (non-statutory)	80,000	50,000	0	0	0
Efficiency	People	EFF32	Review of Day Services model.	75,000	0	0	0	0
Efficiency	People	EFF33	Improve value for money of housing security provision	74,000	0	0	0	0
Efficiency	People	EFF34	Review service model to deliver wellbeing training and capacity building offer.	66,610	0	0	0	0
Efficiency	People	EFF35	Charge for sourcing care to self funders	43,000	59,000	74,000	90,000	0
Efficiency	People	EFF36	Optimise Occupational Therapy service delivery by ending 'just checking' contract.	30,000	0	0	0	0
Efficiency	People	EFF37	Review the 'Enhance' contract	21,000	0	0	0	0
Efficiency	People	EFF38	Review of Enable	12,000	0	0	0	0
Efficiency	People	EFF39	Review of care packages jointly funded with health services	10,000	20,000	30,000	30,000	0
Efficiency	People	EFF40	Contract review for supported living	7,480	0	0	0	0
Efficiency	People	EFF41	Increase Fees and Charges relating to Day Services	7,000	0	0	0	0
Efficiency	People	EFF42	Remove use of external venues	5,000	0	0	0	0
Efficiency	People	EFF43	Reduce social care demand through family support and early interventions to prevent crisis.	0	500,000	0	0	0
TOTAL Efficiency - People				19,099,628	7,807,127	7,915,136	3,121,424	0

Category	Directorate	Ref.	Description	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency	Place	EFF44	Review PFI contract costs to secure greater efficiency	4,286,240	0	0	0	0
Efficiency	Place	EFF45	Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	2,019,310	0	-424,600	-1,547,360	-47,360
Efficiency	Place	EFF46	Increased charges for car parking including changes to permit schemes and some reduction in concessions.	2,000,000	1,561,000	0	0	0
Efficiency	Place	EFF47	Once-only use of adverse weather reserves while other savings plans are put into place.	1,561,000	-1,561,000	0	0	0
Efficiency	Place	EFF48	Review application of grant funding.	976,000	-976,000	0	0	0
Efficiency	Place	EFF49	Removal of budgets for vacant posts (avg. 3%)	818,850	0	0	0	0
Efficiency	Place	EFF50	Fees and charges increased in line with cost inflation.	426,060	0	0	0	0
Efficiency	Place	EFF51	Shopping Centres - Pride Hill and Riverside base budget reduced as not required once the demolition works begin. To be reinstated in 2026-27	265,450	265,450	0	-530,900	0
Efficiency	Place	EFF52	Reshape Planning Services to become closer to cost neutral by 2025/26	200,000	200,000	200,000	200,000	0
Efficiency	Place	EFF53	Public Health funding to increase health improvement benefits through leisure services.	140,000	0	0	0	0
Efficiency	Place	EFF54	Repurposing unclaimed developer bonds.	125,000	-125,000	0	0	0
Efficiency	Place	EFF55	Revised service structure for Communities, Leisure and Tourism functions.	105,000	48,000	-8,000	25,000	0
Efficiency	Place	EFF56	Revise Shire Services cleaning contracts to improve efficiency and reduce net costs.	100,000	0	0	0	0
Efficiency	Place	EFF57	Increased efficiency in drainage maintenance operations	100,000	0	0	0	0
Efficiency	Place	EFF58	Review of housing costs and attribution to general fund functions versus attribution to Housing Revenue Account.	80,000	200,000	0	0	0
Efficiency	Place	EFF59	Review of youth centres and other accommodation used for youth activities	69,300	0	0	0	0
Efficiency	Place	EFF60	Increased income generation by Register Office	60,000	0	0	0	0
Efficiency	Place	EFF61	Registrars and Estates increased income	50,000	100,000	93,290	0	0
Efficiency	Place	EFF62	Recovery of insurance costs (prev. agreed)	30,000	40,000	50,000	50,000	0
Efficiency	Place	EFF63	Recovery of insurance costs (additional to EFF62)	30,000	0	0	-30,000	0

Category	Directorate	Ref.	Description	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency	Place	EFF64	Enhanced income through use of Planning Performance Agreements and increased fees	25,000	25,000	25,000	25,000	0
Efficiency	Place	EFF65	Enhanced income through the commercial activities in the Natural and Historic Environment Team.	30,000	30,000	10,000	10,000	0
Efficiency	Place	EFF66	Increased income generation within Museums and Archives	10,000	5,000	5,000	5,000	0
Efficiency	Place	EFF67	Anticipated overage payments from planned Cornovii/CDL developments.	0	200,000	0	0	0
Efficiency	Place	EFF68	Increased income generation within Theatre Services	0	58,480	0	0	0
Efficiency	Place	EFF69	One off use of building control reserve (in line with reserve use guidelines; target applied in 2022/23 budget but removed from 2024/25 onwards, hence negative value)	0	-100,000	0	0	0
Efficiency	Place	EFF70	Increased income generation within Libraries	0	5,000	10,000	10,000	0
Efficiency	Place	EFF71	Self-issue software reducing library costs	0	35,000	0	0	0
Efficiency	Place	EFF72	Increased income generation within Council-operated Leisure Centres	0	5,000	10,000	10,000	0
Efficiency	Place	EFF73	Cost savings in leisure services	0	0	500,000	0	0
Efficiency	Place	EFF74	Libraries - Implementation of changes under the Library Transformation Project	0	50,000	0	0	0
Efficiency	Place	EFF75	Efficiency savings within Highways Operations	0	0	500,000	0	0
Efficiency	Place	EFF76	Reduce horticultural contract costs.	0	0	150,000	0	0
Efficiency	Place	EFF77	Change to staff charges to CDL/Cornovii (reduced charges to CDL, increased costs to the Council)	-40,980	0	0	0	0
TOTAL Efficiency - Place				13,466,230	65,930	1,120,690	-1,773,260	-47,360

Category	Directorate	Ref.	Description	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency	Resources	EFF78	Review of customer contact teams across the Council - Channel shifting to promote more streamlined and cost-efficient responses.	1,112,000	0	115,000	0	0
Efficiency	Resources	EFF79	Reduce housing benefit subsidy loss arising from use of expensive bed and breakfast accommodation (reverses budget growth from 2021/22 into 2022/23)	1,000,000	0	0	0	0
Efficiency	Resources	EFF80	Removal of budgets for vacant posts (avg. 3%)	717,730	0	0	0	0
Efficiency	Resources	EFF81	New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	645,222	0	0	-645,222	0
Efficiency	Resources	EFF82	Legal and Governance restructure to include deletion of some vacant posts and the movement of others into transformation	231,850	0	0	0	0
Efficiency	Resources	EFF83	New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Legal and Democratic).	57,330	0	0	-57,330	0
Efficiency	Resources	EFF84	New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Finance and IT).	20,740	0	0	-20,740	0
Efficiency	Resources	EFF85	Income savings from 22/23 - 26/27 Capital Strategy (ICT Equipment Replacement Fund)	130,000	0	0	0	0
Efficiency	Resources	EFF86	Contract rebates and spending reductions	129,500	0	0	0	0
Efficiency	Resources	EFF87	Operating Model - Digital County - Reduce/remove uneconomical Service Delivery	100,000	0	0	0	0
Efficiency	Resources	EFF88	Review of single person discount and housing benefit applications against data warehouse to reduce error and fraud.	100,000	50,000	50,000	50,000	50,000
Efficiency	Resources	EFF89	CCTV provision and management - Seek partner funding contributions	75,000	0	0	0	0
Efficiency	Resources	EFF90	Review of ICT contracts to streamline supplier use	50,000	0	0	0	0
Efficiency	Resources	EFF91	Full recovery of legal and other recovery costs for unpaid council tax and business rates	46,000	0	0	0	0
Efficiency	Resources	EFF92	Review use of Customer Relationship Management system	25,000	0	0	0	0

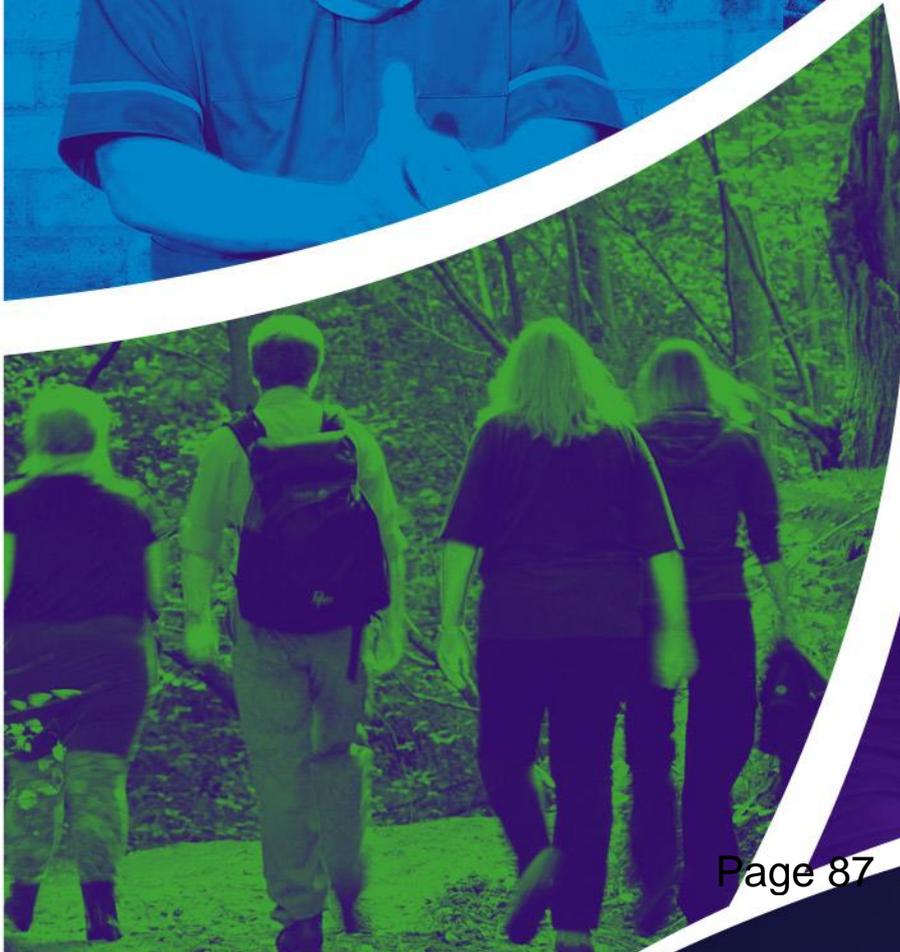
Category	Directorate	Ref.	Description	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency	Resources	EFF93	Increase fees and charges in line with cost inflation	21,000	0	0	0	0
Efficiency	Resources	EFF94	Reduce use of printers and copiers (Multi-Functional Devices - MFDs)	12,000	0	0	0	0
Efficiency	Resources	EFF95	Complete migration to SharePoint document management and sharing software	10,000	0	0	0	0
Efficiency	Resources	EFF96	SMS reminder - Debt recovery (council tax)	6,000	0	0	0	0
Efficiency	Resources	EFF97	Additional 100% premium on vacant properties	0	510,000	0	0	0
Efficiency	Resources	EFF98	Additional 100% levy on second homes	0	2,200,000	0	0	0
Efficiency	Resources	EFF99	Income generation within Audit Services (target level in 2024/25 reduced from previously agreed level)	0	-12,000	0	0	0
TOTAL Efficiency - Resources				4,489,372	2,748,000	165,000	-673,292	50,000
Efficiency	Corporate	EFF100	Review PFI contract costs to secure greater efficiency	213,760	0	0	0	0
TOTAL Efficiency - Corporate				213,760	0	0	0	0
Efficiency	Organisation wide	EFF101	Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end	5,000,000	0	0	0	0
Efficiency	Organisation wide	EFF102	Target Operating Model - sixty projects already identified but benefits not yet costed; estimated benefits of £0.050m per project.	3,000,000	0	0	0	0
Efficiency	Organisation wide	EFF103	Target Operating Model - Transformation partner delivers 4 x end-to-end process reviews yielding £0.5m per project.	2,000,000	0	0	0	0
Efficiency	Organisation wide	EFF104	Increase interest receivable budgets based on changing bank rates	1,300,000	0	0	0	0
Efficiency	Organisation wide	EFF105	Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	1,000,000	1,000,000	0	0	0
Efficiency	Organisation wide	EFF106	Budget review – treasury investment returns.	700,000	0	0	0	0
Efficiency	Organisation wide	EFF107	Contract Spend Analysis and Contract Management Review	250,000	0	0	0	0
TOTAL Efficiency - Organisation wide				13,250,000	1,000,000	0	0	0
TOTAL EFFICIENCY SAVINGS				50,973,300	11,621,057	9,200,826	674,872	2,640
TOTAL SAVINGS				51,390,300	11,941,057	9,455,826	799,872	2,640

Green Waste charges (POL09) – proposal withdrawn until there is more clarity from government (DEFRA) on the national policy direction.

Consultation on the budget, including the savings proposals for 2023/24 has taken place during December and January, and the feedback from the consultation is detailed in section 9.

Capital Strategy

2022/23 to 2027/28



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Appendix A: Programme Governance

Appendix B: Capital Programme 2022/23 to 2025/26

Foreword



Shropshire Council's Capital Strategy considers the local authority's long-term aspirations taking into account corporate objectives, affordability criteria and available resources to guide capital investment decisions over the next five years. Capital expenditure relates to long term investment in assets and differs completely from the Council's revenue budget as set out in the Council's Financial Strategy. We receive capital grants, apply for capital funding, and have the ability to raise capital finance ourselves, either by selling property and other assets that we no longer need, or by borrowing funds to support long-term investment in assets.

The Council has a limited amount of capital receipts to fund the capital programme. Furthermore, any borrowing undertaken needs to be repaid, with interest, and this creates a revenue burden. Together, and in the light of a difficult financial position, these shift the Council's capital strategy towards a more commercial footing, that being a trend towards investments that generate a return, or cover their annual costs, rather than a net revenue cost to the authority.

We have a robust process in place to test and consider all capital investment proposals with the underlying requirement that all decisions taken are affordable. The Council's Asset Management Strategy, Economic Growth Strategy and Commercial Strategy are important documents that link together with the Capital Strategy and Treasury Strategy to enable the Council to take long term and large-scale investment decisions in a balanced and well-considered manner.

James Walton

Executive Director of Resources (Section 151 Officer)

1. Introduction



- 1.1 The Prudential Code requires the production of a Capital Strategy approved by full Council each year. Section 15(1) of the Local Government Act 2003 states that in carrying out its capital finance function under the Act (including the power to invest), a local authority shall have regard to guidance issued by the Secretary of State, which includes the Statutory Guidance on Local Government Investments. This Guidance states that for each financial year, every local authority should prepare at least one Investment Strategy the content of which complies with the Guidance. The Council publishes the requirements for its Investment Strategy within the Capital Strategy in accordance with the Guidance.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised Prudential Code for Capital Finance in Local Authorities (The Code) in 2017. The objectives of the Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.
- 1.3 In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 1.4 Over the last five years there has been a growing trend for authorities to acquire land and buildings with the effect of supplementing their revenue budgets with rental income. Often these acquisitions have been supported by borrowing cheaply from the Public Works Loan Board (PWLB).
- 1.5 Questions have been asked about how these transactions fit with the guidance that has been traditionally given that borrowing to make an investment return is not permissible. The Ministry of Housing, Communities and Local Government's (MHCLG) Statutory Guidance on Local Government Investments and CIPFA's Prudential and Treasury Management codes have all been updated recently to address the implications of investment in property.
- 1.6 Alongside these updates, in November 2019 CIPFA issued additional guidance ("Prudential Property Investment") to explain the provisions in the updated Prudential Code and Framework that relate to the acquisition of properties intended to make investment returns and confirm their implications in the light of the growing activity and the changes to statutory guidance.
- 1.7 "In February 2020 Parliament reformed the statutory basis of the PWLB, transferring its lending powers to HM Treasury. In March 2020, the government consulted on revising the PWLB's lending terms to reflect these new governance arrangements, and to end the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. The government published its response to this consultation and implemented these reforms in November 2020."
- 1.8 "The government has chosen to issue guidance rather than strict definitions because of the challenges of developing strict definitions that reliably give the intended

categorisation when applied to something as diverse as local government. This is in line with the wider approach of the prudential system of recognising the complexity of the sector and drawing on the expertise of the finance director (s151 officer or equivalent) of each LA.”

- 1.9 “Each local authority that wishes to borrow from the PWLB should submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. Local authorities will be able to revise these plans in-year as required.”
- 1.10 “The PWLB guidance specifies investment assets bought primarily for yield would usually have one or more of the following characteristics:
- a. buying land or existing buildings to let out at market rate
 - b. buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification
 - c. buying land or existing buildings other than housing which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger such as the completion of land assembly”

From PWLB Guidance to Local Authorities

- 1.11 Shropshire Council will continue to ensure that focus will be on securing sustainable capital projects that fit with regeneration objectives.
- 1.12 The capital strategy has been revised to accommodate these updates and additional guidance.
- 1.13 In response to the National Audit Office (NAO) Local Authority Investment in Commercial Property” report (February 2020), recommendation by the Public Accounts Committee in July 2020 that the Prudential Framework should be reviewed and the substantial increase in commercial investment, CIPFA launched its “Proposed Changes to the Prudential Code” consultation: an initial consultation on proposals to strengthen the provisions within “The Code”. Following this consultation a revised CIPFA Prudential Code for Capital Finance in Local Authorities was issued on 20 December 2021.
- 1.14 The updated Prudential Code includes the following as the focus for substantive changes:
- The provisions in the code, which present the approach to borrowing in advance of need in order to profit from additional sums borrowed, have been strengthened. The relevant parts of the code have augmented to be clear that borrowing for debt-for yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions

do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds.

- Proportionality has been included as an objective in the Prudential Code. New provisions have been added so that an authority incorporates an assessment of risk to levels of resources used for capital purposes.
- A new requirement has been added so that capital strategies are required to report investments under the following headings: service, treasury management and commercial investments.

1.15 The capital strategy is intended to give a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.16 Capital expenditure is technically described as "Expenditure on the acquisition, creation, or enhancement of 'long term assets'". This is items of land, property and plant which have a useful life of more than 1 year.

1.17 The definition of capital investment is wider than that of capital expenditure. The Ministry of Housing, Communities & Local Government (MHCLG) Guidance on Local Authority Investment states "The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate profit, for example, investment property portfolios. For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party."

1.18 This iteration of the Capital Strategy details the outturn position for 2021/22, the current approved Capital Programme covering the period 2022/23 to 2025/26 and summarises future proposed but currently unapproved capital schemes anticipated to commence over the period 2023/24 to 2027/28.

1.19 The Capital Strategy will continue to develop over the coming years as greater certainty over Council resources and responsibilities is ascertained. In the interim, Shropshire Council will continue to adopt a strategic approach to address challenges arising as a result of the pandemic, particularly in relation to Capital Schemes. It is anticipated that, in the fulness of time, the arrangements and ambitions set out in this document will be refined to appropriately reflect the nature of Shropshire Council's Capital Strategy over a 5 to 20-year planning horizon.

2. Objectives

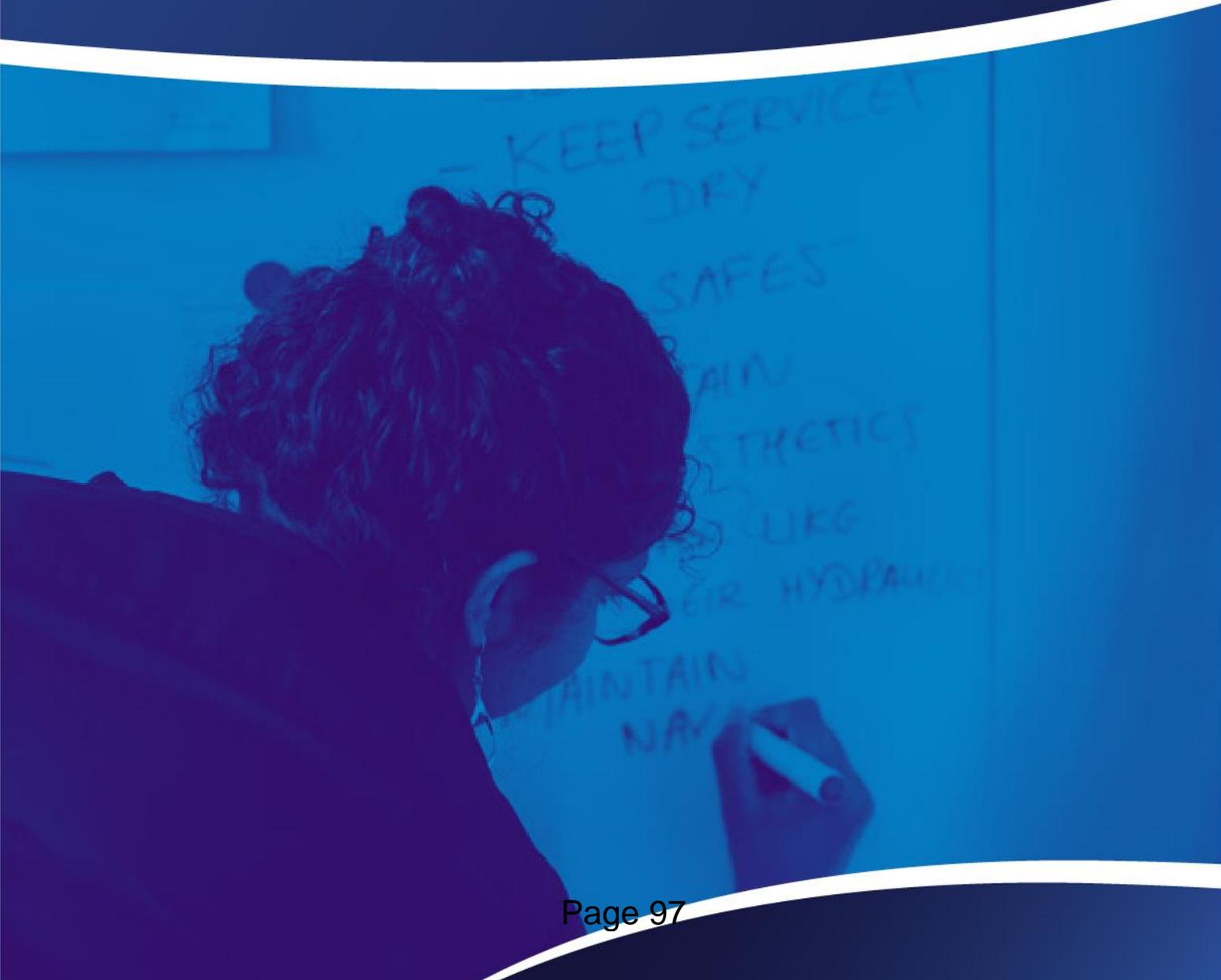


On 12th May 2022, the Council approved the Shropshire Plan which sets out its vision and key priorities for the coming years. This document will now help shape where the Council prioritises its activities and the Capital Strategy will be closely aligned to the Shropshire Plan to ensure that the Council resources are deployed to only those areas of priority.

The Council’s Capital Strategy has the following objectives.



3. Asset Management Planning



3.1 The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The latest Asset Management Strategy 2020 – 2025 sets out a portfolio approach and defines five key areas. The five portfolios set out the definition of how and why the property and land is held and for what purposes:

- **Operational** - Efficient, suitable, and fit for purpose accommodation for the future delivery of public services.
- **Heritage** - Community infrastructure for the future, the Council as custodian, manages and invests in these assets for future generations.
- **Development and regeneration** - Appropriate intervention and enablement to deliver economic growth.
- **Investment** - In support of the Council's Commercial Strategy, maximising income generating opportunities through appropriate and effective property investment.
- **Disposal** - To divest, reduce revenue burden and fuel the Council's capital programme.

3.2 Asset management is an important part of the council's business management arrangements and is crucial to the delivery of efficient and effective services, the ongoing management and maintenance of capital assets will be considered as part of the strategy. The asset management planning includes an objective to optimise the council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.

3.3 The Council's Asset Management Strategy sets out the requirements for the continued capital investment in its estate to ensure that it is maintained appropriately to manage and mitigate against financial risk from health and safety breaches and / or failure of its landlord responsibilities incurring significant financial burden.

3.4 The Council's Asset Management Strategy sets out the requirement for the continued capital investment in its estate to ensure that the revenue income emanating from its property is protected and durable for future years.

3.5 The council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions.

3.6 When a capital asset is deemed as surplus, it may be sold so that the proceeds, known as capital receipts, can be spent on planned capital expenditure. Repayments of capital grants, loans and investments also generate capital receipts. The Council already has budget commitments within the current capital programme of projects expected to be funded from capital receipts. At Quarter 3 2022/23 the current position of expected capital receipts against budget commitments is as follows:

Detail	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Corporate Resources Allocated in Capital Programme	7,820,881	12,079,762	10,988,707	6,952,293
Capital Receipts used to finance redundancy costs	1,000,000	987,873	-	-
To be allocated from Ring Fenced Receipts	4,881,185	6,721,370	4,000,000	21,170,916
Total Commitments	13,702,066	19,789,005	14,988,707	28,123,209
Capital Receipts in hand/projected:				
Brought Forward in hand	18,273,484	10,412,146	(8,960,858)	(23,949,565)
Generated 2022/23YTD	4,572,461	-	-	-
Projected - 'Green'	1,268,267	416,001	-	495,000
Total in hand/projected	24,114,212	10,828,147	(8,960,858)	(23,454,565)
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(10,412,146)	8,960,858	23,949,565	51,577,774
Further Assets Being Considered for Disposal	10,087,408	19,530,044	14,847,453	2,000,000

"Green" indicates disposals that are highly likely to be completed by the end of the financial year.

3.7 The previous table demonstrates that by 2025/26 the Council will require £51.578m of generated capital receipts to meet its current liabilities within the approved capital programme. Of this budget requirement £46.465m of assets have been identified as surplus to requirements with the potential to dispose, which even if realised would not fully resolve the currently projected shortfall in capital receipts of £5.113m. Additionally, a significant proportion (£26.580m) of these disposals are currently RAG rated "Red", meaning that therefore potentially resolving the funding shortfall. Considerable work will be required to realise these receipts and minimise the funding shortfall.

3.8 Asset Management Planning needs full consideration as part of the Capital Strategy to fund future projects that are deemed unsuitable to be funded from Prudential Borrowing as they neither generate new income nor create revenue savings that will fund the resulting MRP requirement. At the point of considering such projects for inclusion in the Capital Programme, asset disposals to fund these projects will form part of the full appraisal process.

4. Governance Arrangements



- 4.1 To ensure that available resources are allocated optimally and deliver value for money, investment programme planning is, whilst having its own approval process, determined in parallel with the service and revenue budget planning process within the framework of the Financial Strategy.
- 4.2 New programmes of expenditure will be appraised along with other investments and grant allocation programmes following a clearly defined gateway process. The authority will make use of internal officer experience supported by external professional advisors where necessary to ensure robust investment decisions are made. This advice will cover financial, legal, property and economic outcomes through appropriate appointments.
- 4.3 The authority has an appraisal mechanism in place which will seek to ensure that there is an integrated approach to addressing cross-cutting issues, both internal and external to the authority, developing and improving service delivery through transformation and its investment in pursuance of the authority's over-arching aims. The appraisal mechanism and governance process is currently under review, however in the meantime, the governance arrangements as listed below will continue. This includes Officer Groups which bring together a range of service interests and professional expertise, including:
- Democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the Capital Programme.
 - A Capital Investment Board (CIB) which will oversee the investment portfolio. It is supported by a matrix group of officers of all specialities that will continue to appraise all business plans using independent external advisors if necessary. This will assist the making of investment decisions based on full site investigations, due diligence, funding package, undertaking full risk and reward assessments, lifetime costings, asset replacement and monitoring the outcome and reviewing those projects already in progress.
 - The Strategic Programme Officer Group (SPOG) overseeing and reviewing business cases for investments prior to sign off and for submission to Capital Investment Board and Cabinet/Council approval.
 - Specific Project boards of management groups with wide ranging membership to oversee significant development projects as required.
- 4.4 For projects and programmes an Expression of Interest (EOI) will be submitted that needs to include the investment levels required, source of funding, outcomes to be delivered, risk assessments, appropriate due diligence, repayment mechanisms, revenue impacts and full lifetime costings. These will be scored against an agreed weighting and appropriate recommendations made to the SPOG.
- 4.5 Subject to the EOI proposal being approved a detailed Outline Business Case (OBC) will be submitted and appraised in line with the Council approved methodology of the Treasury 5-case model, prior to a Full Business Case being completed and appended

to a Council report. A suite of template documents is appended to the OBC to ensure a consistent approach to project delivery. These include:

- Risk Register.
- Cash Flow Modelling.
- Gantt Chart for project timeline.
- Project Board Terms of Reference and Agenda.
- Procurement considerations.
- Project closure report.

- 4.6 Under certain circumstances, as specified in the Commercial strategy, an alternative approach is necessary for spending decisions from the approved regeneration investment fund. Officers negotiating commercial deals are aware of the core principles of the Prudential Framework and the regulatory regime through the provision of appropriate training and advice.
- 4.8 Officers and Members involved in the decision-making process in relation to proposed projects and programmes will have the appropriate capacity, skills, and information to enable them to take informed decisions to acquire specific investments, to assess investments in the context of the Council's strategic objectives and risk profile and to understand how decisions have changed the overall risk exposure of the Council.
- 4.9 This assurance will be secured through the provision of relevant training and advice, detailed scheme business cases, financial appraisals and regular monitoring and review of the Council's overall investment position.
- 4.10 A summary of the programme governance is detailed in Appendix A.
- 4.11 Future monitoring of the programmes will include more rigorous expenditure profiling, outcome achievements, delivery against timetable, returns, risk assessments and completion reviews for each project.
- 4.12 Quarterly Capital Programme reports will continue to be submitted to Cabinet that identify changes to the approved programme to reflect:
- New resource allocations
 - Rescheduling in programme delivery
 - Programmes reduced or removed
 - Virements between schemes and programmes to maximise delivery.
 - Revisions to spend profile and funding to ensure ongoing revenue costs are minimised.
 - Monitor the funding of the programme
 - Capital receipts generated

5. Investment Approach



- 5.1 Underlying the Capital Strategy is the recognition that the financial resources available to meet capital expenditure priorities are constrained by a significant reduction in financial resources. The Council must therefore rely on internal capital resources including borrowing or external funds and seek ways in which all investment decisions, relating to either single schemes or defined programme of schemes, are no less than self-sustaining financially whilst generating significant positive returns in terms of meeting priorities.
- 5.2 The Council’s approach to investment will reflect those investments made into the delivery of services and those designed for a wider economic basis. A balanced portfolio approach to investment will ensure an overall net average return reflecting some investments will yield higher returns than others and limit exposure to volatility in any one area.
- 5.3 All potential projects identified for investment can be classified in one of the following three categories:
- Commercial
 - Transformation
 - Economic Growth
- 5.4 The priority capital investments as identified in Sections 8 and 10 are summarised in these 3 categories of investment below which demonstrates the balanced approach to investment within the capital strategy.

Investment Category	Estimated Capital Cost £m
Commercial	14.941
Transformation	134.061
Economic Growth	167.762

6. Current Capital Programme



6.1 The current projected capital programme is shown below in summary with the full detailed programme included as Appendix B. It includes all projects that have proceeded to approval stage, either via delegated powers or full Cabinet and Council recommendation approvals. It also includes estimates for capital grants for 2023/24 and beyond where there is an expectation that grant funding will continue, such as Highways Maintenance and School Maintenance Grants.

Table 6.1: Current Capital Programme Expenditure Budget					
	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Projection	Estimate	Estimate	Estimate
	£ m	£ m	£ m	£ m	£ m
Non HRA Capital Expenditure	75.1	88.4	83.6	85.3	44.0
HRA Capital Expenditure	8.1	18.0	20.5	15.1	13.3
Commercial activities/non financial investments	0.2	10.7	10.6	11.0	0.0
Total Capital Expenditure	83.3	117.2	114.7	111.4	57.3

6.2 Table 6.1 above shows the expected capital programme budget as at Quarter 3 2022/23. It will be revised following completion of the 2022/23 capital closedown procedure when final figures are established, which may result in slippage of budgets from 2022/23 into 2023/24.

6.3 The Council may also receive additional grant notifications throughout the financial year or if bids are submitted for additional grant funding as the year progresses. These changes will be reported as part of the quarterly finance strategy reporting.

6.4 There are several projects being considered that are being processed via the appraisal mechanism that is in place. As these projects have not completed the full cycle of appraisal, they are not included in the capital programme budget above but are informed as part of the prioritised projects discussed in section 8, where the impact of having additional budget requirements, and the resulting effect on the Capital Financing Requirement against prudential indicators is fully assessed. As these projects progress through both the appraisal process and the Councils governance requirements they will be added into the capital programme.

7. Funding the Current Ca



7.1 There are several sources of funding the Council can use to finance its Capital Programme. The Current Programme is funded from the following sources:

- Capital Receipts
- Prudential Borrowing
- Developers Contribution (S106, CIL)
- Revenue Contributions
- Capital Grants
- Cash Balances / Internal Borrowing

7.2 **Capital Receipts**

Capital Receipts come from the sale of the Council's assets. If the disposal is Housing Revenue Account land or property, then the whole receipt is not available to support the capital programme as a percentage must be paid over to the MHCLG. Where the sale of an asset leads to the requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, capital receipts will be available to support the capital programme as a corporate resource. Where the asset has been funded from prudential borrowing a review will be undertaken to determine whether the most cost-effective option is to utilise the receipt to repay debt, considering the balance sheet position of the authority.

7.2.1 **Flexible use of Capital Receipts**

The 2015 Comprehensive Spend Review (CSR) announced that local authorities will be allowed to spend up to 100% of capital receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. Instead of holding assets that could be made surplus, councils will be able to sell them to reinvest in their services. Guidance relating to specific conditions, number of years that this will be offered and the qualifying criteria for a 'reform' project was issued as part of the Final Local Government Settlement on 11th March 2016. The key points included:

- The direction originally only related to new receipts received in the period 1st April 2016 to 31st March 2019 that could be applied to meet the revenue costs of reform incurred in the same timeframe. This has since been extended to 31st March 2025.
- The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to the authority's net service expenditure and is expenditure on a project where incurring upfront costs will generate ongoing savings; and
- Individual authorities demonstrate the highest standards of accountability and transparency.
- Examples of qualifying expenditure include the sharing of back office and administrative services; investment in service reform feasibility work; collaboration between central and local government to free up land for economic use; funding the cost of service reconfiguration or restructuring

leading to ongoing efficiencies; sharing Chief Executives; driving a digital approach; aggregating procurement on common goods; improving systems and processes to tackle fraud; setting up commercial or alternative delivery models to deliver services more efficiently or increase revenue income; and integrating public facing services across two or more public sector bodies

7.2.2 HRA Right to Buy Receipts

In most cases there will be no ring fencing of capital receipts to specific projects. One exception to this is the retained Right to Buy (RTB) receipts held by the Council under the agreement signed in June 2012 and amended in June 2013. Under this agreement any retained RTB receipts, which are not used for the specific purpose of providing replacement affordable housing, must be returned to MHCLG.

7.3 Prudential Borrowing

The Council will investigate opportunities to resource capital projects using prudential borrowing where plans are sustainable, affordable, and prudent. Full appraisal will take place to ensure that, where appropriate, sufficient revenue returns are generated to cover the cost of borrowing.

Where it is considered that prudential borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be built into the revenue budget planning process. There are various debt instruments available for financing prudential borrowing and these are explored in detail in the Treasury Management Strategy.

The PWLB remains the Council's preferred source of long-term borrowing given the transparency and control that its facilities continue to provide. The Council qualified for borrowing at the 'Certainty Rate' (20 basis points, i.e., 0.20%, below the PWLB standard rate) for a twelve-month period from 01/04/2022 to 31/03/2023, through its application to MHCLG.

7.4 S106 Developer Contributions

S106 agreements are made with developers / landowners as part of the planning approval process to ensure that new development mitigates its own impact and provides the necessary infrastructure to support it.

These contributions are site specific or can be 'pooled' for a maximum of 5 site specific projects. Any contributions received are 'ring-fenced' for the purpose as set out in the relevant S106 agreement and are applied to fund schemes within the relevant capital programme once an eligible scheme has been identified.

S106 contribution agreements have covered all types of infrastructure including transport, affordable housing, play areas, open spaces, playing fields, public realm, and public art. However, since the Council adopted CIL the planning obligations sought

within S106 agreements have been scaled back to deal with only site-specific requirements, as required by the CIL Regulations. Pooled contributions previously sought for strategic transport, public realm and public open space related obligations are now dealt with by CIL.

The S106 contributions are time limited in that if they are not spent within an agreed timescale, typically 5 - 10 years, dependent on what has been agreed in the S106 agreement and any funds not spent in line with the agreement would have to be repaid to the developer, which, may include interest.

Consideration of available S106 funding should be taken into account when agreeing, for example, the roads programme for future years to maximise the use of the available funding and reduce the reliance on other sources of funding, predominantly borrowing. With the exception of funding for affordable housing the other pooled S106 obligations, such as Strategic Transport, Public Realm and Public Open Space will become zero over time as the CIL continues to be applied.

7.4.1 Proposals for a New Levy on Developer Contributions

The government has consulted on plans to radically shake-up the process of negotiating developer contributions via an overhaul of the current system. The proposals would introduce a new infrastructure levy to replace the system of securing developer contributions towards affordable housing, roads, and schools. The proposed levy would replace planning obligations, negotiated with developers through S106 agreements and CIL with a rate set nationally as a fixed proportion of a developments final value and charged at the point of occupation. Developments below a certain threshold would be exempt to protect the viability of smaller sites.

7.4.2 Community Infrastructure Levy (CIL)

CIL contributions are determined by set rates as detailed within the Council's CIL Charging Schedule and based on the amount of floor space being created by the development. CIL can be used to fund a wide range of infrastructure that is needed as a result of new development but is not site specific, giving more flexibility in where the funding can be used in geographical terms.

The CIL does not replace the requirement of S106 contributions. S106 contributions will still be relevant and will be sought alongside CIL.

The Planning Act and subsequent Community Infrastructure Levy Regulations 2010 (as amended) says that authorities can only spend CIL on providing infrastructure to support the development of their areas. This includes flood defence, open space, recreation and sport, roads and transport facilities, education, and health facilities. However, it does not include affordable housing, which will continue to be funded by S106 obligations.

7.5 Revenue Contributions

An element of the revenue budget can be set aside to fund the capital programme (Direct Revenue Financing). However, with increasing General Fund revenue pressures these amounts available are reducing. A service or school may wish to offer some of its revenue budget to support the financing of a capital project. This is acceptable if it can be demonstrated that this funding is unfettered.

7.6 Capital Grants

7.6.1 Government Grants

Capital resources from Central Government can be split into two categories:

- *Non-ring fenced* - resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose). This now encompasses the vast majority of Government funding and the Council will initially allocate these resources to a general pool from which prioritised schemes can be financed.
- *Ring-fenced* - resources which are ring fenced to particular areas and therefore have restricted uses, specified by the funder.

7.6.2 Non-Government Contributions

Where there is a requirement to make an application to an external agency to receive external funding, and when appropriate to commit Council resources as matched funding to any bid for external resources, a business case should first be presented for consideration to the CIB. The business case must demonstrate how the project aligns to Council's priorities and how matched funding and any revenue consequences can be managed within the context of the capital and revenue budget.

7.7 Cash Balances/Internal Borrowing

The term Prudential Borrowing above does not automatically lead to external borrowing as the Council may be able to use cash it holds in reserves and as working capital which is usually termed internal borrowing.

7.8 Funding Summary of the Current Capital Programme 2021/22 - 2025/26

The current projected capital programme is financed as follows:

Table 7.1: Financing of the Capital Programme					
	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Projection	Estimate	Estimate	Estimate
	£ m	£ m	£ m	£ m	£ m
Capital Receipts	2.7	7.8	12.1	11.0	7.0
Capital grants	57.7	47.5	48.8	58.9	30.5
Other Contributions	4.9	15.1	7.2	5.9	2.1
Major Repairs Allowance	3.3	4.1	4.8	4.8	5.0
Revenue Contributions	2.0	5.2	0.7		3.3
Prudential Borrowing	11.7	35.4	41.1	30.8	9.4
Total Financing	82.3	115.1	114.7	111.4	57.3

Over time all debt whether it be internal or external borrowing must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). The Council is required to make an annual MRP statement which is included within the annual Treasury Management Strategy report. The project appraisal process ensures that all projects that are not fully funded from secured grants or capital receipts are assumed to be funded from Prudential Borrowing and must demonstrate that any future borrowing requirement is affordable and sustainable within the requirements of the project.

The current MRP budget requirements based on the estimated capital programme above are as follows:

Table 7.2: Capital Programme MRP Budget Requirement					
	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Projection	Estimate	Estimate	Estimate
	£ m	£ m	£ m	£ m	£ m
MRP (Excluding PFI / Finance Leases)	5.1	6.3	6.8	7.4	7.7

8. Capital Project Prioritisation & Future Schemes



- 8.1 The main objective for the introduction of the Capital Strategy requirement was in response to the major expansion of local authority investment activity into the purchase of non-financial investments, particularly property. The capital strategy therefore requires local authorities to assess investments over the long-term as opposed to the usual three years that planning has been conducted over.
- 8.2 Section 6 of this strategy summarises the current approved capital programme for the three years to 2025/26. The projects included within this programme have progressed through the governance process and are deemed to have been assessed fully to ascertain the outcomes of the project against criterion of risk and reward.
- 8.3 In order to comply with the requirement to consider capital expenditure over a medium to long-term period and to determine the financial sustainability of the authority, focusing on the affordability of the capital programme, Shropshire Council has compiled a planned programme of capital schemes that are proposed but have yet to complete the full due diligence process.
- 8.4 The prioritised list of projects included in the February 2022 Capital Strategy has been reviewed and where funding has now been agreed, these have been moved into the Capital Programme..
- 8.6 In February 2022, the schedule of all proposed capital schemes totalled £405.691m, of which £296.748m was anticipated to be funded through borrowing.
- 8.7 Progression of all these proposed schemes would result in a revenue impact of £16.106m by 2027/28 arising from the costs of borrowing. This is unaffordable and as a result Cabinet undertook their own scrutiny in 2021/22 and determined a schedule for those aspirational capital schemes deemed to be current priorities. These schemes are detailed in Appendix C and are summarised by portfolio holder in Table 8.1 below. This list of priority list of projects will be reviewed during 2023/24 in a mid-year review of the Capital Strategy to consider which schemes should be taken forward.

Table 8.1: Aspirational Schemes Estimated Costs	
Portfolio Holder	Estimated Scheme Costs £m
Communities, Place, Tourism & Transport	44.102
Children & Education	11.954
Resources	4.285
Adult Social Care, Public Health & Assets	5.000
Economic Growth, Regeneration & Planning	119.973
Physical Infrastructure, Highways & Built Housing	116.509
Total	301.823

- 8.8 Those schemes not detailed in Appendix C will form the basis of a set of pipeline aspirational projects for development over a longer term. The estimated capital cost of these schemes is £103.868m.
- 8.9 The total scheme costs detailed in Table 8.2 are initial estimates only and these are highly likely to change as more work is undertaken to develop robust business cases on an individual project basis including full options appraisal and detailed costings.
- 8.10 The schemes detailed in Appendix C have total estimated capital cost of £304.521m of which £90.542m is currently anticipated to require funding through borrowing. The revenue impact of this level of borrowing will be £4.914m by 2027/28 assuming an interest rate of 2.5% over 25 years. The viability of this revenue pressure is reasonable compared to the previously determined revenue impact of £16.106m.
- 8.11 Table 8.2 below summarises the projected borrowing requirements associated with the capital schemes detailed in Appendix C together with the revenue impact of these schemes as reflected by an additional MRP requirement.

Table 8.2: Projected Borrowing Requirement & MRP Liability of Agreed Prioritised Capital Schemes								
	2021/22 £ m	2022/23 £ m	2023/24 £ m	2024/25 £ m	2025/26 £ m	2026/27 £ m	2027/28 £ m	Total £ m
Projected Borrowing Requirement	4.0	21.9	18.2	27.7	13.2	2.6	0.0	87.6
Projected Year on Year MRP Liability	0.2	1.2	1.0	1.5	0.7	0.1	0.0	4.8
Projected Cumulative MRP liability	0.2	1.6	1.3	2.0	0.9	0.2	0.0	6.1

- 8.12 The projected borrowing costs of £4.914m associated with borrowing of £90.542m is ostensibly a revenue pressure, although it is likely that projects may generate additional capital receipts, other income or reduce existing costs to reduce the estimated borrowing costs. The prioritised projects are not sufficiently developed at this stage to provide any clarity in relation to potential capital receipts, additional income or existing revenue budget savings or pressures. These factors will be identified during the development of the project business cases. Consequently, the currently calculated revenue impact of borrowing has not been adjusted for any of these factors and should represent the maximum revenue impact. The additional MRP requirements identified in Table 8.2 above will need to be incorporated in revenue budget setting from 2023/24 onwards in line with the profile identified in the Table 8.2. The affordability of this impact must be realistically appraised in light of other competing budget pressures.
- 8.13 Borrowing is only one element of the funding required to finance the Agreed Prioritised Projects. Other additional funding sources are targeted to finance these projects as detailed in Table 8.3.

Table 8.3: Targeted Funding Sources	
	Total £'000s
External Grants	23.2
S106 Developer Contributions	24.2
CIL Developer Contributions	6.1
Revenue Contributions	1.1
Borrowing	87.6
Capital Receipts (Asset Disposals)	19.8
HRA	3.5
Alternative Funding Options	136.3
Total Funding	301.8

- 8.14 The targeted funding sources includes a significant level of capital receipts (£28.047m) to be realised from asset disposals. These capital receipt requirements are additional to those highlighted at paragraph 3.6 of Section 3: Asset Management Planning with the exception of £19.846m required for the North West Relief Road (NWRR) scheme. In the interests of prudence this capital receipt requirement of £19.846m has already been built into the capital receipt projections discussed in Section 3 at paragraph 3.6. Capital receipts totalling £76.603m are required to fund the currently approved capital programme including the £19.846m requirement and at present £25.023m of asset

disposals have been identified. A further £46.464m are being considered for disposal, therefore if these receipts are realised however a further £5.116m are required to fully fund the existing capital programme. Therefore there is no additional funding available within capital receipts to support the priority schemes.

- 8.15 Alternative funding sources totalling £139.611m are being targeted as funding sources for a small number of key prioritised projects (Pride Hill Repurposing, Shrewsbury Riverside Development and Civic Centre). These alternative funding sources will be investigated and assessed by the relevant project board and must be a key consideration during development of the relevant business cases.
- 8.16 The schemes identified in Appendix C must progress through the approved capital scheme governance process as normal, with robust business cases being developed for each project. These projects and business cases must be presented and approved by Cabinet and /or Council prior to their inclusion in the Council's capital programme.
- 8.17 Progression of schemes detailed in Appendix C will provide the Council with a set of prioritised capital projects to progress over the medium term (2023/24 to 2027/28) and those not included on Appendix C will provide a set of aspirational pipeline projects for consideration and development over the longer term (2027/28 onwards).

9. Commercial Activity & Investment



- 9.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income-driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.
- 9.2 The principal reasons for Shropshire Council to buy and own property investments are to secure a continuing service objective, to directly deliver service benefits and to promote economic development and regeneration activity in the Council's area: not primarily to take advantage of market and economic opportunities. Generation of financial returns from a property investment will normally be secondary to these principal reasons and the monies generated utilised to fund services to residents. This is in line with the new PWLB reform on borrowing in Local Authorities as mentioned earlier.
- 9.3 The Council may also undertake other types of investment, such as investment property portfolios, loans to wholly owned companies or associates, to joint ventures, to local charities, or to third parties, where this is relevant to the Council's functions or management of its finances and generate income.
- 9.4 Local authorities have a range of powers available to them permitting the acquisition of property, powers to undertake income generating and commercial activity and to invest for purposes relevant to their functions, or for the purposes of the prudent management of their financial affairs (Section 12 of the Local Government Act 2011).
- 9.5 Before undertaking any commercial or investment activity, the Council will need to make sure that its proposals are legally compliant: consider any increased risk to the Council; take account of the requirement of its published strategies relevant to the project; and are compliant with other relevant statutory requirements, such as "state aid" rules, i.e., to ensure public funding is not used to subsidise commercial entities operating in a market economy.
- 9.6 Legal advice will be an early aspect of any development of commercial activities or investment projects to ensure the Council will be acting within the legislative framework in undertaking the activity and to inform good decision making. Specialist external advice will be sought as appropriate.
- 9.7 Identification of the relevant statutory powers to be relied upon may impact upon the funding available for a project, including whether the Council is permitted to borrow to fund the investment. The Council will consider the

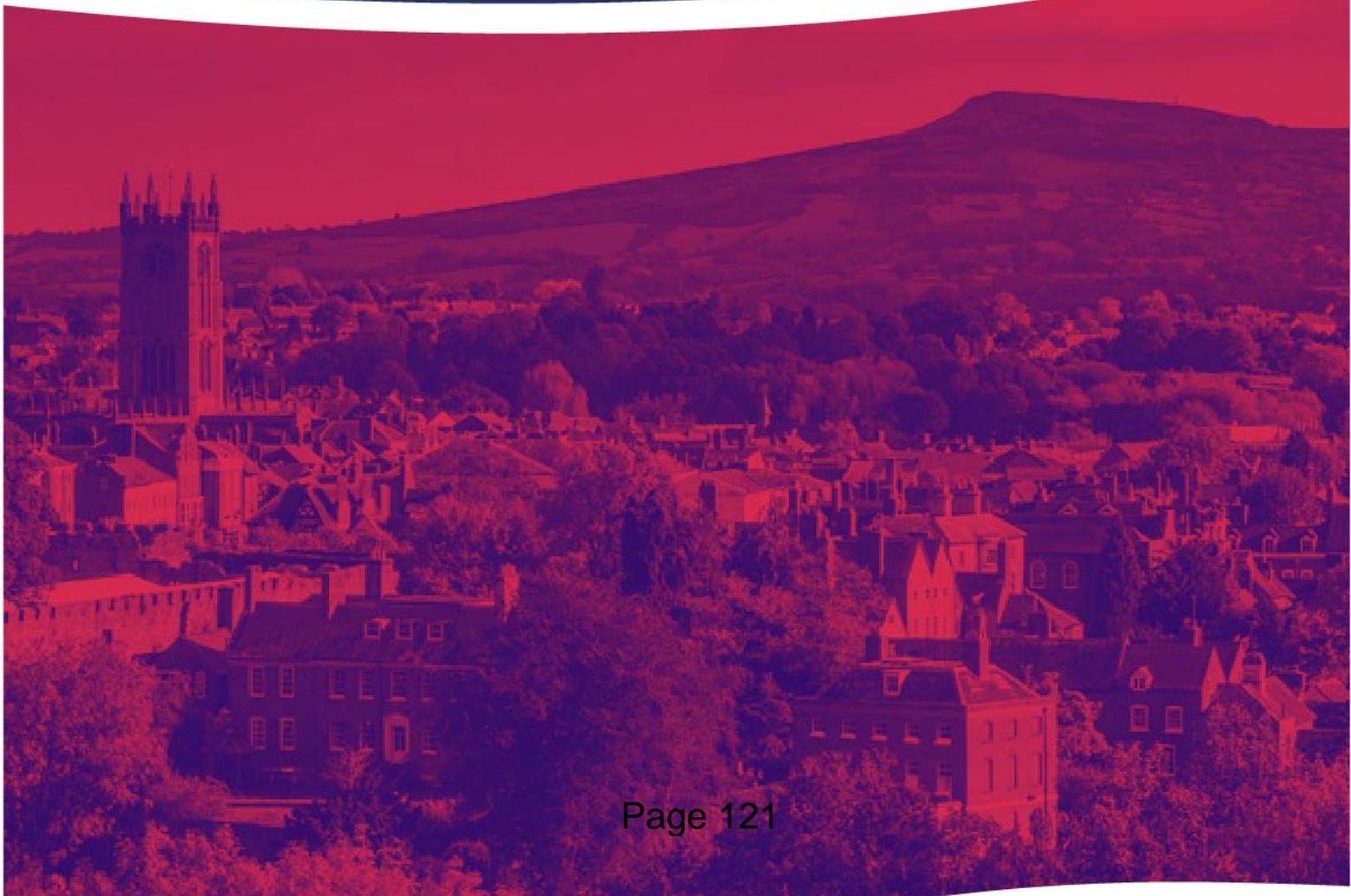
requirements of the statutory codes that comprise the CIPFA prudential framework, including the Prudential Code for Capital Finance in Local Authorities, in addition to the CIPFA guidance on Prudential Property Investment.

- 9.8 In summary, the ability to borrow for an investment will depend on the powers utilised for the acquisition. Where the Council acquires an investment property utilising a power permitting the acquisition of land and building, borrowing will be considered to fund the acquisition, however, where a power permitting the acquisition of investments has been utilised, borrowing will not be considered as a funding option where this constitutes borrowing in advance of need.
- 9.9 Although local authorities are able to acquire land and property both inside and outside their own administrative areas, the Council will limit investments to within its own administrative area.
- 9.10 Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant as has happened during the national pandemic. An example of this, within Shropshire Council's portfolio, is the Shrewsbury Shopping Centres. The pandemic has significantly impacted on the retail sector, thus impacting on Shropshire Council due to its interest in the assets.
- 9.11 The strategy makes it clear that the Council will continue to invest prudently to support service delivery and provide additional sources of income and to take advantage of opportunities as they present themselves, supported by our robust governance process.



Shropshire
Council

10. Regeneration Investment Fund & Climate Change



10.1 The Council allocated an Investment Fund to facilitate regeneration of strategic assets and contribute towards the Council's revenue outturn position. An income target of £2m per year from 2019/20 to 2022/23 was initially included in the Council's 2019/20 Financial Strategy equating to investment of £80m and cost of investment of £4.4m. The fund and income targets were revised and reprofiled to £45m and £4.5m respectively over the period 2020/21 to 2022/23 to align with actual investments undertaken to date and anticipated income realisation profiles. The total of the Regeneration Investment Fund will continue to be reviewed in light of other Council priorities.

10.2 The following table summarises the investments made to date and the remaining balance on the Investment Fund.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Approved budget allocation	20,000,000	20,000,000	5,000,000				45,000,000
Unutilised Fund Carry Forward:	0	9,609,897	25,908,427	30,817,386	20,420,423	5,983,118	
Drawn down into capital programme:							
Tannery Block C & B	-7,133,862	-311,325	-16,614	- 6,000			-7,467,801
Whitchurch Medical Practice				-2,000,000	-1,778,228		-3,778,228
Oswestry Morrisons Site		-3,390,145					-3,390,145
Oswestry Castlevue	-3,256,241						-3,256,241
Maesbury Tip Solar PV					-2,041,173		-2,041,173
Tannery Development - Block A			-62,500	-597,753	-6,353,606		-7,013,859
Shrewsbury Pitch & Putt			-11,927	-620,360	-4,264,298	-503,415	-5,400,000
15-18 English Walls, Oswestry				-3,326,850			-3,326,850
7-9 Pride Hill, Shrewsbury				-3,846,000			-3,846,000
Balance of unutilised fund	9,609,897	25,908,427	30,817,386	20,420,423	5,983,118	5,479,703	

10.3 The table shows that around 12% of the £45m regeneration investment fund is currently unallocated. The current remaining balance is £5,479,703.

10.4 All of the projects listed in the table have been approved and are included in the Capital Programme. In the past 12 months we have made two key site acquisitions in Shrewsbury and Oswestry which have contributed to the Council's bottom line whilst also progressing with the delivery of projects already previously approved. It is expected that the projects agreed in the capital programme will generate in excess of £1.8m each year from 2024/25.

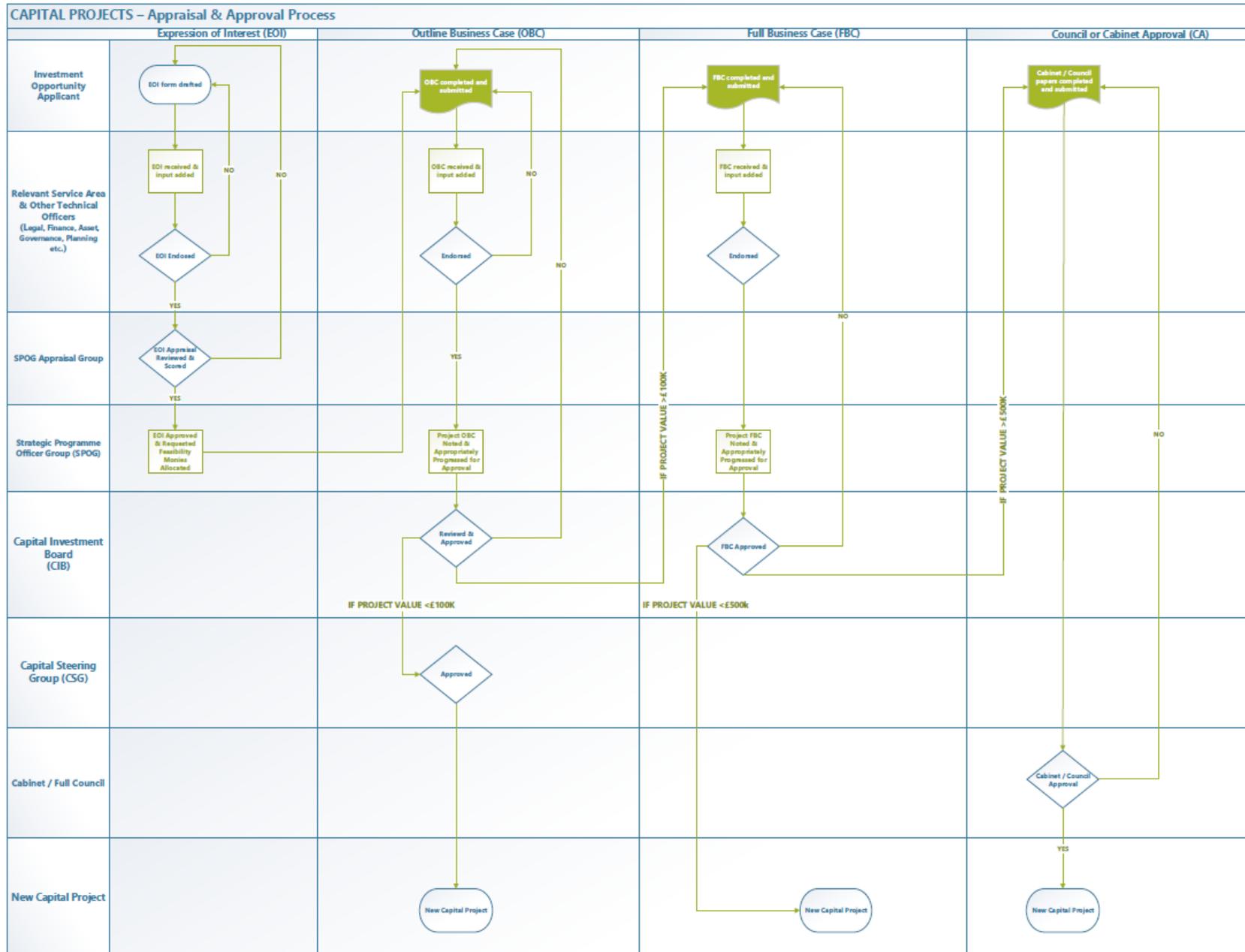
10.5 Details on progress to date for each of these approved capital projects is summarised below.

10.6 **Tannery Block C and Tannery Block B** were completed in full within the 2020/21 Financial Year with some units currently unoccupied but with active interest.

- 10.7 **Whitchurch Medical Practice** project was approved in July 2018 to provide NHS facilities in the area, and following a lengthy pause due to judicial review, is now in delivery with construction starting during 2022/23.
- 10.9 **Oswestry Morrison's Site** acquisition was completed halfway through the 2020/21 financial year. Early surrender of the lease by Morrison's in 2021/22 has led to review of options at the site. Negotiations with prospective tenants are being explored.
- 10.10 **Castle View, Oswestry** was acquired at the end of the 2019/20 financial year and has provided a gross yield in excess of 5%.
- 10.11 **Maesbury Tip Solar PV scheme** for installation of Solar PV was approved in 21/22 for £1.1m. This scheme was reviewed and expanded to increase energy capacity and financial returns at the site and a revised budget of £2.041m was approved by Council in 2022/23.
- 10.12 **Tannery Block A project** received Council approval for a land acquisition alongside future development. Options for the development of the site are being explored in light of other developments in the Town Centre area.
- 10.13 **Shrewsbury Pitch & Putt scheme** for the development of a small retail park was approved in 2021/22. Planning has been submitted for this scheme with construction expected to start in 2023/24.
- 10.14 **15-18 English Walls, Oswestry** strategic acquisition was undertaken during 2022/23, generating further income against the regeneration investment fund.
- 10.15 **7-9 Pride Hill, Shrewsbury** strategic acquisition was undertaken during 2022/23. This is a key site linked to the redevelopment of the Pride Hill Shopping Centre.
- 10.16 There are also two schemes that had received Cabinet or Council approval for funding via the Commercial Investment Fund but not proceeded being:
1. The freehold acquisition of land and property owned by a Government department being the Driver and Vehicle Licensing Agency in Ennerdale Road, Shrewsbury to support the economic growth of North Shrewsbury. Negotiations ceased when the freeholder chose to cease negotiations with the council and sell the site via the open market.
 2. The freehold acquisition of a site located between English Bridge and the Wyle Cop, Shrewsbury, and currently under occupational lease to National Car Parks (NCP) Ltd. The freeholder chose not to dispose of the land and property due to the impact of co vid and a subsequent decision was taken to retain the asset in their ownership.

10.17 **Climate Change Emergency**

Following approval of Shropshire Council's Corporate Climate Emergency Strategy, which included an Action Plan and Project Pipeline climate change projects have been progressing. In addition to Maesbury Solar PV project mentioned above there have been further projects being undertaken and embedded within the whole Capital Programme such as decarbonisation of buildings, Electric Vehicle Charging Points and improving energy efficiency across the Council's asset portfolio. The Council have been successful with obtaining external sources of funding to assist in the delivery of these Climate Change schemes and are continuing to seek further options for funding future projects.



Directorate Service Area	Revised Budget Q3 2022/23 £	2023/24 Revised Budget £	2024/25 Revised Budget £	2025/26 Revised Budget £
General Fund				
Health & Wellbeing	0	0	0	0
Public Health Capital	0	0	0	0
Regulatory Services Capital	0	0	0	0
People	25,225,543	20,639,011	17,577,384	7,399,000
Adult Social Care Contracts & Provider Capital	0	0	0	0
Adult Social Care Operations Capital	1,570,411	2,405,000	1,200,000	0
Children's Residential Care Capital	1,080,041	0	0	0
Housing Services Capital	13,781,848	4,449,000	4,149,000	4,149,000
Non Maintained Schools Capital	3,059,934	2,504,877	3,000,000	0
Primary School Capital	5,742,046	1,501,246	1,000,000	0
Secondary School Capital	517,449	21,800	0	0
Special Schools Capital	77,800	13,080	0	0
Unallocated School Capital	-603,986	9,744,008	8,228,384	3,250,000
Place Capital - Commercial Services	14,240,002	12,703,304	12,783,119	1,701,000
Corporate Landlord Capital	14,240,002	12,703,304	12,783,119	1,701,000
Place Capital - Economic Growth	7,041,631	11,081,047	8,817,520	5,371,738
Broadband Capital	995,136	3,000,000	2,200,000	1,079,945
Development Management Capital	585,234	236,069	121,500	40,500
Economic Growth Capital	4,310,609	7,296,019	6,496,020	4,251,293
Planning Policy Capital	1,150,652	548,959	0	0
Place Capital - Homes & Communities	798,529	4,654,657	5,557,237	2,067,303
Leisure Capital	723,713	4,454,657	5,357,237	2,067,303
Outdoor Partnerships Capital	74,816	200,000	200,000	0
Visitor Economy Capital	0	0	0	0
Place Capital - Infrastructure	49,382,011	44,165,793	51,557,000	27,412,000
Environment & Transport Capital	0	0	0	0
Highways Capital	46,453,935	44,165,793	51,232,000	27,412,000
Waste Capital	2,928,076	0	325,000	0

Resources	485,549	1,000,000	0	0
ICT Digital Transformation - CRM Capital	25,463	0	0	0
ICT Digital Transformation - ERP Capital	0	0	0	0
ICT Digital Transformation - Infrastructure & Architecture Capital	0	0	0	0
ICT Digital Transformation - Social Care Capital	60,688	0	0	0
ICT Digital Transformation - Unallocated Capital	399,398	1,000,000	0	0
Total General Fund	97,173,265	94,243,812	96,292,260	43,951,041
<u>Housing Revenue Account</u>	17,945,870	20,475,256	15,121,612	13,312,819
HRA Dwellings Capital	17,945,870	20,475,256	15,121,612	13,312,819
Total Approved Budget	115,119,135	114,719,068	111,413,872	57,263,860

PRIORITY CAPITAL SCHEMES SCHEDULE

APPENDIX C

Scheme Description	Estimated Capital Cost (£m)
Replacement of existing swimming provision at the Quarry with new provision within Shrewsbury.	25.000
Replacement of existing swimming provision in Whitchurch.	13.100
Programme to install self-service machines .	0.152
Development of new British Museum Partnership Gallery at Shrewsbury Museum, to develop a major new visitor attraction (only 7 other Partnership Galleries in the UK) and thus drive income generation.	1.350
To deliver improvements to Town Centre and associated public realm works.	4.500
OLDER FOR COMMUNITIES, LEISURE & TOURISM & TRANSPORT	44.102
Delivery of classroom expansion to meet Place Planning requirements.	1.126
Development of new school hall.	0.928
New Primary School requirement on former power station site subject to planning approvals.	5.100
Expansion linked to Secondary pupils from power station site.	4.400
2 class bases to support complete rebuild as part of School Rebuilding Programme.	0.400
OLDER FOR CHILDREN & EDUCATION	11.954
Shirehall Refurbishment	1.085
Equipment Replacement Fund.	3.200
OLDER FOR RESOURCES	4.285
Acquisition of suitable accommodation to provide temporary shelter and support for homeless individuals and families.	5.000
OLDER FOR ADULT SOCIAL CARE, PUBLIC HEALTH & ASSETS	5.000
Improvements to town centres & high streets	1.100
Enhancing existing cultural historic and heritage institutions offer	1.000
Capacity building and infrastructure support local groups	0.100
Demolition of the current Riverside Shopping Centre to enable future development.	4.287
Physical infrastrucutre works critical to unlocking the vital, transformational Smithfield Riverside Development Programme.	13.154
A number of projects identified within the Big Town Plan, primarily around Public Realm improvements and town centre movement.	4.280
Future development of the Pride Hill Shopping Centre.	42.433
Following on from the demolition, investment in development of the site for end use - part if the Big Town Plan.	53.619
OLDER FOR ECONOMIC GROWTH, REGENERATION & PLANNING	119.973
Linked to Phase 1 Pre Commencement Programme within the capital programme to deliver the North West Relief Road (including Oxon Link Road). This represents the Council Investment requirement that has not yet been secured at OBC Stage.	28.111
Council investment requirement above normal Highway Maintenance funding to bring the Shropshire Highways to a suitable managed condition.	31.565
Linked to Phase 1 Enabling Project within the capital programme - development of employment land to support local growth and provision of new skateboard park.	10.028
Traffic Flow Improvements and Road Safety on Oteley Road, Shrewsbury	4.500
A5191 Shrewsbury Northern Corridor between Railway Station and Heathgates Island	0.650
Future development of a new Civic Centre.	41.655
OLDER FOR PHYSICAL INFRASTRUCTURE, HIGHWAYS & BUILT HOUSII	116.509
TOTAL	301.823

Proposed Sources of Finance (£m)									
External Grants	Section 106 Developer Contributions	CIL Developer Contributions	Revenue Contributions	Alternative Funding Option	HRA	Borrowing	Capital Receipts	Total	
		0.500				24.500		25.000	
						13.100		13.100	
						0.152		0.152	
1.000						0.350		1.350	
		4.500						4.500	
1.000	0.000	5.000	0.000	0.000	0.000	38.102	0.000	44.102	
0.326		0.800						1.126	
0.328		0.300		0.300				0.928	
	5.100							5.100	
	4.400							4.400	
	0.400							0.400	
0.654	9.900	1.100	0.000	0.300	0.000	0.000	0.000	11.954	
			1.085					1.085	
						3.200		3.200	
0.000	0.000	0.000	1.085	0.000	0.000	3.200	0.000	4.285	
	1.500				3.500			5.000	
0.000	1.500	0.000	0.000	0.000	3.500	0.000	0.000	5.000	
1.100								1.100	
1.000								1.000	
0.100								0.100	
						4.287		4.287	
11.904				1.250				13.154	
3.852						0.428		4.280	
				42.433				42.433	
				53.619				53.619	
17.956	0.000	0.000	0.000	97.302	0.000	4.715	0.000	119.973	
	8.265						19.846	28.111	
						31.565		31.565	
						10.028		10.028	
	4.500							4.500	
0.650								0.650	
2.946				38.709				41.655	
3.596	12.765	0.000	0.000	38.709	0.000	41.593	19.846	116.509	
23.206	24.165	6.100	1.085	136.311	3.500	87.610	19.846	301.823	

Anticipated Borrowing Requirement Profile (£m)							
2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
	0.500	2.000	12.000	8.000	2.000		24.500
	0.622	4.421	5.357	2.067	0.633		13.100
		0.152					0.152
			0.350				0.350
							0.000
0.000	1.122	6.573	17.707	10.067	2.633	0.000	38.102
							0.000
							0.000
							0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
							0.000
	0.800	0.800	0.800	0.800			3.200
0.000	0.800	0.800	0.800	0.800	0.000	0.000	3.200
							0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
							0.000
			0.000	2.144	2.143		4.287
							0.000
	0.005	0.112	0.311				0.428
							0.000
0.000	0.005	0.112	2.455	2.143	0.000	0.000	4.715
							0.000
3.983	18.012	3.545	3.695	2.330			31.565
	2.000	5.014	3.014				10.028
							0.000
							0.000
3.983	20.012	8.559	6.709	2.330	0.000	0.000	41.593
3.983	21.939	16.044	27.671	15.340	2.633	0.000	87.610

Draft Revenue and Capital Budget 2023/24



Foreword from Lezley Picton, Leader of Shropshire Council	Page 2 - 3
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Foreword from Lezley Picton, Leader of Shropshire Council

Welcome to Shropshire Council's budget book for the 2023/24 financial year.

The last financial year has proved to be very challenging, and the budget position for the coming year will be no less so. Despite the scale of that challenge, there is a clear plan, shared between and pursued by Cabinet and the Chief Officers.

Our plan is framed by the objectives of The Shropshire Plan (TSP), and our prioritisation of services for local people. But we must also manage our money. Given the financial challenges being faced, we are promoting the most substantial savings programme ever – we will promote improved efficiency and effectiveness, removing less effective processes and replacing them with better ones, adopt good practice from elsewhere, reduce costs, seek to intervene earlier where we can to prevent crisis situations in local families, seek additional income where possible, and – within and through all of that - ensure that the staff of the council are supported to be as effective and productive, as empowered and as supported as possible.

To do this we have set in train a number of interlocked initiatives.

Within our Workforce Strategy, we have a leadership programme ('Getting Leadership Right' – GLR) and a clear statement of the values and behaviours we can expect for our staff, and which they can expect from their councillors and senior leaders ('Getting it Right' – GiR). Staff Teams are being guided by Service Delivery Plans (SDPs) and Team Plans (TPs), themselves reflected in the individual plans for each staff member, again – all linked back to TSP and the GiR values.

Peer reviews, facilitated through the Local Government Association (LGA) have looked at our situation in Finance, Scrutiny, Communications, and also supported benchmarking in Children's and Adults services. This has provided valuable 'real life' insight from fellow professionals which is helping to shape those services in the coming years.

Within the financial strategy (MTFS) we set out clearly the challenges we face and the measures proposed to address those. To secure the opportunities for improved efficiency and focus – even though we already do well – changes in the way we operate are proposed to secure improved efficiency and effectiveness.

To help deliver this 'Target Operating Model' (TOM), dedicated staff time is being identified to support changes to how we operate as a single, joined-up council.

And while we have a strong track record of savings delivery, we could – and must - do better still. To support us in achieving this, we are seeking a 'Strategic Transformation Partner' (STP), who will bring national-level expertise and capacity to support how we make improvements to the way we work.

All this is illustrated below, showing how a wide range of interlocking initiatives.

I am under no illusion over the challenge this budget clearly sets out and how hard we will need to work. But I am also confident that we have never been so well prepared.

Lezley Picton
Leader of Shropshire Council

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Figure 1 - Interlocking initiatives - our 'honeycomb'

Budget Summary



Revenue Summary

2022/23 Revised Budget £	Service Area	Budget 2023/24						Gross Income			Net Budget Requirement £
		Employees £	Third Party & Transfer Payments £	Other Controllable expenditure £	Internal Recharges £	Non Controllable costs £	Total Expenditure £	Government Grants £	Service Income £	Total Income £	
(57,866,580)	Corporate Budgets	4,347,060	10,575,980	26,494,910	4,006,390	(17,398,000)	28,026,340	(69,321,730)	(3,695,830)	(73,017,560)	(44,991,220)
2,508,140	Health & Wellbeing	5,395,650	8,679,610	(102,670)	2,768,660	669,120	17,410,370	(12,991,140)	(1,711,650)	(14,702,790)	2,707,580
200,445,890	People	66,268,510	282,969,150	24,193,210	10,311,010	10,756,170	394,498,050	(124,870,480)	(54,521,580)	(179,392,060)	215,105,990
72,531,150	Place	42,609,510	23,455,870	69,834,370	10,095,080	5,207,400	151,202,230	(5,087,280)	(67,655,070)	(72,742,350)	78,459,880
6,966,680	Resources	24,986,760	49,070,270	6,209,940	7,311,780	749,640	88,328,390	(46,717,500)	(37,034,210)	(83,751,710)	4,576,680
31,020	Strategic Management Board	816,580	0	(63,670)	239,520	15,670	1,008,100	0	(953,360)	(953,360)	54,740
224,616,300	Sub Total	144,424,070	374,750,880	126,566,090	34,732,440	0	680,473,480	(258,988,130)	(165,571,700)	(424,559,830)	255,913,650
	Less recharges *				(34,732,440)		(34,732,440)		34,732,440	34,732,440	0
224,616,300	Net Budget	144,424,070	374,750,880	126,566,090	0	0	645,741,040	(258,988,130)	(130,839,260)	(389,827,390)	255,913,650
(6,450,400)	Revenue Support Grant										(7,478,630)
(10,031,260)	Top Up Grant										(11,119,830)
(36,843,700)	Business Rates										(39,424,460)
8,994,360	Collection Fund Surplus										(4,313,680)
180,285,300	Council Tax Requirement										193,577,050
1,561.11	Council Tax (Band D)										1,639.01
11,522,000	General Fund Balances (Opening)										5,600,000
86,665,000	Earmarked Reserves (Openings)										47,003,000
98,187,000	Total Balances Held										52,603,000

* Recharges have been excluded from the Council's expenditure and income budget to ensure that the cost of these services and the recharged cost for these services are no longer both reflected in the gross budget.

Portfolio Holder Summary

		Budget 2023/24									
2022/23 Revised Budget £	Portfolios	Gross Expenditure					Gross Income				Net Budget Requirement £
		Employees £	Third Party & Transfer Payments £	Other Controllable expenditure £	Internal Recharges £	Non Controllable costs £	Total Expenditure £	Government Grants £	Service Income £	Total Income £	
123,742,670	Adult Social Care, Public Health and Communities	31,610,240	150,637,620	2,004,160	8,345,860	3,765,390	196,363,270	(16,959,730)	(45,457,390)	(62,417,120)	133,946,150
4,595,490	Growth, Regeneration and Housing	19,990,300	3,148,690	24,322,750	449,840	2,501,010	50,412,590	(3,108,190)	(36,346,230)	(39,454,420)	10,958,170
44,734,140	Climate Change, Environment and Transport	3,208,010	11,112,720	42,356,200	3,117,280	455,680	60,249,890	(3,848,060)	(11,961,330)	(15,809,390)	44,440,500
72,458,150	Children and Education	34,423,490	138,809,100	16,952,820	5,680,930	6,995,290	202,861,630	(117,841,260)	(7,344,260)	(125,185,520)	77,676,110
(52,234,280)	Finance and Corporate Resources	19,986,510	59,646,250	28,790,860	9,204,830	(16,802,440)	100,826,010	(116,039,230)	(26,322,560)	(142,361,790)	(41,535,780)
9,758,750	Culture and Digital	13,613,520	3,513,970	6,896,170	4,028,990	1,023,050	29,075,700	(1,093,600)	(17,734,340)	(18,827,940)	10,247,760
20,723,860	Highways and Regulatory Services	17,508,200	7,882,530	4,978,070	2,236,140	1,954,620	34,559,560	(98,060)	(15,234,680)	(15,332,740)	19,226,820
837,520	Policy and Strategy, Improvement and Communications	4,083,800	0	265,060	1,668,570	107,400	6,124,830	0	(5,170,910)	(5,170,910)	953,920
224,616,300	Sub Total	144,424,070	374,750,880	126,566,090	34,732,440	(0)	680,473,480	(258,988,130)	(165,571,700)	(424,559,830)	255,913,650
	Less recharges				(34,732,440)		(34,732,440)		34,732,440	34,732,440	0
224,616,300	Total Portfolio Budgets	144,424,070	374,750,880	126,566,090	0	(0)	645,741,040	(130,839,260)	(389,827,390)	255,913,650	

Portfolio	Portfolio Holder
Portfolio Holder Adult Social Care, Public Health and Communities	Councillor Cecilia Motley
Portfolio Holder Growth, Regeneration and Housing	Councillor Dean Carroll
Deputy Leader and Portfolio Holder Climate Change, Environment and Transport	Councillor Ian Nellins
Portfolio Holder Children and Education	Councillor Kirstie Hurst-Knight
Portfolio Holder Finance and Corporate Resources	Councillor Gwilym Butler
Portfolio Holder Culture and Digital	Councillor Rob Gittins
Portfolio Holder Highways and Regulatory Services	Councillor Richard Marshall
Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	Councillor Lezley Picton

Subjective Analysis

Service Area	Budget 2023/24															Net Budget Requirement £
	Gross Expenditure								Gross Income							
	Employees £	Premises £	Transport £	Supplies & Services £	Third Party Payments £	Transfer Payments £	Internal Recharges £	Non Controllable costs £	Total Expenditure £	Government Grants £	Other Grants & Contributions £	Other Income incl Fees & Charges £	Internal Recharges £	Total Income £		
Corporate Budgets	4,347,060	1,240	0	26,493,670	10,575,980	0	4,006,390	(17,398,000)	28,026,340	(69,321,730)	(796,110)	(2,644,590)	(255,130)	(73,017,560)	(44,991,220)	
Health & Wellbeing	5,395,650	3,800	63,350	(169,820)	8,679,610	0	2,768,660	669,120	17,410,370	(12,991,140)	(402,570)	(1,290,580)	(18,500)	(14,702,790)	2,707,580	
People	66,268,510	1,531,200	15,345,230	7,316,780	233,542,250	49,426,900	10,311,010	10,756,170	394,498,050	(124,870,480)	(25,704,340)	(28,124,770)	(692,470)	(179,392,060)	215,105,990	
Place	42,609,510	14,546,180	4,136,860	51,151,330	23,455,870	0	10,095,080	5,207,400	151,202,230	(5,087,280)	(3,384,320)	(49,665,650)	(14,605,100)	(72,742,350)	78,459,880	
Resources	24,986,760	45,170	85,870	6,078,900	(939,130)	50,009,400	7,311,780	749,640	88,328,390	(46,717,500)	(3,157,940)	(5,192,650)	(28,683,620)	(83,751,710)	4,576,680	
Strategic Management Board	816,580		1,680	(65,350)	0	0	239,520	15,670	1,008,100	0	0	0	(953,360)	(953,360)	54,740	
Sub Total	144,424,070	16,127,590	19,632,990	90,805,510	275,314,580	99,436,300	34,732,440	0	680,473,480	(258,988,130)	(33,445,280)	(86,918,240)	(45,208,180)	(424,559,830)	255,913,650	
Less recharges							(34,732,440)		(34,732,440)				34,732,440	34,732,440	0	
Net Budget	144,424,070	16,127,590	19,632,990	90,805,510	275,314,580	99,436,300	0	0	645,741,040	(258,988,130)	(33,445,280)	(86,918,240)	(10,475,740)	(389,827,390)	255,913,650	

Financial Strategy Summary



Financial Strategy Summary

The Final Council Financial Strategy presented to Council 2 March 2023 provides the latest projections on the Council's Resource and Expenditure projections for the period 2023/24 and the initial projections for 2024/25 to 2027/28. The following table provides a summary.

Table 1: Resource and Expenditure Projections 2023-2028

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Resources	645,741	646,324	637,800	649,655	662,034
Expenditure	645,741	647,421	639,967	652,475	665,748
Funding Gap	0	-1,097	-2,167	-2,819	-3,714
Year on Year Increase		-1,097	-1,070	653	895

The Resource Projections are based on the Final Local Government Finance Settlement received on 6 February 2023 and estimates of Local Business Rates retained locally. Council Tax will increase in 2023/24 by 2.99% and a further 2.00% relating to an Adult Services Precept.

The expenditure projections reflect the latest assumptions for inflationary growth including pay and prices which has resulted in a significant growth pressure for 2023/24 following the invasion of Ukraine and resulting economic instability. Also included within the 2023/24 budget, the Council is proposing efficiency and spending reductions of £51.39m in order to get the Council's budget on a more sustainable footing and remove the reliance on using one off reserves to balance the budget.

In delivering a balanced budget for 2023/24, the Council has agreed to use one off core grants to close and fully fund the original funding gap of £44.530m in 2023/24. Whilst the Government have provided some certainty over these core grants for 2024/25 there is still uncertainty over the longer term and so these grants are treated as one off funding rather than treating as base funding until the future funding position is known.

The table below details how the total £44.530m will be funded in 2023/24.

Table 2: Funding Gap and Savings for 2022/23

	£'000	£'000
Funding Gap:		
2023/24 Original Funding Gap	44,530	
Total Funding Gap		44,530
One off Funding:		
Rural Services Delivery Grant – One Off	-7,757	
Social Care Grant - One Off	-21,547	
Improved Better Care Funding	-9,896	
Services Grant - One Off	-2,065	
Market Sustainability and Fair Cost Fund	-3,264	
Total Funding Applied		-44,530



Shropshire
Council

Service Area

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Corporate

Corporate budgets are not a 'service' or 'support' function, but hold all budgets which are necessary requirements of the whole council. This includes budgets for treasury management (including investment and borrowings) and provides the point into which grant funding is received before onward allocation to service areas.

Corporate	£
Budget Build Up	
2022/23 Revised Budget	(57,866,580)
Growth including inflation ¹ and demography	35,850,310
Proposed savings	(13,463,760)
Virements between service areas	216,200
Non-controllable adjustments ²	(9,727,390)
2023/24 Net Budget	(44,991,220)

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Strategic Management Board

Provides strategic support in leadership of the council. Includes overall leadership of corporate initiatives such as the 'Target Operating Model' and securing a 'Strategic Transformation Partner' who will help the whole council achieve rapid improvements in overall focus, efficiency, and effectiveness.

Developments in the year will include establishing a more formal centre of operations to encompass these and other programmes of activity in a structured way.

Strategic Management Board	£
Budget Build Up	
2022/23 Revised Budget	31,020
Growth including inflation ¹ and demography	28,640
Proposed savings	(25,380)
Virements between service areas	(480)
Non-controllable adjustments ²	20,940
2023/24 Net Budget	54,740

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

2022/23 Revised Budget £	Service Area	Budget 2023/24						Gross Income			Net Budget Requirement £
		Gross Expenditure					Total Expenditure £	Government Grants £	Service Income £	Total Income £	
		Employees £	Third Party & Transfer Payments £	Other Controllable expenditure £	Internal Recharges £	Non Controllable costs £					
Corporate Budgets											
170,930	Corporate Subscriptions	0	0	187,360	1,720	0	189,080	0	0	0	189,080
3,583,800	Corporate & Democratic Core	0	0	6,410	3,928,110	0	3,934,520	0	(255,130)	(255,130)	3,679,390
2,065,570	Non Distributable Costs	1,481,280	0	2,970	44,370	(511,000)	1,017,620	0	0	0	1,017,620
(79,574,820)	Other Corporate Budgets	2,860,300	59,400	17,153,380	19,770	(16,887,000)	3,205,850	(67,799,080)	0	(67,799,080)	(64,593,230)
1,978,860	QICS PFI Unitary Charge	0	1,083,380	2,547,520	6,600	0	3,637,500	(1,522,650)	0	(1,522,650)	2,114,850
13,909,080	Treasury Management	5,480	9,433,200	6,597,270	5,820	0	16,041,770	0	(3,440,700)	(3,440,700)	12,601,070
(57,866,580)	Net Budget for Corporate	4,347,060	10,575,980	26,494,910	4,006,390	(17,398,000)	28,026,340	(69,321,730)	(3,695,830)	(73,017,560)	(44,991,220)
Strategic Management Board											
18,130	Chief Executive & PAs	736,570	0	13,640	227,610	0	977,820	0	(953,360)	(953,360)	24,460
12,890	Programme Management	80,010	0	(77,310)	11,910	15,670	30,280	0	0	0	30,280
31,020	Net Budget for Strategic Management Board	816,580	0	(63,670)	239,520	15,670	1,008,100	0	(953,360)	(953,360)	54,740

Health & Wellbeing

The vision for the directorate aligns to the Shropshire plan to create a healthy, safe and supportive communities, to achieve wellbeing for all and support Shropshire, living the best life

Following the pandemic and as the Council repositioned itself and refocused its vision taking account of the strength of the relationship between a healthy population and a healthy economy to allow us to achieve this ambition of Shropshire Living the Best Life, putting the County at the front and centre as a place to live, work and visit and let Shropshire flourish, while first and foremost protecting the populations health.

For Public Health, this is a dual approach underpinned by the Councils organisation principles:

- Protecting our populations health and creating a healthy environment through our Statutory Regulatory functions around health protection for infectious disease, food standards and safety and the environment while protecting the built environment and a strong emergency planning response; using the Councils leadership role and infrastructure to shape place, to live and
- Focusing on working with our partners and communities to build good health outcomes, in our towns and villages and to promote healthy behaviours, starting at birth, prevent and delay poor outcomes and tackling inequalities through delivery of our mandated services and functions aligned to delivery of the Statutory Health and Wellbeing and Integrated Care Strategies.

Health & Wellbeing	£
Budget Build Up	
2022/23 Revised Budget	2,508,640
Growth including inflation ¹ and demography	73,500
Proposed savings	(454,310)
Virements between service areas	9,650
Non-controllable adjustments ²	570,100
2023/24 Net Budget	2,707,580

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Public Health (Ring fenced and non Ringfenced)

The Public Health Service:

- Leads the development of a **preventative** and **early intervention approach** to keep our population healthy for longer, support self care and manage demand into specialist services to target and reduce the need for these services, including being **trauma** informed
- Is front and centre of the **emerging integrated care systems** with the NHS (ICS). Developing local placed based partnerships to lead delivery.
- Collaborative **Commissioning Opportunities**–Place based Joint Commissioning to drive efficiencies and system savings and quality outcomes. Establishing a **strong evidence base** for local decision making to have one source of an understanding of our people, communities and place (JSNA/Community and Rural Strategy/PHM) to support a focus on reducing inequalities
- Focuses on **place/community** as the heart of Shropshire. Building up from communities, and recognising communities, our VSCE and partners working together in these area as the mechanism to tackle inequalities, focus on prevention and early intervention, reducing demand for specialist services while improving outcomes and quality of life. Building on current best practice around **social prescribing**, our community and **voluntary sector and engagement**
- Uses our **statutory responsibilities** to improve health and wellbeing to ensure health is embedded in all the Councils activities and we ensure we reduce inequalities
- Develops the council's role in supporting voluntary sector development and **volunteering** - working alongside VCS partners within communities, maximising the return on social value, and making the council a great organisation to volunteer
- Collaborative **Commissioning Opportunities**–Place based Joint Commissioning to drive efficiencies and system savings and quality outcomes.
- Establishes a **strong evidence base** for local decision making to have one source of an understanding of our people, communities and place (JSNA/Community and Rural Strategy/PHM) to support a focus on reducing inequalities

Public Health Budget Build Up	£
2022/23 Revised Budget	345,980
Growth including inflation ¹ and demography	10,950
Proposed savings	(218,930)
Virements between service areas	0
Non-controllable adjustments ²	343,100
2023/24 Net Budget	481,100

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Public Health (Ring fenced and non Ringfenced)

- **High risk areas**
 - Awaiting confirmation of PH Grant allocation – later than the Council settlement – Feb.
 - Externally, fixed term funding for programmes and staffing
 - Managing demand, effectiveness and quality of mandated public health services, including: NHS Health-checks, Public Health Nursing and Sexual Health
 - Managing NHS Pay awards for Mandated services
 - Balancing use of the PH Grant for mandated functions as well as mandated services (e.g. JSNA, HWBB priorities)
 - Delivery of Shropshire Inequalities Plan - first priority of Shropshire Plan
 - Healthy Lives Social Prescribing Service is hosted by Public Health but funded via Health. Need to manage ongoing risks around funding for a large team
 - Community Outreach Wellbeing Team – supports emergencies, JSNA and health and wellbeing priorities.
 - Integration & Healthy Population Team will not have any Core Council funding from April 23.
 - Single points of failure and resilience within a very small team with a large portfolio of priorities to deliver

- 1. **Strategic Partnerships** including Corporate, STP, HWB, Workforce
 - Developing a strong corporate response to support the delivery of the Councils vision
 - Developing a strong relationships and role in the emerging integrated care system
- 2. **Areas of Focus**
 - Mental Health
 - Weight Management
 - Health in our Communities, including engagement, volunteering, infrastructure and Social Prescribing
 - Population Health Management – building a strong evidence base
 - Trauma and Adversity
 - Health in All Policies /Healthy Place
 - Inequalities Plan
- 3. **Business as usual:**
 - Joint Commissioning including Sexual Health
 - Healthcare public health (IFR, MSK, falls, Cancer, Diabetes, Urgent Care)
- 4. **Resources**
 - Developing and supporting our workforce – getting it right – culture, team, support, 1-1s etc
 - Aligning finances in a sustainable future
 - Processes and ways of working

Public Health (Ring fenced and non Ringfenced)

Key Priorities for 2023/24:

Public Health Outcomes Framework

Life Expectancy at Birth – Males & Females

Healthy Life Expectancy at Birth – Males & Female

Additional measures through:

- Public Health Outcomes Framework
- Health & Wellbeing Board
- Shropshire Integrated Place Partnership
- Contracted services KPIs
- Delivery Teams KPIs
- Shropshire Inequalities Plan

Priority name	Key indicator description and rating	Shropshire	England
Workforce	Average weekly earnings	£421.80 (2020)	£474.4
	B05 16-17 year olds not in education employment or training (NEET) whose activity is not known	7.2% (2019)	5.5%
Mental Health	E09b Excess under 75 mortality rate in adults with Severe Mental Illness (SMI)	425.6% (2015-17)	355.1%
	School pupils with social, emotional and mental health needs, % of pupils with social, emotional and mental health needs	2.12% (2020) getting worse ↑	2.70%
Children and Young People	C08a Child development % achieving a good level of development at 2 - 2 1/2 years	65% (2019/20)	83.3%
	C03b Child development % achieving the expected level in communication skills at 2 - 2 1/2 years	78.2% (2019/20)	88.9%
	C03c Child development, % achieving the expected level in personal-social skills at 2 - 2 1/2 years	84% (2019/20)	92.9%
	Children in Care	66/10,1000 (2020) ↑	67 per 10,000
Healthy weight and physical activity	C16 The percentage of adults who are overweight and obese	64.6% (2019/20)	62.8%
	C03a Obesity in early pregnancy	24.1% (2018/19)	22.1%
	C22 Estimated diabetes diagnosis rate for people aged 17+	71.4% (2018)	78%
	C03c Smoking in early pregnancy	14.2% (2018/19)	12.8%

Regulatory Services/Healthy Place

This services includes the following functions:

- Health Protection – Infection Control
- Health Protection – Food Safety, Hygiene and Standards, Health and Safety/ Accident Investigations and Animal Health
- Environmental Protection – Public Health nuisances (including ASB related complaints), noise control, Air Quality Control, Environmental Permitting, Contaminated Land and Petroleum Licensing
- Public Health and Emergency Planning – Emergency Planning Unit, Ecology, Biodiversity, Private Water Supplies, Public Health Funerals and Pest Control
- Health Protection (infection control Cell), Health in All Policies, Wider Determinants and Public Health Research

FTE -

- Environmental Resources 12.44 FTE
- Health Protection 16.9 FTE
- Environmental Protection 13.3 FTE
- Health Protection Cell (Infection Control) and Health in All Policies 2.4 FTE

Regulatory Services (NB this includes budget for Healthy Place function – 2.fte)	£
Budget Build Up	
2022/23 Revised Budget	2,162,660
Growth including inflation ¹ and demography	62,550
Proposed savings	(253,380)
Virements between service areas	9,650
	227,000
Non-controllable adjustments ²	
2023/24 Net Budget	2,226,480

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Regulatory Services/Healthy Place

Key Priorities for 2023/24:

Healthy Environment/ Healthy People

Investigate complaints of Statutory Nuisances and related Anti-Social Behaviour e.g., noise, dust, odour, fumes, pests, accumulations

Provide advice to Development Management on all applications where necessary, regarding the potential impact of chemical contamination on proposed developments, and of the impact of noise and other pollution on residential amenity

Carry out statutory Inspections of permitted industrial and commercial sites that emit pollutants in accordance with a risk-based inspection programme as set out in the statutory guidance

Carry out statutory inspections of petrol storage sites in accordance with a risk-based inspection programme

Provide proportionate advice to support the Development Management function in relation to biodiversity and ecology matters for planning applications, listed building applications, screening opinions, conservation area consents and development

Facilitating and supporting the Draft Shropshire Local Plan examination (2016-2038)

As required by the Environment Act 2021, work collaboratively with key stakeholders, to develop and implement a Local Nature Recovery Strategy (LNRS)

Healthy Economy/ Healthy People

Carry out statutory inspections of high/medium-risk food businesses that are subject to planned inspections, to ensure compliance with food hygiene and safety

Achieve a high rate of 'Broadly Compliant' high/medium- risk food businesses within Shropshire (i.e., a Food Hygiene Rating Score of 5,4 or 3)

Carry out statutory inspections of high-risk Feed businesses that are subject to planned inspections, to ensure compliance with Feed Hygiene Legislation

High risk H&S reportable (RIDDOR) incidents investigated in accordance with HSE protocol

Creation of a fully resourced Health Protection Cell, capable of flexing and surging capacity to meet changing infection control demands

Promote and encourage Health in All Policies across the Council

Work with all partners to support the embedding of Health Impact Assessments (HIA's) into relevant place- based developments

2022/23 Revised Budget	Service Area	Gross Expenditure						Gross Income			Net Budget Requirement
		Employee Related Costs	Third Party & Transfer Payments	Other Controllable expenditure	Internal Recharges	Non Controllable costs	Total Expenditure	Government Grants	Service Income	Total Income	
£		£	£	£	£	£	£	£	£	£	£
Public Health - Non-Ringfenced											
2,162,160	Regulatory Services	2,251,900	0	196,910	(222,570)	281,140	2,507,380	0	(280,900)	(280,900)	2,226,480
17,730	Substance Misuse	0	0	0	18,540	0	18,540	0	0	0	18,540
144,670	Children & Young People's Public Health	111,680	0	9,270	(95,800)	20,850	46,000	0	(2,840)	(2,840)	43,160
1,610	Health Watch	0	162,000	0	1,620	0	163,620	(162,000)	0	(162,000)	1,620
140,930	Shropshire Partnership	279,750	0	(46,990)	(84,740)	32,000	180,020	0	(100,570)	(100,570)	79,450
1,120	Community Safety	(370)	0	0	3,570	7,440	10,640	0	0	0	10,640
2,468,220	Total Public Health - Non-Ringfenced	2,642,960	162,000	159,190	(379,380)	341,430	2,926,200	(162,000)	(384,310)	(546,310)	2,379,890
Public Health - Ringfenced											
580,910	Public Health Children & Young People	0	4,356,320	11,660	2,430	0	4,370,410	(3,644,290)	0	(3,644,290)	726,120
(5,466,780)	Public Health General Management	1,163,350	0	(460,130)	2,988,090	132,910	3,824,220	(9,130,850)	0	(9,130,850)	(5,306,630)
734,130	Help to Change	1,390,480	80,000	164,850	116,770	169,470	1,921,570	0	(1,047,340)	(1,047,340)	874,230
1,293,960	Sexual Health	(370)	1,262,520	2,840	10,770	7,440	1,283,200	0	0	0	1,283,200
62,440	Health Intelligence	118,890	0	2,130	8,360	7,920	137,300	0	0	0	137,300
2,835,260	Substance Misuse	80,340	2,818,770	16,790	21,620	9,950	2,947,470	(54,000)	(280,000)	(334,000)	2,613,470
39,920	Total Public Health - Ringfenced	2,752,690	8,517,610	(261,860)	3,148,040	327,690	14,484,170	(12,829,140)	(1,327,340)	(14,156,480)	327,690
2,508,140	Net Budget for Health & Wellbeing	5,395,650	8,679,610	(102,670)	2,768,660	669,120	17,410,370	(12,991,140)	(1,711,650)	(14,702,790)	2,707,580

People

The main focus and priorities of the People Directorate are:

- Tackle inequalities
- Early intervention
- Partnerships
- Self-responsibility

To tackle inequalities, including rural inequalities, and poverty in all its forms, providing early support and interventions that reduce risk and enable children, young people, adults and families to achieve their full potential and enjoy life.

To support Shropshire residents to take responsibility for their own health and wellbeing, choosing healthy lifestyles and preventing ill-health, reducing the need for long-term or hospital care.

To work with partners to develop, commission and deliver the right services and support that meet the needs of children, young people, adults and families in the right place, at the right time.

People	£
Budget Build Up	
2022/23 Revised Budget	200,445,890
Growth including inflation ¹ and demography	27,496,430
Proposed savings	(19,401,630)
Virements between service areas	75,310
Non-controllable adjustments ²	6,489,990
2023/24 Net Budget	215,105,990

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Adult Social Care Business Support

Business support team complete financial assessment, broker packages.

Metrics include charging client contributions bringing in income, completing financial assessment and brokering care packages

Adult Social Care Business Support	£
Budget Build Up	
2022/23 Revised Budget	4,134,880
Growth including inflation ¹ and demography	142,750
Proposed savings	(463,350)
Virements between service areas	55,810
Non-controllable adjustments ²	432,650
2023/24 Net Budget	4,302,740

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Adult Social Care Management

Within Adult Social Care Management, a number of posts over the last year had not been filled. Senior Management recruitment is ongoing with most posts filled and reduction on agency spend.

Key Priorities for 2023/24:

Permanent Senior Management roles – aim for all roles to be filled. There is a risk if we do not recruit to the remaining two Senior Manager posts. We will have a position update by the end of February.

Adult Social Care Management	£
Budget Build Up	
2022/23 Revised Budget	1,074,790
Growth including inflation ¹ and demography	39,810
Proposed savings	(26,410)
Virements between service areas	(11,290)
Non-controllable adjustments ²	174,050
2023/24 Net Budget	1,250,950

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Adult Social Care Provider Services

High risk due to the level of demand especially from the hospitals and increase level of complexity and increasing costs within the market.
Hospital Discharge funding remains an area of risk with short term funding arrangements in place and no long term investment for a Discharge model

Adult Social Care Provider Services	£
Budget Build Up	
2022/23 Revised Budget	4,040,620
Growth including inflation ¹ and demography	478,230
Proposed savings	(225,420)
Virements between service areas	(2,630)
Non-controllable adjustments ²	384,510
2023/24 Net Budget	4,645,310

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Key Priorities for 2023/24:

Prevent the need for residential care: Ensuring that people have the right accommodation to ensure they remain safe and independent/Developing home care support model to support people to remain at home in their communities

Review of day services model: There will be a wider choice of support and activities within Shropshire for vulnerable adults to help them stay in their communities and be independent.

Review of care at home model: Developing home care support model to support people to remain at home in their communities

Review of supported living model: Ensuring that people have the right accommodation to ensure they remain safe and independent/Developing home care support model to support people to remain at home in their communities

Reduce transport costs: There will be a wider choice of support and activities within Shropshire for vulnerable adults to help them stay in their communities and be independent.

Adult Social Care Operations

Contacts have increased to the service but we continue to divert / signpost effectively through the front door. We do see a high level and complexity of clients coming through to the service and this can lead to higher costs in service provision.

We need to strengthen joint arrangements with partners to ensure that health funding is in place where appropriate for joint funded and fully funded packages. Health funding has been noted to be low in this area.

Hospital Discharge continues to see increasing demand and system pressures have been consistent for the past year. This is an area of unpredictability that can increase costs due to demand and longer term system investment not being in place.

Adult Social Care Operations	£
Budget Build Up	
2022/23 Revised Budget	111,096,250
Growth including inflation ¹ and demography	22,040,480
Proposed savings	(13,899,920)
Virements between service areas	37,650
Non-controllable adjustments ²	893,160
2023/24 Net Budget	120,167,620

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord



Adult Social Care Operations

Key Priorities for 2023/24:

Managing predicted growth - Developing a preventative and early help strategy to keep our population healthier for longer, supporting self-care and healthier lifestyle choices to manage demand for specialist provision. Working closely with Public Health colleagues to support demand management.

Meeting demand – the need to fulfil statutory duties under the Care Act, meet eligible needs and safeguarding. Identifying universal services to support people where appropriate to do so and reduce reliance on funded services.

Managing demand of hospital discharge and developing pathways in reablement, supporting more people to return home.

Targeted 'strengths based' reviews.

Joint funded packages: Developing shared principles with partners to manage complexity in CHC and section 117 funding as fully funded health packages are low in Shropshire by comparison with peers.

Expand reablement support: Developing and commissioning reablement services to support more people to regain and maintain health and wellbeing. This can be supported through the Target Operating Model.

The biggest risk area is Hospital Discharge demand and lack of long term system investment to implement a new discharge model. Discussion with partners have been taking place for the past year and are ongoing. The health system has a financial deficit which limits scope to address this as the system remains in a pressured position in terms of both its activity levels and its finances.

Housing

Housing Services include Homelessness, Rough Sleepers, Shropshire HomePoint, Support Contracts, Occupational Therapy, Handyperson, Disabled Facilities Grants, Domestic Abuse and Resettlement.

The biggest risk area is homelessness including temporary accommodation due to a large loss of Housing Benefit subsidy. Demand for social housing is high with limited options available. Clients have become more complex since Covid19 with a tripling of cases 'through the door'.

Housing Budget Build Up	£
2022/23 Revised Budget	4,591,050
Growth including inflation ¹ and demography	339,060
Proposed savings	(1,228,320)
Virements between service areas	(3,430)
Non-controllable adjustments ²	266,470
2023/24 Net Budget	3,964,830

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Key Priorities for 2023/24:

Key priorities of the service over the next 12 months are:

- Reduce use of Bed and Breakfast;
- Increase homelessness prevention;
- Implement new HomePoint allocations policy and upgrade IT system;
- Review the floating support contracts;
- Implement and develop new discretionary grants;
- Develop resettlement hubs throughout the county;
- Re design the OT front door.

Children's Social Care

Children's social care is a statutory service which is aimed at protecting and safeguarding children from harm. Service areas include Compass and Assessment, Disabled Children's Team, Case Management, Stepping Stones, Adoption and Fostering, Residential Placements, CLA, Care Leavers, Quality Performance & Assurance, Learning & Workforce Development.

Key performance data is collected right across the system, key metrics in relation to budget are:

- Numbers of children accessing Early Help Services at the earliest opportunity and not having to wait for a service.
- Number and individual cost of high cost residential placements – demand is based on the risk to a child of serious harm. Market position is increasing the ability to manage this budget effectively.
- Numbers of children who become looked after through risk of serious harm and the associated placement costs.
- Increase the number of foster care placements available to meet a range of needs and be able to step children down from residential to foster care where family home is not a safe option.
- Number of agency social workers employed to cover vacancies, maternity and sick leave. Statutory work has to be held by a qualified social worker with the right level of experience and a manageable case load.

Children's Social Care	£
Budget Build Up	
2022/23 Revised Budget	49,451,010
Growth including inflation ¹ and demography	3,312,830
Proposed savings	(2,725,320)
Virements between service areas	(84,560)
Non-controllable adjustments ²	1,577,950
2023/24 Net Budget	51,531,910

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord



Children's Social Care

Budget Volatility and Risk:

Demand not being able to be reduced (this requires a system response). It is difficult to predict levels of harm. The current cost of living challenges and resources available to support adults impact directly on the serious harm children experience.

The recent investment in Stepping Stones as a preventative service and foster care allowances being at the early stages and will take time to have the impact required to effect change in the spend.

Areas of budget challenge include high cost residential placements, use of independent fostering agencies, unbudgeted costs of care proceedings – court ordered activity.

Vacancy management is not possible – posts for qualified social workers have to be filled as case loads have to be at a reasonable level to effect good practice and change in families to enable children to stay with them / return.

As a highly regulated and inspected service these are measures that are monitored by our regulator OFSTED.

Key Priorities for 2023/24:

Reducing use of agency staff – ensuring we employ permanent social workers where possible.

Upscaling the Stepping Stones Project to reach more families and reduce the number of children coming into or staying in care long term.

Reducing the number of children in high cost external residential placements

Continued focus on practice development to ensure that practice is consistently high quality and enabling children to live safely with their families where possible.

Delivering the residential development project and finalising the moves of young people into the last home to open.

Identifying children at risk of exploitation at the earliest opportunity and responding to reduce and manage risk.

Early Help

Early Help – working on the whole families strengths, provide the right support early so that problems don't get worse.

Early Help	£
Budget Build Up	
2022/23 Revised Budget	3,327,030
Growth including inflation ¹ and demography	138,210
Proposed savings	(103,560)
Virements between service areas	(12,110)
Non-controllable adjustments ²	441,930
2023/24 Net Budget	3,791,500

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Key Priorities for 2023/24:

1. Healthy organisation/healthy economy - Develop a more effective Early Help data hub, pooling/pulling through multiple data sources, flagging Supporting Families automatically, ensuring swift support is in place, tracked and family outcomes achieved, and payment by result numbers achieved and claimed.
2. Heathy People - Review the current Early Help model - ensure we have place based hub model – so that communities know where to go for help, the response will enable the needs of the whole family to be explored. Where hubs exist they are a fundamental and fully integrated part of the Early Help System by providing the right support that families need
3. Increase the numbers of lead professionals across the Early Help system, supporting and working with the right families, improve practice and avoiding delay in providing help quickly.
4. Ensure we have a shared practice framework and locally agreed processes for professionals in partners agencies working across the wider Early Help system which is known, understood and consistently used
5. Deliver quality early intervention and prevention provision in local communities working with the voluntary and community sector who know communities well.

Learning & Skills

Includes a mixture of central government education grant funded services and services funded via the Council general fund.

Main areas of volatility on the Council budget include assisted transport given the increased cost pressures and retendering of routes that takes place.

Dedicated Schools Block (High Needs Block) - SEND and Inclusion services provide potential volatility around placement costs (very complex CYP can incur high cost placements IRO £75-100k per year)

- SEND (EHCP statutory assessment and review)
- Educational Psychology
- Education Access and Inclusion (Statutory monitoring of Elective Home Education, Children Missing Education, Suspensions/Permanent Exclusions, including Day 6 provision, and reduced timetables)
- Education Welfare (Statutory attendance monitoring, support and prosecution for non-attendance)
- Education Improvement (Statutory school improvement monitoring and brokering of support for maintained schools)
- Education Safeguarding (Statutory review, investigation and response to qualifying safeguarding complaints reported to the Director of Children's Services by Ofsted/ESFA)
- School Admissions Team (Statutory admissions processes for primary and secondary age children)
- Education Provision Planning (Ensuring sufficient places for Shropshire children from early years, primary and secondary, including specialist places)
- Early Years (Early Years education funding requests and support for Early Years providers/practitioners)
- Virtual School for Children Looked After (CLA) (Education support for CLA, previously CLA and children with a social worker)
- Post 16 NEET Tracking (YP age 16 plus who are not in Education, Employment or Training)
- Access to transport assistance (to access mainstream and specialist education provision)
- School Finance Team (fully traded budgeting and finance support to mainstream schools)
- Shropshire Music Service (Music teaching and advisory support for schools to deliver the statutory music curriculum)
- Shropshire Library Service (Provides access to books and other education resources to schools – actively exploring transferring the library service into the main library service in Place)

Learning & Skills Budget Build Up	£
2022/23 Revised Budget	19,680,110
Growth including inflation ¹ and demography	975,140
Proposed savings	(674,280)
Virements between service areas	23,540
Non-controllable adjustments ²	2,348,190
2023/24 Net Budget	22,352,700

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Learning & Skills

Key Priorities for 2023/24:

- Recover attendance to as close to pre-Covid levels as possible (primary 96%, secondary 95%)
- Increase the number of children accessing Free Early Education at 2yrs (for eligible families) and all 3/4yr olds.
- Increase the range of support services available to assist schools in reducing suspensions/permanent exclusions.
- Secure improvement in the EHCP assessment and review process to ensure consistent decision making and statutory compliance
- Implement the SEND Strategy and SEND Action Plan
- Develop and implement the Inclusion strategy and action plan.
- Continue to monitor and broker support to Early Years settings and schools to secure strong progress for CYP and 'good/outstanding' Ofsted judgements.
- Develop an Education Provision strategy (including place planning forecasts for EY, primary, secondary and SEND/AP places) to ensure a sufficiency of local provision and reduces the requirement for transport over long distances/duration.
- Recommission TMBSS to ensure face to face full time education for CYP accessing Day 6 or commissioned placements, and as much education as CYP with medical conditions can access.

The total budget for the People Directorate also includes budgets associated with the overall management of the Directorate.

2022/23 Revised Budget £	Service Area	Gross Expenditure						Gross Income			Net Budget Requirement £
		Employee Related Costs £	Third Party & Transfer Payments £	Other Controllable expenditure £	Internal Recharges £	Non Controllable costs £	Total Expenditure £	Government Grants £	Service Income £	Total Income £	
People Directorate Management											
3,050,150	People Directorate Management	850,960	0	53,180	2,150,100	112,540	3,166,780	0	(68,350)	(68,350)	3,098,430
3,050,150	Total People Directorate Management	850,960	0	53,180	2,150,100	112,540	3,166,780	0	(68,350)	(68,350)	3,098,430
Adult Social Care Management											
1,074,790	Adult Social Care Management	981,850	0	4,770	144,650	119,680	1,250,950	0	0	0	1,250,950
1,074,790	Total Adult Social Care Management	981,850	0	4,770	144,650	119,680	1,250,950	0	0	0	1,250,950
Adult Social Care Business Support and Development											
2,642,020	Adult Social Care Business Support	2,479,680	0	31,060	361,960	289,270	3,161,970	(38,280)	(312,060)	(350,340)	2,811,630
412,630	Adult Social Care Training	495,060	0	(44,710)	72,320	63,220	585,890	0	(270,410)	(270,410)	315,480
454,480	Professional Development Unit	406,580	0	23,440	38,570	51,240	519,830	(11,000)	(15,000)	(26,000)	493,830
30,680	Projects	577,080	0	(20,070)	40,810	70,740	668,560	0	(566,640)	(566,640)	101,920
595,070	Enable	2,360,310	0	162,160	315,090	264,790	3,102,350	(124,220)	(2,398,250)	(2,522,470)	579,880
4,134,880	Total Adult Social Care Business Support and Development	6,318,710	0	151,880	828,750	739,260	8,038,600	(173,500)	(3,562,360)	(3,735,860)	4,302,740
Adult Social Care Operations - Community											
258,470	Care Management - Assistive Equipment & Technology	10,200	5,000	200,420	14,480	1,630	231,730	0	(3,150)	(3,150)	228,580
1,372,250	Care Management - Transport	520,830	0	681,170	21,410	19,470	1,242,880	(141,660)	(39,210)	(180,870)	1,062,010
101,820	Supported Living Properties	0	0	27,270	(26,750)	0	520	0	(1,520)	(1,520)	(1,000)
91,176,450	Social Care Community Purchasing	0	125,995,780	0	272,230	0	126,268,010	(165,150)	(27,297,010)	(27,462,160)	98,805,850
6,575,590	Care Management - Social Work Teams	6,826,880	56,270	232,230	632,360	820,320	8,568,060	(235,890)	(1,207,900)	(1,443,790)	7,124,270
99,484,580	Total Adult Social Care Operations - Community	7,357,910	126,057,050	1,141,090	913,730	841,420	136,311,200	(542,700)	(28,548,790)	(29,091,490)	107,219,710
Adult Social Care Operations - Hospital Interface											
494,240	Social Care Hospital Interface Purchasing	0	4,878,900	0	19,590	0	4,898,490	(1,663,230)	(1,400,480)	(3,063,710)	1,834,780
426,960	Hospital Interface Social Work Teams	3,750,110	25,400	40,360	229,700	435,840	4,481,410	(860,120)	(2,905,050)	(3,765,170)	716,240
921,200	Total Adult Social Care Operations - Hospital Interface	3,750,110	4,904,300	40,360	249,290	435,840	9,379,900	(2,523,350)	(4,305,530)	(6,828,880)	2,551,020
Adult Social Care Operations - Mental Health											
43,480	Mental Health Property	0	0	0	48,110	0	48,110	0	0	0	48,110
7,860,110	Social Care Mental Health Purchasing	0	9,258,330	0	11,300	0	9,269,630	0	(1,968,420)	(1,968,420)	7,301,210
2,786,880	Mental Health Social Work Teams	2,943,970	0	61,640	235,100	359,850	3,600,560	(366,740)	(186,250)	(552,990)	3,047,570
10,690,470	Total Adult Social Care Operations - Mental Health	2,943,970	9,258,330	61,640	294,510	359,850	12,918,300	(366,740)	(2,154,670)	(2,521,410)	10,396,890
Adult Social Care Provider Services											
12,320	External Providers	0	1,738,330	252,460	7,540	0	1,998,330	0	(1,915,580)	(1,915,580)	82,750
2,553,620	Internal Providers - Day Services	2,118,380	0	195,060	457,650	268,830	3,039,920	0	(302,940)	(302,940)	2,736,980
972,320	Internal Providers - Nursing Services	1,863,640	0	248,870	106,350	215,580	2,434,440	0	(1,277,320)	(1,277,320)	1,157,120
502,360	Internal Providers - Domiciliary Services	2,280,960	0	154,430	202,060	284,410	2,921,860	(362,300)	(1,891,100)	(2,253,400)	668,460
4,040,620	Total Adult Social Care Provider Services	6,262,980	1,738,330	850,820	773,600	768,820	10,394,550	(362,300)	(5,386,940)	(5,749,240)	4,645,310

2022/23 Revised Budget £	Service Area	Gross Expenditure					Budget 2023/24				Net Budget Requirement £
		Employee Related Costs £	Third Party & Transfer Payments £	Other Controllable expenditure £	Internal Recharges £	Non Controllable costs £	Total Expenditure £	Government Grants £	Service Income £	Total Income £	
Housing Services											
2,084,940	Housing Options	1,968,560	166,010	3,668,040	(336,720)	207,840	5,673,730	(1,120,960)	(2,801,800)	(3,922,760)	1,750,970
2,154,100	Independent Living	857,200	2,036,030	123,010	(440,190)	106,490	2,682,540	(563,890)	(348,480)	(912,370)	1,770,170
410,010	Housing Services Management	321,560	0	1,030	108,860	40,380	471,830	0	(400)	(400)	471,430
(58,000)	Housing Property	0	0	0	(61,130)	(0)	(61,130)	0	0	0	(61,130)
0	Refugee Resettlement	231,210	0	1,144,570	4,630	28,760	1,409,170	(1,375,780)	0	(1,375,780)	33,390
4,591,050	Total Housing Services	3,378,530	2,202,040	4,936,650	(724,550)	383,470	10,176,140	(3,060,630)	(3,150,680)	(6,211,310)	3,964,830
Children's Social Care and Safeguarding											
1,636,190	Children's Social Care and Safeguarding Management	1,207,810	0	3,620	525,810	93,780	1,831,020	0	0	0	1,831,020
2,644,140	Looked After Children (LAC) Service	2,254,100	510,570	162,310	132,570	280,240	3,339,790	(484,880)	0	(484,880)	2,854,910
1,080,620	Looked After Children (LAC) - Leaving Care Team (18 +)	586,890	612,660	121,240	73,080	80,890	1,474,760	(328,060)	0	(328,060)	1,146,700
4,895,120	Children's Case Management	2,264,430	136,000	670,660	1,869,090	260,920	5,201,100	0	0	0	5,201,100
2,919,210	Disabled Children's Team	828,310	2,526,850	53,420	(223,600)	103,560	3,288,540	0	0	0	3,288,540
2,240,600	Compass & Assessment	2,334,320	2,560	(378,370)	159,090	283,180	2,400,780	0	(15,000)	(15,000)	2,385,780
1,626,920	Placements: Adoption Service	1,288,370	801,830	435,550	148,510	155,390	2,829,650	(256,670)	(859,580)	(1,116,250)	1,713,400
15,999,010	Placements: Residential Placements	3,373,120	14,494,710	303,450	(1,156,780)	389,480	17,403,980	0	(1,680,830)	(1,680,830)	15,723,150
12,214,180	Placements: Foster Care	0	10,280,730	1,509,840	36,010	0	11,826,580	(92,950)	0	(92,950)	11,733,630
2,057,340	Placements: Placement Staffing	3,843,280	1,400	(1,105,680)	201,800	490,210	3,431,010	0	(51,110)	(51,110)	3,379,900
1,893,900	Quality & Assurance: Learning & Development	1,729,550	0	(89,770)	183,440	198,540	2,021,760	(27,000)	0	(27,000)	1,994,760
243,780	Shropshire's Safeguarding Children Board	338,080	31,500	47,270	25,250	44,440	486,540	0	(207,520)	(207,520)	279,020
49,451,010	Total Children's Social Care and Safeguarding Managem	20,048,260	29,398,810	1,733,540	1,974,270	2,380,630	55,535,510	(1,189,560)	(2,814,040)	(4,003,600)	51,531,910
Children's Early Help, Partnerships and Commissioning											
1,833,870	Early Help Family Hubs	1,848,090	0	138,050	(57,020)	231,060	2,160,180	0	0	0	2,160,180
725,140	Early Help General	801,960	1,006,470	134,950	(61,950)	91,750	1,973,180	(688,230)	(500,320)	(1,188,550)	784,630
224,960	Early Help Management	192,480	0	370	10,110	24,040	227,000	0	0	0	227,000
543,060	Youth Support Services	508,310	60,000	(24,180)	6,910	68,650	619,690	0	0	0	619,690
3,327,030	Total Children's Early Help, Partnerships and Commissio	3,350,840	1,066,470	249,190	(101,950)	415,500	4,980,050	(688,230)	(500,320)	(1,188,550)	3,791,500
Learning & Skills											
54,630	Early Years	170,300	17,878,430	0	273,710	0	18,322,440	(18,279,770)	0	(18,279,770)	42,670
172,750	Education Improvement Service	736,090	0	(185,390)	(503,080)	81,140	128,760	(14,660)	(32,960)	(47,620)	81,140
7,190	Shropshire Music Service	1,079,520	10,000	163,460	11,050	17,160	1,281,190	0	(1,264,030)	(1,264,030)	17,160
31,310	Education Welfare Service	572,870	15,190	22,630	(272,700)	79,830	417,820	0	(337,990)	(337,990)	79,830
279,200	Looked After Children Education	660,030	605,270	16,380	67,800	34,930	1,384,410	(959,180)	0	(959,180)	425,230
13,067,490	Home to School Transport	938,660	0	13,409,240	27,160	0	14,375,060	(384,900)	(314,450)	(699,350)	13,675,710
815,380	Learning & Skills Business Support	1,268,150	1,203,840	551,980	624,300	169,270	3,817,540	(2,504,240)	(605,300)	(3,109,540)	708,000
2,024,500	LA Non-Delegated Primary	47,060	0	17,160	708,560	3,337,200	4,109,980	0	0	0	4,109,980
121,460	LA Non-Delegated Secondary	4,990	0	2,080	68,550	133,630	209,250	0	0	0	209,250
156,780	LA Non-Delegated Special	0	0	0	94,590	90,730	185,320	0	0	0	185,320
0	Non-Delegated Primary DSG	298,300	44,140	80,000	0	0	422,440	(391,000)	(31,440)	(422,440)	0
1,370	Non-Delegated Secondary DSG	0	0	9,830	0	0	9,830	(9,830)	0	(9,830)	0
1,700,770	Education VER	2,871,990	0	21,880	(144,180)	0	2,749,690	(756,330)	(583,170)	(1,339,500)	1,410,190
541,910	Education Psychology Service	784,620	0	58,570	(34,540)	94,560	903,210	0	(279,650)	(279,650)	623,560
705,370	Special Educational Needs & Disability	1,591,810	24,140,270	802,270	2,312,180	160,710	29,007,240	(27,641,670)	(580,910)	(28,222,580)	784,660
19,680,110	Total Learning & Skills	11,024,390	43,897,140	14,970,090	3,233,400	4,199,160	77,324,180	(50,941,580)	(4,029,900)	(54,971,480)	22,352,700
0	Schools	0	64,446,680	0	575,210	0	65,021,890	(65,021,890)	0	(65,021,890)	0
200,445,890	Net Budget for People	66,268,510	282,969,150	24,193,210	10,311,010	10,756,170	394,498,050	(124,870,480)	(54,521,580)	(179,392,060)	215,105,990

Place

The Place Directorate looks after Commercial Services, Economy and Place, Infrastructure and Homes and Communities.

Place	£
Budget Build Up	
2022/23 Revised Budget	72,530,650
Growth including inflation ¹ and demography	16,931,460
Proposed savings	(13,581,230)
Virements between service areas	(282,510)
Non-controllable adjustments ²	2,861,510
2023/24 Net Budget	78,459,880

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Commercial Services

Property and development – managing the corporate landlord estate valued at £477,627m and implementing the council’s asset management strategy to ensure we manage our property portfolio sustainably and efficiently, so that it can remain fit for the future and support frontline service delivery and the delivery of the council’s hybrid working strategy.

Climate Change – managing and co-ordinating the climate change delivery plan to reduce Shropshire Council’s carbon emissions to net zero by 2030. We will reduce carbon and other Greenhouse Gas (GHG) emissions from buildings and transport (including staff). We will become energy self-sufficient by 2030 for buildings and travel by developing our own renewable energy sources. And we will increase capture and storage of carbon through on Council land and by working with land managers to capture and store any residual corporate carbon footprint.

Shire Services – provides catering, cleaning and hospitality services to customers within Shropshire and regional neighbouring authorities. Management of council owned student accommodation in Shrewsbury. The total turnover for the service is £16.5million, with £14million for 120 catering contracts and £2.5m for 96 cleaning contracts.

Business development – developing existing and new trading services and products to generate income for the council across all directorates.

Commercial Services	£
Budget Build Up	
2022/23 Revised Budget	(2,409,180)
Growth including inflation ¹ and demography	7,258,410
Proposed savings	(551,280)
Virements between service areas	(7,290)
Non-controllable adjustments ²	590,530
2023/24 Net Budget	4,881,190

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Key Priorities for 2023/24:

Property and development – to deliver the savings associated with rationalising the council’s estate and delivering the commercial income targets to be achieved through land and property acquisitions and development within the county. Also to provide land and property for other directorates to achieve their efficiency savings.

Climate change - up to 20% carbon savings achievable from behaviour change and a further 50% may be achieved through physical changes and improved heating and electrical systems. Delivery of renewable energy projects and additional electric vehicle charging points across the county.

Shire Services – to restructure the business and set up a new arms length trading company from which to increase its turnover, at reduced cost to the council and achieve profits that can be repaid as dividends to support the medium term financial strategy.

Business development – to deliver over £100,000 of new income to support the delivery of the council’s medium term financial strategy.

Economy and Place

Economic growth – leads on the delivery of the Economic Growth Strategy, Place Plans, Business Park Programme. The team also brings forward major projects such as Riverside Regeneration, Pride Hill development forming part of the Big Town Plan, together with the Oswestry Innovation Park and delivering the Future Oswestry Work. Also managing funding streams such as LUF 2.

Business Support and Inward Investment – supporting existing and new businesses in the area and ensuring they have opportunity to develop and growth their business, supporting High Streets and Business Improvement Districts, attracting new businesses to the area to support our economy. Working with schools and colleges to provide a future workforce that has the skills needed in Shropshire to grow our economy and provide opportunities for residents to develop their careers here

Connecting Shropshire – ensuring that residents have access to digital infrastructure and that residents and businesses can have the right infrastructure to enable them to thrive.

Planning – includes determining planning applications, developing a local planning framework, managing Community Infrastructure Levy and Section 106 contributions, housing enabling work, managing UKSPF, provision of Building Control Services, Planning Enforcement, Land Charges, protection of the historic and natural environment. Also, highways development control which includes S278 and S38 works for development.

Strategic Infrastructure – developing a strategic plan that will provide the opportunity to draw down funding streams to deliver large scale infrastructure, looking ahead and planning for growth towards 2050.

Economy and Place Budget Build Up	£
2022/23 Revised Budget	5,162,770
Growth including inflation ¹ and demography	225,520
Proposed savings	(940,180)
Virements between service areas	(4,010)
Non-controllable adjustments ²	460,480
2023/24 Net Budget	4,904,580

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord



Economy and Place

Key Priorities for 2023/24:

Delivery of the Economic Growth Strategy action plan.

Progression of the Riverside project towards the submission of the planning application for the site – **healthy economy and place**

Progressing the Strategic Infrastructure Investment Plan and launching this work at a Symposium in the Summer 2023.

Managing the implementation of projects funded through the UKSPF – **healthy economy and place**

Ensuring that the LUF 2 funding is aligned to the projects and spent in line with the criteria – **healthy economy and place**

Continue to provide business support and skills development

Continually review and re-configure services to ensure they are fit for the future – **healthy organisation**

Refresh of the Place Plans – **healthy place**

Adoption of the Local Plan – **healthy economy and place**

Continue to improve the planning services – **healthy economy and place**

Put plans in place to ensure that our S278 and S38 highways work is done efficiently and effectively – **healthy place**

Ensuring that we meet the savings targets aligned to the services – **healthy organisation**

Infrastructure

This team look after the Highways network, waste management and environment and transport including public transport, parking and street scene.

The highways service *comprises the following:*

3,228 miles (5,195km) highway/footpath

70% Unclassified (2/3 in South Shropshire)

1,000 bridges & structures

82,000 gullies and catch pits

19,000 street lights

There are real challenges in rural communities and clearly, our road network and highway infrastructure plays a massive part in connectivity communities, but also enables the rural businesses to thrive. The diversification in rural businesses, especially around farming and agriculture is also placing extra demands on the highways network. Larger farm machinery is now commonplace utilising roads that are often not designed to accommodate their size. This is leading to accelerated deterioration, damage to verges and drainage assets and this is evident in across Shropshire. This creates cross-cutting issues for residents, businesses, the police, planning alongside my department's concerns regarding maintenance which we are trying to accommodate, but this is a challenge.

These issues are recognised at various levels within the council and pro-active work is taking place. The aim of which is to try and find ways of continuing to support rural growth and development whilst also reducing, where possible, the impact that has on highway infrastructure.

Infrastructure Budget Build Up	£
2022/23 Revised Budget	57,236,640
Growth including inflation ¹ and demography	8,377,590
Proposed savings	(10,901,250)
Virements between service areas	(310,780)
Non-controllable adjustments ²	725,590
2023/24 Net Budget	55,127,790

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord



Infrastructure

Key Priorities for 2023/24:

Healthy People – We will comply with the Council's statutory obligations and meeting users' needs for safety.

Healthy Economy – Focussing investment to improve condition of the highway and reduce the impact of potholes. A £ 23M programme of footway work, carriageway patching, surface dressing and resurfacing is to be delivered. Ensuring network resilience by dealing with known flood risks and prioritising work on the Resilient Network.

Healthy Environment – we ensure that whole life costs (both financial and climate) are considered when planning work. We are prioritising preventative maintenance treatments to reduce waste and carbon emissions. We are developing baseline measures for carbon in order to capture our progress in reducing emissions.

Healthy Organisation – We are monitoring customer satisfaction and seeking to improve how our stakeholders are informed about our highway work.

Homes & Communities

Homes and Communities comprises the following services:
Culture, Leisure and Tourism – with 23 libraries, 7 leisure centres, the AONB, country parks, museums, theatre and arts
Housing Strategy and Development – leading on housing needs, strategic responses, and practical approaches to delivery to ensure that statutory requirements are met and cost effective solutions found
Clienting of STAR Housing and Cornovii Developments Ltd – managing the Council’s relationship with our two key housing companies, dealing with Council stock of 4000 homes and a newbuild programme for sale and rent
Bereavement Services – overseeing essential cemetery and crematorium infrastructure and service contracts for Shropshire
Registrars and Coroners – providing statutory services registering births, marriages, deaths, and other key life events, reporting to the Police service managing coroner’s officers, and supporting the coroner’s service in Shropshire, Telford & Wrekin
Business and Consumer Protection – full range of trading standards and licencing services, including enforcement for parking offences, housing standards and enforcement

Homes and Communities Budget Build Up	£
2022/23 Revised Budget	11,839,320
Growth including inflation ¹ and demography	956,840
Proposed savings	(1,183,530)
Virements between service areas	(52,920)
Non-controllable adjustments ²	1,140,130
2023/24 Net Budget	12,699,840

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Homes & Communities

Key Priorities for 2023/24:

Deliver a planned restructure of CLT staffing to support commercial and contracting activity – supports a **Healthy Organisation** by aligning our resources to priorities

- Deliver planned Leisure investment projects, and progress the strategy for swimming and leisure services – supports **Healthy People** with local health and fitness options
- Develop the CLT commercial strategy to uplift income and sustain essential services – supports **Healthy People** by preserving key cultural services
- Jointly with allied teams deliver the Housing Strategy for a joined-up strategic approach to housing investment and the associated policy framework – supports **Healthy Economy** and **Healthy People** with suitable homes to meet need
- Establish a partnership approach and realign the strategic relationship between the Council & STAR Housing – supports a **Healthy Organisation** by realigning resources to priorities
- Identify a new Cemetery site for Shrewsbury for future development, and extension of existing cemeteries – supports **Healthy People** by providing essential local services for their wellbeing
- Relocation of Coroners and Registration Service from Shirehall and wider reorganisation of the registration service – supports a **Healthy Organisation** by streamlining services and maximising income from a better setting
- Deliver the IDOX system for a streamlined online licensing system - supports a **Healthy Organisation** and a **Healthy Economy** by freeing up officers to prioritise
- Support delivery of the Local Shropshire TOM workstream to drive service changes and savings – supports **Healthy People** by better connecting the Council with communities

The total budget for the Place Directorate also includes budgets associated with the overall management of the Directorate.

2022/23 Revised Budget	Service Area	Gross Expenditure					Gross Income				Net Budget Requirement
		Employee Related Costs	Third Party & Transfer Payments	Other Controllable expenditure	Internal Recharges	Non Controllable costs	Total Expenditure	Government Grants	Service Income	Total Income	
£		£	£	£	£	£	£	£	£	£	£
Director of Place											
701,100	Director of Place	510,620	0	53,640	259,820	22,400	846,480	0	0	0	846,480
701,100	Total Director of Place	510,620	0	53,640	259,820	22,400	846,480	0	0	0	846,480
Commercial Services											
166,410	Assistant Director Commercial Services	132,630	0	960	23,970	16,510	174,070	0	0	0	174,070
24,190	Commercial Services Business Development	69,440	0	140	123,350	8,720	201,650	0	(100,000)	(100,000)	101,650
552,810	Climate Change	338,100	0	196,640	18,460	42,640	595,840	0	0	0	595,840
(2,790)	Corporate Landlord - Adult Services	0	0	401,620	148,740	0	550,360	0	(550,360)	(550,360)	0
(0)	Corporate Landlord - Public Health	0	0	0	0	0	0	0	0	0	0
(1,738,210)	Corporate Landlord - Admin Buildings	0	0	1,786,790	708,120	(0)	2,494,910	0	(2,741,870)	(2,741,870)	(246,960)
145,440	Corporate Landlord - Mardol House & Tannery	125,000	399,800	1,142,510	185,820	(0)	1,853,130	0	(1,602,280)	(1,602,280)	250,850
179,820	Corporate Landlord - Youth Centres & Community	0	0	169,650	176,720	0	346,370	0	(128,500)	(128,500)	217,870
173,370	Corporate Landlord - PFI Properties	0	0	318,450	114,730	0	433,180	0	(256,310)	(256,310)	176,870
34,410	Corporate Landlord - Children's Services	0	0	110,650	(50,920)	(0)	59,730	0	0	0	59,730
23,990	Corporate Landlord - Museums & Culture	0	0	907,210	(771,680)	(0)	135,530	0	(37,250)	(37,250)	98,280
(32,640)	Corporate Landlord - Libraries	0	0	755,910	(672,710)	0	83,200	0	(83,200)	(83,200)	(0)
5,160	Corporate Landlord - Leisure	0	0	220,290	(204,850)	(0)	15,440	0	0	0	15,440
7,340	Corporate Landlord - Environmental & Regulatory Service	0	0	39,300	453,650	(0)	492,950	0	(484,430)	(484,430)	8,520
700	Corporate Landlord - Highways	0	0	378,550	(103,460)	0	275,090	0	(270,790)	(270,790)	4,300
(3,060)	Corporate Landlord - Car Parks	0	0	1,495,690	(1,406,050)	(0)	89,640	0	(89,640)	(89,640)	(0)
8,050	Corporate Landlord - Housing	0	0	20	98,210	0	98,230	0	(80,650)	(80,650)	17,580
(34,050)	Corporate Landlord - Smallholdings	0	0	25,780	112,420	(0)	138,200	0	(159,190)	(159,190)	(20,990)
(2,420)	Corporate Landlord - Traveller Sites	0	0	170,540	122,110	0	292,650	0	(292,650)	(292,650)	0
(2,387,350)	Corporate Landlord - Economic Development	0	461,680	1,280,920	445,420	0	2,188,020	0	(2,294,500)	(2,294,500)	(106,480)
0	Corporate Landlord - Outdoor Partnerships	0	0	0	0	0	0	0	0	0	0
1,243,510	Corporate Landlord - Central Repairs & Maintenance	0	0	1,610,750	3,320	0	1,614,070	0	0	0	1,614,070
103,760	Property Services Group	2,532,420	0	81,280	271,320	0	2,885,020	0	(2,889,410)	(2,889,410)	(4,390)
(1,163,960)	Property & Development	2,211,330	22,350	56,130	618,790	94,890	3,003,490	0	(2,335,150)	(2,335,150)	668,340
286,340	Shire Cleaning	8,597,070	42,820	6,063,340	0	1,667,130	16,370,360	0	(15,113,760)	(15,113,760)	1,256,600
(2,409,180)	Total Commercial Services	14,005,990	926,650	17,213,120	415,480	1,829,890	34,391,130	0	(29,509,940)	(29,509,940)	4,881,190
Economy and Place											
317,240	Assistant Director Economy & Place	158,640	0	790	51,400	16,510	227,340	0	0	0	227,340
1,901,110	Planning Services	5,264,200	330,570	183,490	860,270	651,800	7,290,330	(98,060)	(5,257,890)	(5,355,950)	1,934,380
1,310,150	Economic Growth	1,506,500	20,000	74,820	245,070	188,510	2,034,900	(47,560)	(600,560)	(648,120)	1,386,780
169,460	Broadband	134,600	0	16,620	21,500	17,040	189,760	0	0	0	189,760
1,044,210	Planning Policy	878,860	0	221,350	220,270	111,440	1,431,920	0	(425,000)	(425,000)	1,006,920
(129,140)	Shrewsbury Shopping Centres (Commercial)	58,160	0	1,977,760	120,270	0	2,156,190	0	(2,269,900)	(2,269,900)	(113,710)
549,740	Shrewsbury Shopping Centres (Development)	0	0	463,200	7,660	0	470,860	0	(197,750)	(197,750)	273,110
5,162,770	Total Economy and Place	8,000,960	350,570	2,938,030	1,526,440	985,300	13,801,300	(145,620)	(8,751,100)	(8,896,720)	4,904,580

2022/23 Revised Budget £	Service Area	Budget 2023/24									Net Budget Requirement £
		Gross Expenditure					Gross Income				
		Employee Related Costs £	Third Party & Transfer Payments £	Other Controllable expenditure £	Internal Recharges £	Non Controllable costs £	Total Expenditure £	Government Grants £	Service Income £	Total Income £	
Infrastructure											
274,180	Assistant Director Infrastructure	246,960	0	1,280	23,330	31,090	302,660	0	0	0	302,660
33,577,730	Waste Management	224,230	0	37,941,230	547,880	21,300	38,734,640	(3,185,610)	(1,685,950)	(4,871,560)	33,863,080
11,426,830	Highways (Operations)	2,310,860	5,970,940	2,995,250	751,140	155,990	12,184,180	0	(259,210)	(259,210)	11,924,970
1,276,490	Highways (Bridges and Structures)	219,090	1,141,660	10,920	23,410	26,990	1,422,070	0	(7,390)	(7,390)	1,414,680
(2,519,060)	Highways (Streetworks)	1,268,830	175,810	258,680	115,580	156,310	1,975,210	0	(4,665,650)	(4,665,650)	(2,690,440)
2,871,050	Highways (Governance)	1,477,030	159,550	194,810	210,280	92,250	2,133,920	0	(1,500,000)	(1,500,000)	633,920
7,130,270	Environment and Transport (Public Transport)	1,145,530	6,850,930	2,240,650	597,510	232,000	11,066,620	(512,450)	(3,296,630)	(3,809,080)	7,257,540
3,660,410	Environment and Transport (Street Scene)	298,440	3,739,790	(36,100)	23,520	37,810	4,063,460	0	(5,470)	(5,470)	4,057,990
(2,708,660)	Environment and Transport (Parking)	85,140	130,380	749,160	1,858,680	6,490	2,829,850	0	(6,973,280)	(6,973,280)	(4,143,430)
2,247,400	Environment and Transport (Strategic)	869,610	391,620	1,263,340	47,900	84,350	2,656,820	(150,000)	0	(150,000)	2,506,820
57,236,640	Total Infrastructure	8,145,720	18,560,680	45,619,220	4,199,230	844,580	77,369,430	(3,848,060)	(18,393,580)	(22,241,640)	55,127,790
Homes and Communities											
158,700	Assistant Director Homes and Communities	154,470	0	(200,590)	49,570	34,750	38,200	0	(59,690)	(59,690)	(21,490)
67,250	Arts	21,120	0	17,120	2,990	6,320	47,550	0	0	0	47,550
52,000	Shropshire Hills AONB	393,780	0	745,360	38,710	43,490	1,221,340	(1,063,600)	(75,540)	(1,139,140)	82,200
1,389,050	Outdoor Partnerships	1,210,850	0	397,770	141,710	152,870	1,903,200	(30,000)	(474,190)	(504,190)	1,399,010
1,985,680	Leisure	854,870	1,037,690	866,310	327,850	103,410	3,190,130	0	(855,880)	(855,880)	2,334,250
3,562,000	Libraries	1,853,700	153,120	413,410	1,293,480	248,320	3,962,030	0	(215,130)	(215,130)	3,746,900
1,489,600	Museums & Archives	998,150	0	314,430	636,350	130,530	2,079,460	0	(611,180)	(611,180)	1,468,280
(37,350)	Theatre Services	1,688,340	2,323,160	711,260	819,050	203,970	5,745,780	0	(5,312,490)	(5,312,490)	433,290
110,820	Culture & Heritage Manager	55,220	0	6,470	28,720	6,970	97,380	0	0	0	97,380
442,360	Head of Culture, Leisure & Tourism	322,800	0	(177,840)	34,340	47,780	227,080	0	0	0	227,080
58,640	Housing Development and HRA	555,490	0	0	43,580	68,120	667,190	0	(557,710)	(557,710)	109,480
(211,980)	Bereavement Services	40,750	0	277,490	(422,160)	8,720	(95,200)	0	(138,600)	(138,600)	(233,800)
2,137,710	Trading Standards & Licensing	2,759,810	0	307,100	335,040	345,400	3,747,350	0	(1,416,180)	(1,416,180)	2,331,170
635,340	Registrars and Coroners	1,036,870	104,000	332,070	364,880	124,580	1,962,400	0	(1,283,860)	(1,283,860)	678,540
11,839,820	Total Homes and Communities	11,946,220	3,617,970	4,010,360	3,694,110	1,525,230	24,793,890	(1,093,600)	(11,000,450)	(12,094,050)	12,699,840
72,531,150	Net Budget for Place	42,609,510	23,455,870	69,834,370	10,095,080	5,207,400	151,202,230	(5,087,280)	(67,655,070)	(72,742,350)	78,459,880

Resources

The Resources Directorate covers core support services to council functions. We are divided into 3 functional areas

- Finance and IT ('making it work')
- Workforce and Improvement ('delivering success')
- Legal and Governance ('doing it right')

The extent of our services is driven by the needs of operational colleagues across the Council, to whom we provide professional advice and support in a range of ways.

Additionally, we also support other agencies – for example, the Marches LEP, town and parish councils (payroll functions), and schools (financial support and advice, HR support and advice, and payroll processing).

Resources	£
Budget Build Up	
2022/23 Revised Budget	6,966,680
Growth including inflation ¹ and demography	2,307,310
Proposed savings	(4,463,990)
Virements between service areas	(18,170)
Non-controllable adjustments ²	(215,150)
2023/24 Net Budget	4,576,680

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Workforce & Improvement

Human Resources and Organisation Development, Recruitment and Payroll, Occupational Health & Safety, Risk & Business Continuity, Business Improvement, Scrutiny and support to Transformation activity.

Responsible for the delivery of the Workforce Strategy which provides the direction to ensure that we have the right people, with the right skills, in the right place, at the right level and at the right cost. The teams within W&I support the development of the workforce; keeping the organisation safe, healthy and resilient; using data and insights to inform decision making; driving innovation and efficiencies and supporting efficient and effective scrutiny.

Shropshire HR delivers a range of people related services, on a not-for-profit basis, to schools, academies, Town and Parish Councils, charities and private sector SME's and generates approximately £1m per annum.

Strategic Risks exist around the Mental Health and Wellbeing of the workforce as well as Recruitment and Retention issues.

Service risks/pressures exist from the demands placed upon teams, with some vacancies/absence reducing capacity.

Key Priorities for 2023/24:

Delivery of the actions outlined in the Workforce Strategy – all of which align to the priorities in the Shropshire Plan as they support the whole workforce, but predominantly within the Healthy Organisation priority: Best Workforce; Absorb, Adapt & Anticipate and Align our Resources.

Workforce and Improvement Budget Build Up	£
2022/23 Revised Budget	659,580
Growth including inflation ¹ and demography	319,890
Proposed savings	(802,260)
Virements between service areas	(130,770)
Non-controllable adjustments ²	62,810
2023/24 Net Budget	109,250

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Finance & Technology

Finance includes both accountancy and revenues and benefits.

The accountancy team ensure that we meet external statutory reporting requirements as well as providing expert business advice and insight to services across the council. Additional finance management support is provided through general debtor collection and creditor payment functions. These teams ensure that managers have access to all the information they need to help plan and manage service budgets, ensuring the smooth flow of funds and also providing the accounting records and insight for that.

The revenues and benefits team is responsible for collecting over £1m per day in council taxation and business rates payments from over 200,000 accounts. Without their work, the council simply could not function. They also ensure the proper administration of housing benefits and council tax support – vital support for so many in the current economic climate.

The IT and Automation service has an unenviable task – making sure all the ICT ‘kit’ is working for over 3,500 network users, dealing with user problems and development requests, and protecting the whole network from increasing levels of Cyberattacks. They also support external bodies (e.g. schools) and help manage problems and develop service improvements.

Finance and Technology Budget Build Up	£
2022/23 Revised Budget	4,541,950
Growth including inflation ¹ and demography	1,476,070
Proposed savings	(1,912,190)
Virements between service areas	32,600
Non-controllable adjustments ²	(571,050)
2023/24 Net Budget	3,567,380

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Key Priorities for 2023/24:

- increasing overall efficiency in the Revenues and Benefits team to by focusing on the overall quality of all service interactions, and striving to be the highest performing in the west midlands region.
- Repositioning the finance business partnering function to enable added agility in service management and support delivery of MTFS savings plans; striving to secure an unprecedented level of financial turnaround in the Council.
- Developing a pipeline of ICT interventions which increase network resilience, enable staff and residents to increase their digital skills, and support the delivery of ‘digital county’ projects – enabling us to achieve more with less.

Legal & Governance

Legal and Governance provides a broad range of advice, support, guidance and assurance both to the Council corporately (see further below) and to individual service areas. Our responsibilities start by ensuring that everyone who legitimately wants to vote is enabled to do so through the Electoral Registration process. Thereafter we arrange the four yearly Council elections as well as the by-elections in between. Committee services support members in their access to Council facilities and the decision-making processes, which the Monitoring Officer and Legal Services seek to ensure are lawful. The Commissioning Development and Procurement Team assist service areas with their procurement and contractual arrangements and proposals and the Information Governance team ensure that we comply with our legal responsibilities under the Freedom of Information and Data Protection Acts. Finally, the Internal Audit Team review the Council's systems and processes across the full spectrum of its activities and provide independent assurance that those processes are operating effectively in practice and being delivered in accordance with legislation, the Shropshire Plan and other relevant policies.

Key Priorities for 2023/24:

Legal and Governance supports (and provides assurance of) all the Priorities of the Shropshire Plan. We intend to provide a better understanding of the decision-making process for officers, members and the public, through a comprehensive review of the Constitution. We will continue to support members both to ensure that they can carry out their constituency business effectively but also to ensure that they can be ambassadors for the Council.

Legal and Governance Budget Build Up	£
2022/23 Revised Budget	994,360
Growth including inflation ¹ and demography	349,890
Proposed savings	(457,070)
Virements between service areas	(43,770)
Non-controllable adjustments ²	(96,830)
2023/24 Net Budget	746,580

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Treasury & Pensions

The Treasury & Pensions area look after the treasury management function for the Council including cash management and considering borrowing requirements. Also the team administer the Shropshire County Pension Fund.

Key Priorities for 2023/24:

Managing Shropshire Council's cash position and ensuring borrowing position is at it's optimum.

Treasury & Pensions Budget Build Up	£
2022/23 Revised Budget	65,710
Growth including inflation ¹ and demography	12,300
Proposed savings	(9,270)
Virements between service areas	(390)
Non-controllable adjustments ²	91,860
2023/24 Net Budget	160,210

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

Communications and Engagement

This service area covers

- Corporate Communications team;
- Customer Service Centre including Welfare Support, Shropshire Local and CCTV teams
- Feedback and Insight team

Responsible for the delivery of the council's communications strategy and looking at how the council communicates with residents, partners and stakeholders and improving engagement, as well as feeding back customers' views and acting as the first point of contact for many people when contacting the council as well as co-ordinating people's view and formal feedback on council services through comments, compliments and complaints, surveys and consultations. All are support services with targets often dictated by the services they work for. e.g. services included, key metrics, level of budget volatility and risk within this area.

Key Priorities for 2023/24:

CSC - Reduce traditional contact volumes through CSC by encouraging more customer requests online

Reduce CSC opening hours and boost outbound preventative calling

Secure partner funding for CCTV operation

Feedback and Insight – corporate training/awareness on complaints and UPVC processes

Procure and launch online engagement platform

Process for distribution of UKSPF to Voluntary and Community Sector and drive VCSA engagement

Communications strategy including core work programme of key communications campaigns

Review and establish internal communication skills

Increasing digital engagement and team skills including development of regular resident direct communication

Support organisational culture change through the Shropshire Plan and engagement with partners and stakeholders

Communications and Engagement	£
Budget Build Up	
2022/23 Revised Budget	806,500
Growth including inflation ¹ and demography	141,190
Proposed savings	(276,070)
Virements between service areas	(19,970)
Non-controllable adjustments ²	247,530
2023/24 Net Budget	899,180

¹ includes pay, pensions, utilities, and contracts

² includes IAS19, insurance, internal market and corporate landlord

The total budget for the Resources Directorate also includes budgets associated with the management of the Directorate

2022/23 Revised Budget £	Service Area	Gross Expenditure					Budget 2023/24					Net Budget Requirement £
		Employee Related Costs £	Third Party & Transfer Payments £	Other Controllable expenditure £	Internal Recharges £	Non Controllable costs £	Total Expenditure £	Gross Income				
								Government Grants £	Service Income £	Total Income £		
Resources Directorate Management												
(101,420)	Resources Directorate Management	359,890	0	(1,000,000)	38,940	(0)	(601,170)	0	(386,910)	(386,910)	(988,080)	
(101,420)	Total Resources Directorate Management	359,890	0	(1,000,000)	38,940	(0)	(601,170)	0	(386,910)	(386,910)	(988,080)	
Finance & Technology												
41,500	Finance & Technology Management	132,590	0	(98,590)	210,520	0	244,520	0	(344,520)	(344,520)	(100,000)	
84,010	Finance	2,581,040	0	152,120	779,270	0	3,512,430	0	(3,513,200)	(3,513,200)	(770)	
2,627,230	Revenues and Benefits Team	3,328,350	0	664,440	1,577,250	362,440	5,932,480	(815,120)	(2,078,460)	(2,893,580)	3,038,900	
1,513,700	Housing Benefits	0	49,009,400	0	5,110	0	49,014,510	(45,902,380)	(2,600,000)	(48,502,380)	512,130	
275,510	Automation and Technology	5,261,920	0	3,630,230	544,160	45,770	9,482,080	0	(9,364,960)	(9,364,960)	117,120	
4,541,950	Total Finance & Technology	11,303,900	49,009,400	4,348,200	3,116,310	408,210	68,186,020	(46,717,500)	(17,901,140)	(64,618,640)	3,567,380	
Workforce and Improvement												
252,370	Business Improvement: Data, Analysis and Intelligence	752,290	0	(44,970)	133,530	6,900	847,750	0	(824,970)	(824,970)	22,780	
195,360	Workforce and Improvement Management	139,150	0	0	89,120	16,510	244,780	0	(244,690)	(244,690)	90	
1,610	Occupational Health & Safety	695,260	60,870	37,600	93,260	0	886,990	0	(874,760)	(874,760)	12,230	
213,570	Human Resources and Organisational Development	2,572,820	0	248,430	1,368,770	0	4,190,020	0	(4,128,100)	(4,128,100)	61,920	
(4,580)	Risk Management and Insurance	339,060	0	(431,280)	55,930	36,290	0	0	0	0	0	
1,250	Overview & Scrutiny	49,800	0	0	12,670	(0)	62,470	0	(50,240)	(50,240)	12,230	
659,580	Total Workforce and Improvement	4,548,380	60,870	(190,220)	1,753,280	59,700	6,232,010	0	(6,122,760)	(6,122,760)	109,250	
Legal and Governance												
89,030	Democratic Services	285,030	0	1,506,840	110,680	0	1,902,550	0	(1,716,050)	(1,716,050)	186,500	
545,690	Elections	271,030	0	185,960	77,000	27,720	561,710	0	(1,000)	(1,000)	560,710	
(350)	Information Governance	100,490	0	6,280	15,340	0	122,110	0	(122,110)	(122,110)	0	
203,670	Legal Services	1,936,650	0	597,710	379,310	0	2,913,670	0	(2,913,680)	(2,913,680)	(10)	
128,770	Commissioning Development & Procurement	567,940	0	36,090	104,470	(0)	708,500	0	(708,740)	(708,740)	(240)	
27,550	Audit Services	641,140	0	30,690	82,690	0	754,520	0	(754,900)	(754,900)	(380)	
994,360	Total Legal and Governance	3,802,280	0	2,363,570	769,490	27,720	6,963,060	0	(6,216,480)	(6,216,480)	746,580	
Treasury and Pensions												
920	Treasury Services	403,300	0	39,810	62,830	0	505,940	0	(506,290)	(506,290)	(350)	
64,790	Pension Administration Services	1,235,910	0	319,850	135,280	152,600	1,843,640	0	(1,683,080)	(1,683,080)	160,560	
65,710	Total Treasury and Pensions	1,639,210	0	359,660	198,110	152,600	2,349,580	0	(2,189,370)	(2,189,370)	160,210	
Organisation Performance Management												
0	Organisation Performance Management	65,880	0	0	6,600	9,680	82,160	0	0	0	82,160	
0	Total Organisation Performance Management	65,880	0	0	6,600	9,680	82,160	0	0	0	82,160	
Communications & Engagement												
371,340	Welfare & Reform	225,690	0	27,070	99,740	28,760	381,260	0	0	0	381,260	
389,500	Customer Services	2,048,910	0	272,860	1,325,160	53,970	3,700,900	0	(3,281,070)	(3,281,070)	419,830	
23,610	Credit Union	72,490	0	0	2,550	9,000	84,040	0	(72,710)	(72,710)	11,330	
22,050	Communications & Engagement	920,130	0	28,800	1,600	(0)	950,530	0	(863,770)	(863,770)	86,760	
806,500	Total Communications & Engagement	3,267,220	0	328,730	1,429,050	91,730	5,116,730	0	(4,217,550)	(4,217,550)	899,180	
6,966,680	Net Budget for Resources	24,986,760	49,070,270	6,209,940	7,311,780	749,640	88,328,390	(46,717,500)	(37,034,210)	(83,751,710)	4,576,680	

Appendix 1

Savings



Summary

Category	Directorate	Saving 2023/24 £000
Policy Choices		
	Health & Wellbeing	0
	People	302,000
	Place	115,000
	Resources	0
	Council Wide	0
Total Policy Choices Savings		417,000
Efficiency		
	Health & Wellbeing	454,310
	People	19,099,628
	Place	13,466,230
	Resources	4,489,372
	Corporate	213,760
	Council Wide	13,250,000
Total Efficiency Savings		50,973,300
Total		51,390,300

Category	Directorate	Ref.	Description	2023/24 £
Policy Choice	People	POL01	Review the transport arrangements for SEND education placements to ensure efficient use of resources whilst providing appropriate support.	100,000
Policy Choice	People	POL02	Consult on options to revise the contribution scheme for Post 16 applicants with SEND to ensure efficient use of resources.	0
Policy Choice	People	POL03	Review the transport arrangements for placements at the Tuition Medical Behaviour Support Service to ensure efficient use of resources.	202,000
Policy Choice	People	POL04	Consult on options to revise the Post 16 transport assistance scheme to ensure efficient use of resources.	0
TOTAL Policy Choice - People				302,000
Policy Choice	Place	POL05	Installation of battery units at Shirehall and Theatre Severn to store electricity generated from rooftop photovoltaic cell installations, to support reduced local energy use from the Grid and more locally generated energy, and to replace 'selling back' energy to the Grid.	75,000
Policy Choice	Place	POL06	Reduce small grant funding to local groups	25,000
Policy Choice	Place	POL07	Review of collection charges for bulky waste	15,000
TOTAL Policy Choice - Place				115,000
TOTAL POLICY CHOICE SAVINGS				417,000

Category	Directorate	Ref.	Description	2023/24 £
Efficiency	People	EFF06	Expand and enhance reablement model to improve people's outcomes get better and to remain independent.	3,844,860
Efficiency	People	EFF07	Review care at home model	2,759,563
Efficiency	People	EFF08	Review client contributions in line with national guidance	1,800,000
Efficiency	People	EFF09	Managing predicted growth	1,300,000
Efficiency	People	EFF10	Removal of budgets for vacant posts (avg. 3%)	1,325,000
Efficiency	People	EFF11	Increase numbers of local foster carers to enable reductions in independent foster care costs (local foster carers, engaged by the Council, are less costly than independent foster carers)	1,000,000
Efficiency	People	EFF12	Review supported living model	1,000,000
Efficiency	People	EFF13	Reduce numbers of childcare placements in long-term residential placements, where appropriate ('Stepping Stones' project, implementing the proven North Yorkshire model of children's social care management).	1,000,000
Efficiency	People	EFF14	Prevent the need for residential care	832,198
Efficiency	People	EFF15	Deliver efficiencies across the ISF model	500,000
Efficiency	People	EFF16	Improving public health to reduce social care costs	500,000
Efficiency	People	EFF17	Review of support contracts	346,620
Efficiency	People	EFF18	Decreased use of B&B accommodation as temporary accommodation for 2022/23 (including associated costs) in view of current action to reduce or divert demand.	344,000
Efficiency	People	EFF19	Develop flexible support model to support people to remain at home	325,000
Efficiency	People	EFF20	Reduce transport costs through improved efficiencies	300,000
Efficiency	People	EFF21	Review exceptionally high-cost children's residential care placements to identify the optimum care arrangements for each child, reflecting their changing levels of need.	250,000
Efficiency	People	EFF22	Review care at home model.	240,437
Efficiency	People	EFF23	Review the Council contribution to maintained school redundancy costs.	180,000
Efficiency	People	EFF24	Review the Independent Living Service to ensure value for money.	150,000
Efficiency	People	EFF25	Increase joint training opportunities.	150,000

Category	Directorate	Ref.	Description	2023/24 £
Efficiency	People	EFF26	Use external grant funding to support staff costs	136,680
Efficiency	People	EFF27	Review of arrangements for personal budgets	110,000
Efficiency	People	EFF28	Increase private sector housing fees	100,000
Efficiency	People	EFF29	Review the 'Enable' services budget	88,000
Efficiency	People	EFF30	Review funding arrangements across Learning and Skills to maximise the use of the Central School Services Block (CSSB) grant funding, in line with Government guidance, to rebalance the Council contribution to the service.	86,180
Efficiency	People	EFF31	Review grants (non-statutory)	80,000
Efficiency	People	EFF32	Review of Day Services model.	75,000
Efficiency	People	EFF33	Improve value for money of housing security provision	74,000
Efficiency	People	EFF34	Review service model to deliver wellbeing training and capacity building offer.	66,610
Efficiency	People	EFF35	Charge for sourcing care to self funders	43,000
Efficiency	People	EFF36	Optimise Occupational Therapy service delivery by ending 'just checking' contract.	30,000
Efficiency	People	EFF37	Review the 'Enhance' contract	21,000
Efficiency	People	EFF38	Review of Enable	12,000
Efficiency	People	EFF39	Review of care packages jointly funded with health services	10,000
Efficiency	People	EFF40	Contract review for supported living	7,480
Efficiency	People	EFF41	Increase Fees and Charges relating to Day Services	7,000
Efficiency	People	EFF42	Remove use of external venues	5,000
TOTAL Efficiency - People				19,099,628

Category	Directorate	Ref.	Description	2023/24 £
Efficiency	Place	EFF44	Review PFI contract costs to secure greater efficiency	4,500,000
Efficiency	Place	EFF45	Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	2,019,310
Efficiency	Place	EFF46	Increased charges for car parking including changes to permit schemes and some reduction in concessions.	2,000,000
Efficiency	Place	EFF47	Once-only use of adverse weather reserves while other savings plans are put into place.	1,561,000
Efficiency	Place	EFF48	Review application of grant funding.	976,000
Efficiency	Place	EFF49	Removal of budgets for vacant posts (avg. 3%)	818,850
Efficiency	Place	EFF50	Fees and charges increased in line with cost inflation.	426,060
Efficiency	Place	EFF51	Shopping Centres - Pride Hill and Riverside base budget reduced as not required once the demolition works begin. To be reinstated in 2026-27	265,450
Efficiency	Place	EFF52	Reshape Planning Services to become closer to cost neutral by 2025/26	200,000
Efficiency	Place	EFF53	Public Health funding to increase health improvement benefits through leisure services.	140,000
Efficiency	Place	EFF54	Repurposing unclaimed developer bonds.	125,000
Efficiency	Place	EFF55	Revised service structure for Communities, Leisure and Tourism functions.	105,000
Efficiency	Place	EFF56	Revise Shire Services cleaning contracts to improve efficiency and reduce net costs.	100,000
Efficiency	Place	EFF57	Increased efficiency in drainage maintenance operations	100,000
Efficiency	Place	EFF58	Review of housing costs and attribution to general fund functions versus attribution to Housing Revenue Account.	80,000

Category	Directorate	Ref.	Description	2023/24 £
Efficiency	Place	EFF59	Review of youth centres and other accommodation used for youth activities	69,300
Efficiency	Place	EFF60	Increased income generation by Register Office	60,000
Efficiency	Place	EFF61	Registrars and Estates increased income	50,000
Efficiency	Place	EFF62	Recovery of insurance costs (prev. agreed)	30,000
Efficiency	Place	EFF63	Recovery of insurance costs (additional to line 71)	30,000
Efficiency	Place	EFF64	Enhanced income through use of Planning Performance Agreements and increased fees	25,000
Efficiency	Place	EFF65	Enhanced income through the commercial activities in the Natural and Historic Environment Team.	20,000
Efficiency	Place	EFF66	Increased income generation within Museums and Archives	10,000
Efficiency	Place	EFF67	Enhanced income through commercial activity in Natural & Historic Environment teams	10,000
Efficiency	Place	EFF78	Change to staff charges to CDL/Cornovii (reduced charges to CDL, increased costs to the Council)	(40,980)
TOTAL Efficiency - Place				13,466,230

Category	Directorate	Ref.	Description	2023/24 £
Efficiency	Resources	EFF79	Review of customer contact teams across the Council - Channel shifting to promote more streamlined and cost-efficient responses.	1,112,000
Efficiency	Resources	EFF80	Reduce housing benefit subsidy loss arising from use of expensive bed and breakfast accommodation (reverses budget growth from 2021/22 into 2022/23)	1,000,000
Efficiency	Resources	EFF81	Removal of budgets for vacant posts (avg. 3%)	717,730
Efficiency	Resources	EFF82	New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	515,222
Efficiency	Resources	EFF83	Legal and Governance restructure to include deletion of some vacant posts and the movement of others into transformation	231,850
Efficiency	Resources	EFF84	New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Finance and IT).	208,070
Efficiency	Resources	EFF85	Income savings from 22/23 - 26/27 Capital Strategy (ICT Equipment Replacement Fund)	130,000
Efficiency	Resources	EFF86	Contract rebates and spending reductions	129,500
Efficiency	Resources	EFF87	Operating Model - Digital County - Reduce/remove uneconomical Service Delivery	100,000
Efficiency	Resources	EFF88	Review of single person discount and housing benefit applications against data warehouse to reduce error and fraud.	100,000
Efficiency	Resources	EFF89	CCTV provision and management - Seek partner funding contributions	75,000
Efficiency	Resources	EFF90	Review of ICT contracts to streamline supplier use	50,000
Efficiency	Resources	EFF91	Full recovery of legal and other recovery costs for unpaid council tax and business rates	46,000
Efficiency	Resources	EFF92	Review use of Customer Relationship Management system	25,000
Efficiency	Resources	EFF93	Increase fees and charges in line with cost inflation	21,000
Efficiency	Resources	EFF94	Reduce use of printers and copiers (Multi-Functional Devices - MFDs)	12,000
Efficiency	Resources	EFF95	Complete migration to SharePoint document management and sharing software	10,000
Efficiency	Resources	EFF96	SMS reminder - Debt recovery (council tax)	6,000
TOTAL Efficiency - Resources				4,489,372

Category	Directorate	Ref.	Description	2023/24 £
Efficiency	Corporate	EFF100	Review PFI contract costs to secure greater efficiency	213,760
TOTAL Efficiency - Corporate				213,760

Category	Directorate	Ref.	Description	2023/24 £
Efficiency	Organisation wide	EFF100	Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end review).	5,000,000
Efficiency	Organisation wide	EFF101	Target Operating Model - sixty projects already identified but benefits not yet costed; estimated benefits of £0.050m per project.	3,000,000
Efficiency	Organisation wide	EFF102	Target Operating Model - Transformation partner delivers 4 x end-to-end process reviews yielding £0.5m per project.	2,000,000
Efficiency	Organisation wide	EFF103	Increase interest receivable budgets based on changing bank rates	1,300,000
Efficiency	Organisation wide	EFF104	Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	1,000,000
Efficiency	Organisation wide	EFF105	Budget review – treasury investment returns.	700,000
Efficiency	Organisation wide	EFF106	Contract Spend Analysis and Contract Management Review	250,000
TOTAL Efficiency - Organisation wide				13,250,000

TOTAL EFFICIENCY SAVINGS 50,973,300

TOTAL SAVINGS 51,390,300

Appendix 2

Recharges



Support Service	Recharge Base
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Strategic Management Board

Chief Executive

Direct cost recharged wholly to Corporate & Democratic Core/HRA based on turnover, project budgets charged out over directorates as a percentage split

Administrative Support

Recharged to Service Areas

Resources

Communications & Engagement

Customer Service Centre

Based on contact activities such as Email, Face to Face or Telephone from records from CSC system

Communications & Engagement

Based on estimate of time spent on each service

Workforce & Improvement

Web Team

Based on active directory users

IT:

Based on number of IT Licences and time estimates

Application Management

Based on estimate of time spent on each application and contract values

IT Help desk and IT Services

Based on active directory users

IT (Data Centre, File Storage, Virtualisation)

Service specific calculation

Mail Room

Recharged to Corporate Landlord shared buildings

Health & Safety

Based on headcount

Human Resources

Based on headcount

Occupational Health

Based on headcount

Information, Intelligence & Insight

Based on estimate of time spent on each service

Legal & Governance

Legal Services

Based on estimate of time spent on each service

Committee Services

Based on estimate of time spent on each service with an element recharged to Corporate & Democratic Core/HRA

Support Service	Recharge Base
-----------------	---------------

Member Allowances/Services	Recharged wholly to Corporate & Democratic Core/HRA based on a time estimate
FOI/Information Governance	Recharged wholly to Corporate & Democratic Core/HRA
Procurement	Based on estimate of time spent on each service
Audit	Based on audit plan

Finance & Technology

Finance Business Partners	Recharged to services based on estimated time supporting specific services including the capital programme
Technical Accounting	Based on estimated time spent on each technical accounting activity. Recharged to services based on number of cost centres. Proportion of time relating to closing the accounts, treasury management and costs in relation to estimating and allocating corporate level resources (i.e. grant settlements) is charged direct to Corporate & Democratic Core
Management Accounting:	
Purchase Ledger	Recharged based on number of PL invoices processed, number of authorising officers within PL, users of PL, number of imprest accounts
Income	Recharged to services based on volume and type of income transactions.
Sales Ledger	Recharged based on number of sales ledger invoices raised.
General Ledger	Recharged to services based on number of cost centres within finance system. Purchasing cards administration recharged to services holding purchasing cards.
Core Activity	Proportion of time relating to closing the accounts, treasury management and costs in relation to estimating and allocating corporate level resources is charged direct to Corporate & Democratic Core.
Finance and Technology Management	Recharged based on estimate of time spent on each service area. Proportion of time relating to closing the accounts, treasury management and costs in relation to estimating and allocating corporate level resources (i.e. grant settlements) is charged direct to Corporate & Democratic Core

Support Service

Head of Finance

Recharge Base

Recharged based on estimate of time spent on each service area. Proportion of time relating to closing the accounts, treasury management and costs in relation to estimating and allocating corporate level resources (i.e. grant settlements) is charged direct to Corporate & Democratic Core

Treasury & Pensions

Treasury

Recharged to Corporate & Democratic Core/HRA and service areas based on number of purchasing cards, imprest accounts and leasing arrangements

Corporate

External Audit Fees

Recharged wholly to Corporate & Democratic Core/HRA based on audited working papers

Place**Commercial Services**

Head of Property & Development

Based on estimate of time spent between Estates, Assets and Gypsy & Traveller Team

Office Accommodation

Cost of office accommodation recharged based on floor occupancy where services occupy a space 100% of the time. Remaining floor areas recharged based on staff user status.

Assets

Based on estimated time spent over Corporate Landlord buildings, buildings with energy charges, admin buildings, school buildings and asset value of all buildings in the Fixed Asset Register

Premises Services

Based on Repairs and Maintenance expenditure

Facilities Management

Based on estimate of time spent on each Facilities Management Team managed building

Estates Team

Based on estimate of time for specific works across all Council buildings

Homes & Communities

Records Management

Based on number of boxes held in archive

Appendix 3

Government Grants



2022/23
Revised
Budget
£

Government Grants

2023/24
Budget
£

Corporate

1,522,650	Quality in Community Services – Private Finance Initiative	1,522,650
4,651,470	New Homes Bonus	1,747,510
16,646,790	Business Rate Retention Scheme – Section 31 Grants	21,521,300
6,940,760	Rural Services Delivery Grant	7,757,310
11,863,400	Improved Better Care Fund	9,896,140
12,619,530	Additional Social Care Funding	21,547,060
940,830	Market Sustainability and Fair Cost Fund	3,263,870
3,521,310	Core Spending Power Services Grants	2,065,890
397,340	Lower Tier Services Grant	0

59,104,080 Total Corporate Government Grants 69,321,730

Health & Wellbeing

54,000	Local Services Support Grant	54,000
12,426,070	Public Health Grant	12,775,140
162,000	Local Reform and Community Voices	162,000

12,642,070 Total Health & Wellbeing Government Grants 12,991,140

2022/23
Revised
Budget
£

Government Grants

2023/24
Budget
£

People

108,190,100	Dedicated Schools Grant	111,552,850
3,692,100	Pupil Premium Grant	4,011,060
14,650	KS2 Moderation	14,660
689,600	Tackling Troubled Families	669,500
0	Youth Justice Board – Children On Remand	0
395,610	Unaccompanied Asylum Seeking Children	764,850
154,840	School Improvement Monitoring and Brokering Grant	0
342,000	Adoption Support Fund	256,670
92,950	Staying Put Grant	92,950
49,010	Assessed and Supported Year in Employment	38,000
48,090	Extending Personal Adviser support to age 25: new burdens assessment	48,090
384,900	Local Services Support Grant	384,900
696,010	Homeless Prevention Grant	720,420
166,480	Rough Sleepers Initiative	372,670
117,210	War Pension Disregard Grant	117,210
1,511,940	Independent Living Fund	0
1,967,260	Improved Better Care Fund	1,967,260
47,940	Care and Support Prisons	47,940
29,310	Refugee Resettlement	0
37,730	Local Reform and Community Voices	37,730
	Domestic Abuse Duty Capacity Building Fund	591,760
0	Reducing Parental Conflict Workforce Development Grant	18,730
0	Homes for Ukraine Scheme Local Authority Tariff Payment	1,500,000
0	Adult Social Care Discharge Fund	1,663,230
118,627,730	Total People Government Grants	124,870,480

2022/23
Revised
Budget
£

Government Grants

2023/24
Budget
£

Place

3,185,610	Waste – Private Finance Initiative	3,185,610
150,000	Bikeability	150,000
43,220	RPA Higher Level Stewardship	30,000
512,450	Bus Services Operators Grant	512,450
198,950	AONG Core Grant	228,110
11,570	Historic England - Oswestry High Street Heritage Action Zone	0
43,800	DEFRA - Trees Outside Woods (TOW)	48,060
43,800	Historic England - Offa's Dyke Project	50,000
907,980	DEFRA - Farming in Protected Landscapes	784,530
	National Lottery Heritage Fund - Shropshire Hills Young Ranger	50,960
0	DLUHC – UK Shared Prosperity Fund (Levelling Up)	47,560
5,097,380	Total Place Government Grants	5,087,280

Resources

648,260	Housing Benefit Administration Subsidy	643,520
266,420	Localised Council Tax Support Administration Subsidy	0
49,000,000	Mandatory Rent Allowances: Subsidy	38,000,000
8,046,780	Rent Rebates: Subsidy	7,902,380
65,100	DWP Verify Earnings and Pensions	65,100
39,300	Universal Credit	39,300
66,090	Welfare Reform New Burdens	66,090
2,200	Single Fraud Investigation Service	1,110
58,134,150	Total Resources Government Grants	46,717,500

253,605,410 Total Shropshire Council Government Grants 258,988,130

Appendix 4

Report Schedule



Date	Committee	Financial Strategy Reports	Other Relevant Reports
30 November 2022	Performance Management Scrutiny Committee	Financial Strategy Mid-Year Review	
14 December 2022	Cabinet	Financial Strategy Mid-Year Review	Setting the Council Tax Taxbase for 2023/24
15 December 2022	Council		Setting the Council Tax Taxbase for 2023/24
11 January 2023	Performance Management Scrutiny Committee	Alternative Budget Proposals 2023/24 and Medium Term Financial Strategy 2023/24 to 2027/28	
18 January 2023	Cabinet	Alternative Budget Proposals 2023/24	
15 February 2023	Cabinet	Financial Strategy 2023/24 to 2027/28	Estimated Collection Fund Outturn 2022/23 Fees and Charges 2023/24
2 March 2023	Council	Financial Strategy 2023/24 to 2027/28	Fees and Charges 2023/24

Appendix 5

Glossary



Budget

The financial plan reflecting the Council's policies and priorities over a period of time i.e. what the Council is going to spend to provide services.

Business Rates

Taxation that is levied on business properties and collected by Shropshire Council. A change in regulations surrounding Business Rates has resulted in a proportion being retained and shared locally amongst authorities (including Fire Authority), rather than going to the Government for redistribution on a national basis.

Capital Expenditure/Capital Programme

Expenditure on items that have a life of more than one year, such as buildings, land, major equipment, or which adds to rather than maintains the value of existing assets.

Capital Financing

Capital expenditure is financed by Government grants, external contributions (e.g. developers' contributions to specific schemes), contribution from the revenue account, proceeds from the sale of assets, and borrowing. The revenue budget bears the cost of direct revenue contributions, together with interest and the provision for repayments of the loans.

Capital Receipts

The proceeds from the sale of fixed assets such as land and buildings. These sums can be used to finance new capital expenditure.

Collection Fund Surplus

A surplus of council tax and business rate income collected over the level assumed for budget purposes. Any such surplus or deficit is shared between the billing authority and its major precepting authorities.

Council Tax Requirement

This is an amount calculated, in advance of each year, by every local authority. It is the amount of revenue to be collected from council tax, and is equivalent to an authority's Band D council tax multiplied by its council tax base.

Earmarked Reserves

The Council maintains certain specific revenue reserves to meet future expenditure. These are held within earmarked reserves.

Employees

This includes all staffing budgets as well as indirect employees costs such as training, recruitment, agency staff and any budgeted redundancy costs.

General Fund Balances

This balance is held by the Council for general purposes, i.e. against which there are no specific commitments. The balance is treated as a contingency to protect the Council's financial standing should there be any financial issues in the year.

Government Grants

Contributions by central Government towards either the revenue or capital cost of local authority services.

Housing Revenue Account

The statutory account to which the revenue costs of providing, maintaining and managing Council dwellings are charged. These costs are financed by tenants' rents and government housing subsidy.

Internal Recharges

This includes the costs of support services such as IT, HR, Finance, Legal and Property Services. These services provide support functions to the frontline services in their service delivery.

Net Budget Requirement

The total expenditure (after deduction of income) that the Council finances from the aggregation of Revenue Support Grant, Business Rates and Council Tax.

Non Controllable Expenditure

This includes notional accounting transactions required to show the total cost of a service and includes capital charges such as depreciation, insurance contributions and future pension costs.

Other Controllable Expenditure

This includes all premises, transport related and supplies and services budgets that the Council holds.

Revenue Expenditure

Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.

Service Income



This includes all other income received within the revenue budget and will include other grants and contributions, fees and charges, other sales and internal recharge income.

Staff Budgets

This includes only staff salaries, NI contributions and Pension costs for Council employees.

Tax Base

To set the Council Tax for each property a Council has to first of all calculate the council tax base. This is a figure that is expressed as the total of band D equivalent properties.

Third Party Payments

This is a payment to an external provider or an internal service delivery unit defined as a trading operation. This generally contains any major contracts that the Council enters into.

Transfer Payments

This includes the costs of payments to individuals for which no goods or services are received in return. Examples of transfer payments include rent rebates and rent allowances for Housing Benefits.

Housing Revenue Account



2022/23 Budget £	Shropshire Council Housing Revenue Account	2023/24 Budget £
	Income	
(18,101,280)	Dwellings Rent	(19,547,030)
(104,900)	Garage Rent	(95,300)
(17,000)	Other Rent	(30,000)
(686,820)	Charges for Services	(735,380)
(18,910,000)	Total Income	(20,407,710)
	Expenditure	
9,021,410	ALMO Management Fee	9,663,160
640,370	Supplies & Services	683,600
4,047,050	Capital Charges – Dwelling Depreciation	4,471,690
196,250	Capital Charges – Depreciation Other	261,670
2,988,250	Interest Paid	3,365,270
600,000	Repairs charged to revenue	625,000
200,000	New Development Feasibility	250,000
1,693,450	Revenue Financing Capital Expenditure	1,013,410
50,000	Increase in Bad Debt Provision	50,000
335,910	Corporate & Democratic Core/Support Services	357,520
19,772,690	Total Expenditure	20,741,320
862,690	Net Cost of Services	333,610
(60,000)	Interest Received	(60,000)
802,690	Net Operating Expenditure	273,610
802,690	Net Cost of Service/(Surplus) for Year	273,610
	HRA Reserve	
11,591,770	B/fwd 1 April	10,789,080
(802,690)	Surplus/(Deficit) for year	(273,610)
10,789,080	Carried Forward 31 March	10,515,470

Capital Programme





Capital Programme Summary

The Capital Programme for the period 2023/24 to 2025/26 is based on current confirmed funding and delivery schedule for schemes. The programme is based on projects that have proceeded to approval stage, either via delegated powers or full Cabinet and Council recommendation approvals.

The Financial Year 2022/23 marked an important point in time for Shropshire Council. A wholesale review of our future aspirations and priorities has been reflected within The Shropshire Plan our new corporate strategy document. The Shropshire Plan forms the umbrella for all the Council's plans and strategies and helps direct decisions on how we use our available resources to achieve the best outcomes for Shropshire. A key element of this is the Capital Strategy, a document that considers the Council's long-term aspirations for investment in assets and infrastructure, but ultimately focussing on the next five years.

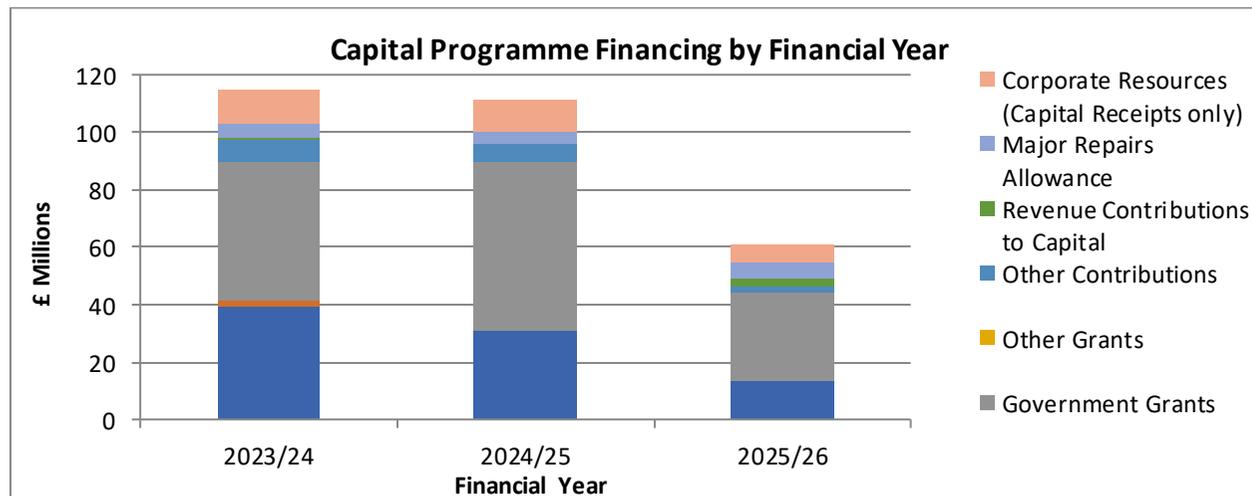
The Capital Strategy 2023/24 to 2027/28 details a schedule of capital schemes identified as priorities for the Council over the next five years. These schemes will progress through the approved capital scheme governance process as normal, with robust business cases being developed for each project. These projects and business cases will be presented and approved by Cabinet and / or Council prior to their inclusion in the Council's capital programme. Consequently, as these projects have yet to complete the full due diligence process, they are not currently included in the Capital Programme.

Capital Budgets 2023/24 to 2025/26

Service Area	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £
General Fund			
Health & Wellbeing Capital	0	0	0
People Capital	20,639,011	17,577,384	7,399,000
Place Capital - Commercial Services	12,703,304	12,783,119	1,701,000
Place Capital - Economy & Place	11,081,047	8,817,520	5,371,738
Place Capital - Homes & Communities	4,654,657	5,557,237	2,067,303
Place Capital - Infrastructure	44,165,793	51,557,000	31,412,000
Resources Capital	1,000,000	0	0
Total General Fund	94,243,812	96,292,260	47,951,041
Housing Revenue Account	20,472,256	15,121,612	13,312,819
Total Approved Budget	114,719,068	114,413,872	61,263,860

Capital Financing 2023/24 to 2025/26

Service Area	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £
Self Financed Prudential Borrowing	39,168,565	30,836,982	13,401,621
Salix Loan	1,910,494	0	0
Government Grants	48,690,313	58,838,383	30,481,000
Other Grants	117,750	60,750	20,250
Other Contributions	7,174,815	5,860,750	2,100,195
Revenue Contributions to Capital	749,069	0	3,308,501
Major Repairs Allowance	4,828,300	4,828,300	5,000,000
Corporate Resources (Capital Receipts only)	12,079,762	10,988,707	6,952,293
Total Confirmed Funding	114,719,068	111,413,872	61,263,860



Capital Programme Detail by Scheme

Scheme Description	2023/2024 Budget £	2024/2025 Budget £	2025/2026 Budget £
Housing Revenue Account Capital			
<u>HRA Dwellings Capital</u>			
Housing Major Repairs Programme	0	0	5,000,000
Housing New Build Programme - Fairfield's Development, Gobowen	0	3,979,175	855,110
Housing New Build Programme - Off Penybryn Avenue, Whittington	1,176,782	115,367	0
Housing New Build Programme - Russell Close, Stanmore	356,037	13,470	0
Housing New Build Programme - Weston Rhyn	2,177,538	95,068	0
Housing New Build Programme (500 new homes plan)	5,000,000	5,000,000	7,457,709
HRA Developer Purchases - Ellesmere Wharf, Ellesmere	856,907	0	0
HRA Developer Purchases - Ifton Heath	2,156,250	0	0
HRA Developer Purchases -Baschurch	222,754	0	0
HRA Housing New Build Programme Phase 6 - Shrewsbury Training Centre, Racecourse Le	1,308,108	65,678	0
HRA Housing New Build Programme Phase 6- Richmond House	392,580	24,554	0
STaR Disabled Aids & Adaptations	250,000	250,000	0
STaR Electrical Remedial Works	250,000	250,000	0
STaR External Doors	158,000	158,000	0
STaR Fire Safety Works	100,000	100,000	0
STaR Kitchens & Bathrooms	1,180,600	1,180,600	0
STaR Major Works	200,000	200,000	0
STaR Rewires	550,000	550,000	0
STaR Roofing	40,000	40,000	0
STaR Asbestos Removal	150,000	150,000	0
STaR Garage Sites Refurbishments	200,000	200,000	0
STaR Heating Works - Reactive	834,000	834,000	0
STaR Off Grid Properties Investment	300,000	300,000	0
STaR Roof Replacement Works	403,200	403,200	0
STaR Sewage Treatment Works	100,000	100,000	0
STaR Window Replacement Works	112,500	112,500	0
Temporary Accommodation Programme Unallocated	2,000,000	1,000,000	0
Total HRA Dwellings Capital	20,475,256	15,121,612	13,312,819
	20,475,256	15,121,612	13,312,819

Scheme Description

**2023/2024
Budget
£**

**2024/2025
Budget
£**

**2025/2026
Budget
£**

People Capital

Adult Social Care Operations Capital

ASC - Unallocated Grant	150,000	200,000	0
Greenacres Farm - Supported Living Development	2,255,000	1,000,000	0
Total Adult Social Care Operations Capital	2,405,000	1,200,000	0

Housing Services Capital

Disabled Facilities Grants - Capital	4,149,000	4,149,000	4,149,000
HOLD Project - Capital	300,000	0	0
Total Housing Services Capital	4,449,000	4,149,000	4,149,000

Non Maintained Schools Capital

Bowbrook Primary - Place Planning New Build	2,500,000	1,000,000	0
Marches Academy Trust - Grange/Sundorne Amalgamation	0	2,000,000	0
St Mary's Bucknell CofE Primary Early Years Work to Toilet and Changing Area	4,877	0	0
Total Non Maintained Schools Capital	2,504,877	3,000,000	0

Scheme Description

	2023/2024 Budget £	2024/2025 Budget £	2025/2026 Budget £
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Primary School Capital

Adderley CE Primary Removal, Replacement and Relocation of Existing Oil Fired Boiler	32,700	0	0
Albrighton Primary - Replace curved window walling KS2	49,050	0	0
Buntingsdale Primary & Nursery Replacement of External Windows & External Wall Fabric F	21,800	0	0
Buntingsdale Primary and Nursery Replacement of Access/Exit Ramps & Steps	10,900	0	0
Cheswardine Primary Replacement of Existing Night Storage Heaters or A/C Cooling Heating	32,700	0	0
Cockshutt CE Primary Fire Alarm Replacement	15,476	0	0
Crowmoor Primary Part Re-Roofing Of Childrens Centre	81,750	0	0
Farlow Primary - GP Room	120,000	0	0
Haughmond Primary School - Place Planning Amalgamation	500,000	1,000,000	0
Hodnet Primary Pressurisation Of The DHW System	21,800	0	0
Meole Brace CE Primary & Nursery Replacement Of Fire Alarm System	38,150	0	0
Myddle CE Primary Structural Movement To Hall Floor	10,900	0	0
Newtown CE Primary Replacement Of Demountable Heating System To A-A ASHP	27,250	0	0
Norbury Primary Replacement Sewage System	87,200	0	0
Norton-In-Hales CE Primary School FRA Works	16,350	0	0
SAI 2223 Gobowen Primary Ramp To Demountable	10,900	0	0
Selattyn CE Primary Heating System Replacement Phase 2	92,650	0	0
Selattyn CE Primary Replacement Distribution Boards & Lighting Improvements	38,150	0	0
Sheriffhales Primary Creation Of External Access Doorway Into EY Classroom & External C:	49,050	0	0
Sheriffhales Primary Replace Single Glazed Windows To WC & Other Window Works	16,350	0	0
Shifnal Primary - Heating & Hot Water	76,420	0	0
Shifnal Primary Replacement Of Kitchen/Hall Bi-Fold Doors To Fire Rated Doors	27,250	0	0
St Lawrence CE Primary Replacement Emergency Lighting System	16,350	0	0
The Martin Wilson School Replacement Of Fire Doors	21,800	0	0
Welshampton - Sewage Treatment Plant	86,300	0	0
Total Primary School Capital	1,501,246	1,000,000	0

Scheme Description	2023/2024 Budget £	2024/2025 Budget £	2025/2026 Budget £
<u>Secondary School Capital</u>			
The Community College Re-Roofing Of Youth Club/School Demountable Roof	21,800	0	0
Total Secondary School Capital	21,800	0	0
<u>Special Schools Capital</u>			
Bridgnorth Education Centre Security Fencing & Gates With Access Control	13,080	0	0
Total Special Schools Capital	13,080	0	0
<u>Unallocated School Capital</u>			
Basic Need Unallocated	1,821,827	1,562,255	2,000,000
Condition Unallocated	1,867,224	1,250,000	1,000,000
Devolved Formula Capital - re-profiling	1,050,000	300,000	250,000
Early Years Unallocated	157,092	0	0
Schools Access Initiative Unallocated	17,634	0	0
Schools Future Place Planning Programme - Unallocated	2,300,000	2,000,000	0
SEN High Needs Capital Funding - Unallocated	2,530,231	3,116,129	0
Total Unallocated School Capital	9,744,008	8,228,384	3,250,000
	20,639,011	17,577,384	7,399,000

Scheme Description	2022/2023 Budget £	2023/2024 Budget £	2024/2025 Budget £
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Place Capital - Commercial Services

Corporate Landlord Capital

Commercial Investment Programme - Unallocated	3,432,721	5,000,000	0
DVSA Site Ennerdale Road Shrewsbury - Acquisiiton	1,200,000	0	0
Ludlow Assembly Rooms - Refurbishment Works	138,323	0	0
Maesbury Solar Farm	1,000,000	0	0
Market Drayton Library Boiler Replacement	163,500	0	0
Meole Brace Pitch & Putt Development	3,000,000	2,000,000	0
NCP Car Park, Wyle Cop, Shrewsbury - Acquisition	0	3,983,620	0
The Tannery Development - Block A	2,357,858	4,000,000	0
Whitchurch Medical Practice	3,422,000	1,778,228	0
Total Corporate Landlord Capital	14,714,402	16,761,848	0

	14,714,402	16,761,848	0
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Scheme Description

2023/2024
Budget
£

2024/2025
Budget
£

2025/2026
Budget
£

Place Capital - Commercial Services

Corporate Landlord Capital

Battlefield, Shrewsbury - Gypsy Transit Site	266,000	0	0
Commercial Investment Programme - Unallocated	0	5,479,704	0
Corporate Landlord Suitability Programme Unallocated	600,000	600,000	600,000
Corporate Landlord Unallocated	1,200,000	1,200,000	1,101,000
Maesbury Solar Farm	2,041,173	0	0
Meole Brace Pitch & Putt Development	4,264,298	503,415	0
The Tannery Development - Block A	1,353,605	5,000,000	0
Whitchurch Medical Practice	2,978,228	0	0
Total Corporate Landlord Capital	12,703,304	12,783,119	1,701,000

12,703,304

12,783,119

1,701,000

Scheme Description

	2023/2024 Budget £	2024/2025 Budget £	2025/2026 Budget £
Place Capital - Economy & Place			
<u>Broadband Capital</u>			
Broadband Phase 5 - BDUK Gigabit Voucher Top Up Scheme	1,000,000	500,000	0
Broadband Project - Phase 3 - Airband	1,000,000	700,000	0
Broadband Project - Phase 6 - TBC	1,000,000	1,000,000	1,079,945
Total Broadband Capital	3,000,000	2,200,000	1,079,945
<u>Development Management Capital</u>			
Offa's Dyke Conservation Management	121,500	121,500	40,500
Oswestry HAZ Repurposing Programme	93,569	0	0
Oswestry HAZ Shop Front Grant Scheme	21,000	0	0
Total Development Management Capital	236,069	121,500	40,500
<u>Economic Growth Capital</u>			
Oswestry Mile End Roundabout Improvement Works - Design & Planning Stage	7,296,019	6,496,020	4,251,293
Total Economic Growth Capital	7,296,019	6,496,020	4,251,293
<u>Planning Policy Capital</u>			
Affordable Housing - Rolling Fund	200,346	0	0
Community Housing Grant - Community Led Scheme	92,613	0	0
Community Led Affordable Housing Grant Scheme	256,000	0	0
Total Planning Policy Capital	548,959	0	0
	11,081,047	8,817,520	5,371,738

Scheme Description2023/2024
Budget
£2024/2025
Budget
£2025/2026
Budget
£**Place Capital - Homes & Communities****Leisure Capital**

Shropshire Playing Pitch Action Plan - Sport Pitch improvements as per Haughmond Project

34,000

0

0

Whitchurch Swimming and Fitness Centre

4,420,657

5,357,237

2,067,303

Total Leisure Capital**4,454,657****5,357,237****2,067,303****Outdoor Partnerships Capital**

RoW - Unallocated

200,000

200,000

0

Total Outdoor Partnerships Capital**200,000****200,000****0****4,654,657****5,557,237****2,067,303**

Scheme Description

**2023/2024
Budget
£**

**2024/2025
Budget
£**

**2025/2026
Budget
£**

Place Capital - Infrastructure

Highways Capital

A490 Chirbury to Churchstoke Landslip	250,000	0	0
A529 Road Safety Works - WSP	1,000,000	500,000	0
B4368 Clun to Newcastle Road	0	750,000	0
Bridgeguard - Unallocated	1,839,406	1,500,000	0
Broseley - Housing Development Roundabout Re-modelling	80,000	0	0
Centrally Managed Ringway Secondary Surfacing Programme	6,000,000	6,000,000	0
Cleobury Mortimer - B4363/B4194 Speed Restrictions	40,000	0	0
Cleobury Mortimer - Six Ashes Highway Improvements	40,000	0	0
Countywide Autumn Statement Pothole Fund	6,000,000	6,000,000	0
Countywide Culverts	320,000	150,000	0
Countywide Drainage Unallocated	500,000	600,000	0
Countywide Footway Slurry Sealing Programme	500,000	540,000	0
Countywide Patching Schemes Tender Package	400,000	400,000	0
Countywide Permanent Repair Programme	3,000,000	3,000,000	0
Countywide Roadmaster Programme	300,000	400,000	0
CS - Unallocated	100,000	100,000	0
Depot Fixed Costs - Principal	1,032,000	1,047,000	0
Depot Fixed Costs - Secondary	1,032,000	1,047,000	0
Flood Defence & Water Management Unallocated	60,000	0	0
Highways Maintenance Challenge Fund - Flood Risk - Unallocated	1,000,000	1,000,000	0
ITP Countywide - Unallocated	1,138,000	1,138,000	1,638,000
ITP South - Shifnal Bradford Street Enhancement	132,000	0	0
LEP Oxon Relief Road Project	1,653,055	4,000,000	2,000,000
North West Relief Road, Shrewsbury	10,000,000	20,000,000	10,000,000
NWS - Unallocated	100,000	100,000	0
Oswestry - Ruyton X1 Towns HGV Management	150,000	0	0
Programme of structural replacement of lighting columns	600,000	600,000	0
School 20mph Zones - Unallocated	489,500	499,500	0
SES - Unallocated	100,000	100,000	0
Shrewsbury - Cross Houses to Atcham Quite Lane	130,000	0	0
Shrewsbury - Haughmond School Road Safety Improvements	200,000	0	0
Shrewsbury - Longden Road widening towards Meole School	10,500	500	0
Shropshire Countywide- Unallocated Responsive Budget	1,596,377	1,760,000	17,774,000
Street Lighting LED Conversions	4,372,955	0	0
Total Highways Capital	44,165,793	51,232,000	31,412,000

Scheme Description

2023/2024 Budget £	2024/2025 Budget £	2025/2026 Budget £
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Waste Capital

In Vessel Composting Facility

0	325,000	0
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Total Waste Capital

0	325,000	0
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44,165,793	51,557,000	31,412,000
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Resources Capital

ICT Digital Transformation - Unallocated Capital

ICT Digital Transformation - Unallocated

1,000,000	0	0
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Total ICT Digital Transformation - Unallocated Capital

1,000,000	0	0
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1,000,000	0	0
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Capital Funding of Programme

Account	2023/2024 Budget £	2024/2025 Budget £	2025/2026 Budget £
Borrowing	(41,079,059)	(30,836,982)	(13,401,621)
Self Financed Prudential Borrowing	(39,168,565)	(30,836,982)	(13,401,621)
SALIX Loan	(1,910,494)	0	0
Government Grants	(48,690,313)	(58,838,383)	(30,481,000)
DfT Highways Maintenance Grant	(9,155,000)	(9,155,000)	(9,155,000)
DfT Integrated Transport Grant	(1,638,000)	(1,638,000)	(1,638,000)
DfT Incentive Fund	(2,289,000)	(2,289,000)	(2,289,000)
DfT Pothole Action Fund	(9,325,000)	(9,155,000)	0
DoH Better Care Fund	(4,404,000)	(4,349,000)	(4,149,000)
DoE Devolved Formula Capital Grant	(1,050,000)	(300,000)	(250,000)
DoE Basic Need Grant	(1,923,923)	(3,562,255)	(2,000,000)
DoE School Condition Grant	(2,535,793)	(1,250,000)	(1,000,000)
DoE Special Provisions Fund	(2,530,231)	(3,116,129)	0
EFA Early Years Capital Fund	(122,683)	0	0
Environment Agency	(1,165)	0	0
Home & Communities Agency	(2,298,514)	(2,523,999)	0
MHCLG Community Housing Grant	(92,613)	0	0
DfT Capital Block Funding Specific Grant	(1,000,000)	(1,000,000)	0
DfT Safer Roads Fund	(324,391)	(500,000)	0
DfT Large Local Majors	(10,000,000)	(20,000,000)	(10,000,000)

Account	2023/2024 Budget £	2024/2025 Budget £	2025/2026 Budget £
Other Grants	(117,750)	(60,750)	(20,250)
Historic England	(117,750)	(60,750)	(20,250)
Other Contributions	(7,174,815)	(5,860,750)	(2,100,195)
Public Sector Contributions	(60,750)	(60,750)	(20,250)
Private Sector Contributions	(1,442,641)	(500,000)	(79,945)
Section 106	(4,231,424)	(4,300,000)	(2,000,000)
Community Infrastructure Levy (CIL)	(1,440,000)	(1,000,000)	0
Revenue Contributions to Capital	(749,069)	0	(3,308,501)
General Fund	(57,569)	0	0
HRA	(691,500)	0	(3,308,501)
Major Repairs Allowance	(4,828,300)	(4,828,300)	(5,000,000)
Corporate Resources - Capital Receipts	(12,079,762)	(10,988,707)	(6,952,293)
Total Financing	(114,719,068)	(111,413,872)	(61,263,860)

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Draft Revenue and Capital Budget 2023/24

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