



Date: Wednesday, 12 February 2025

Time: 10.30 am

Venue: Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

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CABINET

TO FOLLOW REPORT (S)

11 Financial Strategy 2025/26 - 2029/30 (Pages 1 - 144)

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

Lead Officer – Ben Jay

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	Committee and Date Transformation & Improvement Scrutiny 11 th February 2025 Cabinet 12 th February 2025	Item
		Public






Financial Strategy 2025/26 - 2029/30

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Cabinet Member (Portfolio Holder):	Cllr Gwilym Butler, Finance & Corporate Support		

1. Synopsis

This report sets out the financial outlook for the coming year and financial plans to 2030. It builds on cross-party collaboration between senior Councillors and sets out targeted new savings £8.8m and demand mitigations of £11m. It also confirms that £38.3m of savings planned for the current year are now to be delivered in 2025/26.

2. Executive Summary

- 2.1. This report sets out the proposed framework for the Council revenue budget for 2025/26 and the financial plan 2025-30. It also sets out the proposed capital investment plans for the coming 3 years.
- 2.2. The report includes the details published by government as the final Local Government Financial Settlement for 2025/26 and so all the relevant information regarding available resources is now available, updating the report taken to Transformation and Improvement Overview and Scrutiny Committee on 20 January 2025. Despite making representations to government regarding the settlement and the detrimental treatment of rural councils, no material changes were made in the Final Settlement.

- 2.3. The results of consultation with residents regarding budget proposals is being reviewed and will be considered by the Collaborative Budget Group (a cross-party group including the Leaders of all political groups on the Council). A full update will be provided alongside the detailed budget proposals for Full Council later this month.
- 2.4. Councillors should note that there may be some changes to the budget proposals for next year between this report and the papers to be published for Full Council. This may arise due to ongoing review of the budget calculations, or to new information published by government and will be discussed with the Collaborative Budget Group before publication.
- 2.5. Councillors should also note that the funding position for 2026/27 to 2029/30 is now uncertain. The attached MTFS sets out estimated resources based on current information. The actual funding to be received, however, will be affected by (i) the spending review ongoing in central government and (ii) the review of local council funding about to be undertaken by MHCLG.
- 2.6. To set a balanced budget for 2025/26, the following steps have been taken:
- **Savings to the value of £8.8m have been identified and are proposed for inclusion in the budget. This includes £3.7m** of savings previously included for 2025/26 in the budget papers for 2024/25.
 - **Demand mitigations of £11m** have been identified. These are factors which will reduce the overall demand pressure in social care, for example as social care clients make contributions to the cost of their care, or government grants can be applied.
 - **Savings not achieved in the current year (2024/25) in the value of £38.3m** have been reviewed and a revised delivery plan prepared. The savings proposals themselves are largely unchanged and include
 - Reducing staffing
 - Reducing spending with our suppliers
 - Increasing income
 - Changing how we work
 - Reducing the buildings used by the council
 - Using automation and technologies to support efficient processes across the council
- 2.7. Across the period to 2029/30, current estimates indicate increasing financial pressures accumulating to £63.288m.

3. Recommendations

- 3.1. That Transformation & Improvement OSC considers the paper and determines any feedback to Cabinet.
- 3.2. That Cabinet notes
- i. the alignment of this report with other reports on this agenda, including the Fees and Charges proposals, the proposed Capital Strategy, and the proposed Treasury Strategy; also the alignment to the position reported for the

- current financial year, set out in the Q3 Financial report and the Q3 Treasury Management report.
 - ii. the analysis of the financial position of the council set out in this report and confirms the alignment of the new proposals to the outline of the necessary actions for 2025/26 already set out in the December update to the MTFS.
 - iii. the proposed spending reductions for 2025/26.
 - iv. the proposed capital investment programme including the commentary on priority schemes and updates to possible future scenarios for the North West Relief Road
 - v. the levels of reserves in recent years, the forecast levels of reserves at the end of the current year, and the plans set out to ensure the adequacy of the reserves in future years.
 - vi. the approach of combined spending reductions and replenishment of general reserves.
- 3.3. That Cabinet continues to work with the Collaborative Budget group to recommend to Council
- Approval of the budget proposals, including revenue and capital budgets, and the associated strategies, subject to further amendments required by Cabinet, or identified as necessary by the Chief Finance Officer (“CFO”).
- 3.4. That Cabinet delegate to the Chief Executive acceptance of the PSDS Phase 4 grant and conclusion of necessary agreements for this. This can then be included in the Capital Programme for Council. (Set out in section 8.)

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The finances of the Council are complex and volatile. To manage financial risk requires a consistent and robust approach from Members, partners and officers alike. The MTFS identifies and manages a range of risks as set out in the attached appendix.
- 4.2. The Council has identified a Strategic Risk in delivering a balanced budget and this is reviewed and controlled through the year based on 7 key risk areas:
- i. Savings delivery at the planned level
 - ii. Social care and demand beyond budget estimates
 - iii. Other budget pressures (not social care)
 - iv. Capital receipts sufficient to support transformation and efficiency plans
 - v. Other external factors which may lead to financial pressures
 - vi. Risks arising from projects
 - vii. Cash sufficiency (liquidity)
- The outlook for these seven risk areas are updated monthly as part of the budget monitoring process through the current financial year, and this will continue into 2025/26.
- 4.3. Risk item (iii) notes potential other budget pressures. As part of this report and the finalisation of the budget for 2025/26 and the MTFS for 2025-30, this will now include the impact (favourable or adverse) of changes in government funding through the period.

4.4. Risk table

<i>Risk</i>	<i>Mitigation</i>
Spending reduction plans are not implemented sufficiently quickly to ensure a balanced budget position is held through the year	Spending reduction plans to be in place in all key areas ahead of 1 April 2025. Monthly monitoring to ensure that all budget pressures (i.e. delivery of savings, anticipated pressures and any overspend at all) are flagged and managed, either locally or corporately.
Unanticipated pressures outside budget assumptions emerge	Section 25 Assurance around robustness of estimates and adequacy of reserves. Retention, and where possible increase, of the uncommitted General Fund Balance as a 'fund of last resort'. Application of any reserves only if all other solutions have been exhausted. Ongoing review of emerging policy directions set out by government; participation in lobbying and provision to stakeholders of clear data reflecting the pressures faced by the Council. Quarterly updates of the MTFS reported to Councillors.
Adequacy of capital receipts to fund redundancy and restructuring costs	Planning in place by 1 April to ensure sufficient pipeline of capital receipts to be secured (£30m-£40m); overprogramming of capital receipts pipeline to mitigate delays in delivery.

5. Financial Implications

5.1. Shropshire Council is currently managing an unprecedented financial position as budgeted for within the Medium Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis. This demonstrates that significant management action is required over the remainder of the financial year to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve

- scaling down initiatives,
- changing the scope,
- delaying implementation, or
- extending delivery timescales.

5.2. The medium term financial strategy is a crucial document to aid financial planning in the coming years. Its purpose is to highlight opportunities and risks and so enable appropriate measures to be implemented in good time.

5.3. The MTFS sets out the financial implications for the local authority over the medium term. These include:

- a. **Spending reductions of £8.8m (recurrent), demand mitigations of £11m** (ongoing) and delivery plans for £38.3m of savings that have not yet been delivered from 2024/25
- b. An assessment of the adequacy of reserves based on a risk assessment of the local authority's wider financial envelope, delivery plan and in-year monitoring.
- c. Capital expenditure on the approved programme of £256m (incl HRA – appendix 2 of the MTFS, table 6.1)
- d. Proposed capital expenditure on the priority capital schemes outside the approved programme is estimated as a further £322.5m, although those figures can only be estimates at this time (appendix 2 of the MTFS, table 8.1).

6. Climate Change Appraisal

6.1. Climate action and carbon reduction are integral to all aspects of the Shropshire Plan:

Healthy People – Extreme weather associated with the climate crisis can adversely affect vulnerable residents and service users disproportionately. This could drive significant future growth in the demand for social care services as well as impacting on the physical and mental health and wellbeing of staff.

Healthy Economy – The recent energy crisis illustrates potential impacts on the Shropshire economy from the climate crisis. There are, however, significant opportunities for growth and skilled employment in new technologies, renewable energy and the rural economy.

Healthy Environment – The climate crisis has very serious implications for biodiversity and food production. As a large rural area, however, Shropshire is also in an excellent position to take positive action to help mitigate these effects.

Healthy Organisation – Extreme weather associated with the climate crisis could disrupt delivery of Council services through damage to physical infrastructure such as roads and power infrastructure, and through impacts on staff health and wellbeing. Demand for services and service delivery costs such as highway maintenance are likely to increase.

6.2. In taking the steps towards financial sustainability to enable delivery of The Shropshire Plan within a reduced financial envelope, it is important that decisions consider information about future costs and risks, where possible, through an approach which explicitly considers lifetime carbon impacts and future climate vulnerability. The future costs of addressing climate change impacts are expected to exceed that of the investment needed to reduce carbon emissions and improve climate resilience, but this may not be affordable within the immediate financial envelope without external investment.

6.3. Some of the proposed service changes to deliver financial sustainability may also reduce carbon emissions and improve climate resilience. Moving towards a zero-carbon supply chain has the potential to reduce costs, other studies suggesting this could be in the region of 5%. Similarly, many carbon reduction and climate resilience projects and measures also have the potential to generate revenue savings and generate 'green' economic growth in the Shropshire economy.

7. Background

- 7.1. The MTFS is updated around four times through the year, enabling Councillors to be kept aware of emerging financial risks and opportunities. The attached MTFS document is the latest update of these.
- 7.2. This update includes the latest information from government regarding council funding for the coming year.
- 7.3. The budget framework it described has been informed by the work of the collaborative budget group.

8. Request to approve progression of a funding bid for a planned capital project.

Public Sector Decarbonisation Scheme (PSDS) Phase 4 - Capital Bid

- 8.1. The project described below is included in the Priority Capital Schemes schedule within the Council's Capital Strategy 2024/25 – 2029/30, attached to this report.
- 8.2. The PSDS Phase 4 provides grant funding from Salix to public sector organisations to install heat decarbonisation and energy efficiency measures in their buildings. The main strategic objective of the scheme is to reduce direct carbon emissions from public sector buildings. The bid only allows certain technologies which would qualify for the funding such as Low Carbon Heating, Insulation, Swimming Pool Covers and the project must consider the whole building approach.
- 8.3. Shropshire Council reviewed its highest consuming assets and identified those that had a high usage of gas and subsequently a high carbon footprint compared against other assets. Their intended future use were also a vital consideration and value for money from investment.
- 8.4. From the completed feasibility studies SpArC Leisure Centre, Bishops Castle was identified as the most feasible option to progress, due to efficiencies that could be saved across the site. In November 2024, an initial expression of interest was submitted under the Public Sector Decarbonisation Scheme (PSDS) for SpArC Leisure Centre in Bishops Castle. The bid included a whole building decarbonisation approach to reduce our carbon impact, mainly from the removal of the fossil fuel heating systems, as well as upgrading insulation and smart building systems. The total project costs are just under £2.8m, with an application seeking a grant of almost £2.5m. The formal bid would require the Council to match the grant with £0.3m of its own funds, which have already been identified within the current capital programme budget (so not creating any new burdens on the Council).
- 8.5. If the bid is successful, the Council will be notified in May 2025 and will be required to sign a Grant Offer Letter confirming match funding is in place and that the project can be completed within the required timeframes. This will result in a requirement to include the new project within the Capital Programme and add budgets accordingly.

- 8.6. **Cabinet is requested to approve delegation to the Chief Executive** of the acceptance of the grant and progression of the necessary arrangement consistent with the paragraphs above.

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

Local Member: All

Appendices

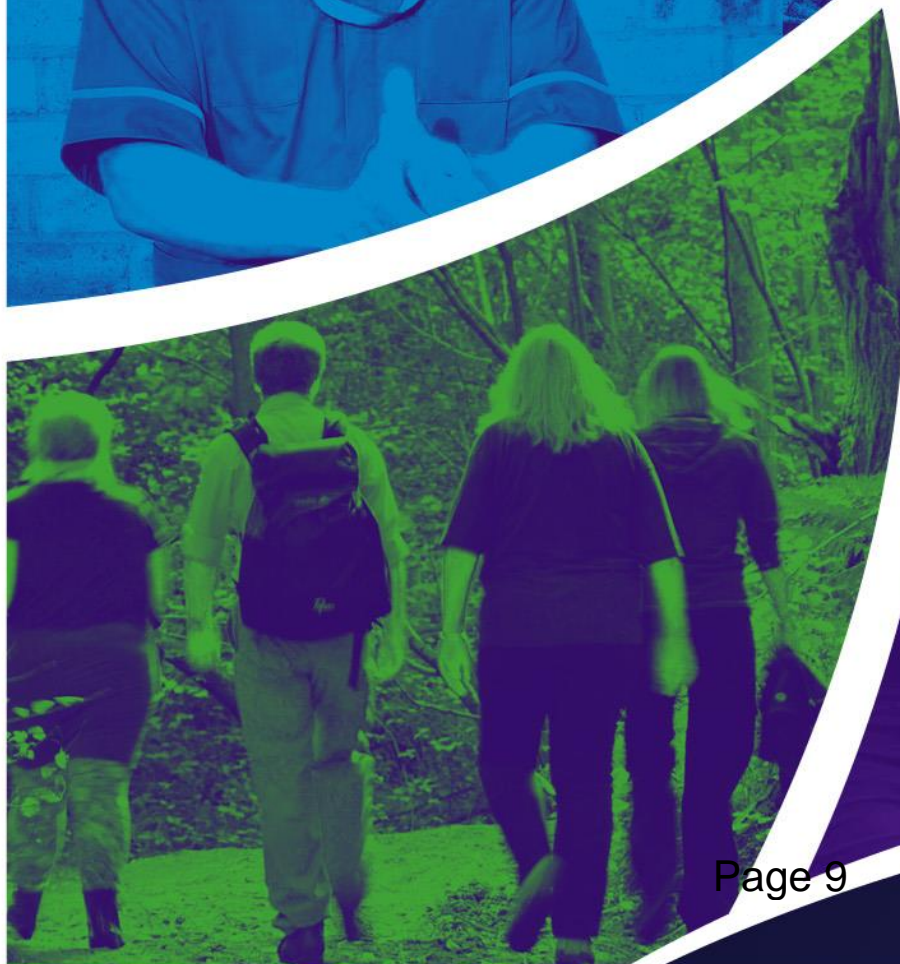
Appendix 1 – Medium Term Financial Strategy 2025/26 – 2029/30

Appendix 2 – Capital Strategy 2024/25 – 2029/30

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MEDIUM TERM FINANCIAL STRATEGY 2025/26 – 2029/30

February 2025



CONTENTS

1. Foreword and Introduction	2
2. Outlook for the Council	5
2.1 Context – The Shropshire Plan	6
2.2 Financial Outlook – National and Local	8
2.3 Summary Financial Position for Shropshire	16
3. Revenue Resources 2025/26 – 2029/30	17
3.1 Revenue Resources overview	18
3.2 Council Tax	18
3.3 Business Rates	20
3.4 Core Government Funding	21
3.5 Non-Core Government Funding	25
3.6 Fees and Charges	27
3.7 Total Resources	29
4. Expenditure Plans 2025/26-2029/30	30
4.1 Profile of Council's Expenditure	31
4.2 Inflation	31
4.3 Demographic Pressures	32
4.4 Service Specific and Local Generated Pressures	33
4.5 Savings Plans	33
4.6 Total Expenditure	36
5. Long Term Outlook	38
5.1 Long Term Risks and Mitigations for a Sustainable Budget	39
6. Financial Stability	41
6.1 General Fund Balance	42
6.2 Earmarked Reserves	50
6.3 Robustness of Estimates	52
7. Housing Revenue Account	62
7.1 Housing Revenue Account	63
8. Links to Other Financial Strategies	66
8.1 Links to Capital Strategy and Revenue Implications of the Capital Strategy	67
8.2 Links to Treasury Strategy	68
9. Public Consultation and Collaborative Budget Process	69
9.1 Budget Consultation Exercise and Responses	70
9.2 Collaborative Budget Process	70
10. Schedule of Movements	71
10.1 Movements in MTFS Position	72
11. Proposed spending reductions.	75
11.1 List of Spending Reductions for 2025/26 – 2026/27	76
12. Equality, Social Inclusion and Health Impact Assessment (ESIHA)	80

1. Foreword and Introduction



Foreword

The business of local government has seldom been more challenging.

We exist as an organisation to deliver needed and valued services to our local residents. Our annual budget sets out how we intend to achieve that, putting financial values to our operational plans. The budget sometimes feels very 'inward' looking – but that is not the case: our budget is firmly focussed on service delivery – how we can deliver the best possible services and outcomes for our residents. That we open this process out transparently to public scrutiny is therefore right and proper –we never forget our core purpose, which is to meet the needs of local people.

As an organisation, this Council has delivered a level of spending reductions through 2023/24 which was entirely unprecedented - £41m – with a further £50m in the current year (to note – much of this is about reducing future costs – “cost avoidance” rather than reducing services offered).

It would be a surprise if we brought forward a budget and MTFS which focused on investment, expansion, and growth – we simply do not have the resources available to do that. Our focus is instead on remaining true to our plans and on ensuring we continue to meet residents' needs in the best way we can. In doing so, we continue to be guided by the vision set out 2 years ago in The Shropshire Plan. We are committed to providing the best possible services for residents and visitors within the resources made available to us by Government. We are clear in our conviction that local government officers guided by the policy decisions of local councillors provide the best way to identify and meet local needs.

The budgets in the future will include many unpalatable actions – many proposals we do not want to implement, but which we must do if we are to avoid a financial crisis. This council will endure, and we will position ourselves – councillors and officers alike - to secure the best future for our residents that we possibly can, a future characterised by being efficient, sustainable, and modern in all our operations. Despite the challenges we face, we are proud to bring forward a budget which plans for that better future.

We extend our deep gratitude to councillors and staff who continue to work hard for the benefit of local residents, and who have worked together to prepare this financial strategy.



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. Our first priority is to focus on the strategic objective to 'Align our Resources' and to do this we must deliver a balanced budget, the foundation for a healthy organisation.

Management of local government has never been more challenging than it is at present. Councillors and officers have worked intensively to prepare a budget which, while unpalatable, is deliverable. Our thanks to them all.

We have stretched financial management to its limits to protect frontline services for residents. Funding for local government as a whole has been increased by 6.1% on average into 2025/26, but this council will only see an increase at half that rate. We will continue to prioritise transformation, operational efficiency, and meeting needs at the earlier opportunity (demand management). We must also plan to reduce supply chain spending (and our carbon footprint within this) and our overall staffing levels if we are to be confident in being able to deliver a balanced budget.

In common with all other councils, we have a legal duty to deliver 'best value'. This means that we must take every opportunity to secure value for taxpayer money – reducing costs, improving operational efficiency, and delivering the best outcomes that we can. This MTFS sets out how we plan to secure best value at the same time as supporting the delivery of all other powers and duties placed upon local government.



Gwilym Butler

Cabinet Member for Finance,
Corporate Resources &
Communities



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 has shaped where the Council prioritises its activities and remove or reduce work where this does not directly support the objectives of the plan. This Financial Strategy is fully aligned to The Shropshire Plan to ensure that the Council resources are deployed to only those areas of priority. The Plan remains under review to ensure its ongoing relevance and work to refresh the Shropshire Plan will commence following the local election in May 2025. The existing Plan objectives remain unchanged since 2022, albeit the current financial pressures may mean that some objectives can no longer be achieved as rapidly as had been hoped.

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



2.2 Financial Outlook – National and Local

The financial outlook for the Council is exceptionally challenged. Many Councillors and Officers have commented that the current challenges are the most severe in living memory. The new national government is working to support urban deprivation and the added cost that brings to those councils affected – but needs to remember that rural councils have real pressures as well.

The challenges faced by the Council, in common with other councils, focus on the financial pressures arising from demand for social care support (including, but not limited to, older and working age adults, children and younger adults, those in need of housing support and temporary accommodation).

The fundamental challenge is that the level of funding available is determined by Government and is lower than is likely to be required to maintain services in 2025/26 at the same level as they were provided in 2024/25. Councils of all types are having to increase council tax to bring in desperately needed funding next year, however, could still be forced to make further cuts to services

2.2.1 Settlement 2025/26

The financial settlement for local government as a whole was confirmed in early February 2025, ahead of the 2025/26 financial year. This is summarised below. This shows a £4.0bn or 6.1% overall increase in the funds available to local government from 2024/25 to 2025/26.

Of this, there is a 6.2% increase in the anticipated level of Council Tax receipts available to councils (so, Government is expecting that local councillors all agree to the maximum permitted increase in council tax, including a 2.99% maximum increase in the basic rate and a 2% increase on the amount for the Social Care Precept, with the addition of an estimated 1.2% increase in the council tax base across England). Council Tax receipts will therefore rise from £36bn to £38bn.

The increase in the remaining funding, provided through Government, is from £28.8bn in 2024/25 to £31.1bn in 2025/26. The amount available from Government was increased by £0.5bn between the provisional settlement (published in December) and the final settlement (published in February). This funding related to the employer national insurance contributions grant and an increase to the Children's Social Care Prevention Grant. The summary table shows that the local to national share of local government funding has remained largely consistent from 2024/25 to 2025/26, with 55% of local government funding coming from local Council Tax and 45% coming through Government grants (including the mechanisms around the Settlement Funding Assessment, which contain amounts for retained Business rates, the top-up/tariff provisions, and therefore baseline funding).

The increase in funding from 2024/25 to 2025/26 was set out in the provisional settlement as £2.2bn from Council Tax increases (local funding) and £1.7bn from Government funding. The level of government funding was increased at the final settlement by the £0.5bn as mentioned above.

£m	2024/25	Local/ National share	2025/26	Local/ National share	% change	Growth
Council Tax funding	36,153	56%	38,312	55%	6.1%	2,241
Other	28,829	44%	30,572		6.9%	1,744
Employer national insurance contributions grant			502		N/A	502
				45%		
Children's Social Care Prevention additional			20		N/A	20
Total	64,982	100%	69,406	100%	7.5%	4,507

Figure 3 - national funding for local government in England (source: DLUHC)

National Core Spending Power by component (£m)	2024/25	2025/26
Council tax	36,153	38,312
Baseline Funding Levels	14,889	14,624
Social Care Grant	5,044	5,924
Compensation for under-indexing the business rates multiplier	2,581	2,696
Improved Better Care Fund	2,140	2,640
Revenue Support Grant	1,674	2,217
ASC Market Sustainability and Improvement Fund	1,050	1,050
Recovery Grant	0	600
Employer National Insurance Contributions Grant	0	502
New Homes Bonus	291	290
Children's Social Care Prevention Grant	0	270
Domestic Abuse Safe Accommodation Grant	130	160
Funding Floor	0	121
Rural Services Delivery Grant	110	0
ASC Discharge Fund	500	0
Funding Guarantee	269	0
Services Grant	87	0
Grants rolled in	64	0
TOTAL	64,983	69,406

Figure 4 - confirmed overall settlement for local government in England, 2025/26 (source: DLUHC)

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.

As in previous years, this funding has been allocated on a 'one-off' basis – indeed, this is now the seventh 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. The local government sector as a whole continues to lobby government for greater forward-

¹ See also the fees and charges proposals for 2025/26.

intelligence into likely funding levels, to ensure that we can provide better stability and value for money in our services.

The more detailed review and revision of funding distribution (promised previously as part of the 'Fair Funding Review', later the 'needs and resources' review) is now being planned for implementation in 2026/27.

2.2.2 Balance of funding

Figure 5 below demonstrates that the proportion of national funding within the Core Spending Power has decreased from 47% to 45% over a nine year period with increased reliance now on local authorities to raise funding locally instead by raising council tax. However, this also shows that between 2022/23 and 2024/25 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 6 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 seven 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 5: Balance of Funding – National Picture

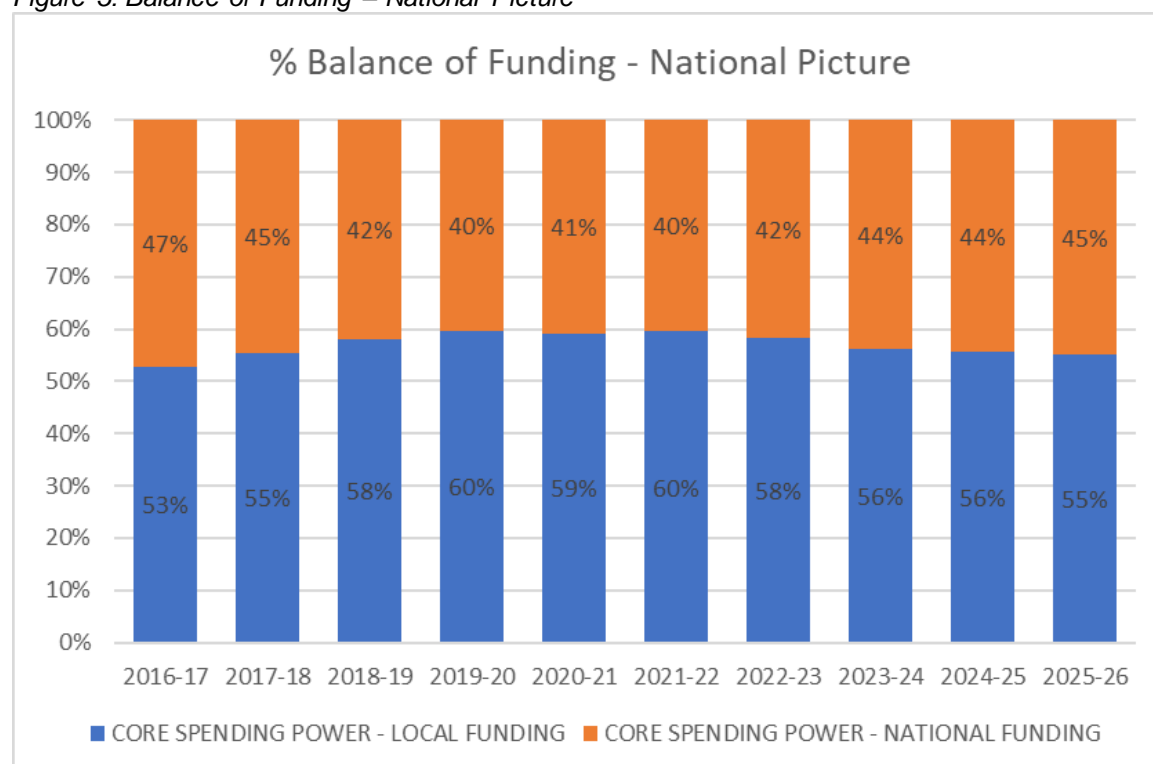
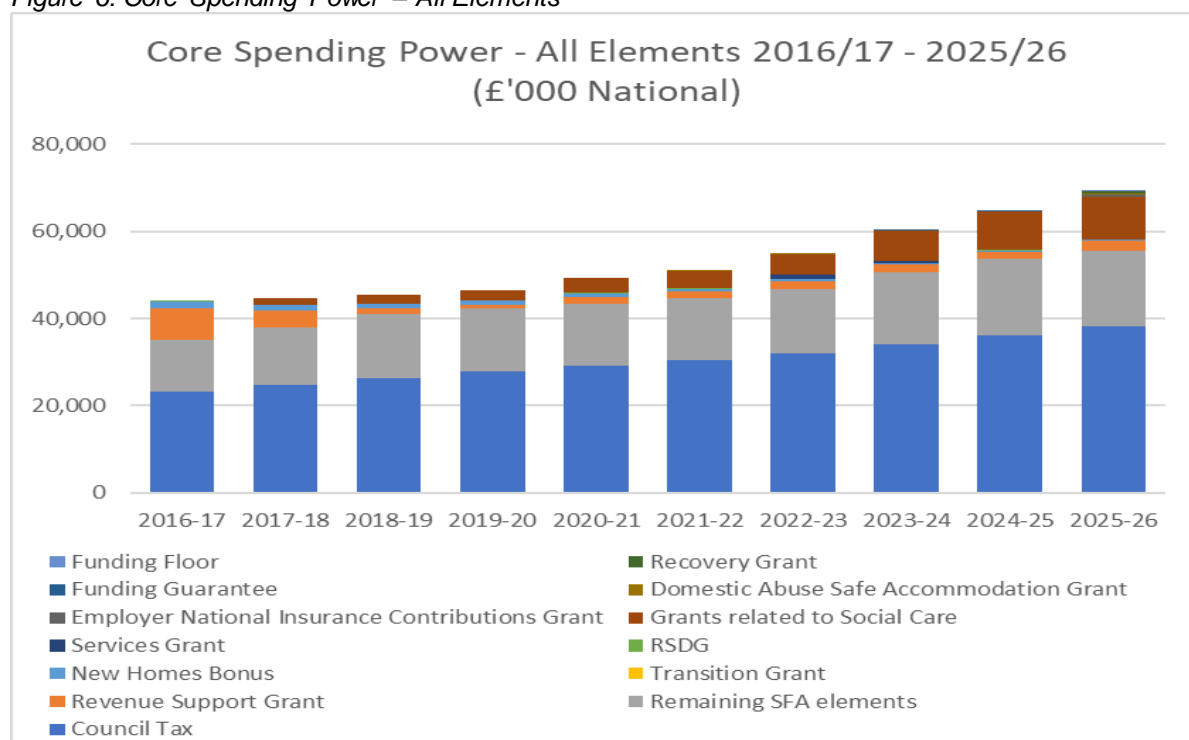


Figure 6: Core Spending Power – All Elements



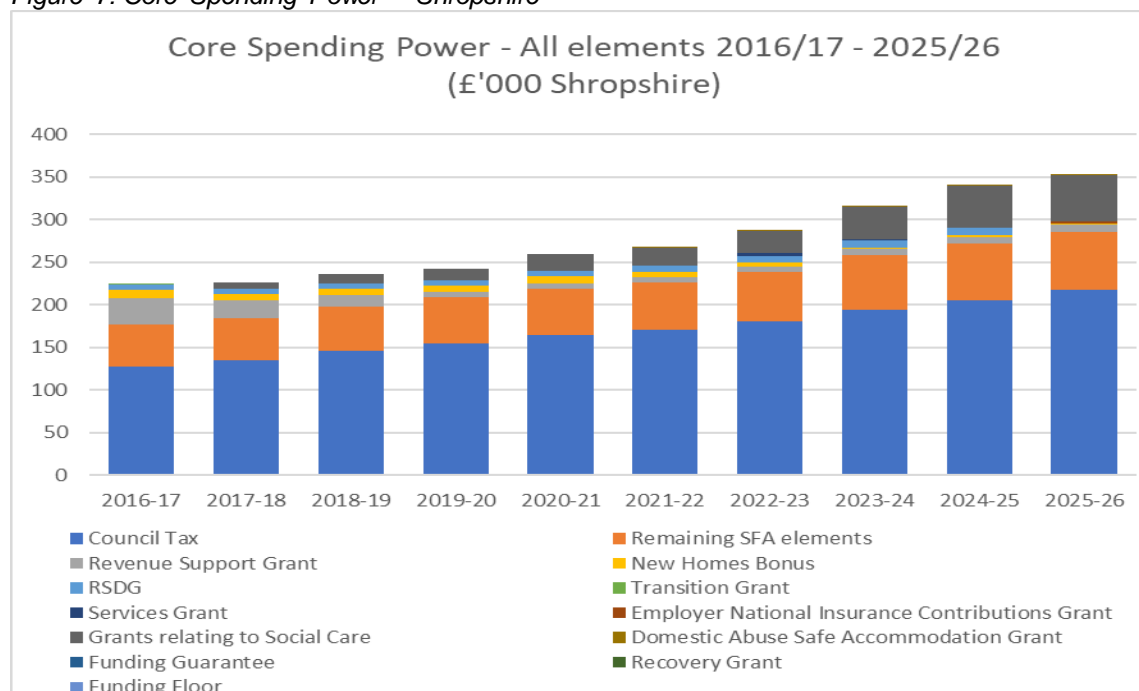
2.2.4 Local Context

Over the last nine years, Shropshire Council's core spending power has changed from £224.8m to £350.6m. The difference between the CSP value and the value of the net budget used by the council is primarily specific government grants, which are attributable to specific service areas.

As shown in Figure 7 below, core spending power has increased marginally by an average of just over 6% per year over the nine year period and the constitution of the funding for the Council has altered significantly over this period – the overall level of growth is fundamentally driven by Council Tax.

Revenue Support Grant has reduced by 72% over the nine year period and removed £22.9m 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.

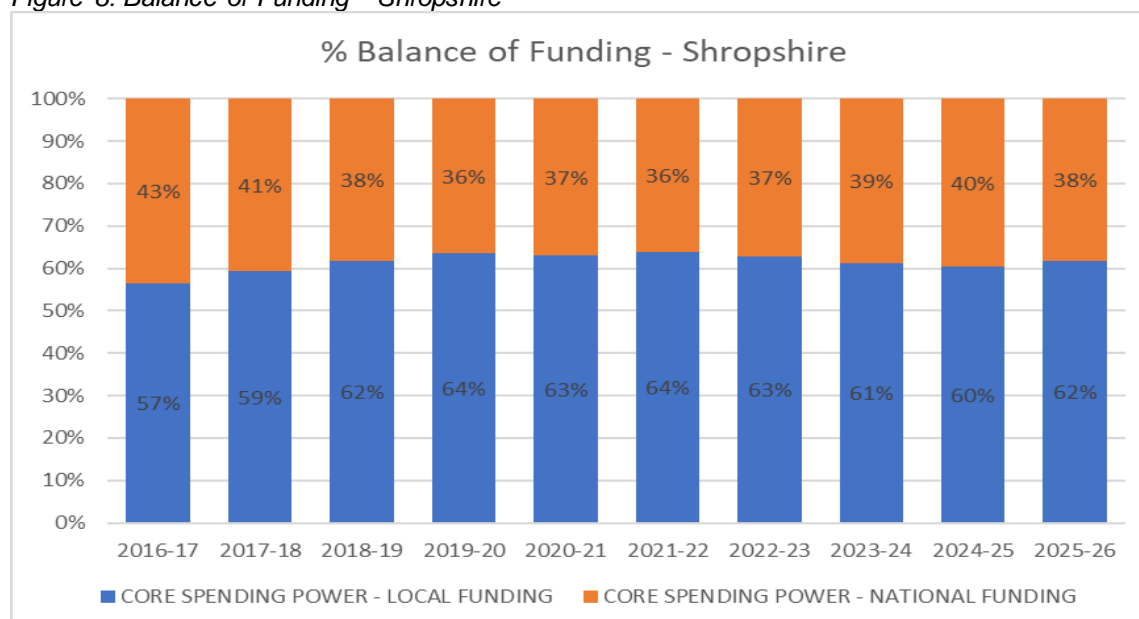
Figure 7: Core Spending Power – Shropshire



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 consistently decreased.

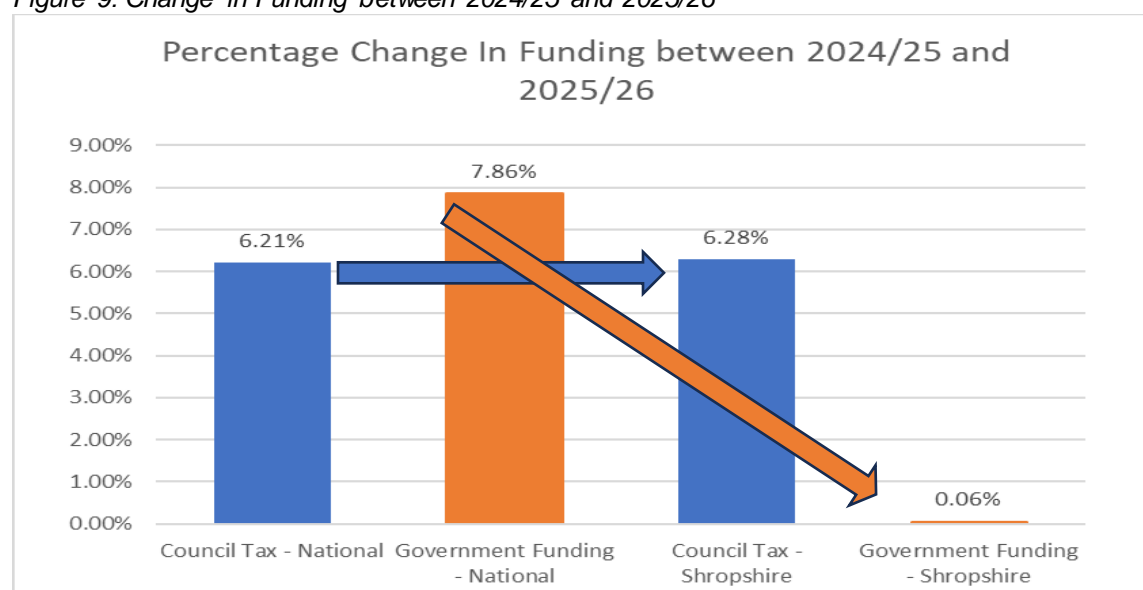
In comparison with the national picture, the figures demonstrate that Shropshire has always had a lower proportion of national funding to the overall national average, and as a result, in 2025/26 we are still having to place a greater reliance on generating resources locally than the national average. We are currently supporting more people aged 65 and over than the average for a unitary council which accounts for one of the drivers for demand in adult social care, in particular relating to dementia. However, due to the complexity of needs within the 18 – 64 group they account for half of the spend in Adult Social Care.

Figure 8: Balance of Funding - Shropshire



The settlement for Shropshire in 2025/26 has resulted in a significant reduction in government funding for the Council. This is predominantly due to the loss of Rural Services Delivery Grant which was worth over £9m in 2024/25. Also, the methodology of redistribution of funding by the Government through the Recovery Grant has resulted in Shropshire Council not receiving any of this funding. As the chart below demonstrates, the level of growth in Council tax for Shropshire is in line with the growth nationally. However, the government funding picture shows a stark contrast with national government funding increasing by just under 8%, whereas Shropshire's government funding has increased by 0.06%.

Figure 9: Change in Funding between 2024/25 and 2025/26



Shropshire Council has always had a greater proportion of older people than the national average, but as shown in Figure 10 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 to try to address this demographic pressure the Council are taking several 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 2017/18, the proportion of social care budgets has increased from 58% to 74% of the Council's net budget, an additional £96m. 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 10: Comparison of Changes in Older People (Shropshire v Nationally)

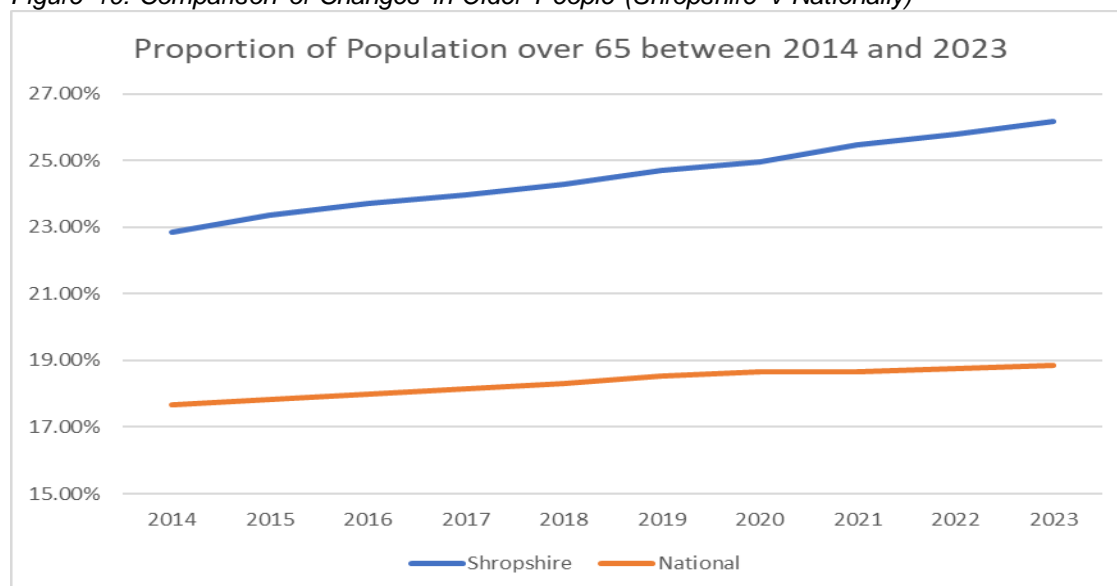
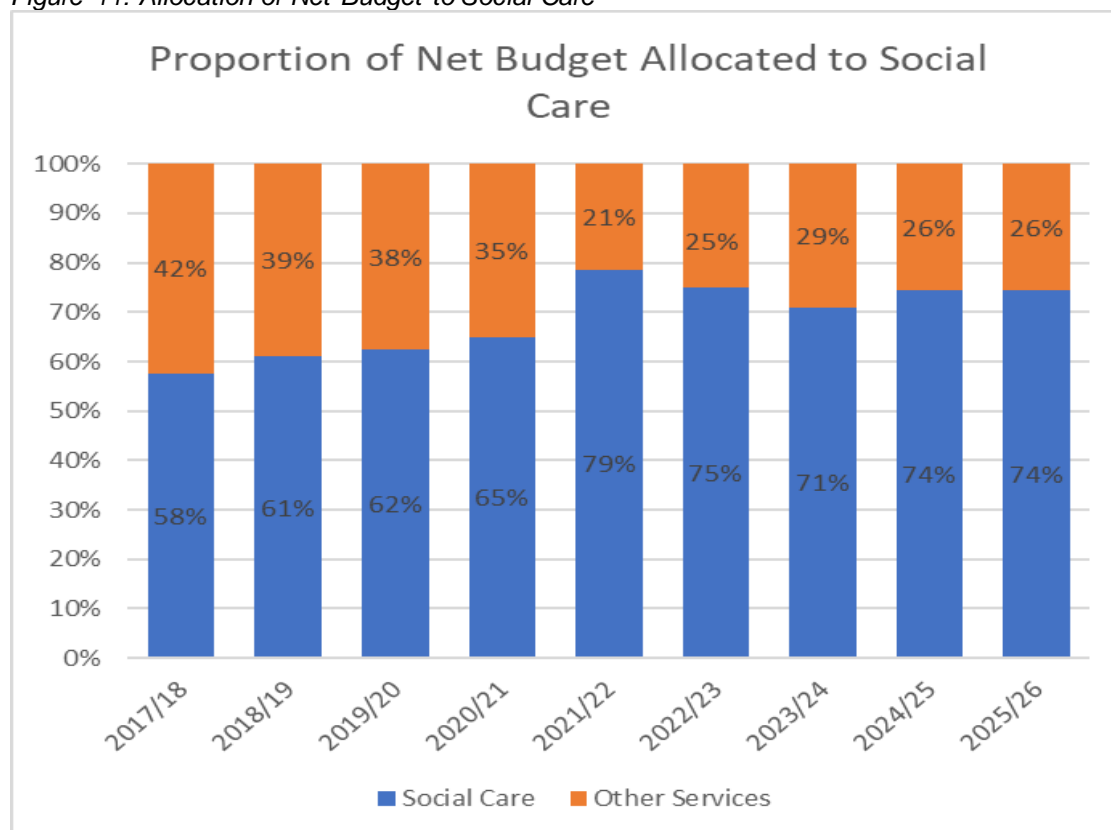


Figure 11: Allocation of Net Budget to Social Care



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.

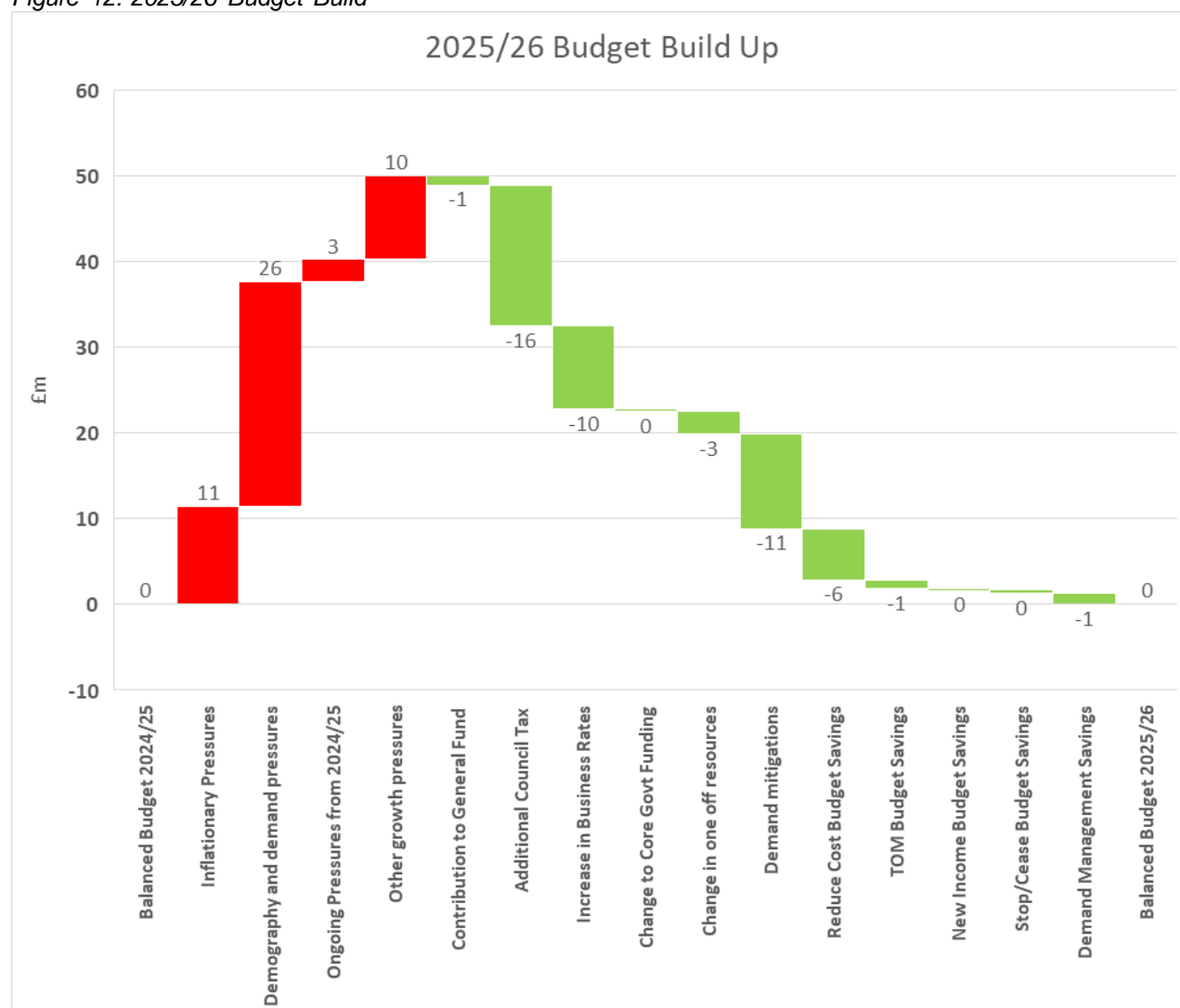
The pressure on costs within Social Care over the last 8 years, in addition to resulting legacy costs arising following the pandemic, has put significant pressure on the Council's budget over and above additional funding for Social Care provided by the Government. As a result, the Council has had to balance the budget by cutting services, transforming

the way it delivers services and using the Financial Strategy Reserve and general reserves.

In Shropshire, the budget proposals set out in this report and elsewhere in the budget papers include extensive references to transformation activity (which will maximise the ability of the Council to deliver necessary services for local residents), increased use of technology and data to inform service planning, and enhanced visibility for supply chain and third party spending enabling a greater level of 'check and challenge' around planned spending.

2.2.5 The budget build up for 2025/26

Figure 12: 2025/26 Budget Build



The impact of different factors on the 2025/26 budget is set out in Figure 12 above. This shows that the key pressures being experienced by the Council are attributable to the impact of inflation and the demand for social care services. Responses to mitigate those pressures are shown in the green blocks and include spending (cost) reductions in supply chain and staffing, new income sources, extending existing income sources, and demand management.

2.3 Summary Financial Position for Shropshire

The approach to planning our budget for 2025/26 has been guided by several key principles, which were set out in the December 2024 update to the MTFS. These were

- Focussing on refining estimated growth into future years and focussing on demand mitigations.
- Consider how savings can be delivered through increasing income, reviewing and reducing costs particularly within the Council's supply chain and looking to share services and work closer with other organisations.

The resulting proposals to address the budget gap are set out in the chart above. These combine £8.831m of spending reduction proposals and £10.990m of demand mitigation proposals.

It should be noted that the resources assumed from 2026/27 are correct at the time of writing but are expected to be impacted on substantially through (a) the government spending review and (b) the review by central government of local government funding. As such, values from 2026/27 onwards best estimates and are subject to change.

Figure 13: MTFS Position 2025/26 – 2029/30

	2025/26	2026/27	2027/28	2028/29	2029/30
Funding Gap	£	£	£	£	£
Resources (incl savings plans)	766,119,684	758,580,426	775,551,878	792,316,837	809,815,483
Expenditure (incl savings plans)	821,018,159	843,490,555	864,559,821	894,281,021	925,052,370
Gap in year	54,898,475	84,910,128	89,007,943	101,964,184	115,236,887
<u>One off Grants & Reserves:</u>					
Improved Better Care Funding	-12,668,194	-12,668,194	-12,668,194	-12,668,194	-12,668,194
New Homes Bonus - One Off	-286,942	0	0	0	0
Social Care Grant - One Off	-32,675,158	-33,655,413	-34,665,076	-35,705,028	-36,776,179
Market Sustainability and Improvement Funding	-6,097,977	0	0	0	0
Children's Social Care Prevention Grant	-666,302	0	0	0	0
NI funding	-2,503,901	-2,503,901	-2,503,901	-2,503,901	-2,503,901
ONE OFF FUNDING	-54,898,475	-48,827,508	-49,837,170	-50,877,122	-51,948,273
Remaining Gap/(Surplus) to be Funded	0	36,082,620	39,170,773	51,087,061	63,288,614
Increase in Funding Gap per Year	0	36,082,620	3,088,153	11,916,288	12,201,552

3. Revenue Resources

2025/26 – 2029/30



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'

In addition to 'core spending power' the Council also supplements its resources through generating income from charging for services it provides, or through contributions and grants from other organisations.

3.2 Council Tax

The basic rate

The council is primarily supported by council tax receipts of c£220m each year.

In December 2024, the Council approved the Council Tax Taxbase for 2025/26 which calculates the number of Band D equivalent properties to levy Council tax on. For 2025/26, the Council Tax Taxbase is 121,374 Band D equivalents which was an increase of 1.83% from the 2024/25 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 to try and deter Council's from raising Council tax levels significantly. The Government has confirmed that the threshold for council tax rises is 3% for 2025/26. If the Council was to set a Council tax level at or above 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 2025/26 Shropshire Council is proposing a 2.99% increase to Council Tax. This generates an additional £6.2m for the Council.

The Council is a 'billing' authority, collects the Council Tax for several '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 will detail all of these elements in agreeing the Council Tax Band levels to be charged in each Parish or Town Council area.

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

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 2025/26 the Government permitted that local authorities could set an Adult Social Care precept up to a maximum of 2%.

Therefore for 2025/26 the Council is proposing a 2% total Adult Social Care Precept. The additional 2% Social Care Precept generates an additional £4.2m for 2025/26, and this takes the total funding generated through the Social Care Precept since its introduction in 2016/17 is £32.241m. While health bodies often assume that all social care funding is only available from the Department of Health and Social Care, the reality is that local government continues to fund 80% or more of the cost of social care for both adults and children.

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 2025/26, the MTFS has assumed a 98.2% collection rate. This is a slight reduction in the collection rate that was assumed in 2024/25 based on current estimates of the collection rate in 2024/25 and is broadly 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 2025/26, the estimated Council Tax collection fund surplus is £1.676m and Shropshire Council's proportion of this is £1.378m. This surplus is therefore be included in the total

funding for the 2025/26 budget. This surplus comprises an in year estimated surplus of £2.106m due to additional efforts to collect council tax debts, in addition to a deficit of £0.728m from the 2023/24 Council Tax Collection Fund.

Council Tax – overall

The total proposed increase in Council tax is therefore 4.99% for 2025/26 (2.99% for Council Tax, 2% for Adult Social Care Precept) and this generates the following Council tax precept for a Band D:

2024/25 total at Band D	£1,720.80
Core Council Tax Increase (2.99% of 2024/25 total)	£51.45
Adult Social Care Precept (2% of 2024/25 total)	£34.42
2025/26 proposed total at Band D	£1,806.67

Figure 14: Proposed Band D council tax rate

When this Band D figure is applied to the Shropshire Council Tax taxbase, this generates anticipated council tax receipts of £219,282,837.

For future years of the MTFs, assumptions have been made that Council tax increases will remain at 2.99% for Council Tax and 2% for Adult Social Care for 2026/27 onwards assuming that this is the maximum permitted by the Government (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%

Figure 15: shares of business rates collected

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 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 must 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 2024/25, the estimated Business Rate collection fund surplus is £2.603m and Shropshire Council's proportion of this is £1.549m. This surplus has arisen due to additional income from Renewable Energy Schemes than estimated. This again has been added to the total funding for the 2025/26 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 2024/25 the Council is collecting £1.852m from these schemes and the estimated value for 2025/26 is £1.664m. A baseline estimate of £1.3m 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 must pay a tariff rather than receive a top up grant. For 2025/26 Shropshire Council is receiving a top up grant of £11.025m.

3.4 Core Grant Funding

The Government provides several 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.

Longer term assumptions over the 5 year period of the Medium Term Financial Strategy are that these grants may reduce by around £8m from 2026/27 given the indications from the 2025/26 settlement that funding will be redirected from rural authorities to urban authorities. For 2025/26 the following core grants will be received:

Figure 16: Shropshire Council – Core Grants (2025/26)

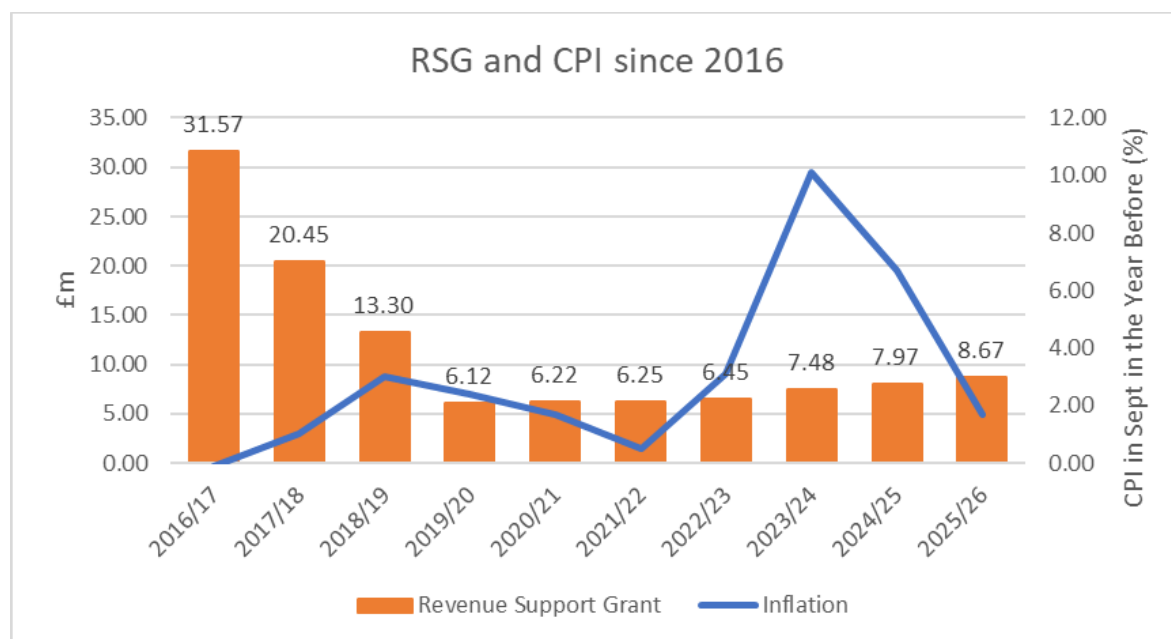
Shropshire Council - Core Grants (2025/26):	£
Social Care Grant	32,675,158
Improved Better Care Fund	14,635,454
Revenue Support Grant	8,667,579
Market Sustainability and Fair Cost Fund	6,097,977
NI Compensation Grant	2,503,901
New Homes Bonus	2,034,452
Domestic Abuse Safe Accommodation	751,393
Children's Social Care Prevention Grant	666,302
TOTAL CORE FUNDING	68,032,216

Revenue Support Grant (RSG)

There has been no change in distribution for the Revenue Support Grant in 2025/26. Instead, the government has inflated the 2024/24 grant level in line with the Consumer Price Index as at September 2025.

As can be demonstrated from Figure 18 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 and 2023/24, this has resulted in a larger uplift in 2023/24 and 2024/25 than in the previous 3 years. In 2025/26 the government has rolled a number of grants into the Revenue Support Grant, and for Shropshire this has meant that £0.512m of the £0.693m increase relates to the Extended Rights for Home to School Transport Grant that has now become part of the Revenue Support Grant.

Figure 17: 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 2025/26 the grant distribution would be the same as in previous years, however the Discharge Funding that was previously a separate grant has now been transferred into the Improved Better Care Fund.

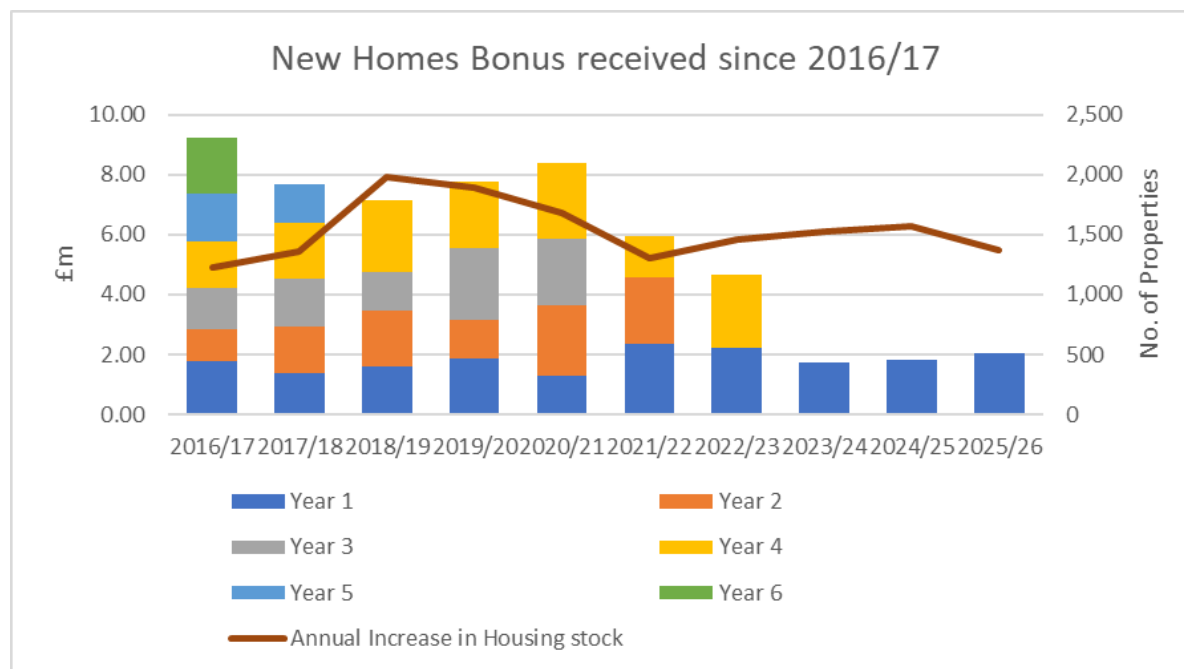
New Homes Bonus (NHB)

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 several 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.

A contribution of £5m of the total New Homes Bonus had previously been assumed within the Council's base budget. This has gradually been reduced as the New Homes Bonus Allocation is reduced and only £1.748m remains. As it is anticipated New Homes Bonus will no longer be paid in 2026/27, growth has been built in for 2026/27 to offset the shortfall. As the allocation for 2025/26 is £2.034m the additional £0.287m can be used in 2025/26 to offset the funding gap.

Figure 18: Shropshire Council - New Homes Bonus



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 2025/26 the Government has increased the Social Care Grant allocation by £0.88bn. For Shropshire Council this resulted in an increase in the Social Care Grant of £4.7m to a total of £32.7m.

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 £1.050bn to continue the progress that local authorities and providers have made on fair cost of care exercises and address discharge delays, social care waiting times, low fee rates, workforce pressures and to promote technological innovation in the sector. For Shropshire Council, overall MSIF funding of £6.1m has been announced for 2025/26.

Children's Social Care Prevention Grant

For 2025/26 the Government has put £270m of new funding into a new Children's Social Care Prevention Grant to fund the national rollout of Family Help. Shropshire Council has received £0.666m for this grant.

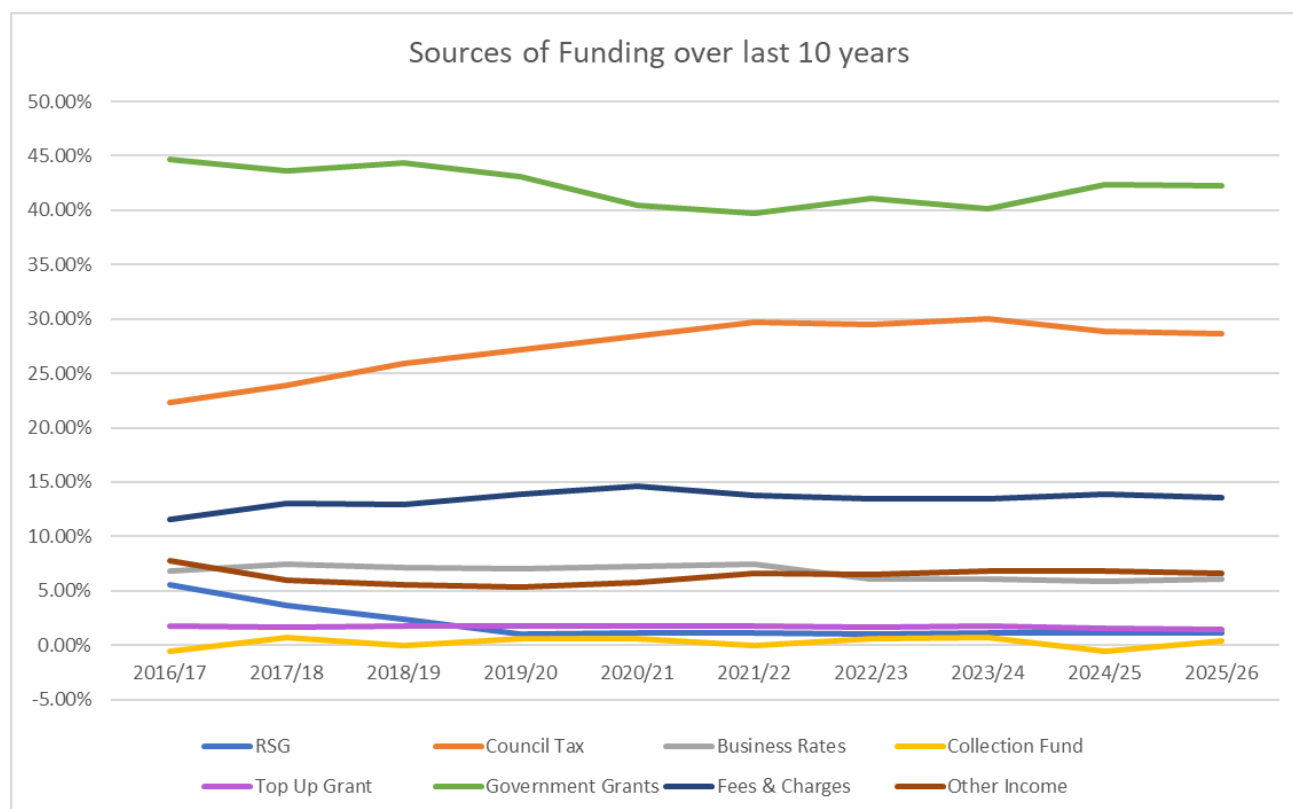
Domestic Abuse Safe Accommodation Grant

The Domestic Abuse Safe Accommodation Grant has previously been paid as a specific government grant but the government has now decided to consolidate this funding into Core Spending Power for the first time. The distribution of the grant has not changed from 2024/25, but the quantum has increased from £129m to £160m. For Shropshire Council, funding of £0.751m has been announced.

NI Compensation Grant

The Government has announced an additional £502m for local authorities, in compensation of National Insurance Contributions as part of the 2025-26 local government finance settlement. Shropshire Council's allocation of this funding is £2.504m.

Figure 19: Sources of Funding for Shropshire Council (since 2017/18)



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 total budgeted non-core government grants for 2025/26 is £264.022m and the breakdown of grants for 2025/26 and the movement from 2024/25 are detailed below.

Figure 20: 2025/26 Non-Core Government Grants and movement from 2024/25

Non Core Government Grant	2024/25	2025/26	Increase/ (Decrease)
Dedicated Schools Grant	128,081,530	146,880,470	18,798,940
Local Reform & Community Voices Grant	199,730	199,730	0
Quality in Community Services - Private Finance Initiative	1,522,650	1,522,650	0
Waste - Private Finance Initiative	3,185,610	3,185,610	0
Housing Benefit Administration Subsidy	642,967	655,570	12,603
Public Health Grant	13,496,100	13,496,100	0
Substance Misuse	54,000	54,000	0
- Extended Rights to Free Transport / General Duty to Promote Sustainable Travel	430,100	0	-430,100
Pupil Premium Grant	4,436,850	4,249,400	-187,450
DfE - Extension of the Role of Virtual School Heads to children with a social worker	0	117,430	117,430
Pupil Premium Grant	0	20,000	20,000
Mandatory Rent Allowances: Subsidy	38,000,000	38,000,000	0
Rent Rebates: Subsidy	7,902,380	8,100,000	197,620
Bus Services Operator Grant (BSOG)	512,450	512,447	-3
Supporting Families Programme	1,011,900	0	-1,011,900
Business Rates Retention Scheme - Section 31 Grants	23,625,263	21,169,808	-2,455,455
Unaccompanied Asylum Seeking Children (UASC)	2,986,540	3,608,390	621,850
Single Fraud Investigation Service	1,014	1,010	-4
Welfare Reform New Burdens	57,295	57,295	0
Social Care In Prisons	47,940	59,943	12,003
War Pensions Disregard	117,210	114,411	-2,799
Adoption Support Fund (ASF)	256,670	0	-256,670
Bikeability	160,000	160,000	0
Assessed & Supported Year in Employment (ASYE)	28,000	28,000	0
Staying Put	92,950	0	-92,950
RPA Higher Level Stewardship (Parks & Stes)	30,000	30,000	0
MHCLG Rough Sleepers Initiative	377,331	377,331	0
VEP	6,678	0	-6,678
Universal Credit	21,004	13,856	-7,148
Extending Personal Adviser support to age 25: new burdens assessment	48,090	0	-48,090
KS2 Modernisation	14,660	14,660	0
Homelessness Prevention Grant	753,546	1,552,092	798,546
Childrens and Families Grant	0	1,830,816	1,830,816
AONB Core Grant	228,110	228,110	0
DEFRA - Farming in Protected Landscapes	1,504,952	700,000	-804,952
DEFRA - Trees outside Woods	53,800	51,630	-2,170
Historic England - Offa's Dyke Project	40,350	51,630	11,280
MHCLG - Domestic Abuse Duty Capacity Building Fund	602,920	0	-602,920
DLUHC - Homes for Ukraine Scheme Local Authority Tariff Payment	128,000	0	-128,000
DLUHC - Homes for Ukraine Scheme Local Authority Tariff Payment	1,512,780	0	-1,512,780
UK Shared Prosperity Fund (UKSPF) - Admin grant	160,260	0	-160,260
UK Shared Prosperity Fund (UKSPF) - Project grant	5,502,160	2,892,904	-2,609,256
DEFRA - Woodland Creation Accelerator Fund	50,020	0	-50,020
OHI&D - Drug Strategy	609,644	609,644	0
OHI&D - Inpatient Detoxification	42,767	42,767	0
DfT Bus Service Improvement Plus Funding	1,490,492	2,497,869	1,007,377
DfE - Holiday Activities and Food Programme	714,300	714,300	0
HB Accuracy Initiative	26,600	26,600	0
Arts Council - National Portfolio Organisations	188,999	188,999	0
Extended Producer Responsibility Grant	0	5,578,000	5,578,000
Local Stop Smoking Services and Support Grant	0	359,568	359,568
DWP Discretionary Housing Payment Grant	0	309,310	309,310
Household Support Fund	0	3,760,000	3,760,000
Total Non Core Government Grants	240,956,612	264,022,350	23,065,738

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.

Dedicated Schools Grant

The Dedicated Schools Grant is the biggest non-core government grant that the Council receives. Most of this grant will be passported through to fund maintained schools 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 2024/25 the Council is anticipating a deficit in the Dedicated Schools Grant in relation to the increased costs of Independent Special School Placements.

For 2025/26 the Dedicated Schools Grant has increased to £146.9m, largely due to increases in the Early Years Block which includes funding for new entitlements and an increased in the High Needs Block. The Dedicated Schools Grant is broken down into the following main blocks:

Dedicated Schools Grant	£m
Early Years Block DSG	42.638
High Needs Block DSG after Recoupment	38.329
Central Schools Services Block DSG	2.357
Schools Block (Maintained Schools)	63.556
	146.880

Figure 21: Shropshire Council – Dedicated Schools Grant

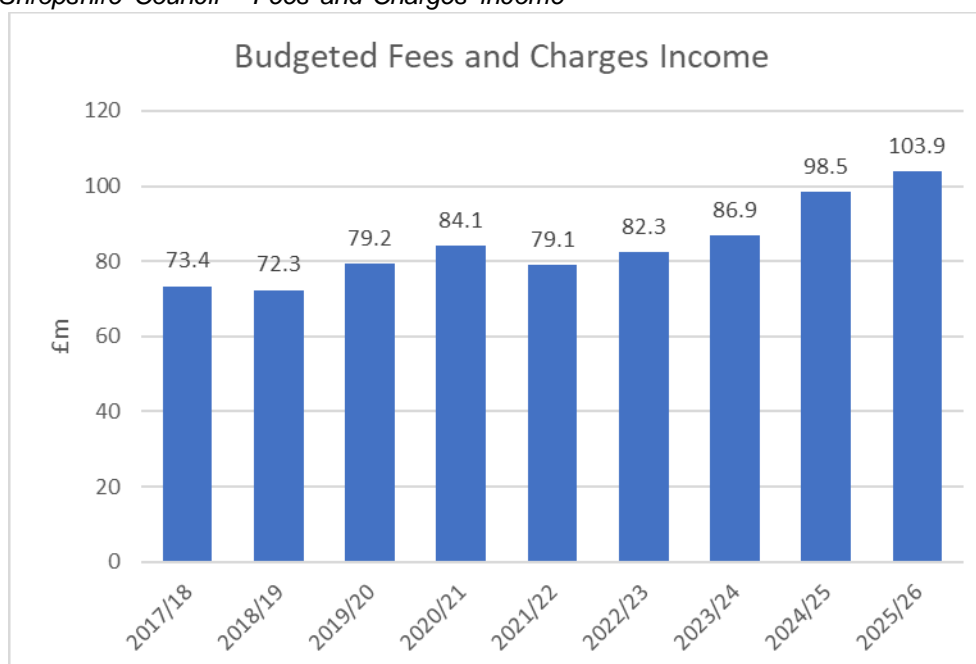
Public Health Grant

The Public Health Grant is a ringfenced grant to be used for public health functions. The Government has not published the Public Health grant allocations for 2025/26, therefore it is currently assumed that the grant for Shropshire Council will remain at £13.496m.

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. Fees and Charges are recommended to be approved as part of a detailed report also on this agenda.

Figure 22: Shropshire Council – Fees and Charges income



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

The Council has the power to charge for some services under various pieces of 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 if 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 2025/26 the total budgeted income from fees and charges is £103.9m.

3.7 Total Resources

The table below summarises the expected resources of the council through the MTFS period. Council tax can be estimated with some certainty (unless a revaluation is applied).

Business rates and RSG together comprise Settlement Funding Assessment and are related to the assumed financial requirement of the council. This will be the subject of national review by government during 2025/26 and so is subject to change. Business rates income is assumed to be uplifted each year, with any decisions by government on business support being offset through a 'section 31' grant.

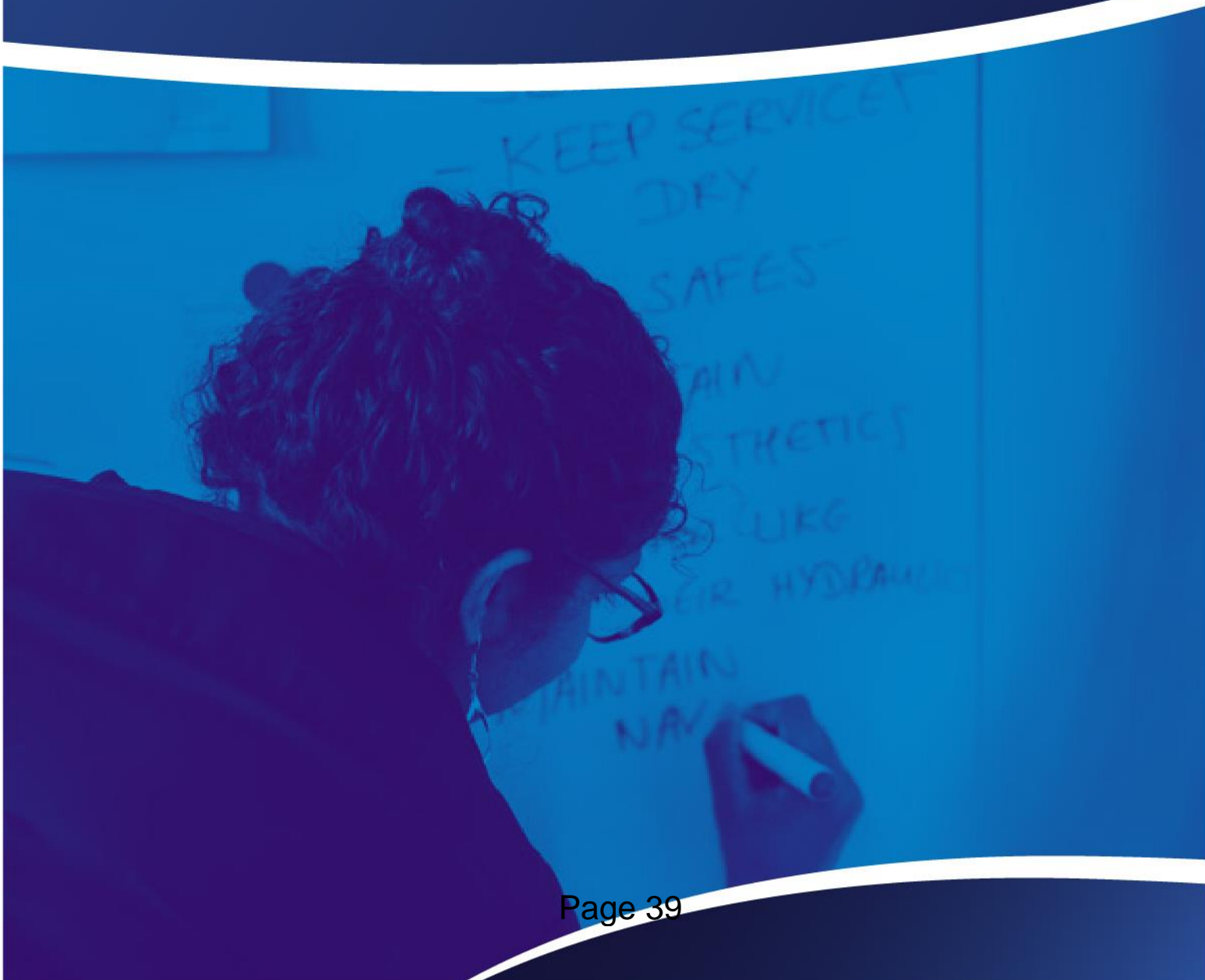
Collection Fund variations will be a charge or benefit to the General Fund each year, calculated as part of budget setting (hence, nil values in later years).

Fees and charges incomes are decided each year by councillors and are not usually assumed in advance.

Resources	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Council Tax	205,104,165	219,282,837	232,526,953	246,571,189	261,463,306	277,256,327
Business Rates:						
Business Rates Collected	39,766,081	45,018,526	45,802,698	46,602,436	47,418,075	48,249,958
Business Rates - Energy Renewable Schemes	1,540,262	1,664,470	1,300,000	1,300,000	1,300,000	1,300,000
Top Up Grant	10,924,574	11,025,089	11,025,089	11,025,089	11,025,089	11,025,089
RSG	7,973,988	8,667,579	8,840,931	9,017,750	9,198,105	9,382,067
Collection Fund:						
Council Tax	-834,556	1,377,957	0	0	0	0
Business Rates	-2,777,295	1,549,238	-1,000,000	0	0	0
NET BUDGET	261,697,219	288,585,696	298,495,670	314,516,464	330,404,575	347,213,440
Grants included in Core Funding:						
Improved Better Care Fund	11,863,403	14,635,454	14,635,454	14,635,454	14,635,454	14,635,454
New Homes Bonus	1,807,300	2,034,452	0	0	0	0
Rural Services Delivery Grant	8,982,153	0	0	0	0	0
Social Care Support Grant	28,009,870	32,675,158	33,655,413	34,665,076	35,705,028	36,776,179
Market Sustainability and Improvement Funding	6,097,977	6,097,977	0	0	0	0
Discharge Funding	2,772,051	0	0	0	0	0
Services Grant	356,632	0	0	0	0	0
Children's Social Care Prevention Grant	0	666,302	0	0	0	0
Domestic Abuse Safe Accommodation	0	751,393	751,393	751,393	751,393	751,393
NI funding	0	2,503,901	2,503,901	2,503,901	2,503,901	2,503,901
CORE FUNDING	321,586,605	347,950,334	350,041,831	367,072,287	384,000,350	401,880,367
Local Income						
Fees and charges (including income savings deliverable from prior years)	98,525,470	103,858,470	103,858,470	103,858,470	103,858,470	103,858,470
Other Grants and contributions	36,829,400	40,459,350	40,459,350	40,459,350	40,459,350	40,459,350
Specific Grants (excluding Core Funding Grants above)	240,956,612	264,022,350	254,391,595	254,332,591	254,169,487	253,788,116
Internal Recharges	11,574,290	9,829,180	9,829,180	9,829,180	9,829,180	9,829,180
TOTAL FUNDING	709,472,377	766,119,684	758,580,426	775,551,878	792,316,837	809,815,483

Figure 24: Total Resources 2025/26 – 2029/30

4. Expenditure Plans 2025/26 – 2029/30



4.1 Profile of Council's Expenditure

The Council's net revenue budget in 2025/26 is £288.586m.

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 several 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 the population of Shropshire and 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 2025/26.

[Council Tax 'Receipt' illustration will be finalised prior to publication for Full Council.]

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. Inflation rates have dropped significantly during 2023/24 and 2024/25, following the initial invasion of Ukraine, however some areas are still subject to greater inflation that had been previously assumed over the MTFS.

The Council employs approximately 2,800 full time equivalent members of staff (excluding schools) and so inflationary increases in pay is one of the key elements of inflation to be included. Most 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. The pay award for 2024/25 was marginally lower than the budget provision which has allowed us to offset some costs of the 2025/26 budgeted pay inflation by the balance remaining for 2024/25. Given that inflation across the economy lies at just over 2%, the Council has assumed a 2.5% uplift across all pay scales for 2025/26 and future years of the MTFS. As a result of these proposed increases, pay inflation is £6.3m for 2025/26.

As the Council's pay costs increases, the apprenticeship levy that the Authority is required to pay also increases. Growth of £0.012m has been included to reflect the revised cost that the Council can expect to incur in relation to the levy in 2025/26. The Government has announced that they are going to look to launch the Growth and Skills Levy to replace the Apprenticeship Levy, but no details about whether there would be any further cost implications have been announced as yet.

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. Most of these contracts have inflation rates linked to RPI or CPI. The total contract inflation for 2025/26 is £5.3m.

Following the invasion of Ukraine, the UK experienced significant price increases in energy prices over the last 2 years. The UK economy is now starting to see energy prices reduce and as a result it is anticipated that there will be reduction in Corporate Landlord costs across the Council of £0.180m.

4.3 Demographic Pressures

Over several 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 2024/25 the Council has taken several steps to try to actively manage this demand for services. Despite this, cost pressures within Adult Social Care remain and further demographic growth is required in 2025/26.

Also, within Children's Social Care the Council is implementing its Stepping Stones project which aims to reduce the spend on high cost placements and address the issues of children coming into care, again to prevent care placements being required. The growth in numbers of children requiring Children's Social Care and increase in residential placements for some children needing this resource due to lack of available foster placements, however, is again presenting the Council with a budgetary pressure in 2024/25 and beyond.

As a result, the Council needs to provide for predicted further growth in numbers in 2025/26. Both services again have several projects and plans to try and control demand management and reduce pressure on these services over the course of 2025/26.

There are other demographic growth areas that remain for 2025/26, mainly in relation home to school transport and an increase in households in the area resulting in increased waste collection costs.

Total demographic pressures for 2025/26 are estimated to be £15.251m. This is the net figure after demand mitigation measures of £10.989m have been identified and adjusted for. These measures include assumed levels of income which may accompany different residents we support – for example, some children will bring government funding with them, and some adults will pay for elements of their care.

Demographic Pressures	Gross Demographic Growth (£)	Demand Mitigations (£)	Net Demographic Growth (£)
Adult Social Care	9,256,613	-7,052,500	2,204,113
Children's Social Care	12,649,287	-3,758,000	8,891,287
Home to School Transport	4,176,523	-178,900	3,997,623
Infrastructure	157,810	0	157,810
Total	26,240,232	-10,989,400	15,250,832

Figure 25: 2025/26 Demographic pressures

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 2024/25 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.

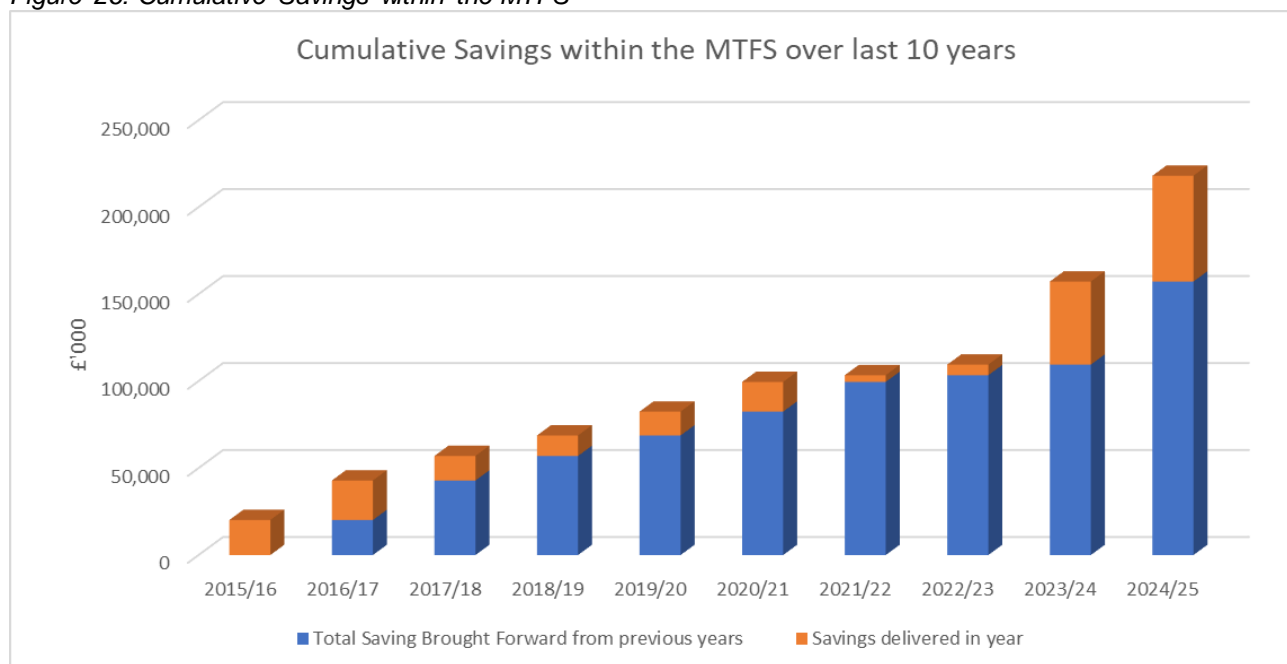
Within the Service Specific Pressures section of the budget build up includes £1.661m of growth relating to savings no longer achievable and £0.871m relating to new administration building costs.

Within the Local Generated Pressures section of the budget build up is growth required to reflect changes in specific grants as detailed in the Resources section which have a corresponding change to expenditure. 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. Also there are corporate growth items, including the cost to the authority of the 2025/26 Council Election and additional budget required as a result of investment in the capital programme.

4.5 Savings Plans

The Council has delivered savings consistently each year. Figure 26 shows the level of savings that remain within the medium term financial strategy over the last 10 years, which is just under £220m.

Figure 26: Cumulative Savings within the MTFS



In 2024/25 the Council has been working to deliver the largest savings plan ever. The 2024/25 budget included £62.479m of new savings plans, in addition to further demand mitigation plans of £6.763m and £20.764m of savings carried forward from 2023/24 that needed to be delivered on an ongoing basis. This resulted in total savings of £90.006m, which have been tracked during the course of the financial year to assess delivery both in 2024/25, and on an ongoing basis for the 2025/26 budget position.

It is currently anticipated that 57% of the total 2024/25 savings will be delivered ongoing, and so £38.293m still need to be delivered in the base budget. This may be due to necessary delays in implementing saving delivery plans, or this may be that the original plans for delivery are no longer considered achievable. It has therefore been agreed that these savings plans will be reviewed in line with the New Operating Model and planned transformational works to consider how the quantum of these savings can be delivered for 2025/26.

In addition to the savings carried forward from 2024/25, it has been necessary to progress further budgetary savings for 2025/26. Some of these had been planned for delivery in 2025/26 in prior years, and this has been supplemented by new savings plans to balance the budget for 2025/26. The Council has carried out a consultation on the budget, including the proposed savings ideas, and details of the consultation responses can be found in Section 9.

For 2025/26 total gross savings of £8.831m have been identified. The savings identified have been categorised as follows:

- Reducing cost of existing services;
- Savings delivered through managing demand levels for our services;
- Generating new income for services that we have not previously charged for;
- Savings delivered through a new Target Operating Model – which transforms how we operate our services;
- Stopping or ceasing some services or activities.

A breakdown of the savings to be delivered is included in Table 2 below and Figure 46 in section 11.

Table 2: Total Savings for 2025/26 and 2026/27

Category of Saving	2025/26 £	2026/27 £
Reduce Cost		
Health & Wellbeing	-709,462	112,050
People	1,500,000	0
Place	4,171,305	254,000
Resources	1,000,000	0
Council wide	0	0
Total Reduce Cost Savings	5,961,843	366,050
Manage Demand		
Health & Wellbeing	-200,000	0
People	1,485,000	110,000
Place	0	0
Resources	0	0
Council wide	0	0
Total Manage Demand Savings	1,285,000	110,000
New Income		
Health & Wellbeing	0	0
People	0	0
Place	110,000	10,000
Resources	12,000	10,000
Council wide	0	0
Total New Income Savings	122,000	20,000
Target Operating Model		
Health & Wellbeing	15,000	0
People	0	0
Place	1,000,000	0
Resources	0	0
Council wide	0	0
Total Target Operating Model Savings	1,015,000	0
Stop/Cease Services		
Health & Wellbeing	47,010	
People	400,000	-400,000
Place	0	50,000
Resources	0	
Council wide	0	
Total Stop/Cease Services Savings	447,010	-350,000
Total Savings Proposals	8,830,853	146,050

The savings identified in Table 2, in addition to the demand management mitigation measures and the need to track delivery against the undelivered savings from 2024/25, result in the Council needing to deliver against £60.114m of delivery plans in 2025/26.

	2025/26 £
New Savings for 2025/26	8,830,853
Demand Mitigations	10,989,400
Undelivered Savings from 2024/25	38,293,113
Total	58,113,366

Figure 27: Total Delivery Plans for 2025/26

4.6 Total Expenditure

The table below summarises planned expenditure in the coming years. The current year (2024/25) targeted savings of £62.5m, although not all of these have yet been fully achieved. Plans are in hand for delivery through 2025/26.

Pay growth pressures are less next year than in this year, and estimated to drop further into future years. Contract inflation costs continue to represent a pressure. Elections costs are estimated based on recent experience and can be recouped from government (although this can take time).

Contributions to the general fund are shown cumulatively from year to year and are affected by prior year values. A full disclosure of the contribution planned for 2025/26 is set out in section 6 of this document which sets out a total contribution planned in 2025/25 of £29.5m (which is a reduction of £1.1m from this year, itself an increase of £10.7m over 2023/24).

Expenditure	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Original Gross Budget Requirement	690,271,309	761,650,104	821,018,159	843,490,555	864,559,821	894,281,021
Inflationary Growth :						
Pay	10,452,858	6,307,250	4,205,657	4,310,798	4,418,568	4,529,032
Apprenticeship Levy	27,370	12,440	12,750	13,070	13,400	13,730
Pensions	0	0	0	0	0	0
Corporate Landlord inflation	690,857	-179,575	212,174	217,478	222,915	228,488
Contract inflation	11,926,779	5,320,846	3,677,358	3,775,887	3,873,135	3,981,662
Demography & Demand	39,844,709	26,240,232	18,231,634	18,941,688	19,758,670	20,628,656
Service Specific Pressures:						
Ongoing Budget Pressures	7,862,078	2,532,000	-143,000	0	0	0
Local Generated Pressures:						
Elections	0	700,000	-700,000	0	0	700,000
Specific Grants Changes between years	36,560,767	29,242,380	-13,689,230	950,658	876,849	689,780
Ongoing reduction in New Homes Bonus (pressure)	0	0	1,747,510	0	0	0
Grants Rolled into RSG, Core Funding	0	512,100	0	0	0	0
Estimated Cost of Investment - <i>Approved</i>	2,032,000	2,411,440	2,518,749	1,609,687	557,664	0
Adjustment to Gross budget offset by Income changes	16,089,901	7,217,840	0	0	0	0
Contribution to General Fund	10,716,110	-1,128,645	-17,455,156	-7,000,000	0	0
Contribution to Development Reserve - Transformation	0	0	-1,000,000	0	0	0
MTFS reserve (savings slippage/optimism bias)	4,250,000	0	0	-4,250,000	0	0
Capital Investment/Transformation Fund	0	0	20,000,000	0	0	0
Climate Change/Energy Efficiency Fund	0	0	5,000,000	2,500,000	0	0
Demand Mitigations	-6,762,664	-10,989,400	0	0	0	0
Savings						
TOM Budget Savings	-725,000	-1,015,000	0	0	0	0
Reduce Cost Budget Savings	-37,809,965	-5,961,843	-366,050	0	0	0
Manage Demand Budget Savings	-6,773,636	-1,285,000	-110,000	0	0	0
New Income Budget Savings	-8,692,720	-122,000	-20,000	0	0	0
Charge More Budget Savings	-3,720,000	0	0	0	0	0
Stop/Cease Budget Savings	-4,758,650	-447,010	350,000	0	0	0
Total Savings	-62,479,971	-8,830,853	-146,050	0	0	0
TOTAL EXPENDITURE		761,650,104	821,018,159	843,490,555	864,559,821	894,281,021
						925,052,370

Figure 28: Total Expenditure 2025/26 – 2029/30

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. This includes two key strategic risks on the financial position of the organisation:

- Inability to contain overall committed expenditure within the current available resources within this financial year;
- Inability to set a balanced budget for a given year within the MTFS.

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 another year where the Council needs to deliver substantial savings and demand mitigation plans. This follows two years where Council has delivered significant savings programmes. 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 329,260. 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 and demand management 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 to address climate change. In the last two years the Council has had to respond to at least two major flooding or storm incidents, and depending on the nature of the damage, can create pressure on either the revenue or the capital budget. 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.

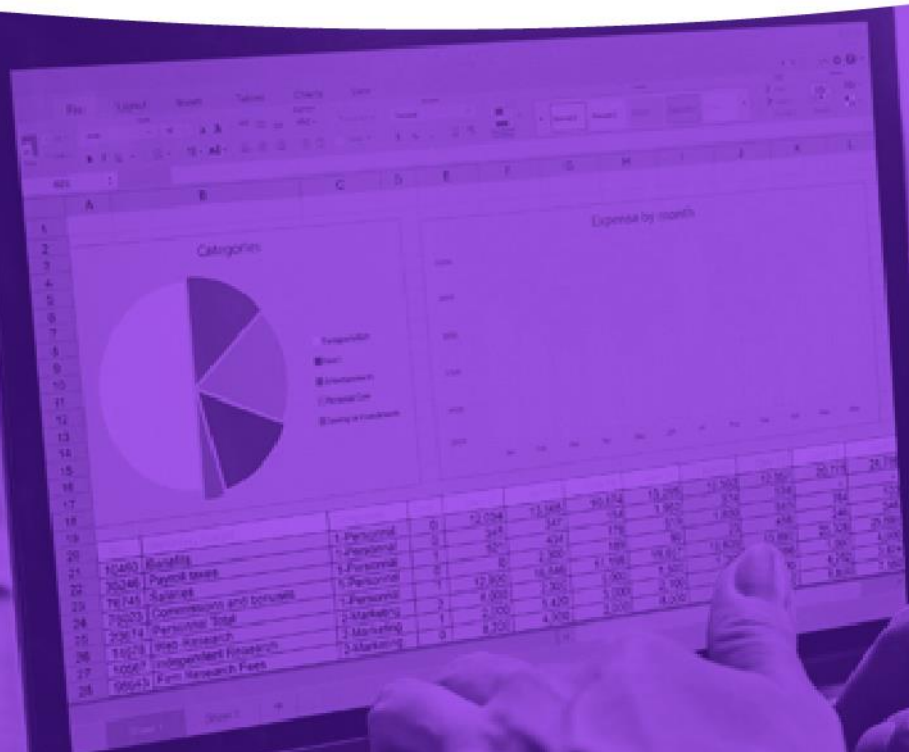
Economic – The impact that a change in the economy can have on an organisation was most evident in 2022. World events can impact economies significantly despite the best

efforts of governments and financial institutions to retain control and take necessary measures. Following the war in Ukraine, inflation and Interest rates increased significantly and the government and the Bank of England is now trying to put measures in place to reduce inflation and grow the economy to reverse the impacts of this. However, this is not a quick process, and the economy is still experiencing higher interest rates than previously expected 3 years on from the war. 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 sectors 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. The general election that took place in July 2024 with a new political party in power has seen a number of changes passed down to local government, and further changes are anticipated, particularly in the early stages of the government's term. 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

Background

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.

Current position

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 2024/25 of £35.561m.

This position has been regularly reviewed during the course of the year, with non-delivery against the challenging savings targets of £90.006m resulting in the bulk of the projected overspend. It is acknowledged that the remainder of these savings plans are not going to be delivered prior to the end of 2024/25 and so a contribution from the General Fund may need to be made. Any other action that can be taken to reduce the residual overspend for 2024/25 will be taken in the last quarter of the year.

The current balance on the General Fund is £38.8m, as shown below. This will be further impacted by the revenue outturn position, which could leave the General Fund Balance at £3.3m

2024/25 General Fund Transactions	£'000
General Fund Balance as at 1 April 2024	8,237
Budgeted Contribution to the General Fund	30,853
Projected Balance as at 31 March 2025 (subject to outturn)	38,820

Table 3: Projected General Fund Balance for 2025/26

2025/26 budgeted contribution to the General Fund

The overspend for 2024/25 reduces 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. However, it is already known that there are likely pressures as follows:

- **Spending reductions @ £60m.** Spending reductions are seldom achieved at 100% within the year in any council. In this Council, savings for 2023/24 were delivered at 77% therefore unachieved savings can therefore be estimated as likely to be in the range of 20%-30%. The overall spending reductions set out in section 11 of this report amount to £58.1m. This means that the risk of under delivery, based on previous experience, will be around £11.5m. Therefore, it is prudent to ensure that the General Fund Balance is at least sufficient to cover a risk of up to £11.5m based on the substantial spending reductions being planned, and the previous track record of delivery.
- **Regulatory reviews and interventions @ £2m.** The Council is already aware of the need to support improved outcomes in Children's Social Care, and a visit by Ofsted is expected imminently as part of the usual cycle of reviews. . The Council is also aware that there are increasingly robust reviews being introduced by CQC, and DfE in relation to SEND provision. It is probable that at least some of these reviews may recommend additional investment in services to ensure all standards are met. It is not known what such costs may amount to. This provision assumes up to £2m to address short term investments required further to for these reviews. Longer term funding will be subject of the usual budget setting processes of the council. Any unused amount in this provision will be released back to the general fund.

- **Social Care Demand pressures @ £7m.** Social Care represents a significant proportion of the budget, and whilst the Council aims to predict likely demand growth based on previous history, and also manage demand pressures through a number of early help and preventative measures, there is always a risk that cost pressures could materialise due to issues within the care provider sector, or due to increased numbers of service users moving into the Shropshire area. As a result it is prudent to leave a contingent balance towards such potential risks. This has been quantified at £7m.
- **Severe weather @ £0.5m.** The Council is now having to respond and deal with increasing numbers of severe weather events, whether this is flooding, storm damage, or cold winters. Given that severe weather reserves have been depleted over recent years, it is prudent to provide for severe weather events at £0.5m within the General Fund Balance. This is in line with advice from the services affected.
- **Capital financing @ £4.5m.** Whilst the financing of the capital budget is set out as part of the capital programme, the Council also has the flexibility to use capital receipts to deliver ongoing benefits into the revenue budget. As a result the Council is planning to fund transformation costs that are helping to deliver ongoing budgetary savings using capital receipts. If sale of assets slip or are unable to be delivered there is a risk that either additional borrowing costs will be necessary for the capital programme, or additional costs will fall on the revenue budget. A provision of £4.5m has been earmarked for this potential risk.

On this basis, potential gross risks of £25.5m are to be covered within the General Fund Balance. For 2025/26, the budget includes a budgeted contribution of £29.5m, which would take the overall balance on hand as at 1 April to £32.7m. This allows the gross risks to be covered, and leaves a residual £7.2m to cover any other unforeseen financial risks.

Table 4: Budgeted Level of General Fund Balance

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Balance Brought Forward	3,259	32,714	44,714	49,714	54,714
Budgeted Contribution to General Fund	29,455	12,000	5,000	5,000	5,000
Budgeted Balance as at 1 April	32,714	44,714	49,714	54,714	59,714

Even though the Council will be making a significant contribution to the General Fund over the course of the MTFS period, the risks identified may need to be released from the General Fund Balance during the year. Therefore in Table 5 below the Council has modelled the impact on the General Fund with the inclusion of a risk assessed use of reserves for the pressures identified above. The calculated figure is based on previous experience of delivery of savings targets at the Council.

Table 5: Projected Level of General Fund Balance

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Budgeted Balance as at 1 April	32,714	19,214	24,214	29,214	34,214
Potential Commitments based on risk assessment of pressures	(25,500)	-	-	-	-

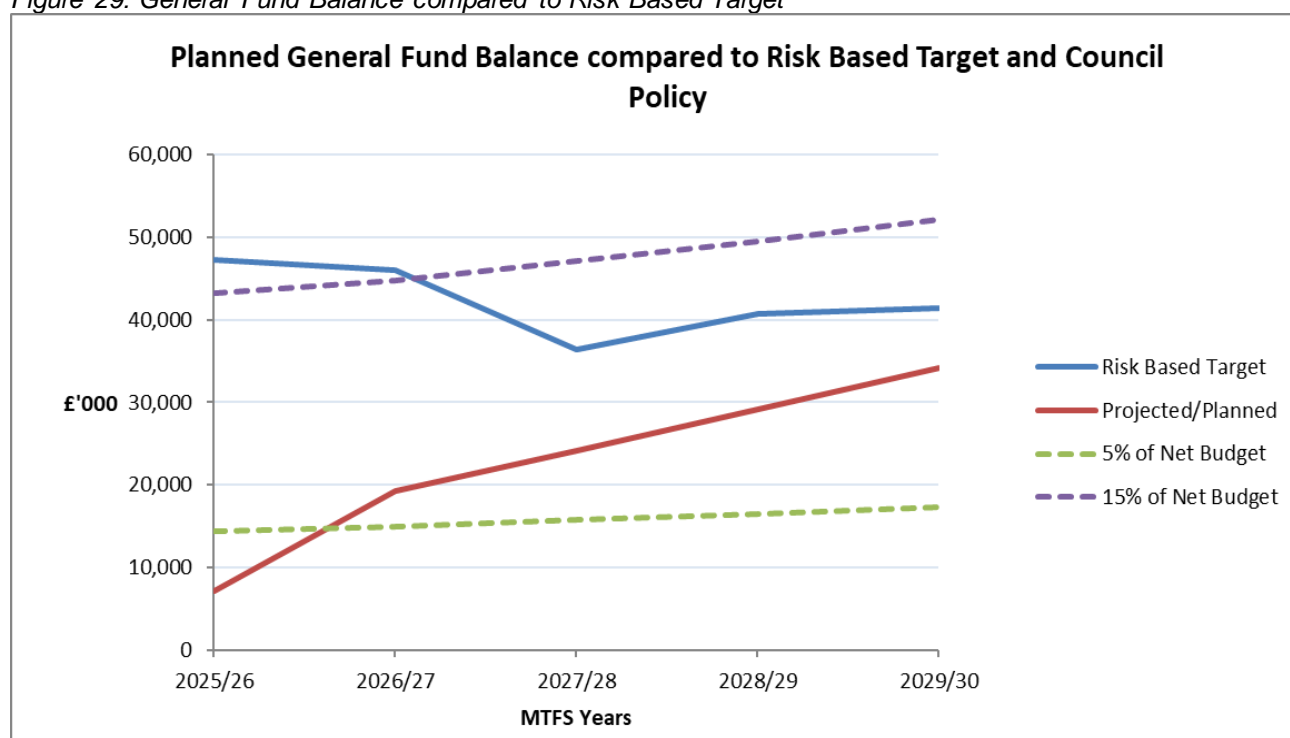
Projected level of General Fund Balance	7,214	19,214	24,214	29,214	34,214
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This leaves the General Fund Balance remaining at an unsustainable level in the short term and so it is imperative that the contribution to the General Fund Balance remains in future years to bring the balance back to a reasonable level. Table 6 and Figure 29 demonstrate that if the General Fund Balance is used to fund any of the financial risks identified, as highlighted in Table 5, this will leave the General Fund significantly below the risk assessed level and so there is a need to improve the General Fund Balance over the course of the financial strategy.

Table 6: Comparison of Risk Based Calculation to Budgeted and Projected General Fund

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Risk assessed level of General Fund Balance (upper)	48,290	45,986	36,341	40,678	41,361
Budgeted level of General Fund Balance	32,714	44,714	49,714	54,714	59,714
Variance (Shortfall)/Surplus	(15,576)	(1,272)	13,373	14,036	18,353
Risk assessed level of General Fund Balance (upper)	48,290	45,986	36,341	40,678	41,361
Projected level of General Fund Balance as per Financial Strategy	7,214	19,214	24,214	29,214	34,214
Variance (Shortfall)/Surplus	(41,076)	(26,772)	(12,127)	(11,464)	(7,147)

Figure 29: General Fund Balance compared to Risk Based Target



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

Page 55

Calculation of Risk Assessed General Fund Balance																				
2024/25			Budget Assumption		Area of Risk	2025/26			2026/27			2027/28			2028/29			2029/30		
Budget/ Value	Risk Assessed General Fund	Budget/ Value				Risk Assessed General Fund	Budget/ Value	Risk Assessed General Fund	Budget/ Value	Risk Assessed General Fund	Budget/ Value	Risk Assessed General Fund	Budget/ Value	Risk Assessed General Fund	Budget/ Value	Risk Assessed General Fund				
£000	Risk Level	£000				£000	Risk Level	£000	£000	Risk Level	£000	£000	Risk Level	£000	£000	Risk Level	£000	£000	Risk Level	£000
Treatment of inflation and interest rates																				
170,426	0.50%	852	Inflation	Salaries	156,888	0.50%	784	141,587	0.50%	708	139,806	0.50%	699	138,047	0.50%	690	136,310	0.50%	682	
22,724	2.27%	516		Premises	20,919	2.27%	475	18,879	2.27%	428	18,641	2.27%	423	18,407	2.27%	418	18,175	2.27%	412	
20,276	0.98%	199		Transport	18,666	0.98%	184	16,845	0.98%	166	16,633	0.98%	164	16,424	0.98%	161	16,217	0.98%	159	
73,835	0.20%	148		Supplies & Services	67,970	0.20%	136	61,341	0.20%	123	60,569	0.20%	121	59,807	0.20%	120	59,055	0.20%	118	
239,024	0.20%	478		Third Party Payments	220,037	0.20%	440	198,577	0.20%	397	196,079	0.20%	392	193,612	0.20%	387	191,176	0.20%	382	
106,164	0.20%	212		Transfer Payments	97,731	0.20%	195	88,199	0.20%	176	87,090	0.20%	174	85,994	0.20%	172	84,912	0.20%	170	
96,735	0.00%	0		Pension triennial valuation unaffordable	99,637	0.50%	498	102,626	0.50%	513	105,705	0.50%	529	108,876	0.50%	544	112,142	0.50%	561	
2,405			Total Inflation		2,712			2,511			2,502			2,493			2,484			
280,118	0.00%	0	Interest rates	Existing Borrowing	279,618	0.00%	0	279,618	0.00%	0	279,618	0.00%	0	279,618	0.00%	0	273,618	0.00%	0	
152,602	1.10%	1,679		New Borrowing	152,602	2.60%	3,968	152,602	2.75%	4,197	152,602	2.75%	4,197	152,602	2.75%	4,197	152,602	2.75%	4,197	
30,600	0.75%	230		PWLB	500	0.75%	4	0	0.75%	0	0	0.75%	0	0	0.75%	0	6,000	0.75%	45	
37,293	1.00%	373		Investment	37,293	1.00%	373	37,293	1.00%	373	37,293	1.00%	373	37,293	1.00%	373	37,293	1.00%	373	
2,281			Total Interest Rates		4,344			4,569			4,569			4,569			4,614			
Level and timing of capital receipts																				
-2,292	0.00%	0	Capital Receipts	Land Sales	29,357	2.60%	763	42,106	1.38%	581	47,068	1.38%	650	53,700	1.38%	741	53,700	1.38%	741	
26,009	1.38%	359		Required for new Powers to use for Revenue	13,168	2.60%	342	5,000	1.38%	69	0	1.38%	0	0	1.38%	0	0	1.38%	0	
359			Total Capital Receipts		1,106			650			650			741			741			
Treatment of demand led pressures																				
131,997	0.00%	0	Demand Led	Adult Social Care - demography	134,202	0.26%	345	145,977	0.26%	375	158,519	0.26%	407	171,875	0.26%	442	186,100	0.26%	478	
45,777	14.01%	6,413	Pressures	Childrens Social Care - demography	54,668	14.05%	7,683	60,794	14.05%	8,544	66,863	14.05%	9,397	72,932	14.05%	10,250	79,001	14.05%	11,103	
131,997	0.00%	0		Adult Social Care - uplifts	134,202	3.00%	4,026	134,202	3.00%	4,026	134,202	3.00%	4,026	134,202	3.00%	4,026	134,202	3.00%	4,026	
45,777	0.00%	0		Childrens Social Care - uplifts	54,668	1.00%	547	54,668	1.00%	547	54,668	1.00%	547	54,668	1.00%	547	54,668	1.00%	547	
177,774	0.50%	889		CQC/Ofsted Inspections	188,870	1.00%	1,889	188,870	1.00%	1,889	188,870	1.00%	1,889	188,870	1.00%	1,889	188,870	1.00%	1,889	
7,302			Total Demand Led Pressures		14,490			15,381			16,266			17,153			18,043			
Treatment of planned efficiency savings/productivity gains																				
69,243	38.83%	26,886	Efficiency Savings	24/25 non achievement of savings																
				25/26 non achievement of savings	8,831	34.95%	3,086													
				24/25 savings carried forward - non achievement	38,293	34.95%	13,382													
				26/27 non achievement of savings				-146	34.95%	-51										
				26/27 remaining funding gap to be identified				34,083	34.95%	11,911										
				27/28 non achievement of savings							0	34.95%	0							
				27/28 remaining funding gap to be identified							3,088	34.95%	1,079							
				28/29 non achievement of savings										0	34.95%	0				
				28/29 remaining funding gap to be identified										11,917	34.95%	4,165				
				29/30 non achievement of savings													0	29.12%	0	
				29/30 remaining funding gap to be identified													12,202	29.12%	3,553	
26,886			Total Efficiency Savings		16,468			11,860			1,079			4,165			3,553			

Calculation of Risk Assessed General Fund Balance

Page 56

2024/25			Risk Assessed General Fund	Budget Assumption	Area of Risk	2025/26			2026/27			2027/28			2028/29			2029/30			
Budget/ Value £000	Risk Level	£000				Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	
						Availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions															
3,978	5.00%	199	Insurance and	Provision			3,978	5.00%	199	3,978	5.00%	199	3,978	5.00%	199	3,978	5.00%	199	3,978	5.00%	199
1,583	5.00%	79	Emergency	Reserve			1,583	5.00%	79	1,583	5.00%	79	1,583	5.00%	79	1,583	5.00%	79	1,583	5.00%	79
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
523	Quantum	523		Bellwin			562	Quantum	562	604	Quantum	604	634	Quantum	634	666	Quantum	666	708	Quantum	708
2,074	20.00%	415		Severe Weather			2,126	20.00%	425	2,179	20.00%	436	2,234	20.00%	447	2,289	20.00%	458	2,347	20.00%	469
2,216			Total Insurance and Emergency Planning			2,266			2,318			2,359			2,402			2,456			
75,837	0.00%	0	Other Government Settlement Changes			76,700	1.00%	767	69,228	5.00%	3,461	70,591	5.00%	3,530	71,992	5.00%	3,600	74,656	5.00%	3,733	
50,010	1.00%	500	Housing Benefits			50,010	1.00%	500	50,010	1.00%	500	50,010	1.00%	500	50,010	1.00%	500	50,010	1.00%	500	
2,433	5.00%	122	DSG pressures - Academisation			2,358	5.00%	118	2,358	5.00%	118	2,358	5.00%	118	2,358	5.00%	118	2,358	5.00%	118	
586	25.00%	147	Academy School transfer leaving deficit			586	25.00%	147	586	25.00%	147	586	25.00%	147	586	25.00%	147	586	25.00%	147	
768			Total Funding Changes			1,531			4,226			4,294			4,364			4,497			
General Financial Climate																					
15,478	2.50%	387	General Financial	Debt Collection			15,478	2.50%	387	15,478	2.50%	387	15,478	2.50%	387	15,478	2.50%	387	15,478	2.50%	387
205,104	0.00%	0	Climate	Council Tax - General risk			219,283	0.50%	1,096	232,527	0.50%	1,163	246,571	0.50%	1,233	261,463	0.50%	1,307	277,256	0.50%	1,386
41,306	0.00%	0		Business Rates - General risk			46,683	2.50%	1,167	47,103	2.50%	1,178	47,902	2.50%	1,198	48,718	2.50%	1,218	49,550	2.50%	1,239
47,620	0.50%	238		Discretionary Income			47,620	0.50%	238	47,620	0.50%	238	47,620	0.50%	238	47,620	0.50%	238	47,620	0.50%	238
625			Total General Financial Climate			2,889			2,965			3,055			3,150			3,250			
261,697	0.50%	1,308	Additional Budget Pressures			288,586	0.50%	1,443	298,496	0.50%	1,492	314,516	0.50%	1,573	330,405	0.50%	1,652	347,213	0.50%	1,736	
44,151			TOTAL RISK ASSESSED GENERAL FUND			47,248			45,973			36,346			40,689			41,375			

Figure 30: Risk Based Calculation of General Fund

The benchmark position for Shropshire Council is set out below in the CIPFA resilience index. Based on the latest data (the outturn for 2023/24) it shows

- Very high risk for reserves, including rate of use, overall level relative to net budget, and change in reserves over time
- High risk for the cost of borrowing versus net budget, with moderate/high risk in terms of overall borrowing
- Moderate proportion of the budget allocated to social care
- Moderate levels of fees and charges
- Moderate Council Tax requirement



Figure 31: CIPFA Resilience Index

Level of reserves is further analysed as follows, comparing Shropshire Council with our nearest statistical neighbours:

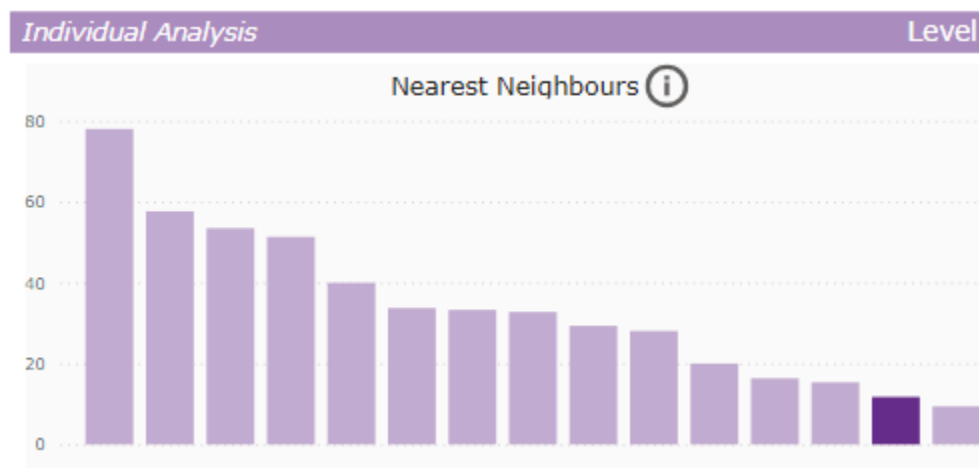


Figure 32: CIPFA Resilience Index Level of Reserves compared to Nearest Neighbours

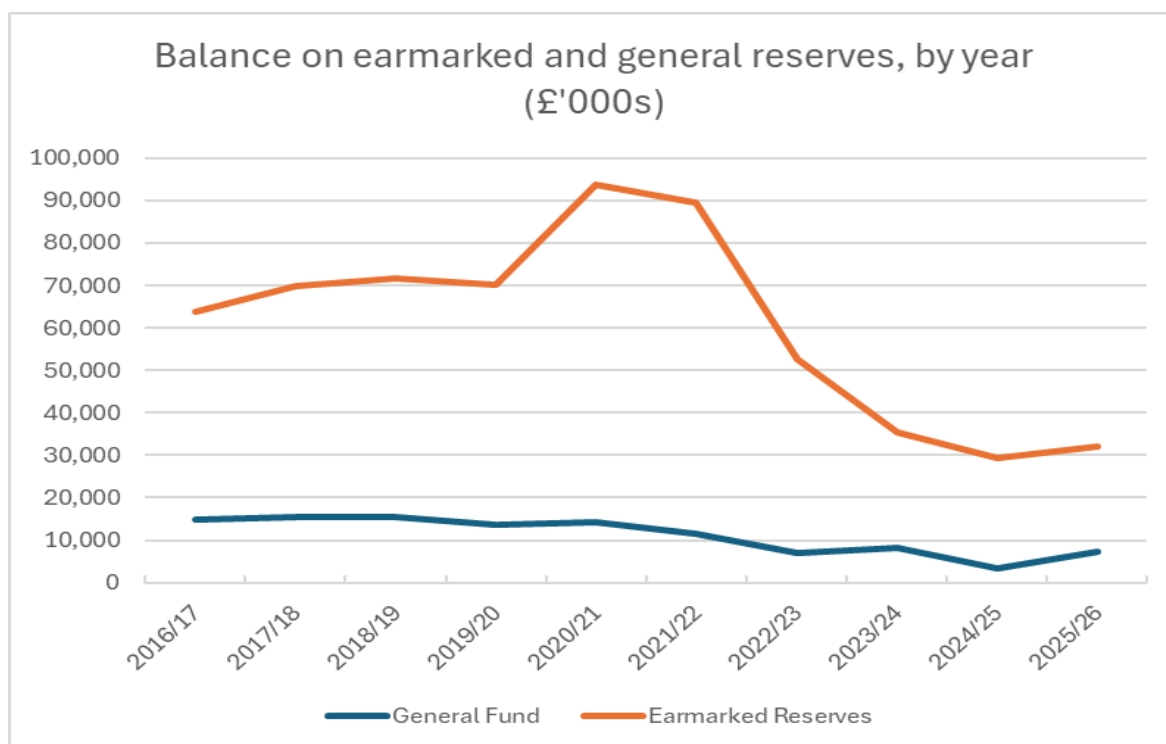


Figure 33: Balances on Earmarked and General Reserves since 2016/17

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 2025/26 is between £14m (at 5%) and £29m (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.

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

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

⁴ Ibid, page 14.

to hold a balance of £3.259m at the end of 2024/25 which represents 1.25% 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 £14.429m and £43.288m in 2025/26. 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 2025/26, when the Council is embarking on an ambitious £60m savings plan, the risk assessed level is over the higher end of the spectrum. However, if the Council can deliver the saving planned in 2025/26, 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.

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 £36.393m in earmarked reserves at 31 March 2024 which includes schools budget balances of £7.340. During the course of 2024/25 it is anticipated that a net £5.896m will be allocated from earmarked reserves to fund commitments in 2024/25. A full breakdown of the earmarked reserves is detailed below including the purpose of each reserve.

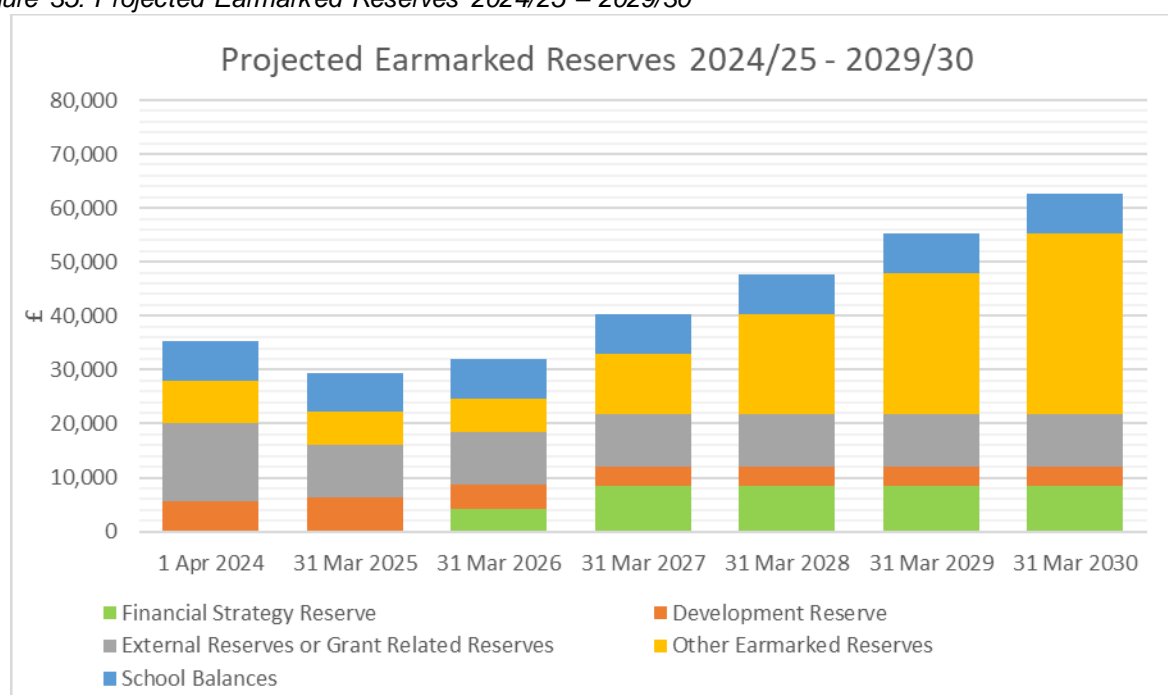
Figure 34: Breakdown of Earmarked Reserves

Reserves	Purpose of Balance	Balance Brought Forward (£'000)	Anticipated movement (£'000)	Balance Carried Forward (£'000)
Sums set aside for major schemes, such as capital developments, or to fund major reorganisation				
Redundancy	Required to meet one-off costs arising from approved staffing reductions, allowing the full approved savings in salaries or wages to reach the revenue account.	2,000	-1,757	243
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.	3,199	-643	2,555
Development Reserve	Required to fund development projects or training that will deliver efficiency savings.	5,696	618	6,314
Invest to save Reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	1,379	-743	635
		12,274	-2,526	9,748
Insurance Reserves				
Fire Liability	Required to meet the cost of excesses on all council properties.	1,051	-373	678
Motor Insurance	An internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.	533	0	533
		1,584	-373	1,211
Reserves	Purpose of Balance	Balance Brought Forward (£'000)	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.	311	-107	204
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. Plus unspent IBCF monies required to fund the IBCF programme in future years.	1,022	-434	589
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.	2,125	1,368	3,492
Financial Strategy Reserve	Established specifically to provide one off funding for savings proposals in the Financial Strategy	0	0	0
Highways Development & Innovation Fund	Set aside funds for pump priming the Development and Innovation programme.	600	-500	100
New Homes Bonus	Established from unapplied New Homes Bonus Grant balances.	834	-156	678
Public Health Reserve	This reserve includes balances committed to specific public health projects.	3,220	-1,285	1,934
Repairs & Maintenance Reserve	Set aside for known repairs and maintenance required to Council owned properties.	246	-95	151
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.	480	58	538
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2024/25	3,341	-1,589	1,752
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.	315	-164	150
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	37	0	37
		12,679	-2,905	9,774
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.	7,340	0	7,340
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.	1,516	-93	1,423
		8,856	-93	8,763
Total Reserves		35,393	-5,896	29,496

The Finance Strategy assumes that in 2025/26 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 2025/26 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 35: Projected Earmarked Reserves 2024/25 – 2029/30



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 Social Care. These areas have been subject to demand pressures in recent years and so detailed modelling on number of clients and cost variations have been created to understand fully where the underlying cost pressure is arising from. This data has then been used within growth modelling to consider future costs for these areas over the course of the Medium term Financial Strategy.
- 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. Financial tools and dashboards are in place to provide budget holders with the most accurate financial data in order to inform their decisions, enhance their understanding of the budget position and improve budget projections.

Robustness of Revenue Estimates

The 2025/26 budget process continues to progress in improving the Council's budget preparation, with the inclusion 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 2025/26 budget, the Council has focussed on managing demand pressures and taking steps to understand all known growth pressures and compensatory mitigations that can be taken to reduce the funding gap. Savings have also been identified, considering the implications of these savings with the main driver being whether this aligns 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 7 below. This includes assumptions around savings to be delivered as part of the Financial Strategy.

Table 36: Gross Resources and Expenditure Projections

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Projected Resources	709,472	758,902	751,363	768,334	785,099	803,822
Current Projected Expenditure	709,472	758,902	785,446	805,505	834,186	865,111
Funding Gap	0	0	34,083	37,171	49,087	61,289
Year on Year Gap		0	34,083	3,088	11,916	12,202

Savings proposals have been identified for 2025/26 through to 2026/27. The savings identified relate to six categories, Reducing Cost, Target Operating Model, Demand Management, New Income, Charge More and Stop/Cease Services. All senior management have been involved to identify the proposed savings. 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 36.

Robustness of Budget Management and Savings Delivery

Considering the level of spending reductions being targeted in the coming year, and recognising the recent history of the council in terms of savings delivery, additional measures will continue 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
- Savings trackers highlighting the delivery plan for the saving and monitoring progress against this
- Increased visibility of activity data and trend analysis
- Quarterly meetings with Senior Management at the Council to keep track of budget pressures and savings plans delivery.
- 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 Senior Leadership 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 2024/25 is fully funded over the Financial Strategy period but this in itself will increase pressure on the Council to deliver the anticipated 2025/26 programme.
- Secondly, the draft three-year programme includes projects funded from anticipated capital receipts. This is in addition to transformation projects also being funded from capital receipts, and so there is an increased need for delivery of 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 8 below, in 2023/24 there was slippage of £7.673m which represents 7.7% of the revised capital programme. Action has already been taken during the course of 2024/25 to reprofile budgets to future years to reflect latest data on project delivery.

Table 37: Three Year Capital Position (£000's)

	2023/24 Outturn	2024/25 Latest Projection	2025/26 Latest Estimate
Capital Programme	114,719	117,504	138,760
Reprofile Budgets	(14,707)	(6,811)	0
Revised Capital Programme	100,012	110,693	138,760
Slippage	(7,673)	-	-
Actual Capital Programme	92,339	110,693	138,760

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 3 years (2022/23 to 2024/25) 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 2025/26 the level of capital receipts required is £46.7m and a shortfall of £13.1m currently exists within receipt projections for the General Fund. There are currently £42.7m 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 38: 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 the level of inflation required. As has been seen in recent years the level of inflation has been significantly higher than had been anticipated.</p>	<p>Pay – 2.5% per scale point has been provided in the 2025/26 budget whilst the outcome of pay negotiations are awaited. Funding has also been provided for increments due to be awarded for 2025/26 based on existing staffing levels.</p> <p>Pension contribution rates are at the rate of 17.2% for 2025/26 following the 2023 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>
2. Interest rates on borrowing and investment	<p>This issue here is 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. When inflation spiked in the economy, the Bank of England increased the interest rates to try and manage the inflation levels. These have slowly started to reduce but not by as much, as interest rates increased 2 years ago. This has resulted in better returns on cash balances, but unfortunately this has come at a time when cash balances are low.</p> <p>The Council's borrowing has been undertaken at fixed rates of interest</p>	<p>Interest receivable budgets have been set based on 4.7% interest receivable. Generally due to lower cash balances held, investments remain liquid so are only invested short term or overnight.</p> <p>The average interest rate of the total debt portfolio (excluding HRA) is calculated at 4.5% for 2024/25 and this is used for all borrowing costs.</p> <p>NB: PWLB borrowing rates vary daily depending on the economy so for 2024/25 the range is currently between 5.2% (short term) and 5.9% (long term). Borrowing for investment properties primarily for yield is now prohibited from the PWLB.</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
	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.	
3. Estimates of the level and timing of capital receipts.	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.	Capital receipts are monitored monthly in the capital monitoring report and are RAG rated in terms of their anticipated delivery against target. Given the need to increase the level of capital receipts generated due to the use of capital receipts for transformation activities in line with the Flexibility on the use of Capital Receipts, the Council is performing a review of assets for consideration of future disposal. This is being discussed regularly with the Senior Leadership Team, to maximise opportunities for sales of assets.
4. The treatment of demand led pressures	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. Two areas specifically affected by demography are adult social care and children's social care, where we have seen significant budget pressures due to increasing numbers of Children becoming looked after and clients receiving care packages.	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, then reserves may have to be used to address the additional expenditure temporarily. 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. Given that there have been significant budgetary pressures in social care budgets, there has been action to consider a number of demand management measures to mitigate the growth that is being experienced in care costs. These measures were initially identified in 2023/24 and have been tracked for delivery in 2024/25, with further measures planned for 2025/26. Therefore additional demand management savings have been built into the 2025/26 to mitigate the demographic growth that has been identified. The 2025/26 budget has been based upon specific demand levels identified during budget monitoring in 2023/24 and six months of 2024/25 and projections made by Heads of Service of demand levels in future years.

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
		<p>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.
5. The treatment of efficiency savings	<p>The budget includes improvement programmes that will deliver savings; the risk is that they may be delivered at a slower rate.</p> <p>The total savings identified for 2025/26 are £58.1m 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 2025/26 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.</p>
6. The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments	<p>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>	<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>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
<p>7. The availability of other funds to deal with major contingencies</p>	<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 is 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 for Severe Weather has now been significantly depleted over the last 2 years and so 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>
<p>8. Impact on council funding of announcements of national changes</p>	<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. Additional funding for High Needs Pupils has been received by the Government however this is still not sufficient to reduce the projected</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> <p>Any overspend within the Dedicated Schools Grant is allowed to be carried forward until the end of March 2026. It remains to be seen if this will be extended, but in the meantime the Council is taking steps to enhance financial planning around the Dedicated Schools Grant in order to try and manage the overspend position into the future.</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action															
	overspend within the Dedicated Schools Grant.																
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>Any economic downturn may result in an increased risk of not collecting all income due to the Council. This would include 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>A fees and charges report 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 2025/26 budget.</p> <p>A project has also been launched on improving debt collection within the Collection Fund, specifically focussed on older debts that remain outstanding.</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 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</p>	<p>The Council's recent track record in budget and financial management 2018 to 2025 shows potential variations from a £35.6m overspend to a £0.6m underspend (a range of £36.2m).</p> <table border="1"> <thead> <tr> <th>Financial Year</th><th>(£'000)</th><th>Underspend/ Overspend</th></tr> </thead> <tbody> <tr> <td>2018/19</td><td>(167)</td><td>Under</td></tr> <tr> <td>2019/20</td><td>1,692</td><td>Over</td></tr> <tr> <td>2020/21</td><td>(655)</td><td>Under</td></tr> <tr> <td>2021/22</td><td>2,505</td><td>Over</td></tr> </tbody> </table>	Financial Year	(£'000)	Underspend/ Overspend	2018/19	(167)	Under	2019/20	1,692	Over	2020/21	(655)	Under	2021/22	2,505	Over
Financial Year	(£'000)	Underspend/ Overspend															
2018/19	(167)	Under															
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2021/22	2,505	Over															

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action		
	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.	2022/23	8,499	Over
		2023/24	14,533	Over
		2024/25*	35,561	Over
		Total 2018 to 2025	61,968	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 has arisen in 2024/25 mainly due to non-delivery of savings plans. The unachieved savings are being re-considered to formulate new delivery plans for 2025/26.</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) is a separate, ring fenced account, with the General Fund which records expenditure and income on running a council's own affordable 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 and homes have been added in the Shrewsbury and North Shropshire regions. 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 manages just over 4,000 houses within the HRA, and collects rent, undertakes repairs, builds new affordable homes and makes 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 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 allows 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.

This year a detailed HRA 30 Year Business Plan has been developed by STAR Housing in partnership with Shropshire Council setting out the current position and future plans for the HRA. The plan aligns with Government policies for additional social housing, the new and emerging regulatory standards and addresses local housing need in Shropshire. The plan is supported by an industry standard, HRA financial model which ensures that affordability, viability and value for money can be demonstrated. The business plan is set over a 30 year period which is the industry standard for social housing and HRA business plans. Looking at all the factors influencing the HRA in this way ensures sustainability for the fund going forwards.

The plan will deliver the following key elements over the future period:

- £52m additional investment in the development programme to deliver an additional 391 homes through acquisition and new build taking the total homes delivered over the next five years to an anticipated 509.
- Approximately £0.069m investment per HRA property over the 30 year time frame.

- The investment per property includes £36m of funding to bring properties up to EPC C over the next three years and is linked to the Council's bid into the Government's Social Housing Warm Homes Fund – Wave 3

Headline investment figures are as follows over the next five years:

£m	2024/25 (estimate)	2025/26	2026/27	2027/28	2028/29	2029/30
Property investment and compliance	8	10	10	10	11	11
Sustainability	1	10	16	6	4	0
New Build and Acquisition	25	12	16	17	21	1
Total Investment	34	32	42	33	36	12

Headline funding sources over the next five years

£m	2024/25 (estimate)	2025/26	2026/27	2027/28	2028/29	2029/30
Revenue Allocations from HRA	15	10	6	10	8	7
Grants	18	5	5	10	5	1
Grant – Wave 3	1	5	7	3	0	0
Sustainable HRA borrowing	0	12	24	10	23	4
Total Funding	34	32	42	33	36	12

The Council and STAR both recognise that it is vital that the customer voice is at the centre of service development and delivery. The HRA Business Plan 2025 is designed with the customer in mind, aiming to provide safe, compliant, and comfortable homes. By focusing on sustainability and energy efficiency, the plan helps reduce fuel poverty and offers a range of housing options to meet diverse needs. This approach ensures that customers benefit from improved living conditions, lower energy costs, and a more sustainable future. The plan's commitment to regular monitoring and external validation also guarantees that the housing services remain responsive to customer needs and regulatory requirements, ultimately enhancing the overall quality of life for residents. Additionally, there will be a variety of opportunities for customers to influence the delivery of the plan through a series of engagement activities.

Figure 39: Housing Revenue Account Budget

SHROPSHIRE COUNCIL HOUSING REVENUE ACCOUNT			
2024/25 Budget £			2025/26 Budget £
	<u>Income</u>		
(21,534,116)	Dwellings Rent		(22,729,478)
(102,561)	Garage Rent		(102,700)
(32,388)	Other Rent		(33,182)
(918,309)	Charges for Services		(1,049,688)
(22,587,373)	Total Income		(23,915,048)
	<u>Expenditure</u>		
10,407,223	ALMO Management Fee		10,863,882
900,813	Supplies and Services		1,027,650
4,771,293	Capital Charegs - Dwelling Depreciation		4,931,642
279,202	Capital Charges - Depreciation Other		286,740
3,239,903	Interest Paid		3,254,300
635,000	Repairs charged to revenue		550,000
266,750	New Development Feasibility		190,179
106,391	Increase in Bad Debt Provision		108,709
389,716	Corporate & Democratic Core		508,500
20,996,291	Total Expenditure		21,721,602
(1,591,082)	Net Cost of Services		(2,193,446)
5,824,467	Revenue Financing Capital Expenditure		5,131,306
3,600	Loan Repayments		3,600
4,236,986	(Surplus)/Deficit for the year		2,941,460
(218,772)	Interest Received		(224,460)
4,018,214	Net Cost of Service/(Surplus) for the Year		2,717,000
	<u>HRA Reserve</u>		
	B/Fwd 1 April (Forecast)		(9,505,000)
	(Surplus)/Deficit for year (Budget)		2,717,000
	Carried Forward 31 March (Estimated)		(6,788,000)

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 2025/26 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.

The Capital Strategy includes potential costs relating to the completion of the North West Relief Road. The financial options relating to the various scenarios for the scheme will be set out in the Council version of the MTFS including any implications any of the scenarios may have for the revenue budget.

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 until March 2030. This allows authorities to use capital receipts to fund transformation projects that produce long term savings or reduce the costs of service delivery.

Over 2024/25 and 2025/26, Shropshire proposes to use the flexibility to help fund the following:

- redundancy costs to allow the council to manage further service redesign and restructure changes.
- transformation works relating to the development of the new target operating model and driving out savings across the Council.

The savings that will be delivered as a result of using the flexibility for the use of capital receipts are outlined in section 11 of the MTFS.

As delivery of these two elements progress during the course of the 2025/26, the amount of capital receipts that will be utilised will be agreed by the Section 151 Officer, and reported through the agreed governance routes.

Between 2017/18 and 2023/24, 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 had been holding a healthy cash balance. The level of reserves held by the Council reduced significantly in March 2024, and therefore it is no longer possible to continue an under-borrowed position and so new borrowing has been progressed in 2024/25 and will continue into 2025/26. This is being done on a short term basis to prevent the Council being tied into higher interest rate loans, when it is expected that interest rates will reduce over the next 12-18 months.

9. Public Consultation and Collaborative Budget Process



9.1 Budget Consultation Exercise and Responses

Shropshire Council Budget Consultation 2025/26

The budget consultation ran for 6 weeks to 26 January 2025.

Feedback from the Budget Consultation will be discussed in detail with the Collaborative Budget Group and full details included within the MTFS prior to publication for Full Council.

9.2 Collaborative Budget Process

In recent years and further to decisions of Full Council opposition groups have been invited to submit 'alternative budget' proposals.

In the current budget round and responding to the ongoing financial pressures, it was decided collectively by the political group leaders to engage in a new process around preparing a 'collaborative budget'. The work was linked to the Transformation and Improvement Overview and Scrutiny Committee workplan and built on the model of member scrutiny already established in the council. This created an environment in which Cabinet leads and political group leaders could meet with officers to scrutinise specific aspects of the budget and MTFS, sharing the process of developing lines of questioning and understanding different policy options.

This process has proved valuable and has been supported by all political groups on the Council. It is hoped that such engagement will continue into the future, enabling cross-party areas of concern to be discussed in a supportive way and for officers to be enabled to provide candid updates on current and future challenges.

The working group has been supported by officers in different ways and have considered a range of issues including

- the overall processes active in MTFS and budget planning
- more detailed updates on all main service areas, supported by lead officers
- options for further budget savings proposals
- the impact of the financial settlement for 2025/26 and response to government on this

The proposals in the current budget and MTFS include elements that arise from this process.

10. Schedule of Movements



10.1 Movements in MTFS Position

The movements in the MTFS position since the updated MTFS was presented to Transformation and Improvement Overview & Scrutiny Committee in January 2024 are as follows:

Figure 40: Movement in Resources between current position and January 2024 Transformation and Improvement Overview & Scrutiny Committee

Estimated Resources	2025/26 @ Jan T&IOSC £	Movement £	2025/26 @ Feb Cabinet £
Council Tax	219,282,837	0	219,282,837
Business Rates:			
Business Rates Collected	41,194,586	3,823,940	45,018,526
Business Rates - Energy Renewable Schemes	1,000,000	664,470	1,664,470
Top Up Grant	11,025,089	0	11,025,089
RSG	8,667,579	0	8,667,579
Collection Fund:			
Council Tax	0	1,377,957	1,377,957
Business Rates	0	1,549,238	1,549,238
NET BUDGET	281,170,092	7,415,605	288,585,696
Grants included in Core Funding:			
Improved Better Care Fund	14,635,454	0	14,635,454
New Homes Bonus	2,034,452	0	2,034,452
Rural Services Delivery Grant	0	0	0
Social Care Support Grant	32,675,158	0	32,675,158
Market Sustainability and Improvement Funding	6,097,977	0	6,097,977
Discharge Funding	0	0	0
Services Grant	0	0	0
Children's Social Care Prevention Grant	614,942	51,361	666,302
Domestic Abuse Safe Accommodation	751,393	0	751,393
Recovery Grant	0	0	0
NI Funding Grant	2,551,597	-47,696	2,503,901
CORE FUNDING	340,531,065	7,419,269	347,950,334
Local Income			
Fees and charges (including income savings deliverable from prior years)	98,525,470	5,333,000	103,858,470
Other Grants and contributions	36,829,400	3,629,950	40,459,350
Specific Grants (excluding Core Funding Grants above)	263,926,112	96,238	264,022,350
Internal Recharges	11,574,290	-1,745,110	9,829,180
TOTAL FUNDING	751,386,337	14,733,347	766,119,684

This table shows increased resource of £14.7m between the estimates in January and those confirmed in February. Approximately 50% of this relates to local income. Local income is

targeted to specific activities and Specific Grants, which has seen a significant increase of £7.3m between the predicted level in January and the confirmed values in February. This relates to additional income generated from fees and charges and other contributions which are helping to fund increases in expenditure. Other significant increases from January include an additional £4.5m in Business Rates, however some of this has been offset by a reduction in Section 31 Grants received which relate to business rate reliefs. Also, the Collection Fund estimates for 2024/25 have generated surpluses that can be released into 2025/26.

Figure 41: Movement in Expenditure between current position and January 2024 Transformation and Improvement Overview & Scrutiny Committee

Estimated Expenditure	2025/26 @ Jan T&IOSC £	Movement £	2025/26 @ Feb Cabinet £
Original Gross Budget Requirement	761,650,104	0	761,650,104
Inflationary Growth :			
Pay	6,307,250	0	6,307,250
Apprenticeship Levy	12,440	0	12,440
Pensions	0	0	0
Corporate Landlord inflation	-179,575	0	-179,575
Contract inflation	5,321,035	-189	5,320,846
Demography & Demand	26,251,332	-11,100	26,240,232
Service Specific Pressures:			
Revenue Growth arising from capital programme	1,387,990	-1,387,990	0
Ongoing Budget Pressures	2,532,000	0	2,532,000
Local Generated Pressures:			
Elections	700,000	-	700,000
Specific Grants Changes between years	24,774,747	4,467,633	29,242,380
Ongoing reduction in New Homes Bonus (pressure)	0	0	0
Grants Rolled into RSG, Core Funding	512,100	0	512,100
Estimated Cost of Investment - <i>Approved</i>	1,023,450	1,387,990	2,411,440
Contribution to General Fund	-1,224,839	96,194	-1,128,645
Contribution to Development Reserve - Transformation	0	0	0
MTFS reserve (savings slippage/optimism bias)	0	0	0
Capital Investment/Transformation Fund	0	0	0
Climate Change/Energy Efficiency Fund	0	0	0
Adjustment to Gross budget offset by Income changes	0	7,217,840	7,217,840
Demand Mitigations	-10,989,400	0	-10,989,400
Savings			
<i>Savings Agreed in Previous Financial Years</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>TOM Budget Savings</i>	<i>-1,015,000</i>	<i>0</i>	<i>-1,015,000</i>
<i>Reduce Cost Budget Savings</i>	<i>-2,274,843</i>	<i>-3,687,000</i>	<i>-5,961,843</i>
<i>Manage Demand Budget Savings</i>	<i>90,000</i>	<i>-1,375,000</i>	<i>-1,285,000</i>
<i>New Income Budget Savings</i>	<i>-122,000</i>	<i>0</i>	<i>-122,000</i>
<i>Charge More Budget Savings</i>		<i>0</i>	<i>0</i>
<i>Stop/Cease Budget Savings</i>	<i>-447,010</i>	<i>0</i>	<i>-447,010</i>
TOTAL EXPENDITURE	814,309,781	6,708,378	821,018,159

The table above sets out overall expenditure changes of £6.7m. Key elements of this are the changes to grant spending, which reflects 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 changes to expenditure budgets as a result of increased income as detailed in Figure 41. The savings plans have since been refined, following public consultation, to reflect the savings detailed in Section 11.

Figure 43: Movement in Funding Gap between current position and January 2024 Transformation and Improvement Overview & Scrutiny Committee

	2025/26 @ Jan T&IOSC	Movement	2025/26 @ Feb Cabinet
Funding Gap	£	£	£
Resources (incl savings plans)	751,386,337	14,733,347	766,119,684
Expenditure (incl savings plans)	814,309,781	6,708,378	821,018,159
Gap in year	62,923,444	-8,024,968	54,898,475
One off Grants & Reserves:			
Improved Better Care Funding	-12,668,194	0	-12,668,194
New Homes Bonus - One Off	-286,942	0	-286,942
Rural Services Delivery grant	0	0	0
Social Care Grant - One Off	-32,675,158	0	-32,675,158
Services Grant	-6,097,977	6,097,977	0
Market Sustainability and Fair Cost Fund	-614,942	-5,483,036	-6,097,977
Children's Social Care Prevention Grant	0	-666,302	-666,302
NI funding	-2,551,597	47,696	-2,503,901
TOTAL ONE OFF FUNDING	-54,894,810	-3,664	-54,898,475
Remaining Gap/(Surplus) to be Funded	8,028,633	-8,028,633	0

11. Proposed Spending Reductions



11.1 Proposed Spending Reductions

The following tables provide relevant detail on the proposed spending reductions for 2025/26 and later years. To interpret the tables:

- Values in 2025/26 are positive for a proposed spending reduction. Negative values are a spending pressure or increase in expenditure budget.
- Values in 2025/26 are assumed to be continued into 2026/27 (i.e. a recurring, base budget proposal).
 - o Where there is no new value in 2026/27, the value therefore remains the same.
 - o Where there is a positive value in 2026/27 this is a further increase on the 2025/26 proposal.
 - o Where there is a negative value in 2026/27 then the value anticipated in 2025/26 reduces by that amount in 2026/27.

Figure 44: Example of how proposed spending reductions are represented:

	2025/26	2026/27	Impact on base budget
Proposal A	100,000	0	Permanent reduction of £100,000
Proposal B	100,000	-100,000	Reduction of £100,000 in 2025/26 only, reversed in 2026/27. No net reduction.
Proposal C	100,000	50,000	Permanent reduction of £100,000 in the first year, increased by £50,000 in year 2. A total impact on the base budget of £150,000.

All proposed savings are made as changes to the 'base budget' of the council. The 'base budget' is the ongoing or recurrent budget. The recurrent base budget is amended from year to year to reflect 'one off' or 'non-recurrent' items. This is set out within the detailed budget proposals at the start of each year. All proposed savings are applied from 1 April in order to set a balance budget. Where savings are not achieved to the planned level, underachievement will cause an 'overspend' to be reported, and an overachievement will cause an 'underspend' to be reported. To secure the delivery of the budget in 2025/26 it is essential that all savings are either delivered as planned, or that alternative spending reductions to the same value are applied. This is also set out in the Financial Rules of the Council, approved by Full Council in 2019, and part of the Council Constitution.

The budget proposals have been consulted on publicly and discussed with opposition councillors as part of the collaborative budget process. The proposals included in this section of the MTFS will be considered by Cabinet who will work together with the Collaborative Budget Group to recommend that they are accepted by Council (subject to amendment). Full Council will debate and agree (or not) the proposals to be taken forward. That does not, however, mean that all proposals are then accepted. Where decisions are 'key decisions' per the Constitution, or where they affect agreed policy, or simply where Cabinet may decide to do so, further consultation may follow. So – these proposals, if adopted by Council, will not all be binding without further action by Officers and Members.

Figure 45: Detailed Saving Proposals for 2025/26 – 2026/27

Ref	Option Type	Date Agreed	Directorate	Service Area	Saving Proposal	2025/26 £	2026/27 £
RC003	Reduce Cost	Agreed in 24/25	Health, Wellbeing & Prevention	Public Health	Further increase allocation of the public health grant to support preventative initiatives at the children's, adults and customer front-door.	70,000	0
RC004	Reduce Cost	Agreed in 24/25	Health, Wellbeing & Prevention	Public Health	Capitalisation of reserves as one off for staff and projects relating to transformation work to further increase funding of public health reserves to support preventative initiatives. This is for 2024/25, in addition to 1,000,000 in 23/24.	-1,000,000	0
RC025	Reduce Cost	Agreed in 24/25	Place	Homes & Communities	Review and resize the Housing Services team	64,000	0
RC026	Reduce Cost	Agreed in 24/25	Place	Homes & Communities	Review and potential reduction of some leisure provision to achieve cost reductions.	100,000	254,000
RC029	Reduce Cost	Agreed in 24/25	Place	Homes & Communities	Review staffing and resize the Rights of Way team	6,465	0
RC030	Reduce Cost	Agreed in 24/25	Place	Homes & Communities	Review staffing and resize the Outdoor Partnerships team	13,840	0
RC032	Reduce Cost	Agreed in 24/25	Health, Wellbeing & Prevention	Integration and Healthy People - Non Ringfenced	Review Library Services to ensure maximum efficiencies including funding reviews and reshaping/reductions of services	220,538	112,050
RC040	Reduce Cost	Agreed in 24/25	Place	Growth & Infrastructure	Dispose of Shirehall quicker and relocate services	1,300,000	0
RC074	Reduce Cost	Agreed in 24/25	Resources	Finance & Technology	Anticipated cost reductions in Revenues & Benefits arising from improvement of in-house Temporary Accommodation provision.	1,000,000	0
RC087	Reduce Cost	New 25/26	People	Learning & Skills	DSG funding of SEND pressures	500,000	0
RC088	Reduce Cost	New 25/26	Place	Growth & Infrastructure	Increased charges for car parking in Shrewsbury and Ludlow but retaining Park and Ride Services.	250,000	0
RC089	Reduce Cost	New 25/26	Place	Growth & Infrastructure	Increased charges for car parking across the County.	500,000	0
RC090	Reduce Cost	New 25/26	Place	Growth & Infrastructure	Residents' only parking will be enforced for an annual residents fee.	100,000	0
RC090	Reduce Cost	New 25/26	Place	Growth & Infrastructure	More fixed penalties issued for dog fouling, littering and illegal parking.	300,000	0
RC090	Reduce Cost	New 25/26	Place	Growth & Infrastructure	Large scale switch off of street lights to reduce energy costs and carbon emissions.	150,000	0

Ref	Option Type	Date Agreed	Directorate	Service Area	Saving Proposal	2025/26 £	2026/27 £
RC091	Reduce Cost	New 25/26	Place	Homes & Communities	Household Recycling Centres will be closed on certain days.	387,000	0
RC092	Reduce Cost	New 25/26	Place	Homes & Communities	Waste contract efficiencies	600,000	0
RC095	Reduce Cost	New 25/26	People	Adult Social Care	People receiving social care may need to make a greater contribution.	1,000,000	0
RC096	Reduce Cost	New 25/26	Place	Homes & Communities	Asking other organisations (commercial companies) to manage our leisure centres for us.	200,000	0
RC097	Reduce Cost	New 25/26	Place	Homes & Communities	Management of green spaces and areas of outstanding natural beauty will be passed to town or parish councils, where they choose to take that on.	200,000	0
TOTAL REDUCE COST SAVINGS						5,961,843	366,050
Ref	Option Type		Directorate		Saving Proposal	2025/26 £	2026/27 £
MD001	Manage Demand	Agreed in 24/25	Health, Wellbeing & Prevention	Public Health	Further increase funding of public health reserves to support preventative initiatives at the children's, adults and customer front-door.	-200,000	0
MD017	Manage Demand	Agreed in 24/25	People	Adult Social Care	Supporting people to have Direct payment rather than agency care	110,000	110,000
MD019	Manage Demand	New 25/26	People	Children's Social Care	The council would need to encourage more people to foster across the county (also included in demand mitigation list – now removed but left in here)	1,375,000	0
TOTAL MANAGE DEMAND SAVINGS						1,285,000	110,000
Ref	Option Type		Directorate		Saving Proposal	2025/26 £	2026/27 £
NI004	New income	Agreed in 24/25	Place	Homes & Communities	Expand the Handy Person service to a wider range of customers, including fee payers, supporting independent living	10,000	10,000
NI006	New income	Agreed in 24/25	Place	Homes & Communities	Increase income from Museums and Archives services	100,000	0
NI007	New income	Agreed in 24/25	Resources	Legal & Governance	Increase income from an enhanced memorial and ceremony offer at Council sites	10,000	5,000
NI008	New income	Agreed in 24/25	Resources	Legal & Governance	Increase income from an improved range of wedding and partnership ceremony packages	2,000	5,000
TOTAL NEW INCOME SAVINGS						122,000	20,000

Ref	Option Type		Directorate		Saving Proposal	2025/26 £	2026/27 £
TO001	TOM	Agreed in 24/25	Health, Wellbeing & Prevention	Emergency Planning	Explore shared emergency planning resource and resilience with partners.	15,000	0
TO009	TOM	Agreed in 24/25	Place	Growth & Infrastructure	Review service synergies to secure cost reductions across Highways, Maintenance, and Outdoors services.	1,000,000	0
TOTAL TARGET OPERATING MODEL SAVINGS						1,015,000	0
Ref	Option Type		Directorate		Saving Proposal	2025/26 £	2026/27 £
SC002	Stop/Cease	Agreed in 24/25	People	Learning & Skills	Review education transport arrangements - changes to policy (mainstream and SEND)	300,000	0
SC003	Stop/Cease	Agreed in 24/25	People	Learning & Skills	Review education transport arrangements - changes to efficiency and delivery models (mainstream and SEND)	100,000	0
SC005	Stop/Cease	Agreed in 24/25	People	Adult Social Care	Review the development of a solo children's home to enable discussions about a joint funded model with Health. 24/25 and 25/26 only	0	-400,000
SC007	Stop/Cease	Agreed in 24/25	Place	Homes & Communities	Review and Minimise Museums and Archives service costs	0	50,000
SC008	Stop/Cease	Agreed in 24/25	Health, Wellbeing & Prevention	Public Health	Review staffing and resize the Empty Homes service	47,010	0
TOTAL STOP/CEASE SAVINGS						447,010	-350,000
TOTAL SAVINGS						8,830,853	146,050

12. Equality, Social Inclusion and Health Impact Assessment (ESHIA)



12. Equality, Social Inclusion and Health Impact Assessment (ESHIA)

The Council is committed to its Public Sector Equality Duties and as such an equality, social inclusion and health impact assessment on the budget proposals has been prepared, and is included in the paragraphs below.

This ESHIA examines the overall proposed Medium Term Financial Strategy for Shropshire Council which will impact services across the County and the Council's workforce. It will consider whether the setting of the budget is likely to impact on groups of individuals in relation to protected characteristics, in line with the requirements of the Equality Act 2010, and it will also consider the impacts on inequalities, including rurality across our communities, from a social inclusion perspective. The report also includes an assessment of the impacts of the budget proposals on Council employees.

It is important to note that this report does not seek to consider each specific proposal in detail but to consider the overall impact of the budget proposals and to give an overall impact assessment of them. In many cases there will be a need for a separate Cabinet decision in due course on individual proposals which in turn will require specific equalities consideration. Where the level of adverse impacts for such a proposal reaches or is likely to reach the criteria for a stage 2 assessment, these will be undertaken by service leads. This report also describes actions to mitigate overall adverse impacts and presents an agreed process for the continued and robust monitoring and mitigation wherever possible as we move through 2024-25 and beyond.

At this point, it is expected that the equalities and social inclusion impact of the proposed budget on our residents and communities will be both a complex and evolving situation, with some proposals leading to adverse impacts that will require a stage 2 impact assessment and possible mitigations. The complexity of assessment at this stage is in part due to the scale of the programme being proposed, and the range of variables and factors that may impact both its delivery and its impact. The equalities and social inclusion impacts will also be determined by the continued progress of our strategic transformation programmes in line with The Shropshire Plan, including those that are focused on transforming how our residents/customers engage and connect with us as a Council, those focused on improving, protecting and safeguarding the health and wellbeing of all our population (children, families and adults), and work planned for 2024-25 that will redesign the Council's target operating model, seeking to continue to improve our efficiency and effectiveness as the Council becomes a smaller organisation.

It is, however, inevitable that the impact of some specific budget proposals will cause concern regarding particularly adverse impacts for our residents and communities, and we recognise that some impacts are likely to reach a threshold where a stage 2 impact assessment is required. At this point, we anticipate that the following are likely to require stage 2 assessments:

- Impact of any changes to our library and leisure centre offer
- Impact of a temporary closure of the housing register to new applicants
- Impact on planned reduction to the staffing establishment
- Impact on our residents due to changes in partnerships and supplier relationships

- Cumulative impact of the budget proposals on resident's health, care, wellbeing and protected characteristics, to include the potential for geographical disparities in impact. This assessment will also consider the cumulative impact of cross council increase in fees and charging.

Protected Characteristics

Please see our Joint Strategic Needs Assessment and insight information for detailed information on our Shropshire population:

[Joint Strategic Needs Assessment \(JSNA\) | Shropshire Council](#) and [Population | Shropshire Council](#).

Please note that at the time of writing the data available through the JSNA web-links is from the Office of National Statistics (ONS) census data from 2011. These pages are in the process of being updated to include the OSN census data from 2021. For clarity, the population data presented below is from the ONS 2021 census.

Age

As a county we have a growing and increasingly older population living in dispersed rural communities, with 25% of our population aged 65 years or over (82,088 people), and 40.3% of the population aged over 54 years. 4.5% 14,442 of the population are under 5s and 13.7% 44,238 are between 5-15 years old. The nature of our statutory functions and demand for certain services, particularly social care and support mean we provide many services to older people, and to children & young people and families. Other services are also provided to the public, which if altered alongside, can specifically lead to implications for people of different ages, such as access to public transport, libraries, and leisure services. Increases in charges and incomes may also disproportionately impact on people of certain ages, particularly our growing older population and younger people accessing education and work. Access to services in local communities through a One Shropshire approach (part of the customer transformation programme and Health and Wellbeing Board's prevention framework (which includes Shropshire Local outreach support, hubs and social prescribing along with work to mitigate digital exclusion) will be critical to mitigating any negative implications. At this point we recognise the need to understand more about the impacts of the budget proposals on different age groups and these will be considered as part of stage 2 assessments.

We have an ageing Council workforce with an average age of 47 years. 32% of the workforce being in the age bracket 50-59 years, closely followed by 25% (40-49 years). We have 0.2% under 20 years of age and 8.7% between the ages of 20 and 29 years. These statistics are consistent across all areas of the council.

Disability

As a Council we provide a number of services and support to people living with disabilities, and their parents and carers, and we recognise that the impact of any changes on broader services, including housing, transport or education for example can disproportionately impact on these residents. In 2021 6.7% of our residents identified as being disabled with their lives impacted a lot by their disability. Detailed considerations of this will be undertaken in relevant stage 2 ESHIAs with ongoing monitoring for impacts

undertaken moving forward, and the Children's SEND transport stage 1 ESHIA presented to Cabinet in July 2023 will also be refreshed.

The proportion of our Council workforce who have declared a disability is 2%, with just over 9% declaring that they do not have a disability. The remainder have either not declared a disability or have chosen 'prefer not to say'.

Gender reassignment

As with other local authorities, it is difficult to measure the incidence of gender reassignment within our Shropshire population, but we do know from the national position that the number of people to whom this applies is increasing in the UK. We also know that some of our services, both delivered directly and commissioned, will work with individuals who have this protected characteristic. We will continue to monitor the local impacts through working with our community safeguarding partners to tackle issues such as hate crime, and our public health services will continue to work with partners to consider issues in relation to health and well-being. We will also continue to monitor the delivery of our third-party suppliers. At this time, we consider that there is unlikely to be a measurable adverse impact, but it is important that we continue to monitor moving forwards.

We do not currently record workforce information on gender reassignment, so it is difficult to measure impact of the proposals.

Marriage and civil partnership

The public sector duties in relation to marriage and civil partnership seek to ensure that anyone in a civil partnership does not experience less favourable treatment than those who have entered into a marriage. It is our assessment at this time that the issue of marriage and civil partnership is unlikely to feature highly when considering the impact of budget proposals on our population, and there is unlikely to be a measurable adverse impact due to this protected characteristic.

We do not currently record workforce information on marriage or civil partnership; impacts for our workforce would be considered as part of the stage 2 impact assessment.

Pregnancy and maternity

Each year in Shropshire approximately 2,500 babies are born. During 2023-25 significant work is being undertaken across both the Council and through our joint work with the Integrated Care System to continue to enhance the offer to women during the pre-natal, natal and post-natal periods. This work includes the development of Women's Health Hubs, the delivery of the Best Start in Life programme for our youngest residents and parents / carers reflective on the critical first 1001 days of a child's life, and the enhancements to deliver family and community hubs across our market towns, with spokes in areas of greatest needs across our most rural and dispersed communities. Collectively, these interventions should positively improve access, experience and outcomes for pregnant women.

As an employer we have supportive employment policies for Family Leave that take account of employment rights and best practice. These include Maternity, Adoption & Surrogacy Adoption, Parental Leave and Parental Bereavement Leave, Paternity Leave

and Shared Parental Leave policies. As at January 2024 there are just under 70 employees currently on maternity leave.

Race

The Shropshire population has 93.3% White: English, Welsh, Scottish, Northern Irish or British through all Place Plan areas. The second largest group is Asian, Asian British or Asian Welsh at 1.3%. 97.4% speak English as their main language, and of the remaining, 0.4% speak Polish, 0.4% speak Bulgarian and 0.3% speak Romanian.

It is our assessment that proposals in the budget could impact adversely on people from ethnically diverse backgrounds and will be dependent on whether individuals use or engage currently with services within scope of the proposals. It will be important for us to continue to monitor the impacts of the budget proposals and to mitigate where possible through continuation of our outreach work for example, to ensure appropriate access to, experience of, and outcomes of services for people with this protected characteristic.

Our workforce profile mirrors that of the local population. A Staff forum Shropshire Anti Racism Forum (SCARF) is well established and meets regularly to discuss issues impacting on the workforce and makes suggestions to senior management.

Religion or Belief

The profile of our Shropshire population is as follows: 55.5% of the Shropshire population reported that they are Christian, 37% reported that they are no religion and 5.9% did not state a religion. 0.5% are Muslim, 0.3% Buddhist, 0.2% Hindu, 0.2% Sikh, 0.1% Jewish. Other religion is defined for 0.5% of the population.

Religion and faith can often mean people will have different cultural or dietary needs, which will continue to be met in the delivery of appropriate services, including care and support plans – where changes to services may impact on people with specific religions or beliefs, these will be considered as part of service specific ESHIAs.

Our workforce profile aligns to that of the local population.

Sex

50.6 % of our Shropshire population is female with 49.4% male. Our data tells us that a higher proportion of people aged 60 and over will be female, and that this will need to be considered as part of our budget proposals. We also know that a greater proportion of women are likely to be informal and unpaid carers and are likely to be greater users of some of our Council services compared to males. We will need to continue to monitor the impacts on sex through appropriate stage 2 assessments, and through ongoing monitoring of the overall service changes as described elsewhere in this report.

Our workforce is made up of just over 75% female and just under 25% male employees. We have almost half of the workforce working part time, in roles that are predominantly lower paid and occupied by female employees.

Sexual Orientation

National estimates suggest that LGBTQ+ people make up between 2% and 5% of the population, and we know this means that people who are LGBTQ+ will be included in all our customer groups, recognising that not all individuals may self-disclose as

specifically LGBTQ+ to us. The council is working hard to improve the extent to which our services are aware of and respond to the needs of people who are LGBTQ+, and this work will continue.

At this time, there is no current evidence to suggest that people from LGBTQ+ communities will be specifically adversely impacted by the budget proposals, but they may be impacted to a similar degree as the rest of the population dependent on the current and future services they may need.

Our workforce profile shows that less than 1% of employees have declared their sexual orientation as being LGBTQ+ with a large number either declaring they would prefer not to say or not recorded in our systems.

Each year, as an employer we publish data on our workforce relating to the protected characteristics through the Workforce Diversity Monitoring Report and Gender Pay Gap Report:

[Equality, diversity and social inclusion | Shropshire Council](#)

For each of the protected characteristics reviewed in this report, ongoing monitoring of the impacts of the budget proposals will be undertaken through 2024-25 and beyond as outlined elsewhere in this report, with more detailed assessments undertaken in relevant service specific ESHIAs, including stage 2 ESHIAs, to include both the impact on our residents and communities, and on our workforce.

Social Inclusion Impacts

As a Council we recognise the important role that broader factors have in supporting, improving and protecting the health and wellbeing of our population.

Examples of these factors include:

- Housing & resettlement provision
- Access to transport
- Access to good quality education
- Routes to sustainable employment
- Access to health and wellbeing provision
- Impact of living in a rural setting
- Households on low incomes

We also recognise that the impacts of changes to these factors on our residents can also be cumulative, and it is therefore important that stage 2 assessments consider not only the factors as single issues, but also the cumulative impacts and potential for disproportionate impacts.

Impacts on health and wellbeing

The council will continue to prioritise the eligible needs of people requiring statutory care and support are met across all ages. It will also retain its commitment within resources available to an early help and preventative offer to help us to support people at an earlier

stage and to help us to manage the demand for social care interventions and services. The range of work in this area is outlined in the next section of the report in some detail.

As we move through 2024-25 overall monitoring of impacts will be undertaken as outlined in the next section of this report and these will include with a particular emphasis on impacts for:

- Safeguarding vulnerable people and those with care and support needs
- Children & young people, including children who are looked after and care leavers
- People with learning disabilities, autism, mental health needs, substance misuse, needs, and people living with dementia
- All age carers
- People from the Armed Forces and Veterans
- People within Traveller communities
- People resettling into Shropshire, and impacted by global unrest
- People living in rural areas and the accessibility factors that are associated with it becomes a key consideration when adapting or introducing a new service or policy and we will recommend the use of the Rural Proofing for Health Toolkit to consider this.

At this stage, we recognise that the impacts on our resident's health and wellbeing will be a complex and evolving position – this is due both to the scale of the budget proposals, and due to the range of strategic delivery and transformation programmes underway. It is our assessment that a stage 2 assessments will be needed to further consider the social inclusion and health and wellbeing impacts, linked to the rurality of the county and the cumulative impact of the budget proposals.

Actions to mitigate negative impact or enhance positive impact of the service change in terms of health and wellbeing considerations

The **Shropshire Plan** is the overarching strategic plan for the Council, setting the vision for “Shropshire living the best life” and setting out the strategic priorities and strategic objectives for the period 2022-2025, along with the delivery plans, performance management framework and financial strategy.

The Shropshire Plan has four strategic priorities:

Healthy People	Tackling Inequalities, Early Intervention, Partnerships & Self-responsibility
Healthy Economy	Skills & Employment, Safe, Strong & Vibrant destination, Connectivity & infrastructure, Housing
Healthy Environment	Climate Change Strategy, Safe Communities & Natural Environment
Healthy Organisation	Best Workforce, Absorb, Adapt, Anticipate, Communicate Well, Align our Resources and Strong Councillors

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The Plan recognises health as the golden thread in all that the Council does, with a focus on prevention and early intervention woven into service delivery and improvement plans and across the organisational transformation programme, and our performance management framework. The budget proposals outlined for 2024-25 will particularly align with the Healthy Organisation priority ensuring that the Council is financially sustainable and that our resources, including services, staff, assets and third-party contracts are best aligned to The Shropshire Plan and the Council's statutory and mandatory functions, and to managing demand for services particularly in social care and support through earlier intervention and prevention. Performance against the Plan and its strategic priorities and objectives during 2024-25 will continue to be monitored and reported through the Council's Cabinet, full Council and Scrutiny Committees.

Further information on the Shropshire Plan and its delivery is available through the following link.

[The Shropshire Plan 2022-2025 | Shropshire Council](#)

Underpinning the delivery of The Shropshire Plan are three key components that will help to mitigate any negative impacts of the budget proposals as we move through 2024-25. These are briefly described below along with a summary of how they will support mitigation of the impacts.

- Target Operating Model (TOM) redesign

For 2024-25 the Council is resolutely focusing on our Healthy Organisation strategic priority with achieving a sustainable financial position as the core deliverable. This will create a new considered and robust operating model that will allow us to right size the organisation so that we become the most efficient and effective we can be and allow us to deliver the strategic priorities and objectives within The Shropshire Plan in a way that fits within our financial envelope. This means that some areas of service delivery will grow, others will reduce, and some will stop entirely.

Our agreed operating model will be applied to all services with the implementation adapting the model to the differential nature of our services and their customers, and considering at each stage the impact on our customers in a way that is reflective of their specific needs while limiting the impact on those with protected characteristics or inequalities, wherever possible.

- Service delivery and improvement plans

Each Assistant Director of the Council is in the process of refreshing their service delivery and improvement plans to ensure resources are allocated in the right place to deliver on the Council's statutory and mandatory duties and functions, and the objectives of the Shropshire Plan. These plans will require service leads to both consider the impact of changes for their area indicated in the budget proposals on both our Shropshire population and on their staff teams, from both a protected characteristics and inequalities perspective. Areas with adverse impacts will feed into appropriate stage 2 ESHIAs for specific budget proposals.

- Council-wide Transformation & Delivery Programmes

There is a range of specific transformation programmes that have been designed to both improve the Council's connectivity to our residents and our communities, particularly ensuring connections with our most vulnerable and at-risk residents, alongside programmes to manage demand for children's and adult social care through earlier intervention and prevention, and improved efficiency and effectiveness of social care interventions and support. Collectively, these programmes have been designed to both safeguard our most vulnerable residents across the life course, meet our statutory and mandated functions and duties as a Council, and protect and improve the health of our population. We will also continue to work with our ICS and wider system colleagues to achieve system healthcare transformation programmes and ensuring we continue to meet our safeguarding duties working through the safeguarding partnership and its priority programmes.

The table below lists the key programmes and projects and their intended benefits.

Projects	Benefits
Early Intervention & Prevention Strategic Framework endorsed by Health & Wellbeing Board January 2024	<ul style="list-style-type: none"> • Consistent prevention approach, at scale across the life-course of individuals, families and communities and across our Shropshire health and care system • Partners, communities, and individuals actively engaged in improving health
Customer Transformation Programme	<ul style="list-style-type: none"> • One Shropshire approach • Making Every Contact Count • New Directory & improved contact centre • Digitalisation, automation, and digital inclusion • Proactive outreach to our most isolated and at-risk residents • One front door to access the right support at the right time
Community & Family Hubs, and Integrated Practitioner Teams	<ul style="list-style-type: none"> • Redesigned Family Hubs in place by April 2024, providing drop-in support and service provision focused on cyp and families. • All age and community approach for the hubs to developed through 2024-2025. • 'Spokes' in targeted communities to be developed through 2024-25, reaching more rural communities with the highest need. • Integrated practitioner teams assessing individual families operational in 6 sites by April 2024.
Best Start in Life	<ul style="list-style-type: none"> • Improved support for parents, including new parents working closely with midwifery and health visiting.

	<ul style="list-style-type: none"> Improved outcomes for 0–5-year-olds, including a focus on school readiness and speech, language and communication, and children with SEND
Early Help transformation	<ul style="list-style-type: none"> Redesigned Front-Door Refreshed Early Help Strategy Strengthened Early Help Partnership Board Refreshed Youth Strategy & Offer Improved efficiency and effectiveness of the targeted early help provision, and early help system linked to the national systems guide. Ensuring drop-in support as well as direct and targeted work with families. Improved outcomes for CYP and families, including CYP with SEND
Children's Social Care Transformation Programme	<p>Where intervention is required to safeguard a child through children's social care:</p> <ul style="list-style-type: none"> More children will be supported by connected carers and Shropshire foster carers More children will receive effective edge of care support through Stepping Stones More children will remain living in Shropshire placed in Shropshire residential homes (Ofsted rating outstanding and good)
Adult's Social Care Transformation	<ul style="list-style-type: none"> Redesign of the adult's front door, to include a new digital offer Improved access to assistive technologies Redesigned care at home and reablement provision Improved day and supported living services Improved integrated discharge arrangements with health
Commercial Transformation	<ul style="list-style-type: none"> Optimised third party spend to ensure we get value for money from the money we spend while supporting our local communities and economy Improved debt management to reduce the level of debt being accrued and improve the timescales for recovery Improved use of our assets to support our services, customer, communities, and future investment while enabling place shaping activity

	<ul style="list-style-type: none"> Increased income to fully cover the costs of discretionary services while being cost effective for those in need
System Transformation & Safeguarding Programmes	
ICS and Shropshire Integrated Place Partnership Healthcare Improvement Programmes	<ul style="list-style-type: none"> Joint Strategic Needs Assessment Joint Forward Plan delivery Local Care Programme delivery integrated health and care teams Personalised care approach embedded Cancer Strategy Programme Diabetes Programme Mental Health Transformation Learning Disability and Autism Transformation Suicide Prevention strategy delivery Health Inequalities & Prevention Programme Shropshire Inequalities Plan Women's Health Hubs Healthier Weight Strategy Rural Proofing Member Task Finish Group recommendations delivery, Director of Public Health report on rurality and ICS Rural Health Strategy Health & Wellbeing Board Strategy
Shropshire Safeguarding Community Partnership Priorities	<ul style="list-style-type: none"> Drug and Alcohol Domestic Abuse Exploitation Community Safety Adult and Children's Safeguarding Practice Oversight
Shropshire Area SEND and Inclusion Partnership Board programmes	<ul style="list-style-type: none"> Accelerated Progress Plan (APP) related to speech, language and communication system pathways, neurodiversity system pathways and education, health and care plan quality and timeliness SEND and Alternative Provision (AP) Change Programme delivery SEND and Inclusion Strategy
Digital Inclusion Network	<ul style="list-style-type: none"> Identifies the causes, barriers, and consequences of digital exclusion in Shropshire Shares best practice, to propose and implement solutions that can reduce the digital divide and promote digital inclusion.
Social Task Force including Cost of Living	<ul style="list-style-type: none"> Reviews gaps and further actions stakeholders can take jointly within Shropshire to support our residents

	struggling with the cost-of-living increases, with a focus on ensuring that the most vulnerable in our community are supported
Actions to review and monitor the impact of the service change in terms of equality, social inclusion, and health considerations	
<p>Robust monitoring of the impact of service changes aligned to the MTFS budget proposals for 2024-25 in terms of equality, social inclusion and health considerations will be led by the Council's Assistant Director Leadership Team (ADLT). A range of intelligence, insight and data will be used to continue to assess and monitor ongoing impacts and where adverse impacts are noted, the Council's ADLT will seek to identify and implement mitigating actions wherever possible.</p> <p>Key data sources that will enable ongoing tracking and assessment of the impacts includes:</p> <ul style="list-style-type: none"> • Shropshire Plan Performance Dashboard • Joint Strategic Needs Assessment, including Population profiles, thematic assessments (e.g. children's, substance misuse), Place Plan assessments (covering 18 geographical areas of Shropshire with action plans) • Health & Wellbeing Board agreed metrics and indicators • Shropshire Integrated Place Partnership deliverables, metrics and indicators • Public Health Outcomes Framework metrics • Adult Social Care Outcomes Framework metrics • Supporting Families Dashboard • Regulation and Inspection outcomes, including Peer Reviews • Associated ESHIAs, including those undertaken as a stage 2 assessment, and associated consultations where undertaken • Engagement and involvement with Portfolio Holders, Cabinet and Council • Scrutiny and involvement / engagement with Elected Members • Staffing Profile indicators • Service Levels KPIs included in Service Delivery and Improvement Plans • Contract monitoring data from external suppliers, including delivery of social value strategy • Evidence that the Health in All Policies approach is embedded across the organisation • Application of the Rural Proofing for Health Toolkit 	

Associated ESHIAs

Specific budget proposals for 2024-25 that meet the Stage One screening assessment criteria for Stage Two Full Review will be undertaken by individual service leads and are noted elsewhere in this report. Where appropriate, associated stage one ESHIAs will be refreshed (e.g. SEND transport). These will be shared with consultation papers and form part of relevant reports to Council committees.

Actions to mitigate negative impact, enhance positive impact, and review and monitor overall impacts in terms of climate change considerations and any other impacts with regard to economic and societal implications

Climate change

The climate crisis poses a serious threat to the lives of millions of people globally, nationally and locally. The mitigation of greenhouse gas emissions and adaptation measures to build resilience is now urgent and essential to prevent the worst outcomes. Even if we are successful in mitigating the worst effects, we will continue to experience more pronounced and frequent episodes of extreme weather which will significantly increase insurance risks and threaten the health, wellbeing and future resilience of our communities.

Shropshire Council declared a climate emergency in May 2019 and in December 2020 adopted a Climate Strategy and Action Plan, which establishes the objective of achieving net-zero carbon performance for Shropshire Council by 2030.

The climate crisis is already recognised as a significant strategic risk to Shropshire communities and businesses and to the delivery of Council and public services. This risk is most likely to manifest itself in terms of financial impacts (e.g. increasing demand for services, higher operating costs and adverse impacts on the Shropshire economy) and impacts on the health and well-being of staff and residents. The future costs of addressing climate change impacts are expected to significantly exceed that of the investment needed to reduce carbon emissions and improve climate resilience.

Climate action and carbon reduction are integral to all aspects of the Shropshire Plan:

Healthy People – Extreme weather associated with the climate crisis will adversely affect vulnerable residents and service users disproportionately. This is likely to drive significant future growth in the demand for social care services as well as generating significant impacts on the physical and mental health and wellbeing of staff.

Healthy Economy – The recent energy crisis illustrates potential impacts on the Shropshire economy from the climate crisis. However, there are also significant opportunities for growth and skilled employment in new technologies, renewable energy and the rural economy.

Healthy Environment – The climate crisis has very serious implications for biodiversity and food production. However, as a large rural area, Shropshire is also in an excellent position to take positive action to help mitigate these effects.

Healthy Organisation – Extreme weather associated with the climate crisis may significantly disrupt the delivery of Council services through damage to physical infrastructure such as roads and power infrastructure, and through impacts on staff health and wellbeing. Demand for services and service delivery costs such as highway maintenance are likely to increase significantly.

Continuing to take an active role through the implementation of the adopted corporate Climate Strategy and Action Plan and supporting wider community efforts allows the Council to make a demonstrable contribution to reducing the carbon footprint of the wider county, as well as 'leading by example' by reducing its own carbon footprint.

The focus to date has been on embedding climate change as a key consideration in the Council's corporate governance systems and widening ownership of the climate challenge through accredited carbon literacy training. A range of projects and initiatives continue to be developed and implemented to help the Council improve its own performance and to help foster similar action across the wider economy and communities in Shropshire. A wide range

of Shropshire Council staff outside the Climate Task Force actively contribute to carbon reduction and climate action projects.

Specific controls include:

Attracting capital and revenue grant funding awards currently totalling around £26m to invest in improvements to the energy efficiency of homes for our most vulnerable residents and low carbon infrastructure such as EV chargers

The development of a range of low carbon technology demonstrator projects which are already recognised as being at the forefront of good practice by local authorities in the UK

Working with key suppliers to measure carbon emissions and to help them develop and deliver carbon reduction plans to reduce the carbon emissions which they generate on our behalf

- Working with other public sector bodies and infrastructure providers in Shropshire to assess how local services and infrastructure could be affected by extreme weather and to build their resilience

Collaborative strategic planning for renewable energy infrastructure with neighbouring authorities and infrastructure providers

- Supporting the voluntary sector to help them engage Shropshire communities and businesses to help them make informed decisions about investment in measures to improve the energy performance of domestic and commercial buildings and capture the full potential of green growth and skills in Shropshire.

In implementing the MTFS, it is crucial that the longer-term impact of decisions takes into account information about the future costs and risks of climate change through explicit consideration of their lifetime carbon impact and future climate vulnerability. Individual Council services will progressively need to engage with their staff and service users to explore the need for, and implications of, service changes which reduce carbon emissions and improve resilience. Many carbon reduction and climate resilience measures also have the potential to generate revenue savings and generate 'green' economic growth.

Economic and societal/wider community

Continuing to prioritise our work with partners to deliver on the ambitions of the Economic Growth Strategy for Shropshire, aligned to the Healthy Economy in The Shropshire Plan will remain important as we move through the coming years.

Whilst this may involve-re-shaping some of the levels of support to towns and villages, we will actively work with the parish and town councils to minimise the effect on jobs, opportunities for education and skills, and to ensure that our towns and villages continue to thrive to support those communities. Overall, the impact of the service changes may slow the pace of delivery, but the work remains an important priority.

We will continue to pursue grant funding opportunities which will enable us to improve our urban and rural areas. Moreover, continuing to progress major regeneration projects helps to future proof Shropshire and ensuring that its economy continues to prosper.

The reduction of Culture and Leisure service provision will be carefully planned to ensure that all decisions taken are evidence based, subject to appropriate consultation, reflect opportunities for communities to access alternative provision, and ensure that the Council at all times fulfils its statutory requirements.

Restriction on access to the Housing Register will allow the Housing Services team to focus attention upon those in greatest housing need to whom a statutory service is owed. This will increase their chances of accessing a sustainable tenancy and improve their outcomes accordingly.

B. Detailed Screening Assessment

Aims of the service change and description

Shropshire Council draft MTFS for 2024/25-2028/29 notes an estimated a budget gap for 2024/25 of £62m. In common with other Councils, Shropshire is seeing significant budgetary challenges arising through social care demand and worsened by inflationary pressures. The draft MTFS sets out the spending reductions required to present a balanced budget to Council; this report presents an impact assessment of the overall budget proposals required to reduce the Council's planned spend that are presented to Cabinet on 21st February 2024 with a recommendation to propose to the MTFS to Council on 29th February.

Intended audiences and target groups for the service change

The overall budget proposals in the MTFS for 2024-25 will impact on the whole population of Shropshire. However, it is to be expected that specific proposals will impact more on certain groups of individuals and communities and certain protected characteristics more than others, and where adverse impacts are likely to reach a threshold where a stage 2 impact assessment is required, these will be undertaken.

The changes proposed are also likely to impact on a range of broader stakeholders and strategic partnerships, including, but not limited to:

- Integrated Care System
- Voluntary and Community Sector Agencies
- Council inspection and regulatory / professional bodies
- Formal partnership arrangements (e.g. Marches Local Enterprise Partnership)
- External suppliers and market
- Town and Parish Councils
- Elected members
- Education establishments and settings
- Recognised Trade Unions
- Shropshire Association of Local Councils
- Registered Providers of housing

As part of its monitoring of the impact of the budget proposals, the Council's ADLT will monitor the impact on partnership and stakeholder relationships and will work together as a combined leadership team to manage and mitigate the impact of the budget proposals on our partners and broader stakeholders wherever possible.

Evidence used for screening of the service change

A range of data and evidence will have been used to inform the development of the budget proposals; these include but are not limited to:

- Shropshire Plan Performance Dashboard
- MTFS 2024 Consultation findings
- Joint Strategic Needs Assessment, including Population profiles, thematic assessments (e.g. children's, substance misuse), Place Plan assessments (covering 18 geographical areas of Shropshire with action plans)
- Service specific data-sets and outcomes frameworks
- Employee profile and establishment data
- Annual Diversity Monitoring Report
- Gender Pay Gap Report
- Review of budget proposals from other local authorities

Specific consultation and engagement with intended audiences and target groups for the service change

Shropshire Council launched its formal budget consultation on the draft MTFS 2024/25 to 2027/28 on 18th December 2023. The consultation sought Shropshire residents and Council staff views to help prioritise our approach to the difficult task of making the spending reductions that we need to make to be financially sustainable, whilst continuing to deliver on our strategic priorities.

The consultation focused on a number of ways that the council could achieve this:

- Through managing demand for our services by early intervention, prevention and promoting independence
- Increasing efficiency and effectiveness of how we deliver our services
- Increasing income so we can lessen the spend elsewhere, particularly thinking about discretionary services
- Reducing third-party spending to external suppliers such as businesses and agencies

Becoming a 'right-sized' organisation

Over 1000 responses were received to the consultation; the results of which have been considered in the drafting of the budget proposals and in relation to this impact assessment.

Further information regarding the consultation is available in section 9 of the Medium Term Financial Strategy 2024/25 - 2028/29.

It is important to note that some specific budget proposals are likely to require further consultation, and these will be undertaken, alongside detailed stage 2 impact assessments as required.

Initial equality impact assessment by grouping (Initial health impact assessment is included below this table)

Please note that the following impact assessment is regarding the impacts on our residents and communities. A more detailed impact assessment on our workforce will be undertaken at stage 2.

Protected Characteristic groupings and other groupings in Shropshire	High negative impact <i>Stage Two ESHIA required</i>	High positive impact <i>Stage One ESHIA required</i>	Medium positive or negative impact <i>Stage One ESHIA required</i>	Low positive, negative, or neutral impact (please specify) <i>Stage One ESHIA required</i>
<u>Age</u> (please include children, young people, young people leaving care, people of working age, older people. Some people may belong to more than one group e.g., a child or young person for whom there are safeguarding concerns e.g., an older person with a disability)	X			
<u>Disability</u> (please include cancer; HIV/AIDS; learning disabilities; mental health conditions and syndromes; multiple sclerosis; neurodiverse conditions such as autism; hidden disabilities such as Crohn's disease; physical and/or sensory disabilities or impairments)	X			
<u>Gender re-assignment</u> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				X
<u>Marriage and Civil Partnership</u> (please include associated aspects: caring responsibility, potential for bullying and harassment)				X
<u>Pregnancy and Maternity</u> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)			X	
<u>Race</u> (please include ethnicity, nationality, culture, language, Gypsy, Roma, Traveller)	X			
<u>Religion or belief</u> (please include Buddhism, Christianity, Hinduism, Islam, Jainism, Judaism, Nonconformists; Rastafarianism;			X	

Shinto, Sikhism, Taoism, Veganism, Zoroastrianism, and any others)				
Sex (this can also be viewed as relating to gender. Please include associated aspects: safety, caring responsibility, potential for bullying and harassment)	X			
Sexual Orientation (please include associated aspects: safety; caring responsibility; potential for bullying and harassment)				X
Other: Social Inclusion (please include families and friends with caring responsibilities; households in poverty; people for whom there are safeguarding concerns; people you consider to be vulnerable; people with health inequalities; refugees and asylum seekers; rural communities; and veterans and serving members of the armed forces and their families)	X			

Initial health and wellbeing impact assessment of the proposed budget by category

Given the scale and complexity of the budget proposals, stage 2 assessments on the direct and indirect health impacts will be required on specific proposals as detailed above and also on the cumulative impacts.

Health and wellbeing: individuals and communities in Shropshire	High negative impact <i>Part Two HIA required</i>	High positive impact	Medium positive or negative impact	Low positive negative or neutral impact (please specify)
Will the proposal have a <i>direct impact</i> on an individual's health, mental health and wellbeing? For example, would it cause ill health, affecting social inclusion, independence and participation? .	X*			
Will the proposal <i>indirectly impact</i> an individual's ability to improve their own health and wellbeing? For example, will it affect their ability to be physically active, choose healthy food, reduce drinking and smoking? .	X*			
Will the policy have a <i>direct impact</i> on the community - social, economic and environmental living conditions that would impact health? For example, would it affect housing, transport, child development, education, employment opportunities, availability of green space or climate change mitigation? .	X*			
Will there be a likely change in <i>demand</i> for or access to				

health and social care services? For example: Primary Care, Hospital Care, Community Services, Mental Health, Local Authority services including Social Services?	X*			
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Capital Strategy

2024/25 to 2029/30

Contents

Foreword

- 1. Introduction**
- 2. Objectives**
- 3. Asset Management Planning**
- 4. Governance Arrangements**
- 5. Investment Approach**
- 6. Current Capital Programme**
- 7. Funding the Current Capital Programme**
- 8. Capital Project Prioritisation & Future Schemes**
- 9. Commercial Activity & Investment**
- 10. Regeneration Investment Fund & Climate Change**

Appendix A: Programme Governance

Appendix B: Capital Programme 2024/25 to 2027/28

Appendix C: Priority Capital Schemes Schedule

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."

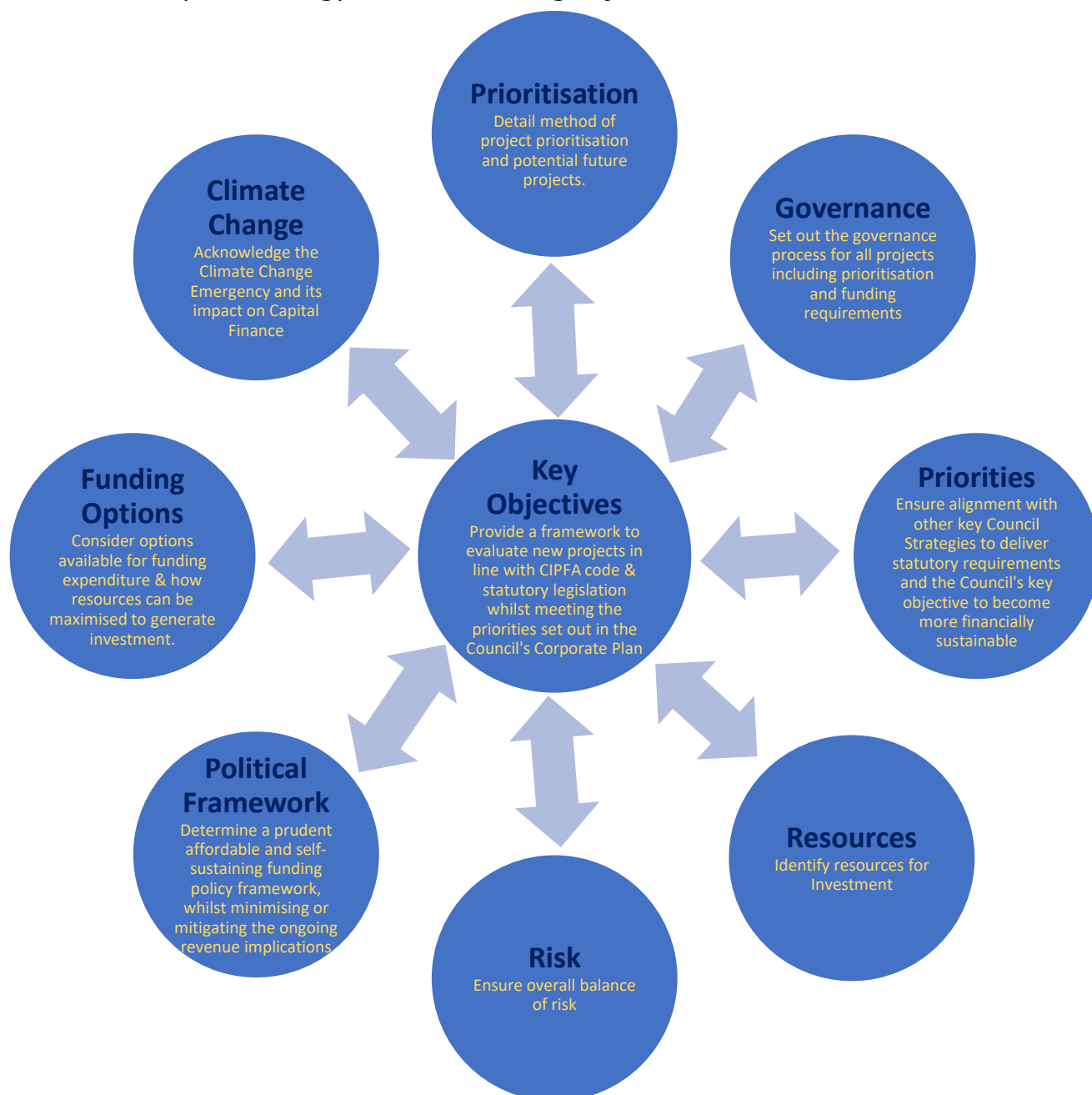
1.18 This iteration of the Capital Strategy details the outturn position for 2023/24, the current approved Capital Programme covering the period 2024/25 to 2027/28 and summarises future proposed but currently unapproved capital schemes anticipated to commence over the period 2025/26 to 2029/30.

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 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 2023/24 the current position of expected capital receipts against budget commitments is as follows:

	2024/25	2025/26	2026/27	2027/28
Corporate Resources Allocated in Capital Programme	198,888	12,726,774	8,564,314	1,027,267
Capital Programme Ring-fenced receipt requirements	200,000	20,824,029	4,250,000	4,000,000
Transformation activities	26,008,531	13,167,607	-	-
Total Commitments	26,407,419	46,718,410	12,814,314	5,027,267
Capital Receipts in hand/projected:				
Brought Forward in hand	15,175,259	2,292,247	- 29,356,905	- 42,106,219
Generated 2024/25 YTD	1,669,030	-	-	-
Projected - 'Green'	11,855,377	15,069,258	65,000	65,000
Total in hand/projected	28,699,666	17,361,505	- 29,291,905	- 42,041,219
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	- 2,292,247	29,356,905	42,106,219	47,068,486
Further Assets Being Considered for Disposal (Amber/Red)	354,630	42,739,000	8,550,750	5,531,170

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

- 3.7 In 2024/25 there is currently a projected surplus of capital receipts of £2.292m, however, in 2025/26, 2026/27 and 2027/28 there are currently projected cumulative shortfalls of capital receipts of £29.357m, £42.106m and £47.068m respectively.

- 3.8 These surplus and shortfall positions are mitigated by the capital receipts surplus position in relation to the Housing Revenue Account (HRA). Analysis of the General fund and HRA requirement for capital receipts are shown in the tables below.

Totals (General Fund)	2024/25	2025/26	2026/27	2027/28
Corporate Resources Allocated in Capital Programme	37,288	12,726,774	7,342,994	1,027,267
Capital Programme Ring-fenced receipt requirements	-	11,107,934	4,250,000	4,000,000
Transformation activities	26,008,531	13,167,607	-	-
Total Commitments	26,045,819	37,002,315	11,592,994	5,027,267
Capital Receipts in hand/projected:				
Brought Forward in hand	3,782,496	- 11,299,156	- 34,600,330	- 46,128,324
Generated 2024/25 YTD	476,907	-	-	-
Projected - 'Green'	10,487,260	13,701,141	65,000	65,000
Total in hand/projected	14,746,663	2,401,985	- 34,535,330	- 46,063,324
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	11,299,156	34,600,330	46,128,324	51,090,591
Further Assets Being Considered for Disposal (Amber/Red)	354,630	42,739,000	8,550,750	5,531,170

Totals (HRA)	2024/25	2025/26	2026/27	2027/28
Corporate Resources Allocated in Capital Programme	161,600	-	1,221,320	-
Capital Programme Ring-fenced receipt requirements	200,000	9,716,095	-	-
Transformation activities				
Total Commitments	361,600	9,716,095	1,221,320	-
Capital Receipts in hand/projected:				
Brought Forward in hand	11,392,762	13,591,402	5,243,424	4,022,104
Generated 2024/25 YTD	1,192,123	-	-	-
Projected - 'Green'	1,368,117	1,368,117	-	-
Total in hand/projected	13,953,002	14,959,519	5,243,424	4,022,104
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	- 13,591,402	- 5,243,424	- 4,022,104	- 4,022,104
Further Assets Being Considered for Disposal (Amber/Red)	-	-	-	-

3.9 These tables clearly demonstrate that capital receipts for the HRA are in a healthy surplus position over the period, however, there is severe pressure arising from the capital receipts requirement of the General Fund. In 2024/25, 2025/26, 2026/27 and 2027/28 there are currently projected cumulative shortfalls of capital receipts of £11.299m, £34.600m, £46.128m and £51.091m respectively.

3.10 The requirement for capital receipts arising from the approved 2024/25 capital programme has been mitigated as far as possible by reprofiling and the use of alternative funding; the current projection being only £0.037m. The significant requirement for capital receipts in 2024/25 is primarily due to the Council's transformational activities. This projection includes £10.863m for the Council's Voluntary Redundancy Programme (with a further £3.468m being required in 2025-26), £0.226m for compulsory redundancies, £7.844m for transformation projects and £7.075m for the Council's Strategic Transformation Partner. The capital receipts requirement of actual voluntary redundancies is updated monthly as redundancies actually occur. Compulsory redundancies expenditure of £0.226m represents actual payments to the end of November 2024. All capital receipts requirement estimates are constantly refined as further details on actual costs are determined.

3.11 The 2024/25 capital receipts shortfall of £11.299m is dependent on the realisation of disposals totalling £10.487m by the 31st March 2025. Failure to achieve any of these disposals will exacerbate the capital receipts shortfall.

3.12 The 2024/25 capital receipt requirement is primarily needed to fund transformational activities by utilising the flexible use of capital receipts legislation. As a shortfall in capital receipts is currently anticipated an alternative method of funding these costs must be identified as a matter of urgency.

3.13 The shortfall in capital receipts from 2025/26 onwards may need to be financed from Prudential Borrowing if they cannot be addressed by progressing the disposals programmed for future years and will incur future year revenue costs that are not budgeted for in the revenue financial strategy.

- 3.14 Assets currently being considered for disposal total £57.176m which if realised would be sufficient to resolve the currently projected shortfall in capital receipts peaking at £51.091m in 2027/28. Of these disposals £3.118m and £54.058m are currently RAG rated "Amber" and "Red" respectively, meaning that they are either achievable but challenging or highly unlikely to complete within the relevant financial years.
- 3.15 There is a significant and urgent pressure, therefore, to progress the disposals programmed for future years, to ensure that they are realised, together with realising the revenue running cost savings from some of the properties. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals.
- 3.16 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 are 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.
 - The Executive Management Team (EMT) 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.
- 4.7 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.
- 4.8 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.
- 4.9 A summary of the programme governance is detailed in Appendix A.
- 4.10 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.

4.11 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.

Table 5.1: Capital Schemes Analysed By Investment Category	
Investment Category	Estimated Capital Cost £m
Commercial	12.300
Transformation	171.212
Economic Growth	151.328

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 2025/26 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					
	2023/24 Actual £ m	2024/25 Projection £ m	2025/26 Estimate £ m	2026/27 Estimate £ m	2027/28 Estimate £ m
Non HRA Capital Expenditure	77.3	91.9	120.5	52.0	37.3
HRA Capital Expenditure	15.1	18.8	18.2	20.6	7.0
Total Capital Expenditure	92.3	110.7	138.8	72.7	44.3

- 6.2 Table 6.1 above shows the expected capital programme budget as at Quarter 3 2024/25. It will be revised following completion of the 2024/25 capital closedown procedure when final figures are established, which may result in slippage of budgets from 2024/25 into 2025/26.
- 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 Capital Programme

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 2030.

- 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 the General Fund and 60 basis points, i.e. 0.60% below the PWLB standard rate for the Housing Revenue Account (HRA) for a twelve-month period from 01/04/2024 to

31/03/2025, through submission of its PWLB Lending Access Form 2024-25 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 EMT. 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 2023/24 - 2027/28

The current projected capital programme is financed as follows:

Table 7.1: Financing of the Capital Programme					
	2023/24 Actual £ m	2024/25 Projection £ m	2025/26 Estimate £ m	2026/27 Estimate £ m	2027/28 Estimate £ m
Capital Receipts	-2.1	0.2	12.7	8.6	1.0
Capital grants	53.7	61.3	84.1	37.2	29.9
Other Contributions	5.2	16.5	9.2	1.4	1.4
Major Repairs Allowance	6.5	9.5	5.6	5.0	5.0
Revenue Contributions	3.3	0.6	0.9	0.3	0.0
Prudential Borrowing	25.8	22.6	26.3	20.1	7.0
Total Financing	92.3	110.7	138.8	72.7	44.3

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					
	2023/24 Actual £ m	2024/25 Projection £ m	2025/26 Estimate £ m	2026/27 Estimate £ m	2027/28 Estimate £ m
MRP (Excluding PFI / Finance Leases)	6.2	6.3	6.5	7.1	7.5

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 2027/28. 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 2024 Capital Strategy has been reviewed and agreed with Members, Directors and Assistant Directors at 16th October 2024 EMT / Informal Cabinet to review the proposals. This revised schedule of prioritised schemes had an original estimated capital cost of £238.743m, of which £59.083m was anticipated to be funded through borrowing. Of this borrowing £33.000m related to the Housing Revenue Account (HRA), the costs of which would be borne by the HRA rather than the General Fund.
- 8.5 This agreed schedule has been updated for occurrences such as revisions to cost estimates, successful progression of schemes, new schemes, schemes now included in the approved Capital Programme, etc. This latest schedule has an estimated capital cost of £322.540m of which £76.342 is anticipated to be funded through borrowing. Of this borrowing £53.807m relates to the HRA the costs of which would be borne by the HRA rather than the General Fund. The schemes included in this prioritised schedule are detailed in Appendix C and are summarised by Portfolio Holder in Table 8.1 below. Movements from the Priority Schemes schedule detailed in the 2024-25 Capital Strategy through to the schedule presented to EMT / Informal Cabinet in October 2024 to the latest schedule contained in this Capital Strategy are tracked in Appendix C.

Table 8.1: Priority Schemes Estimated Costs	
Portfolio Holder	Estimated Scheme Costs £m
Culture & Digital	37.715
Children & Education	9.500
Adult Social Care & Public Health	0.000
Growth & Regeneration	33.734
Highways	111.714
Housing & Assets	129.878
Total	322.540

- 8.5 The total scheme costs detailed in Table 8.1 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.
- 8.6 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							
	2024/25 £ m	2025/26 £ m	2026/27 £ m	2027/28 £ m	2028/29 £	2029/30 £	Total £ m
Projected Borrowing Requirement	0.425	10.025	10.170	1.915	0.000	0.000	22.535
Projected Year on Year MRP Liability	0.025	0.580	0.588	0.111	0.000	0.000	1.303
Projected Cumulative MRP liability	0.025	0.604	1.192	1.303	1.303	1.303	

The revenue impact of this level of borrowing will be £1.303m by 2028/29 assuming an interest rate of 4.0% over 30 years.

- 8.7 The projected borrowing costs of £1.303m associated with borrowing of £22.535m 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 2026/27 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.

- 8.8 Borrowing is only one element of the funding required to finance the 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	154.554
S106 Developer Contributions	9.500
CIL Developer Contributions	0.500
External Contributions	0.450
Borrowing	76.342
Capital Receipts (Asset Disposals)	15.550
Revenue Contributions	26.330
Alternative Funding Options	39.314
Total Funding	322.540

- 8.9 The targeted funding sources includes a significant level of capital receipts (£15.550m) 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.
- 8.10 Alternative funding sources totalling £39.314m are being targeted as funding sources for two key prioritised projects (Pride Hill Repurposing and Whitchurch Civic Centre - RAAC). 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.

- 8.11 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.
- 8.12 Progression of schemes detailed in Appendix C will provide the Council with a set of prioritised capital projects to progress over the medium term (2025/26 to 2029/30) and those not included on Appendix C will provide a set of aspirational pipeline projects for consideration and development over the longer term (2030/31 onwards). The original estimated capital cost of these schemes again as reviewed and agreed at 16th October Cabinet was £143.286m. This agreed schedule has been updated for occurrences such as successful progression of schemes, new schemes, etc. This latest schedule has an estimated capital cost of £145.756m, however, there are currently no cost estimates available for around half of the schemes included in this schedule.

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.

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	2025/26	2026/27	2027/28	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	22,721,932	21,024,261	15,779,479	9,479,479	5,979,479	
Drawn down into capital programme:										
Tannery Block C & B	(7,133,862)	(311,325)	(16,614)	(3,847)	(5,912)					(7,471,560)
Whitchurch Medical Practice				(171,509)	(1,392,326)	(2,214,393)				(3,778,228)
Oswestry Morrisons Site		(3,390,145)								(3,390,145)
Oswestry Castleview	(3,256,241)									(3,256,241)
Maesbury Tip Solar PV				(19,682)	(26,876)	(494,615)	(1,000,000)	(500,000)		(2,041,173)
Tannery Development - Block A			(62,500)	(594,752)	(56,606)	(1,300,000)	(2,500,000)		(2,500,000)	(7,013,858)
Shrewsbury Pitch and Putt			(11,927)	(136,349)	(263,136)	(1,988,588)	(2,500,000)	(500,000)		(5,400,000)
15-18 English Walls, Oswestry				(3,332,304)						(3,332,304)
7-9 Pride Hill, Shrewsbury				(3,837,011)						(3,837,011)
Biochar Pyrolysis Project					(9,420)	(490,580)	(1,500,000)			(2,000,000)
Balance of unutilised fund	9,609,897	25,908,427	30,817,386	22,721,932	21,024,261	15,779,479	9,479,479	5,979,479	3,479,479	

10.3 The table shows that around 8% of the £45m regeneration investment fund is currently unallocated. The current remaining balance is £3,479,479.

10.4 All of the projects listed in the table have been approved and are included in the Capital Programme. It is expected that the projects agreed in the capital programme will generate in excess of £1.5m in 2025/26, rising to around £3.0m by 2027/28.

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

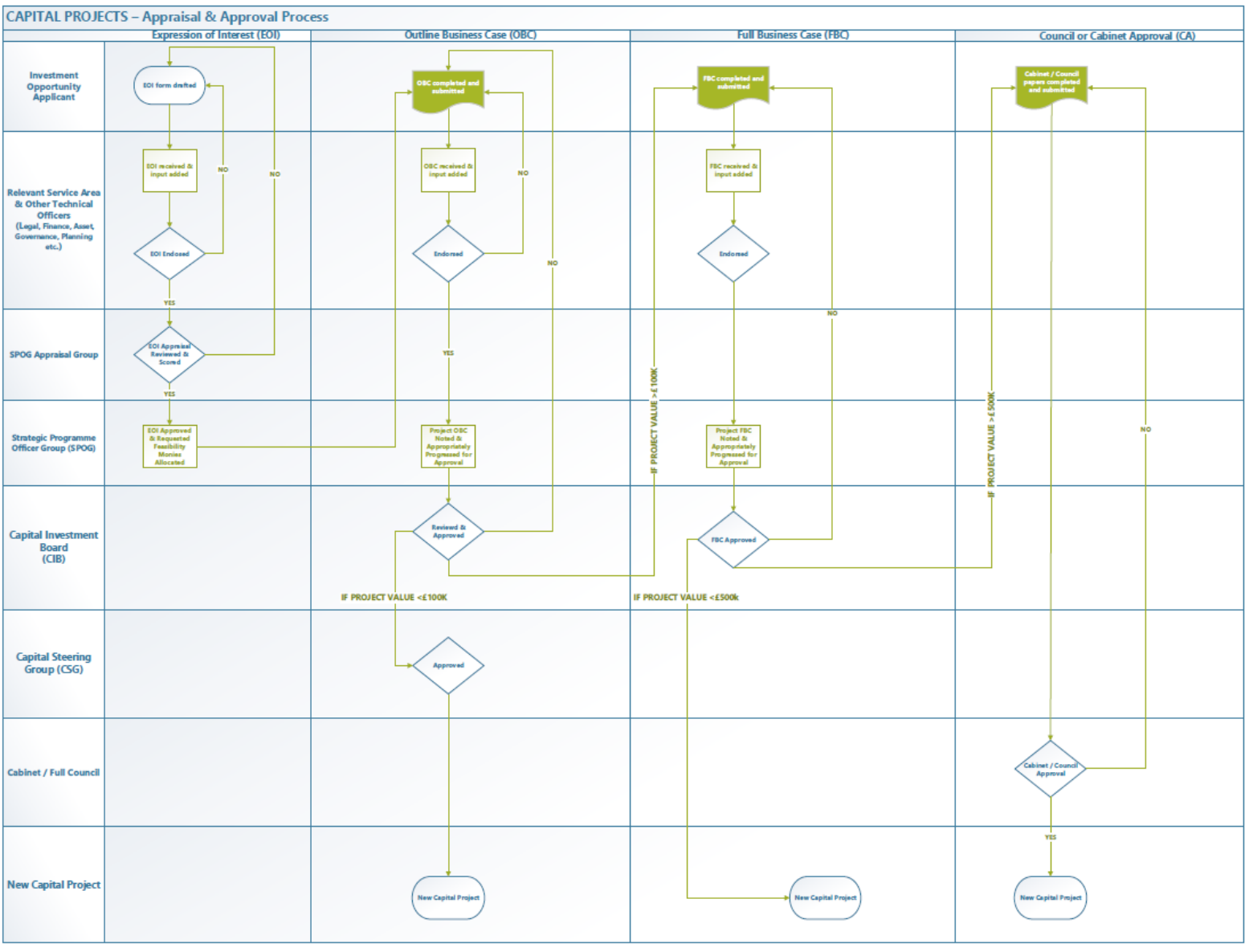
10.6 **Tannery Block C and Tannery Block B** were completed in full within the 2020/21 financial year. Block C, formerly student accommodation, is being repurposed for temporary accommodation to deliver revenue savings following the university's exit from Shrewsbury.

- 10.7 **Whitchurch Medical Practice** project was approved in July 2018 to provide NHS facilities in the area. Following a lengthy pause due to judicial review, construction commenced during 2022/23 and The project is on track to be completed in 2025/26 and so generate revenue income.
- 10.8 **Oswestry Morrisons Site** acquisition was completed halfway through the 2020/21 financial year. Morrisons surrendered their lease early in 2021/22 and the site has subsequently been re-leased to another tenant
- 10.9 **Castle View, Oswestry** was acquired at the end of the 2019/20 financial year and has provided a gross yield in excess of 5%.
- 10.10 **Maesbury Tip Solar PV scheme** for installation of Solar PV was approved in 2021/22 for £1.100m. 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. An anchor Power Purchase Agreement (PPA) has now been finalised and a Project Manager is currently being sourced to facilitate the scheme.
- 10.11 **Tannery Block A project** received Council approval for a land acquisition alongside future development. Options for the development of the site continue to be explored.
- 10.12 **Shrewsbury Pitch & Putt scheme** for the development of a small retail park was approved in 2021/22. The project is currently going through a second planning application, construction anticipated to start in 2025/26.
- 10.13 **15-18 English Walls, Oswestry** strategic acquisition was undertaken during 2022/23, generating further income against the regeneration investment fund.
- 10.14 **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.
- 10.15 **Biochar Pyrolysis Project** was approved in 2023/24 for £2.000m and a subsequent approval of £0.520m was obtained in 2024/25 to engage in a Joint Venture (JV). The JV commenced operation in December 2024 and, though not yet at full capacity, outcomes are better than anticipated, with initial Carbon Dioxide Removal Certificates (CORCs) due to be sold around 6 months after the biochar has been tested.

10.16 **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 the Maesbury Solar PV and the Biochar Pyrolysis projects 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 Quarter 3 2024/25 £	2025/26 Revised Budget £	2026/27 Revised Budget £	2027/28 Revised Budget £
General Fund				
Health & Wellbeing	1,735,974	563,706	150,000	200,346
Public Health Capital	0	0	0	0
Regulatory Services Capital	0	0	0	0
Planning Policy Capital	1,180,669	471,486	150,000	200,346
Development Management Capital	167,794	40,500	0	0
Libraries Capital	387,511	51,720	0	0
People	9,604,306	9,084,750	8,479,287	3,550,000
Adult Social Care Contracts & Provider Capital	0	0	0	0
Adult Social Care Operations Capital	539,715	150,000	0	0
Children's Residential Care Capital	169,426	130,000	0	0
Non Maintained Schools Capital	3,322,078	900,000	0	0
Primary School Capital	3,457,660	434,827	800,000	0
Secondary School Capital	68,538	0	0	0
Special Schools Capital	131	0	0	0
Unallocated School Capital	324,722	7,469,923	7,679,287	3,550,000
Primary School Managed Capital	1,657,885	0	0	0
Secondary School Managed Capital	52,971	0	0	0
Special Schools Managed Capital	11,180	0	0	0
Environment and Transport (Public Transport) Capital	0	0	0	0
Place Capital - Growth & Infrastructure	59,611,581	99,699,426	37,884,503	27,596,621
Property & Asset Capital	12,827,225	21,067,384	7,800,000	3,979,479
Broadband Capital	4,519,432	2,162,045	1,500,000	1,380,142
Growth & Development Capital	6,174,322	6,840,112	5,000,000	0
Highways Capital	36,090,602	69,629,885	23,584,503	22,237,000
Environment & Transport Capital	0	0	0	0
Place Capital - Homes & Communities	20,707,862	11,164,967	5,535,278	5,925,000
Leisure Capital	7,384,640	5,047,303	633,261	0
National Landscapes and Outdoor Partnerships Capital	1,598,883	85,018	0	0
Visitor Economy Capital	115,862	0	0	0
Housing Services Capital	11,519,557	6,032,646	4,902,017	5,600,000
Waste Capital	0	0	0	325,000
Theatre Services Capital	88,920	0	0	0
Resources	100,000	0	0	0
ICT Digital Transformation - CRM Capital	100,000	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	0	0	0	0
ICT Digital Transformation - Unallocated Capital	0	0	0	0
Strategic Management Board	165,000	0	0	0
Communications & Engagement Capital	165,000	0	0	0
Total General Fund	91,924,723	120,512,849	52,049,068	37,271,967
Housing Revenue Account	18,768,515	18,247,047	20,643,049	7,000,000
HRA Dwellings Capital	18,768,515	18,247,047	20,643,049	7,000,000
Total Approved Budget	110,693,238	138,759,896	72,692,117	44,271,967

PRIORITY CAPITAL SCHEMES SCHEDULE

APPENDIX C

			Proposed Sources of Finance (£m)										Anticipated Borrowing Requirement Profile (£m)						
		Estimated Capital Cost (£m)	External Grants	Section 106 Developer Contributions	CLL Developer Contributions	Revenue Contributions	Alternative Funding Option	External Contributions	Borrowing	Capital Receipts	Total	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	
Proposed Scheme	Scheme Description				0.500														
Swimming in Shrewsbury	Design and build an extension to the Shrewsbury Sports Village to include a range of new fitness, wellbeing and swimming facilities.	26.615							21.115	5.000	26.615		9.600	9.600	1.915			21.115	
Shrewsbury Museum - British Museum Gallery	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.	1.750	1.500							0.250	1.750								
SpArC Leisure Centre Bishop's Castle	Reprofiling of swimming pool, with new pool liner and new filtration system. Health and Safety issue. Requirement for major investment for De-carbonising building	4.750	4.000						0.450	0.300	4.750								
SpArC Leisure Centre Bishop's Castle	Decarbonisation (PSDS phase 4 application)	2.800	2.500			0.300					2.800								
Bayston Hill Library Refurbishment	Conversion of garage on school site for either commercial or town council use and library refurbishment including required H&S works.										0.000								
Whitchurch Library Relocation	Need to relocate the Whitchurch library from the Civic Centre										0.000								
Shrewsbury Castle	Remedial works required to the west elevation of the Castle.	1.800	1.500							0.300	1.800								
ICT Digital Transformation Programme	Investment requirement in ICT Digital Technologies and Hardware Infrastructure requirements to support the Councils systems.	TBC																	
SUBTOTAL: PORTFOLIO HOLDER FOR CULTURE & DIGITAL		37.715	9.500	0.000	0.500	0.300	0.000	0.450	21.115	5.850	37.715	0.000	9.600	9.600	1.915	0.000	0.000	21.115	
Buildwas Primary	New Primary School requirement on former power station site subject to planning approvals.	5.100		5.100							5.100								
William Brookes School	Expansion linked to Secondary pupils from power station site.	4.400		4.400							4.400								
SUBTOTAL: PORTFOLIO HOLDER FOR CHILDREN & EDUCATION		9.500	0.000	9.500	0.000	0.000	0.000	0.000	0.000	0.000	9.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
SUBTOTAL: PORTFOLIO HOLDER FOR ADULT SOCIAL CARE & PUBLIC HEALTH		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Pride Hill - Repurposing	Future development of the former Pride Hill shopping centre and adjacent gap site	30.314					30.314				30.314								
Conservation Management Plan - Rowleys House, Shrewsbury	First Phase Stabilisation requirement before future use investment	2.000								2.000	2.000								
Oswestry - Cambrian Railway Building	Renovation of Cambrian Railway Building, Oswestry and reconfiguration for future use.	0.570							0.570		0.570			0.570				0.570	
White Horse, Wem	Repurpose and restoration following successful auction bid. Aiming to attract external funding - English Heritage potentially.	0.850							0.850		0.850	0.425	0.425					0.850	
SUBTOTAL: PORTFOLIO HOLDER FOR GROWTH & REGENERATION		33.734	0.000	0.000	0.000	0.000	30.314	0.000	1.420	2.000	33.734	0.425	0.425	0.570	0.000	0.000	0.000	1.420	
NWRR / OLR	Budget uplift requirement for funding gap	111.484	111.484								111.484								
Ravens Meadow permanent barrier installation	Installation of a permanent barrier to the top floor of the Car Park for health and safety measures.	0.030				0.030					0.030								
Oswestry Leisure Centre Car Park	Re-surfacing requirement of the whole car park.	0.200								0.200	0.200								
SUBTOTAL: PORTFOLIO HOLDER FOR HIGHWAYS		111.714	111.484	0.000	0.000	0.030	0.000	0.000	0.000	0.200	111.714	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Whitchurch Civic Centre - RAAC	Costs will be dependent on the option adopted around addressing the RAAC issue at the Civic Centre	9.000					9.000				9.000							9.000	
HRA - Social Decarbonisation Programme	Required for the HRA stock.	35.000	14.000						21.000		35.000	5.000	9.000	3.000	4.000			21.000	
HRA - New Build & Property Acquisition Programme	Further development planned for increasing housing stock to address need.	41.377670	19.570						21.807		41.378	0.000	0.000	6.000	15.807			21.807	
HRA - Property Investment & Compliance	Planned repairs and improvements programme driven by the HRA Property Investment Plan (PIP)	37.000				26.000			11.000		37.000		4.000		3.000	4.000		11.000	
Corporate Landlord Capital R&M	Budget requirement beyond 2026-27	5.000								5.000	5.000								
Corporate Landlord Suitability	Reduced value based on a reduced asset																		
Corporate Landlord Suitability	Budget requirement beyond 2026-27	2.500								2.500	2.500								
Corporate Landlord Suitability	Reduced value based on a reduced asset																		
SUBTOTAL: PORTFOLIO HOLDER FOR HOUSING & ASSETS		129.878	33.570	0.000	0.000	26.000	9.000	0.000	53.807	7.500	129.878	5.000	13.000	9.000	22.807	4.000	0.000	53.807	
		322.540	154.554	9.500	0.500	26.330	39.314	0.450	76.342	15.550	322.540	5.425	23.025	19.170	24.722	4.000	0.000	76.342	

SUMMARY OF PRIORITY CAPITAL SCHEME MOVEMENTS

APPENDIX C

Capital Strategy - February 2024 (£m)	239.223	Member Presentation - Informal Cabinet (£m)	238.743	
	Updates	Comments	Updates	Comments
Swimming in Shrewsbury	0.860	Latest estimated capital cost	(2.248)	Council approval in September 2024 - 2024-25 spend now included in Capital Programme (£248k in 2024-25 and £2.000m in 2025/26 funded by borrowing)
Library Self Service Machines	(0.152)	Service area advice that scheme no longer progressing		
Coleham Pumping Station	(0.400)	Required works progressing through Corporate Landlord		
Whitchurch Library Relocation	0.500	Possible budget requirement for relocation of Whitchurch Library from the Civic Centre to allow continued operation. No resolution yet identified but indicative budget set aside to facilitate move if required.	(0.500)	A temporary resolution has been identified for this relocation and no works are required
Shrewsbury Castle	1.800	Potential budget requirement to stabilise west walls - funding options being considered		
Nils Yard Redevelopment			(0.500)	Scheme has been managed through Corporate R&M and Suitability
Old Market Hall & Square			(0.100)	No progress at present so reallocated to "Aspirational" scheme schedule
SpArC Leisure Centre Bishop's Castle			2.800	NEW - Public Sector Decarbonisation Scheme bid submitted to BEIS requiring £0.300m match funding currently identified as capital receipts
Bayston Hill Library Refurbishment			(0.300)	Service area advice that scheme is no longer required
ICT Digital Transformation Programme Phase 2			TBC	Reallocated from "Aspirational" scheme schedule
SUBTOTAL: PORTFOLIO HOLDER FOR CULTURE & DIGITAL				
Childrens - LCS Portals	0.049	Possible budget requirement set aside to fund new IT Software acquisition.	(0.049)	Now resolved utilising historic grants
SUBTOTAL: PORTFOLIO HOLDER FOR CHILDREN & EDUCATION				
Greenacres Development			(1.000)	Scheme cancelled as site deemed unsuitable
SUBTOTAL: PORTFOLIO HOLDER FOR ADULT SOCIAL CARE & PUBLIC HEALTH				
UKSPF	(1.100)	Now in Capital Programme		
UKSPF	(0.370)	Now in Capital Programme		
UKSPF	(0.100)	Now in Capital Programme		
Shrewsbury Riverside Development - Demolition	(4.287)	Now in Capital Programme		
Shrewsbury Riverside Enabling Works - LUF Round 2 Project 1	(19.464)	Now in Capital Programme		
Shrewsbury Town Centre Public Realm - LUF Round 2 Project 2	(4.280)	Now in Capital Programme		
Pride Hill - Repurposing	(2.260)	Now in Capital Programme	0.817	Cost estimate update as per latest RH Financial Appraisal (November 2024)
Shrewsbury Riverside Development	(53.619)	Wider development scheme reallocated to aspirational schemes schedule as potential to secure external funding is explored		
Oswestry Innovation Park	(2.969)	Worst case scenario to identify budget risk within Oswestry Innovation Park project as assumed income from Electricity Rebate Scheme may no longer be viable option. Awaiting outcome of full option appraisal until resolution identified		
SUBTOTAL: PORTFOLIO HOLDER FOR GROWTH & REGENERATION				
NWRR / OLR	99.226	Budget uplift required for funding gap		
Oteley Road, Shrewsbury Traffic Management Improvements	(1.000)	Now in Capital Programme with cost contained within Developer Contributions received		
Shropshire Safety Road Fund	(0.650)	Now in Capital Programme		
Ravens Meadow permanent barrier installation	0.030	New scheme identified as health and safety priority to provide barrier and meshing to top floor of car park.		
Oswestry Leisure Centre Car Park	0.200	New priority scheme identified to re-surface whole car park at Oswestry Leisure Centre		
Development of New Multi-Agency Hub (MAH)	(56.501)	Development reallocated to aspirational schemes schedule as awaiting outcome of Council resizing programme and associated accommodation requirements		
Shirehall Decant & Decommission	(0.994)	Budget identified from transformation reserves to cover cost		
SUBTOTAL: PORTFOLIO HOLDER FOR HIGHWAYS				
Whitchurch Civic Centre - RAAC	TBC	To note addition of scheme requirement within Capital Programme awaiting option appraisal outcome and estimated resulting costs	9.000	Included option with highest cost pending Council decision
HRA - Social Decarbonisation Programme	30.000	Required for the HRA stock	5.000	Alignment with HRA Business Plan 2025
HRA - New Build Programme	15.000	Further development planned for increasing housing stock to address need	26.378	Alignment with HRA Business Plan 2025
HRA - Property Investment & Compliance Programme			37.000	Alignment with HRA Business Plan 2025
Corporate Landlord Capital R&M			5.000	Additional funding of ~£1.000m per annum required from 2027/28 onwards as provision in currently approved Capital Programme funding ceases in 2026-27
Corporate Landlord Capital Suitability			2.500	Additional funding of ~£0.500m per annum required from 2027/28 onwards as provision in currently approved Capital Programme funding ceases in 2026-27
SUBTOTAL: PORTFOLIO HOLDER FOR HOUSING & ASSETS				
Member Presentation - Informal Cabinet (£m)	238.743	Capital Strategy - February 2024 (£m)	322.540	

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