



Date: Wednesday, 21 January 2026

Time: 10.30 am

Venue: Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, Shropshire, SY3 8HQ

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## CABINET

### TO FOLLOW REPORT (S)

#### 7 **Draft Financial Strategy 2025/26 - 2029/30 (Pages 1 - 44)**

Lead Member – Councillor Roger Evans, Portfolio Holder for Finance

Lead Officer – James Walton, Executive Director (S151)

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## Committee and Date

Item

Transformation &  
Improvement Scrutiny  
19<sup>th</sup> January 2026

Cabinet  
21<sup>st</sup> January 2026

Public



# Draft Medium Term Financial Plan

## 2026/27-2030/31

<b>Responsible Officer:</b>	James Walton
email:	James.walton@shropshire.gov.uk
<b>Cabinet Member (Portfolio Holder):</b>	Roger Evans, Finance

### 1. Synopsis

1.1 The purpose of this report is to present an updated position on the Council's Medium Term Financial Plan since the meeting of Cabinet on 15 October 2025 and details of the Council's application for Exceptional Financial Support for 2025/26 and 2026/27, alongside an update on the provisional finance settlement for the next three years, as shown in Table 1 (paragraph 7.14). The estimated budget gap for 2026/27 is £130m and this gap is projected to increase across the medium term as detailed within Appendix 7. It is imperative that the Council adopts a Financial Sustainability Strategy, including a refreshed transformation and change programme, that is presented to Cabinet and Council during 2026/27, setting out how the Council will become financially stable.

### 2. Executive Summary

2.1 Since October, the budget setting process has continued with a focus to address the fundamental issues that have resulted in significant demand pressures in 2024/25 and 2025/26. Amongst these issues is the optimism bias built into savings projections and the consequent impact on budgets. Addressing these issues enables the Council to set a budget for 2026/27 which is focussed on all services driving the necessary transformation to bring the Council back into a stable financial position.

2.2 Adjustments have also been necessary to reflect multiple years of budget pressures and therefore have been reset on the basis of actuals since Period 6 in the current year.

2.3 Recognising the significant proportion of Council spend on Social Care services, independent benchmarking has been undertaken via the Local Government Association (LGA) for both Adult and Children's Social Care. A copy of the findings from the Children's review is attached at Appendix 8 and a copy of the Adult's review will be provided in February. Both reviews have found the price of services is not dissimilar to our statistical nearest neighbours and therefore the focus will continue on managing demand in line with plans that are already in place and continue to be developed.

2.4 Overall however, it is not possible to balance this budget without Exceptional Financial Support (EFS) from the Government, which would be in the form of significant borrowing for this year, next year and across the medium term. Therefore, on 12<sup>th</sup> December the Council submitted its application for EFS for 2025/26 and also for 2026/27. As reported to Cabinet within the Period 7 Financial Monitoring report presented on 19<sup>th</sup> November, the 2025/26 application was for £71.4m, details are provided in Table 2. For 2026/27 an application for £130m was submitted and details of this are provided in Appendix 1.

2.5 Utilising borrowing to balance revenue budgets is not common across the sector, although an increasing number of councils are finding it necessary to take this course of action. Often it is a result of insufficient funding from Central Government that does not adequately cater for the local challenges posed to service provision, alongside insufficient action taken locally to reduce expenditure at a pace in line with the availability of resources. EFS is not intended as a long-term solution, nor is it sustainable, therefore it is imperative that the Council adopts a Financial Sustainability Strategy that sets out the various means through which the need for EFS will reduce. This needs to include a transformation and change programme that is driven by the 'Future Council' principles set out in the Improvement Plan and seeks to;

2.5.1 Reduce the cost of services through cashable savings. At times this will involve difficult decisions and inevitably impact on Shropshire's residents and businesses. In other instances, greater partnership working can ensure that residents receive the support and services they need but not necessarily through direct provision by the Council.

2.5.2 Generate additional income from a variety of sources, whilst balancing risk exposure to the Council and accessibility of services for our residents. Including accelerating the Council's asset disposal review to identify opportunities for both capital and revenue income generation. Potential future capitalisation direction requests to convert capital resources to revenue resources can facilitate a reduction in annual contributions to General Fund Balances and thus reduce overall expenditure. The Council's forthcoming Capital Strategy and future capital investment is a key enabler for income generation.

2.5.3 Mitigate future demand growth with a focus on early help and prevention, particularly as a continuing increase of social care budgets is not financially

possible. Current budgets must focus on preparing for the future, to reduce reactive and at times acute crisis support which has a disproportionate impact on expenditure. This is the most expensive form of support and nor is it conducive to positive outcomes and wellbeing. Greater work at community level, in partnership with residents, the voluntary & community sector, other public and private organisations is necessary to ensure the right support is available at the right time for our residents. This also requires a holistic council wide focus on embedding a prevention approach into all services, ensuring all touchpoints with our residents enable identification of the support residents may require. Across the MTFS by 2030/31 there is, without action of the kind suggested in this paragraph, cumulative demand growth of approximately £56m which is not affordable. It will be necessary to minimise this level of future budget pressure.

- 2.5.4 Enhancing the use of technology, including digital technology to improve service delivery. This includes technology in the home that supports independent living; technology that supports efficient maintenance of council assets; and technology that enables the council to operate more efficiently, whilst ensuring our services are accessible by all residents.
- 2.5.5 Align our new Corporate Plan and other council strategies, including other financial strategies such as the Capital Strategy and Treasury Management Strategy and non-financial strategies such as the Asset Management Strategy, Leisure Strategy, Economic Development Strategy, Transport/Sustainable Movement Strategy, Climate Change Strategy, Public Health Strategy, Housing and Homelessness Strategy to a common focus of ensuring Shropshire's residents and businesses receive appropriate services that are affordable within the Council's financial resources. This may mean lowering our aspirations and ambitions.
- 2.6 Aligning financial resources to the delivery of the Corporate Plan enables the Council to ensure resources are being utilised in the most effective way to achieve positive outcomes for Shropshire's resident and businesses. In the context of the recent statutory recommendation by the Council's external auditors and the significant in-year projected revenue overspend, utilising the principles of a zero-based-budgeting approach for 2027/28 budget development will greatly assist in understanding how resources are being used and the impact they are achieving. Commencing this process early in 2026/27, as part of a wider business and budget planning approach will also enable in-year budget adjustments wherever appropriate and deliver in-year savings.

### 3. Recommendations

That Cabinet:

- 3.1 Work with Officers during Q4 in the current year and into 2026/27 to develop a Financial Sustainability Strategy and transformation and change programme which will deliver savings and generate income, in order to reduce the duration of time for which EFS (exceptional financial support) is required across the medium-term financial period.

- 3.2 Work with Officers during Q4 in the current year and into 2026/27 through the establishment of a joint working group to develop and progress an approach to business and budget planning.
- 3.3 Ask Officers to continue to work with MHCLG in support of its application for exceptional financial support and actions required to return to financial stability.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1 As part of the February budget setting papers a detailed risk assessment of the proposed 2026/27 budgets and medium-term financial plan will be presented. This will take account of the in-year deficit in General Fund balances and the demand pressures the Council is facing. However as detailed within this report, the proposed budget is a reset budget, to provide financial stability in the short term and enable the Council to focus on managing demand pressures and reducing the need for Exceptional Financial Support across the medium term. Ongoing investment in transformation is predicated on enabling a return to financial sustainability and overall the forthcoming Financial Sustainability Strategy will set out the plans the Council must execute.
- 4.2 Continuing to highlight the persistent structural deficit in the Council's funding is a key priority for Members and Officers, alongside the local actions that will be taken. The findings from the budget consultation will shape these local actions and prioritise future investment of the Council.
- 4.3 The Council's Improvement Plan presented in December set out 3 key programmes, of which as mentioned above, progressing the Financial Sustainability Strategy (programme 2) is key. This proposed draft budget for 2026/27 is in line with Programme 1 and alongside the Capital Strategy report also on this agenda, reflects key actions being taken immediately to bring about financial stability. Details on programme 3, which focuses on strengthening financial management practice and policy will be presented during 2026/27 and work to develop this is underway.

### 5. Financial Implications

- 5.1 Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
  - scaling down initiatives,
  - changing the scope of activities,

- delaying implementation of agreed plans, or
- extending delivery timescales.

5.2 As set out within this report, the Council's financial position has necessitated the request for exception financial support from the government for both 2025/26 and 2026/27, without which the Council cannot meet its financial obligations and set a lawful budget. The draft MTFS at Appendix 7 shows the Council is projecting a deteriorating position across the next 5 years. Limiting the use of exceptional financial support to the short term only, in the current circumstances is the preferred outcome. However, without urgent action to; 1) reduce the Council's expenditure, alongside 2) increase income from a variety of sources, it will become necessary to require exceptional financial support into the medium-term. This support would be in the form of borrowing and will therefore create additional cost pressures in the form of interest and debt repayment charges.

## 6 Climate Change Appraisal

6.1 The Council's Financial Strategy supports its strategies for Climate Change and Carbon Reduction in several ways. A specific climate change revenue budget is held. The climate change schemes involving the Council's assets or infrastructure are included within the capital programme. These two areas of expenditure are anticipated to have a positive contribution towards climate change outcomes.

6.2 Securing a robust and sustainable financial base will help the Council meet the challenges of climate change – this is not separate to our budget management, but integral to it.

## 7 Background

7.1 Since October, the budget setting process has continued with a focus to address the fundamental issues that have resulted in significant budget pressures in 2024/25 and 2025/26. Amongst these issues is the optimism bias built into savings projections and the consequent impact on budgets. Addressing these issues enables the Council to set a budget for 2026/27 which is focussed on all services driving the necessary transformation to bring the Council back into a stable financial position. However, it is not possible to balance this budget without Exceptional Financial Support (EFS) from the Government, which would be in the form of significant borrowing for next year and across the medium term. On 12<sup>th</sup> December the Council submitted its application for EFS for 2025/26 and also for 2026/27. As reported to Cabinet within the Period 7 Financial Monitoring report on 19<sup>th</sup> November, the 2025/26 application was for £71.4m. For 2026/27 an application for £130m was submitted and details of this are provided in Appendix 1. Subsequent to this, MHCLG have requested CIPFA to undertake due diligence on their behalf and therefore we now await the outcome, which we expect early-mid February.

### Budget build

7.2 Stabilising the available resources in service areas has been a necessary step for 2026/27, to enable the capacity to drive the required change. During 2025/26 it has become increasingly evident that reductions in staffing have made it challenging to maintain service delivery and to also progress savings related projects. Since the October position £3.7m is proposed to be included in the draft 2026/27 budgets for

additional capacity (see Appendix 4), however the utilisation of this funding will be subject to an ongoing review, to ensure the intended financial/non-financial benefits of this added capacity is realised.

- 7.3 Capacity challenges have resulted in a low level of savings delivery and have contributed to the overspend position as reported to Cabinet in the Period 7 Financial Monitoring report on 19<sup>th</sup> November. It has been necessary to reverse these savings projections in the 2026/27 draft budgets, and these will be replaced with a revised savings delivery programme that will be developed during Quarter 4 of the current year and Quarter 1 of 2026/27. This will be presented to Cabinet and to Council in the coming months for immediate implementation, without which it will not be possible to reduce the reliance on EFS for future years and bring the Council back into a stable financial position. At this stage an increasing savings target has been built into the draft budgets across the MTFS, increasing from £5m in 2026/27 to £45m by 2030/31.
- 7.4 The total amount of savings reversed includes staff time that has been charged to capital resources in previous years and will be reassessed in line with forthcoming transformation and capital projects and the availability of capital resources to fund this. Overall, the reversal of these savings creates a £42.7m pressure for next year, however it is prudent to reverse this position as otherwise a continuing position of overspends during the next financial year will not be possible to finance. See Appendix 2 for details.
- 7.5 Consultation to inform the forthcoming transformation and savings programme was launched on 12 December and will close on 16 January, aimed at identifying areas for improvement and service reductions for the 2026/27 budgets and medium-term period. Findings from the consultation will be reported to Members in February and inform the 2026/27 budget setting process. £15m has been included within the draft budgets for next year to enable financing of transformation projects, utilisation of this investment will be subject to a robust business case process and overall strengthened governance process in line with the Council's Improvement Plan, as presented to Council on 11 December 2025.
- 7.6 In addition to the unachieved savings delivery during the current year, the Council has continued to see increased pressures in both Adults and Children's social care services. This has been due to a combination of increased demand on acute and expensive services and a reduction in budgets made in previous years that has not been possible to sustain. To help give context to these pressures, complex cases with high levels of need can cost many thousands of pounds per week, which across a number of months and years can run into substantial six-figure and seven-figure sums per individual. Whilst the Council will continue to ensure it meets its statutory responsibilities, as can be seen from the "Outstanding" rating by Ofsted for our Children's Services and "Good" rating by the Care Quality Commission during 2025, it is necessary to continue to increase the level of support families and individuals require at a much earlier stage, where costs are much lower and outcomes for health and wellbeing are significantly improved.
- 7.7 During the year for Adults and Children's social care the overspending has resulted in competing pressures to react to this financial challenge and has detracted at times from the focus required on driving long term change and early support for residents and their families. Without this focus on prevention and early support the council will continue to face reactive demand pressures and service overspends. In

light of this, it has been necessary to include a budget adjustment of £24.8m for Adult Social Care plus additional growth for demand and inflation of £13.8m and a budget adjustment of £13m for Children's Social Care and additional growth for inflation and demand of £7m within the draft 2026/27 budgets, see details in Appendix 3 and Appendix 5. It is essential this total adjustment translates into driving a reduction in reactive support, to a sustainable prevention focused one, as it is pivotal to reducing the Council's reliance on EFS and returning to financial sustainability. During recent months the LGA have facilitated independent benchmarking for both Adults and Children's Social Care, a copy of the Children's review is attached at Appendix 8 and the findings from the Adult's review will be appended with the February budget setting papers. Considerations and findings from both reviews will be progressed and monitored which include the progression of existing plans to drive transformation and manage overall service demand. However, it should be noted that both reviews identified Shropshire's price/units costs are on average lower compared to nearest statistical neighbours and therefore it is demand which is driving the overall costs of the services.

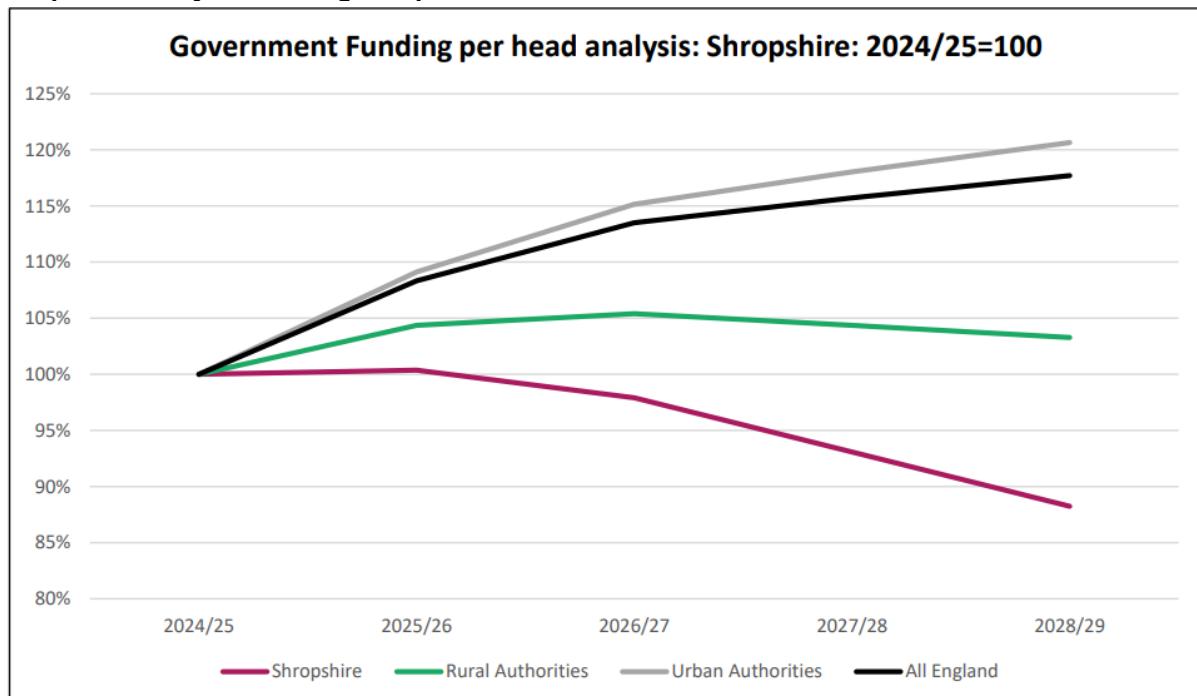
- 7.8 Home to school transport is another area of pressure in 2025/26, particularly in relation to SEND transport and is similar to that seen by other rural authorities. It has been necessary therefore to include additional growth for next year's draft budgets of £1.7m (see Appendix 3). During 2026/27 it will be necessary to review this service area and relevant transport policies, as an ongoing increase in costs is not sustainable.
- 7.9 As set out in October, higher levels of inflation compared to estimates for contracts, utilities and staffing costs has resulted in increased cost pressures. These are offset by a reduction in employer pension contributions of approximately £7m due to the recent actuarial revaluation and overall compared to 2025/26 budgets is an additional pressure of £14.9m, see Appendix 5 for details.

### **Multi Year Settlement**

- 7.10 On 17 December 2025, Minister of State Alison McGovern MP announced the Provisional Local Government Settlement. The Settlement, which for the first time in a decade, is a multi-year settlement (MYS), covers the next three financial years. Over the course of the settlement the government states that councils will see a 23% increase in their overall core spending power since 2024 and the most deprived 10% of councils will see a 24% per head boost to the funding available. Despite this, it is widely anticipated that the number of Councils applying for Exceptional Financial Support in 2026/27 will more than double the 30 authorities that were granted support in 2025/26.
- 7.11 For Shropshire Council the core spending power is due to rise by 13.6% in 2028/29 when compared to 2024/25, however as Table 1 demonstrates, this is solely due to assumptions that Council Tax income will increase each year by the maximum permitted level, resulting in an overall increase in Council Tax income (including taxbase growth) of 17.4% by 2028/29. However, other government funding, including the new Fair Funding Allocation which incorporates Business Rates, and other grants, including previous service specific grants, will reduce by £13.4m (-3.8%) by 2028/29 when compared to 2024/25. In other words, Shropshire Council's income levels are set to increase as a result of locally made decisions and overall central government support continues to reduce each year and Graph 1 shows how

severe the reduction is for Shropshire compared to other rural authorities where this is a marginal increase over the next 5 years. Compared to urban authorities, this graph also shows the stark contrast in increased funding levels they will receive over the same period.

**Graph 1: Multi-year funding comparison between rural and urban authorities**



7.12 The Provisional Local Government Settlement has been calculated based on the outcomes from the Fair Funding Review undertaken in the summer of 2025 and has resulted in the consolidation of a number of other specific grants previously received. The intention of the Fair Funding Review was to accurately reflect the costs involved in providing services in local government. Following consultation, the government has decided to remove all remoteness related funding to the Area Cost Adjustments except for Social Care, and as a result, the provisional settlement is £4.4m less than had originally been anticipated. Combined with the loss of Rural Services Delivery Grant in 2025/26, this has resulted in a total loss of funding of £13.3m for Shropshire residents. This anticipated loss of funding was reflected in the Council's application for 2026/27 exceptional financial support.

7.13 The final financial settlement is anticipated in the coming weeks, along with greater details on specific grant funding, therefore any changes to this will be updated in February's budget report. Attached at Appendix 9 is a copy of the Council's consultation response to the provisional settlement and as can be seen, highlights the inequity the proposed funding creates and the key contributors to the reduced funding levels for the Council. As stated above, the primary driver for this reduction is the lack of recognition of the cost pressures facing councils providing services to sparse populations across a large geography and multiple towns.

7.14 The reduction in government funding is a major factor in the Council's structural funding deficit. Increases in council tax are capped at 4.99%, so the Council is

limited in terms of how much additional funding it can generate. Meanwhile cost pressures increase each year with inflationary increases, alongside demographic growth, particularly for social care. Council tax increases alone are not sufficient to meet these cost pressures, and further reductions in government funding, increase this structural funding deficit each year.

**Table 1 Core Spending Power 2024/25 to 2028/29**

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Council Tax Requirement	205.1	219.3	234.0	249.8	266.6
Other Funding	149.7	151.5	149.0	142.7	136.3
<b>Core Spending Power</b>	<b>354.8</b>	<b>370.8</b>	<b>383.0</b>	<b>392.5</b>	<b>402.9</b>
<i>Core Spending Power change since 2024 (£m)</i>		<b>16.0</b>	<b>28.2</b>	<b>37.7</b>	<b>48.1</b>
<i>Core Spending Power change since 2024 (%)</i>		<b>4.5%</b>	<b>7.9%</b>	<b>10.6%</b>	<b>13.6%</b>
<b>Comprising of:</b>					
<i>Core Spending Power change relating to Council Tax since 2024 (£m)</i>		14.2	28.9	44.7	61.5
<i>Core Spending Power change relating to Council Tax since 2024 (%)</i>		4.0%	8.1%	12.6%	17.4%
<i>Core Spending Power change relating to Other Funding since 2024 (£m)</i>		1.8	-0.7	-7.0	-13.4
<i>Core Spending Power change relating to Other Funding since 2024 (%)</i>		0.5%	-0.2%	-2.0%	-3.8%

## Exceptional Financial Support Submission

7.15 On 12th December the Council submitted an EFS application for £71.4m for 2025/26, as reported to Cabinet within the Period 7 Financial Monitoring report presented on 3rd December 2025 and comprised as follows:

**Table 2 2025/26 EFS application breakdown**

Transformation Funding	£10m
Capital works write down	£39m
Net revenue pressures	£22.4m

7.16 In light of the depleted General Fund balances position, as reported within the monthly monitoring reports to Cabinet, it is not possible to meet in-year expenditure within available resources, without the granting of exceptional financial support.

7.17 In addition, the application included a request for £130m support for 2026/27, as detailed in Appendix 1. It will not be possible to set a legally balanced budget in February without the granting of exceptional financial support for 2026/27.

7.18 Officers have communicated to MHCLG the urgency of this request and the need for confirmation as early as possible, along with the timetable for budget setting and council tax billing. In anticipation of this, work will continue on the draft 2026/27 expenditure and revenue budgets over the coming weeks, with a final proposed budget position reported to Cabinet on 11th February and to Council on 26 February.

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

Medium Term Financial Strategy – Council 27 February 2025  
Period 7 Financial Monitoring Report – Cabinet 19 November 2025  
Fees and Charges Pricing Policy - Cabinet 3 December 2025  
Capital Strategy 2025/26 In-Year review – Cabinet 21 January 2026

**Local Member:** *All*

**Appendices**

**Appendix 1 – 2026/27 Draft Revenue Budget Summary**  
**Appendix 2 - Growth to offset Unachievable Savings**  
**Appendix 3 – Demography & Demand Growth**  
**Appendix 4 – Service Specific Growth**  
**Appendix 5 – Inflationary Growth**  
**Appendix 6 – 2026/27 Draft Resources Income Budget Summary**  
**Appendix 7 - MTFP Summary**  
**Appendix 8 – LGA Children’s Social Care Service Review**  
**Appendix 9 – Shropshire Council Provisional Financial Settlement 2026/27-2028/29 consultation response.**

## Appendix 1 2026/27 Draft Revenue Budget Summary

<b>MTFS Feb 2025 Exp budget for 2025/26</b>	<b>821,905,603</b>	
25/26 savings undelivered	42,669,332	See Appendix 2 for details
Demography & demand growth including reset of budgets	51,114,926	See Appendix 3 for details
Additional growth for specific pressures including for staffing	7,457,547	See Appendix 4 for details
Inflationary growth; price, salaries and utilities	14,890,138	See Appendix 5 for details
Cost of borrowing	13,731,215	Interest and repayment (MRP) costs for all General Fund borrowing
Reserves adjustments - net additional contribution to General Fund Balance	6,544,844	Movement in contributions to and from council reserves, Further details to be provided in February budget setting report. Estimated total contribution to General Fund balances of £37m, subject to risk assessment.
Specific grant changes between years	-63,785,986	A number of grants have now been encompassed within the provisional financial settlement, however not all grants have yet been confirmed. A breakdown will be included in the February report. This movement represents a transfer of funding from service specific grants to general revenue support grant or additional or reduced specific funding.
Transformation investment	15,000,000	A central budget for the funding of transformation projects, subject to a detailed business case.
Feasibility studies budget	2,000,000	To enable preliminary work on future projects, allocation is subject to a detailed business case.
Inflationary increase for discretionary fees and charges 26/27	-1,900,000	This estimated amount will be updated as per the February Fees & Charges report.
Estimated savings for 26/27	-5,000,000	A transformation plan will be developed during 2026/27 to provide details on projects and future plans across the medium term.
Elections budget removal	-700,000	Removal of 2025/26 elections budget
<b>MTFS Feb 2026 Expenditure budget for 2026/27</b>	<b>903,927,619</b>	
<b>MTFS Feb 2026 Income budget for 26/27</b>	<b>774,741,515</b>	See Appendix 6 for details
<b>Borrowing requirement (EFS application for £130m)</b>	<b>129,186,104</b>	

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## Appendix 2 Growth to offset Unachievable Savings

Service Area	Savings Name	Growth for 26/27 to offset non-delivery (£)
Care & Wellbeing	PRR6 - Care & Wellbeing Rightsizing	1,300,000
Care & Wellbeing	MD012 - Supported living - Reduce the need for 24 hour provision and increase independence through alternative resources such as technology	527,396
Care & Wellbeing	MD016 - ASC - nighttime care and support service enabling people to stay at home	270,000
Care & Wellbeing	MD026 - Shared lives cost avoidance delivered through increase in capacity	138,688
Children & Young People	MD020 - Stepping Stones	546,310
Children & Young People	PRR4 - Children's Rightsizing	2,000,000
Children & Young People	RC016 - Agency Staff - reducing use of agency staff; promote permanent staffing.	85,000
Commissioning	RC094 - Waste contract efficiencies across the waste service including review of garden waste collection costs and HRC opening times to be delivered through negotiated changes to the contract.	600,000
Commissioning	RC096 - Asking other organisations (commercial companies) to manage our leisure centres for us.	200,000
Commissioning	RC026 - Review and potential reduction of some leisure provision to achieve cost reductions.	30,000
Commissioning	Historical Savings to be identified target on cc 10001	465,880
Commissioning	Legacy Leisure savings target	320,100
Communities & Customer	EFF45 - Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	264,480
Communities & Customer	RC032 - Review Library Services to ensure maximum efficiencies including funding reviews and reshaping/reductions of services & archiving	20,000
Corporate	PRTPS0 - Third Party	10,239,398
Corporate	PPR0 - Rightsizing	11,723,400
Corporate	PRF&C0 - Income	3,848,740
Enabling	SC013 - Rationalise property and buildings to secure revenue savings (e.g. utilities, security, repairs and maintenance etc).	3,000,000
Enabling	RC040 - Dispose of Shirehall quicker and relocate services	294,460
Enabling	PRR2 - Enabling Resizing	1,256,000
Enabling	RC074 - Anticipated cost reductions in Revenues & Benefits arising from improvement of in-house Temporary Accommodation provision.	1,000,000
Enabling	EFF81 - New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	455,690
Enabling	EFF84 - New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Finance and IT).	20,740
Enabling	Revenues & Benefits legacy savings target	60,000
Infrastructure	EFF45 - Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	1,525,870
Infrastructure	TO009 - Review service synergies to secure cost reductions across Highways, Maintenance, and Outdoors services.	400,000
Infrastructure	PRR5 - Infrastructure Resizing	850,000
Infrastructure	RC089 - Increased charges for car parking across the County.	500,000
Infrastructure	RC091 - More fixed penalties issued for dog fouling, littering and illegal parking.	300,000
Infrastructure	RC090 - Residents' only parking will be enforced for an annual residents fee.	100,000
Legal, Governance & Planning	PRR1 - Legal & Governance Resizing	65,320
Legal, Governance & Planning	EFF83 - New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Legal and Democratic).	57,330
Strategy	EFF81 - New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	189,530
Strategy	TO001 - Explore shared emergency planning resource and resilience with partners.	15,000
<b>Total</b>		<b>42,669,332</b>

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## Appendix 3 Demography & Demand Growth

Service Area	Service	Additional Budget required based on 2025/26 Numbers (£)	2026/27 Forecast Growth (£)	Total (£)
Commissioning	Waste Management	0	200,000	200,000
Infrastructure	Highways	0	57,090	57,090
Infrastructure	Home to School Transport	0	1,737,000	1,737,000
Infrastructure	Social Care Transport	347,500	5,000	352,500
Children & Young People	EHCP Team	552,720	0	552,720
Children & Young People	Education Psychology	643,088	0	643,088
Children & Young People	Children's Social Care	13,059,806	4,129,480	17,189,286
Care & Wellbeing	Adult Social Care	24,791,957	5,385,965	30,177,922
Care & Wellbeing	Assistive Equipment	205,320		205,320
				0
<b>Total</b>		<b>39,600,391</b>	<b>11,514,535</b>	<b>51,114,926</b>

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## Appendix 4 Service Growth

		(£)
<b>Total Staffing Service Growth</b>		<b>3,742,270</b>
<b>Service Area</b>	<b>Service</b>	
Communities & Customer	Libraries	4,700
Communities & Customer	Museum & Archives	39,047
Communities & Customer	Temporary Accommodation	400,000
Commissioning	Leisure tender	100,000
Enabling	Revenues and Benefits overpayment recovery pressure	1,100,000
Enabling	Guildhall refurbishment	47,000
Enabling	IT Leasing	834,000
Enabling	IT Cloud costs	320,000
Legal, Governance & Planning	Childcare Court Fees	35,500
Infrastructure	Highways re-tender	500,000
Strategy	Climate Change	335,030
<b>Total Non-staffing Service Growth</b>		<b>3,715,277</b>
<b>Total Service Growth</b>		<b>7,457,547</b>

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## **Appendix 5 Inflationary growth**

<b>Service Area</b>	<b>Service</b>	<b>2026/27 Price Inflation (£)</b>
Strategy	Joint Training	1,555
Strategy	Data Intelligence	1,039
Strategy	Communications	2,825
Care & Wellbeing	Social Care Purchasing	8,418,025
Care & Wellbeing	Social Care internal provision	15,399
Care & Wellbeing	Social Care Prevention	73,041
Care & Wellbeing	Assistive Equipment	14,528
Children & Young People	EHCP Team	11,054
Children & Young People	Education Psychology	21,928
Children & Young People	Children's Social Care	2,971,481
Commissioning	Waste Management	12,106
Commissioning	Leisure	58,051
Commissioning	Bereavement Services	14,082
Commissioning	Procurement	1,349
Communities & Customer	Housing	18,227
Communities & Customer	Museums and Archives	953
Corporate	Corporate subscriptions	7,194
Corporate	External Audit Costs	24,080
Corporate	Insurance	106,500
Corporate	PFI Unitary Charges	74,103
Enabling	IT contracts	382,742
Enabling	Health & Safety	1,858
Enabling	Human Resources	14,484
Enabling	Finance	15,911
Enabling	Corporate Landlord	601,510
Infrastructure	Highways	505,990
Infrastructure	Home to School Transport	721,040
Infrastructure	Social Care Transport	37,410
Infrastructure	Public Transport	360,830
Infrastructure	Environment & Transport	47,300
Infrastructure	Drainage	6,750
Legal, Governance & Planning	Legal	22,647
Legal, Governance & Planning	Elections	8,712
Legal, Governance & Planning	Information Governance	542
Legal, Governance & Planning	Internal Audit	971
<b>Total Price &amp; Utilities Inflation</b>		<b>14,576,217</b>
<b>Total Salaries inflation net of pension contribution reductions</b>		<b>313,920</b>
<b>Total overall inflationary growth</b>		<b>14,890,137</b>

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## **Appendix 6 2026/27 Draft Resources/Income Budget Summary**

<b>MTFS Feb 2025 Resources budget for 2025/26</b>	<b>767,007,128</b>
Additional Council Tax Income	11,849,175
Additional Business Rates Income	13,116,309
Change in Revenue Support Grant & Service Specific Grants	-14,303,903
Movement in Collection Fund	-2,927,195
<b>MTFS Feb 2026 Resources budget for 2026/27</b>	<b>774,741,514</b>

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#### Appendix 7 MTFP Summary

	2026/27	2027/28	2028/29	2029/30	2030/31	Notes
	£	£	£	£	£	
Resources/ Income	774,741,515	796,803,285	805,022,347	822,778,769	841,550,485	1
Expenditure	903,927,619	930,342,200	964,840,350	1,003,975,710	1,036,733,944	2
<b>Remaining Gap/(Surplus) to be Funded</b>	<b>129,186,104</b>	<b>133,538,915</b>	<b>159,818,003</b>	<b>181,196,941</b>	<b>195,183,459</b>	

#### Notes

- 1 Inclusive of 4.99% Council tax increase plus taxbase growth
- 2 Inclusive of savings increasing from £5m in 26/27 to £45m by 2030/31. These must be ongoing in the base

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# Children's Services Benchmark Report



Shropshire Council

Date: November 2025

Analysis prepared by: Barry Scarr

# Briefing

## **1. Introduction**

This report has been commissioned by the LGA as part of its support to Shropshire Council Children's Services (CS). It aims to provide a context for planning and to highlight questions and issues which may warrant further investigation and consideration.

The report provides a commentary on the budget position for Children's Services within the wider council position along with key financial and performance benchmarks for children's social care and education services in order to identify possible areas which may assist the Council in improving value for money.

The analysis has been prepared using historical public records and datasets predominantly. The main sources used have been LGInform, the Local Authority Interactive Tool (LAIT) for 2025, RO and RS forms.

Comparative benchmarks such as this have well established flaws and limitations – in particular the data used are inevitably lagging behind real time. Whilst useful for gaining a better understanding of local issues and cost drivers, they do not in themselves provide definitive answers.

The report uses the DfE Children's Services specific Statistical Neighbour Group unless otherwise stated. This is the data most usually used by DfE, is designed for the purpose, and should be used to inform discussions with Government.

The LGA has made every effort to ensure the information is accurate. However, it makes no representation that the contents of the analysis are accurate and is not responsible for any errors or omissions as reliance has been placed on secondary information. The LGA and the author accept no responsibility if any person or organisation incurs claims or liabilities or suffers loss of damage because they relied on anything in this report.

## 2. Overall Corporate Financial Position

The Council revised its financial strategy for 2026/27 onwards in a report to Cabinet on 15 October 2025. The following position was set out for 2026/27 to 2030/31:

Funding Gap	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
Resources (incl savings plans)	778,457,705	787,797,887	798,427,559	816,842,135	836,657,104
Expenditure (incl savings plans)	860,135,195	881,924,651	912,103,641	943,382,372	975,213,209
<b>Remaining Gap/(Surplus) to be Funded</b>	<b>81,677,491</b>	<b>94,126,764</b>	<b>113,676,082</b>	<b>126,540,238</b>	<b>138,556,106</b>
<b>Increase in Funding Gap per Year</b>	<b>81,677,490</b>	<b>12,449,274</b>	<b>19,549,318</b>	<b>12,864,155</b>	<b>12,015,868</b>

This represents a significant gap in the Council's finances.

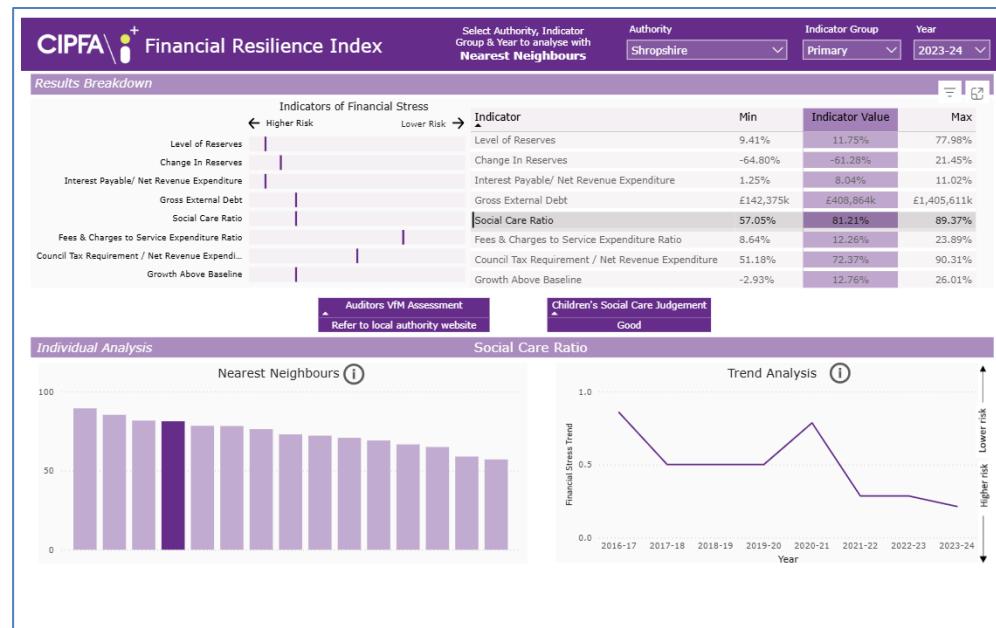
A report to Cabinet on 10 September 2025 identified that the 2025/26 budget had an adverse projected outturn of £35m, with £34m available in general reserves.

The main contributory factors in relation to this overspend are:

- £25.874m of savings not yet identified or without a clear delivery plan in place.
- £18.175m spend over budget against purchasing costs within Adult Social Care.
- £9.868m spend over budget forecast on External Residential Placements shown within the Children and Young People.
- £1.268m spend over budget forecast on Home to School Transport.

The Council has declared a financial emergency and is in ongoing discussions with central government.

Looking at the latest **CIPFA Resilience Index for 2023/24**, Shropshire's results suggest that for the majority of the indicators used the authority falls in the high risk category compared to statistical nearest neighbours. The major risks flagged are in relation to the Council's level of reserves and the use of those reserves.



The social care ratio (% of net revenue budget spent on social care) is towards the higher end of the risk level, which means that pressure in children's and adults will pose proportionally higher risk to the Council's overall financial resilience.

### **3. Children's Services Finance**

The table below shows the recent budget history and financial performance on children's social care and education services funded by the general fund:

Childrens Services			
	Budget £m	Actual £m	Variance £m
2021/22	64.729	67.641	2.912
2022/23	69.460	78.156	8.696
2023/24	70.698	74.663	3.965
2024/25	80.404	93.191	12.787

*[data taken from Council Cabinet reports]*

The data shows that there is a history of overspending, and as at 2025/26 this pattern of overspend is continuing (see analysis above)

The latest MTFS shows that current savings plans are not being delivered, and the Council is currently preparing options to revise savings and transformation plans.

### **Areas for further consideration**

- Is the budget for Children's Services realistic and deliverable?
- Are the savings on Children's Services achievable?
- What assurance is provided to the CFO regarding robustness of estimates?
- What external support is being used to deliver Children's Services transformation? Does the Council need something more or different?

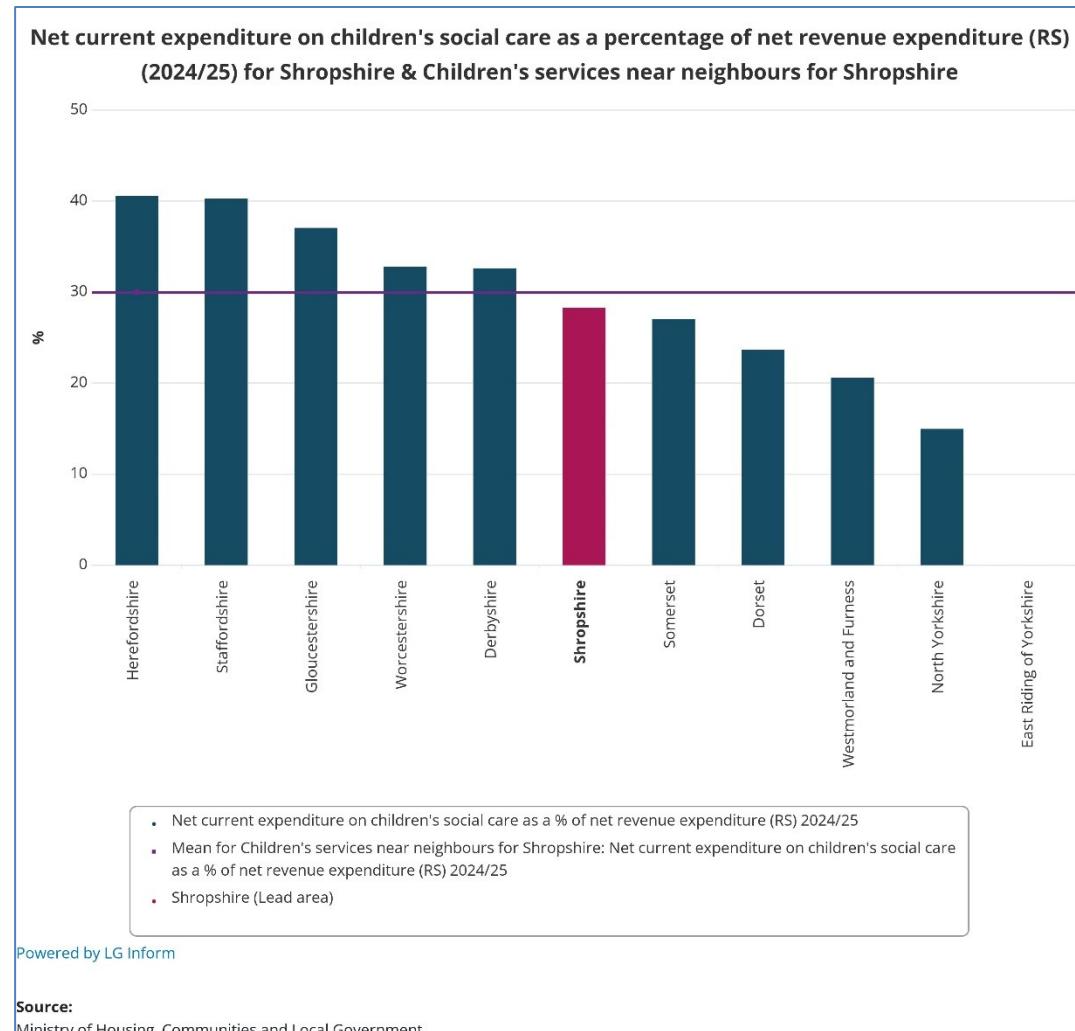
### **4. Children's Services as a share of overall resource**

The following table shows expenditure on Children's social care in Shropshire as a proportion of Net Revenue Expenditure (NRE):

	% of NRE accounted for by Children's Social Care	
Year	Shropshire	CS neighbours
2020/21	15.29	24.77
2021/22	20.88	25.87
2022/23	24.07	28.16
2023/24	27.02	30.64
2024/25	28.31	29.97

[data from Revenue Outturn Summary Reports (RS) via LG Inform]

As can be seen, Shropshire starts from a below average position and grows every year. The gap between the Council and the mean is smaller, but Shropshire is still below average. The Council is becoming increasingly exposed to the risk of rising spend and demand on children's social care, confirming the picture from the CIPFA Resilience Index.



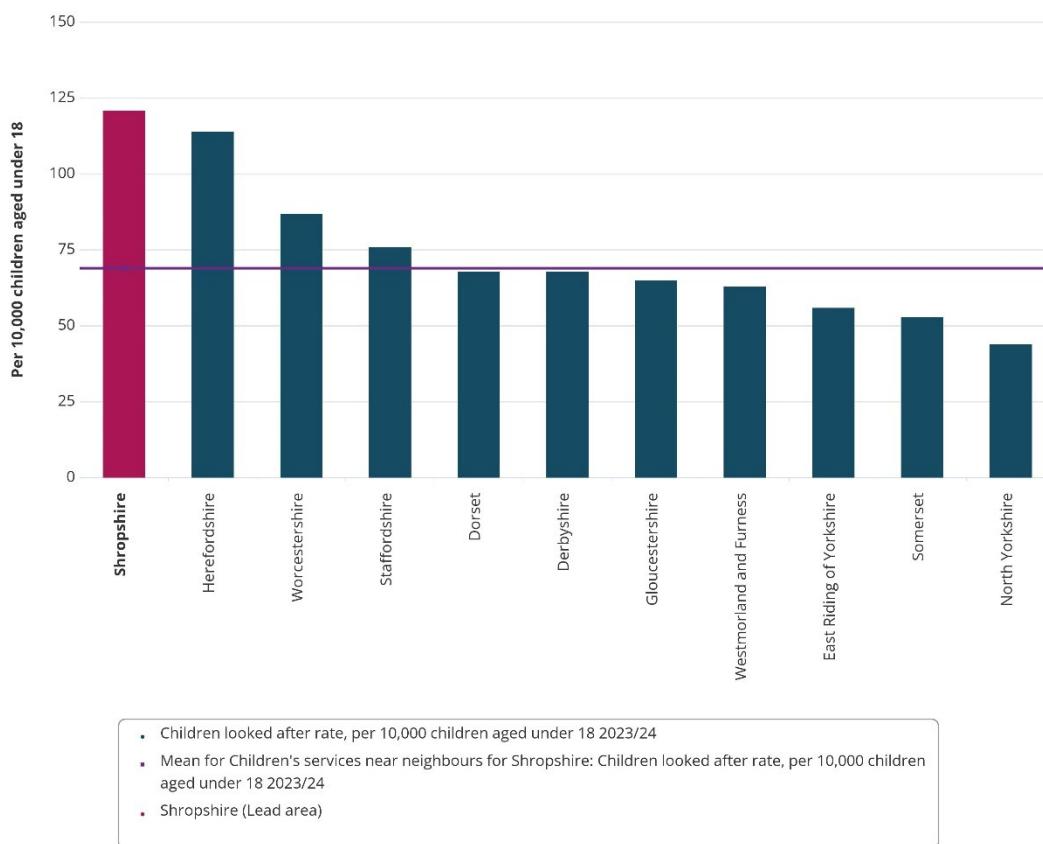
The above graph shows that the Council is towards the middle of the neighbour group.

## 5. The relative size of overall CLA caseloads in Shropshire.

This section focuses more closely on Children Looked After (CLA) caseloads in Shropshire, and benchmarks against its closest Children's statistical neighbours.

Looking at the rate of CLA caseload per under 18, Shropshire appears to be the second highest in the statistical neighbour group.

Children looked after rate, per 10,000 children aged under 18 (2023/24) for Shropshire & Children's services near neighbours for Shropshire

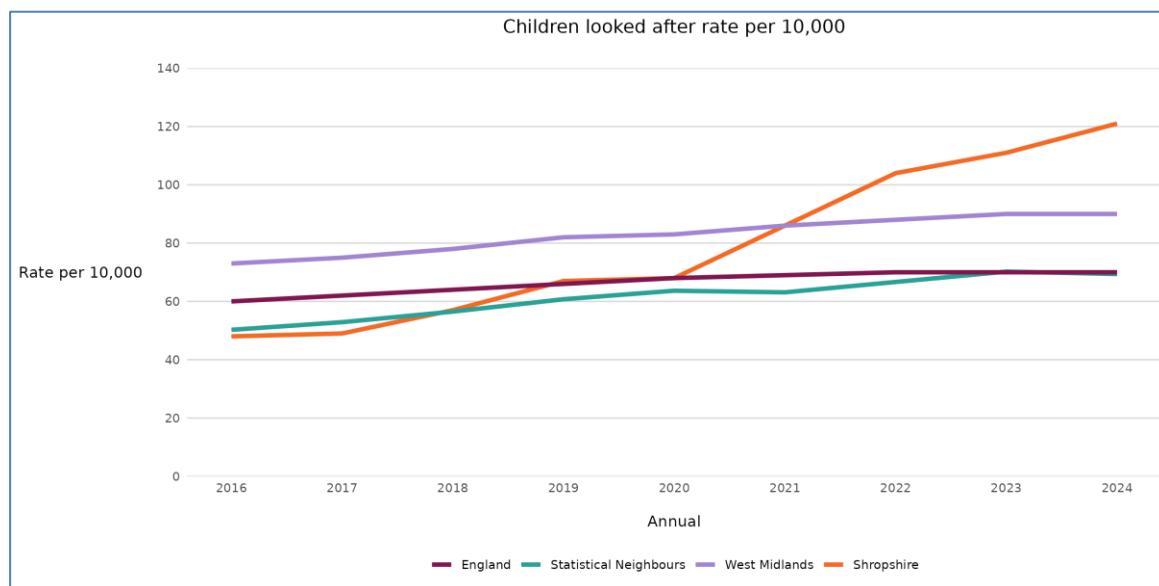


Powered by LG Inform

Source:  
Department for Education

The Council has the highest rate of CLA in the neighbour group.

The graph below shows CLA rates over time, compared to statistical neighbours (SN's) the West Midlands, and England. The Shropshire rate (orange line) is above all comparator groups, and demonstrated a sharp rise after 2020. Before 2020 the Council had been below the West Midlands average.



Source – LAIT November 2025 version

The Council has an increasing percentage of spend on Children's Services  
Page 6 of 12

as a proportion of total spend, and a high rate of Children Looked After.

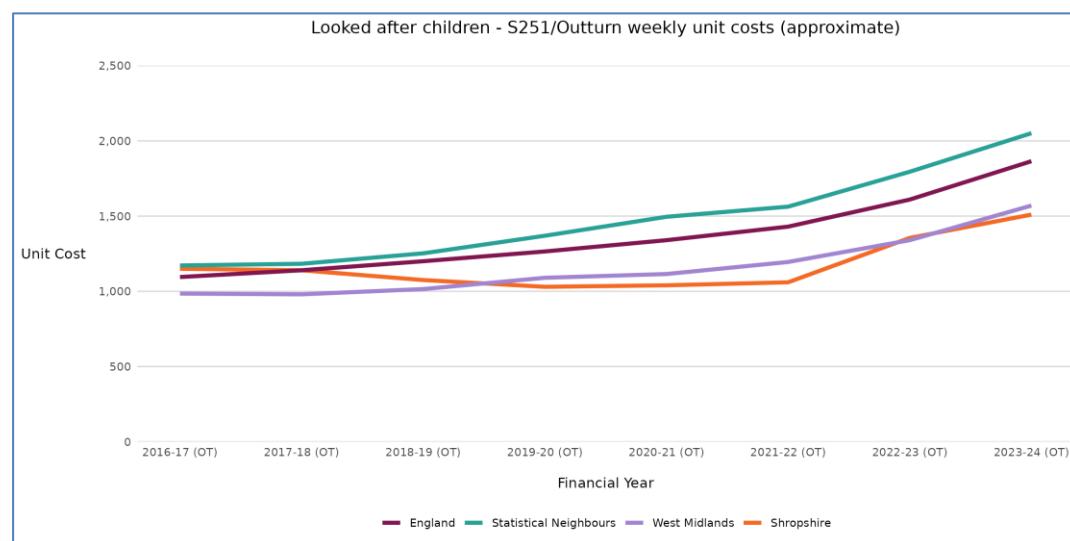
## Areas for consideration

- Does the Council recognise this position?
- Does this suggest that the key to controlling spend lies more in managing demand than in managing costs per unit? Does your transformation approach reflect this?
- Would continued focus on early intervention and prevention be useful?
- Can Stepping Stones further help reduce CLA rates?
- Is the rate of CLA and spending on CLA sustainable?

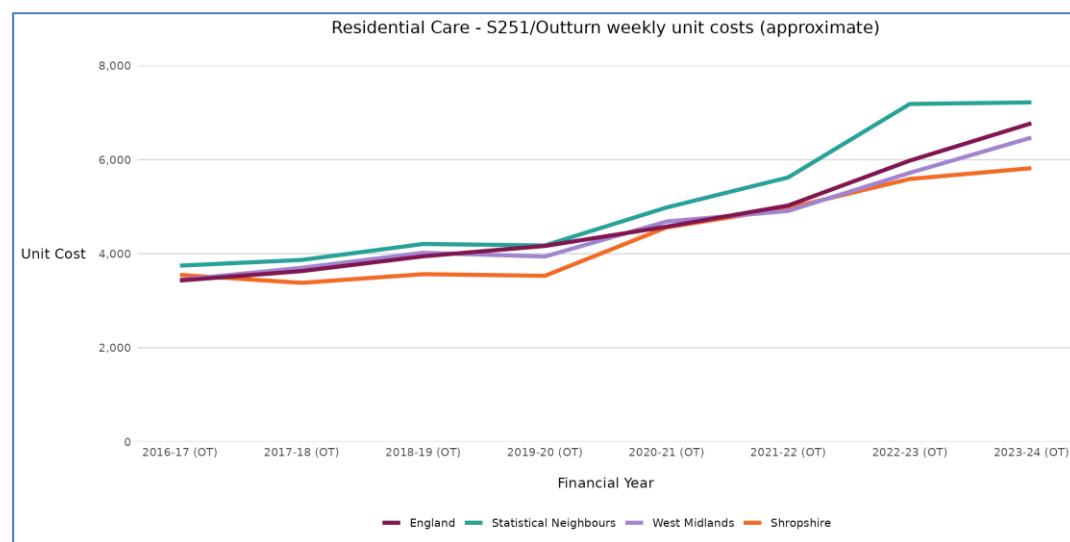
## 6. Placement Unit Costs

Further benchmarks were selected from the Local Authority Interactive Toolkit to understand the weekly unit cost of placement type. These are shown in the graphs below.

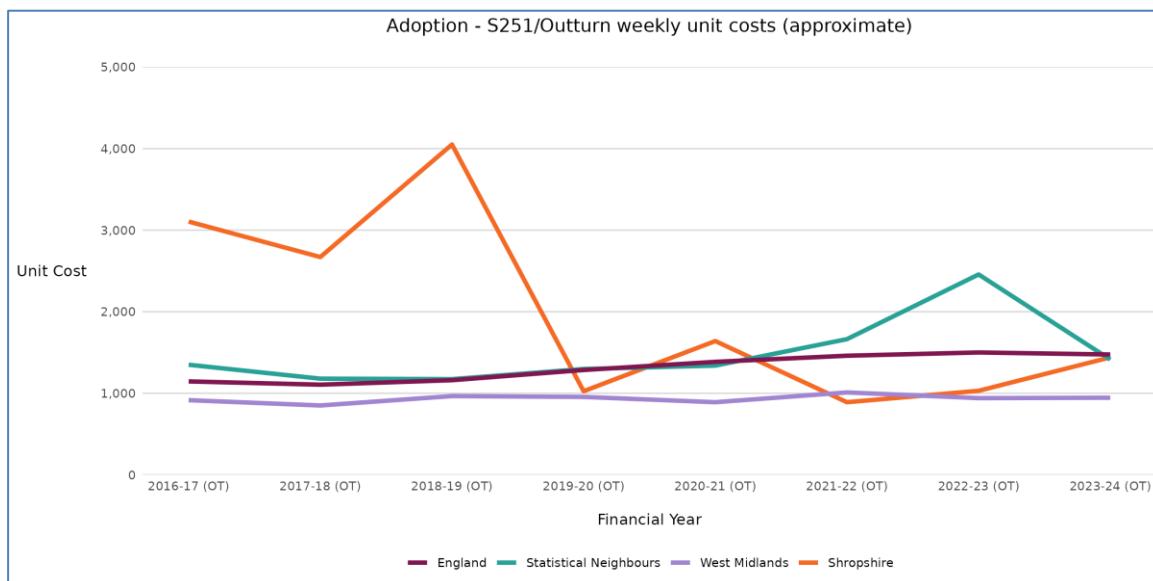
### *Overall Children looked after*



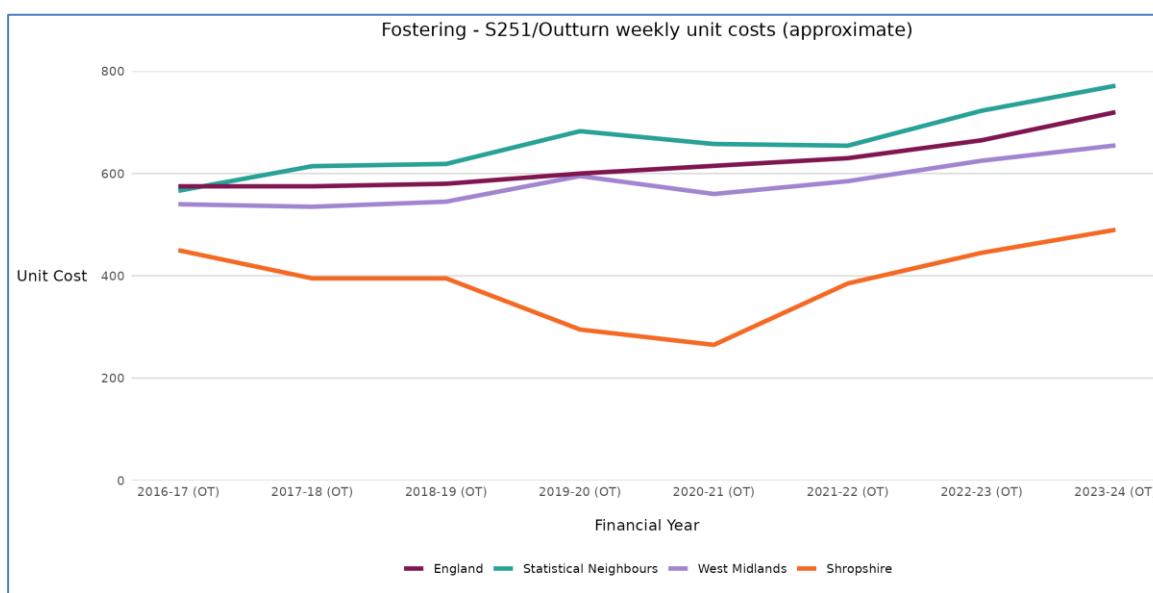
### *Residential Care*



## Adoption



## Fostering



[Source LAIT November 2025 version]

The weekly unit costs are low across all placement types, further suggesting that any interventions to control costs should be pointed at demand management rather than lowering cost per unit.

## Areas for further consideration

- Does this resonate with your commissioning approach and understanding of the market?
- Is there an opportunity to encourage greater take up of fostering and adoption?

## 7. Workforce comparators

Workforce costs and issues of recruitment and retention are strong cost drivers for Children's Services, especially in Councils that are showing pressures in relation to increasing numbers of agency staff.

*Average number of cases per children and families social worker:*

LA and Regions	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Shropshire</b>	<b>8.4</b>	<b>25.1</b>	<b>17.5</b>	<b>17.2</b>	<b>21.2</b>	<b>23.0</b>	<b>19.4</b>	<b>19.9</b>	<b>19.6</b>
West Midlands	13.6	18.5	17.9	17.2	17.2	16.3	17.1	16.6	16.2
Statistical Neighbours	17.4	18.9	17.2	17.0	16.3	15.8	16.7	16.3	16.1
<b>England</b>	<b>16.1</b>	<b>17.7</b>	<b>17.4</b>	<b>16.9</b>	<b>16.3</b>	<b>16.3</b>	<b>16.6</b>	<b>16.0</b>	<b>15.4</b>

*Percentage rate of social worker turnover*

LA and Regions	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Shropshire</b>	<b>13.6</b>	<b>11.8</b>	<b>10.8</b>	<b>11.2</b>	<b>8.5</b>	<b>8.7</b>	<b>8.8</b>	<b>7.7</b>	<b>9.7</b>
West Midlands	15.4	14.0	15.8	15.7	14.4	18.8	16.4	15.8	11.9
Statistical Neighbours	14.2	14.4	16.4	13.9	11.9	15.4	18.7	14.3	12.1
<b>England</b>	<b>15.1</b>	<b>13.4</b>	<b>15.1</b>	<b>15.0</b>	<b>13.5</b>	<b>15.4</b>	<b>17.2</b>	<b>15.9</b>	<b>13.8</b>

*Percentage of agency social workers*

LA and Regions	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Shropshire</b>	<b>15.9</b>	<b>16.4</b>	<b>10.8</b>	<b>14.4</b>	<b>16.4</b>	<b>19.6</b>	<b>25.3</b>	<b>20.5</b>	<b>18.6</b>
West Midlands	17.6	16.8	16.7	16.0	16.0	16.1	18.0	16.6	13.9
Statistical Neighbours	11.2	10.8	14.3	11.7	12.0	13.2	16.6	17.5	14.8
<b>England</b>	<b>16.1</b>	<b>15.8</b>	<b>15.4</b>	<b>15.8</b>	<b>15.4</b>	<b>15.5</b>	<b>17.6</b>	<b>17.9</b>	<b>16.2</b>

*Percentage of agency social workers covering vacancies*

LA and Regions	2017	2018	2019	2020	2021	2022	2023	2024
<b>Shropshire</b>	<b>63.6</b>	<b>100.0</b>	<b>NA</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>89.3</b>
West Midlands	64.5	75.9	69.9	67.3	64.2	63.0	63.0	69.2
Statistical Neighbours	39.6	49.0	64.5	66.4	63.7	59.3	70.3	63.2
<b>England</b>	<b>67.5</b>	<b>72.3</b>	<b>73.1</b>	<b>74.1</b>	<b>69.9</b>	<b>68.8</b>	<b>74.4</b>	<b>76.2</b>

*[Source LA/T November 2025 version]*

The Council has a mixed position during the time period:

- High average cases per social worker;
- Low social worker turnover, improving since 2019, but starting to increase slightly;
- Historically comparatively low percentage of agency social workers, rising to a comparatively high percentage after 2020;
- Not all agency workers are covering vacancies, suggesting a level of supernumerary posts

## Areas for further consideration

- Does the Council understand why agency costs have become an issue from 2020 onwards?
- Are pressures due to rising demand (average caseload) or increased staff turnover?
- Has the workforce strategy and/or recruitment and retention strategy been revised?

## 8. Children's Services demand

The tables below summarise demand for Children's Social Care services:

### Section 47 enquiries per 10,000 children

LA and Regions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Shropshire</b>	<b>118.4</b>	<b>99.6</b>	<b>90.4</b>	<b>173.4</b>	<b>183.8</b>	<b>213.2</b>	<b>196.2</b>	<b>182.3</b>	<b>179.5</b>	<b>171.4</b>
West Midlands	165.8	182.2	192.3	187.9	170.6	180.2	198.1	197.7	193.0	182.9
Statistical Neighbours	122.7	121.1	143.1	126.4	144.8	134.5	171.9	176.7	184.8	184.1
<b>England</b>	<b>148.8</b>	<b>159.1</b>	<b>169.1</b>	<b>171.1</b>	<b>170.5</b>	<b>168.6</b>	<b>185.2</b>	<b>189.4</b>	<b>186.2</b>	<b>189.3</b>

### Referral rate to social services per 10,000 children

LA and Regions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Shropshire</b>	<b>306.9</b>	<b>239.4</b>	<b>244.6</b>	<b>338.7</b>	<b>320.0</b>	<b>345.9</b>	<b>323.1</b>	<b>293.8</b>	<b>255.8</b>	<b>250.0</b>
West Midlands	559.0	654.4	650.8	595.9	532.1	499.7	508.3	521.4	482.5	464.2
Statistical Neighbours	505.8	475.1	541.6	479.6	484.0	426.2	497.1	484.8	445.9	467.4
<b>England</b>	<b>536.0</b>	<b>553.6</b>	<b>559.6</b>	<b>553.7</b>	<b>545.3</b>	<b>507.1</b>	<b>552.8</b>	<b>538.1</b>	<b>515.7</b>	<b>519.4</b>

### Children in need (CIN) rate per 10,000 children

LA and Regions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Shropshire</b>	<b>273.3</b>	<b>200.1</b>	<b>204.0</b>	<b>269.8</b>	<b>267.7</b>	<b>330.5</b>	<b>330.2</b>	<b>327.3</b>	<b>362.2</b>	<b>367.2</b>
West Midlands	358.9	352.4	361.0	354.0	340.4	347.4	365.1	364.5	349.9	345.3
Statistical Neighbours	316.2	305.0	321.3	296.1	317.2	309.1	346.3	339.9	320.3	330.7
<b>England</b>	<b>339.8</b>	<b>333.3</b>	<b>345.4</b>	<b>339.8</b>	<b>330.1</b>	<b>329.6</b>	<b>343.7</b>	<b>338.7</b>	<b>331.2</b>	<b>330.3</b>

### Child Protection Plan rate per 10,000 children

LA and Regions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Shropshire</b>	<b>45.0</b>	<b>40.7</b>	<b>32.1</b>	<b>55.7</b>	<b>45.9</b>	<b>47.6</b>	<b>34.8</b>	<b>40.3</b>	<b>31.6</b>	<b>28.8</b>
West Midlands	43.3	45.3	50.1	47.5	45.8	43.1	43.7	44.3	44.5	40.3
Statistical Neighbours	40.8	39.4	45.5	42.9	40.6	38.9	46.6	42.7	45.1	41.8
<b>England</b>	<b>43.4</b>	<b>43.8</b>	<b>45.9</b>	<b>44.5</b>	<b>43.7</b>	<b>42.4</b>	<b>43.3</b>	<b>42.7</b>	<b>41.4</b>	<b>40.6</b>

### CLA rate per 10,000 children

LA and Regions	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Shropshire</b>	<b>48.0</b>	<b>49.0</b>	<b>57.0</b>	<b>67.0</b>	<b>68.0</b>	<b>86.0</b>	<b>104.0</b>	<b>111.0</b>	<b>121.0</b>
West Midlands	73.0	75.0	78.0	82.0	83.0	86.0	88.0	90.0	90.0
Statistical Neighbours	50.3	52.9	56.5	60.8	63.7	63.1	66.7	70.2	69.4
<b>England</b>	<b>60.0</b>	<b>62.0</b>	<b>64.0</b>	<b>66.0</b>	<b>68.0</b>	<b>69.0</b>	<b>70.0</b>	<b>70.0</b>	<b>70.0</b>

[Source LAIT November 2025 version. Financial data fed into LAIT from S251 returns]

Section 47 rates are lower than comparator groups, although the rate of increase is higher.

The child protection plan rate is steady and in line with comparator groups.

The CLA rate has been historically lower than comparator groups but increased at a higher rate from 2021 onwards.

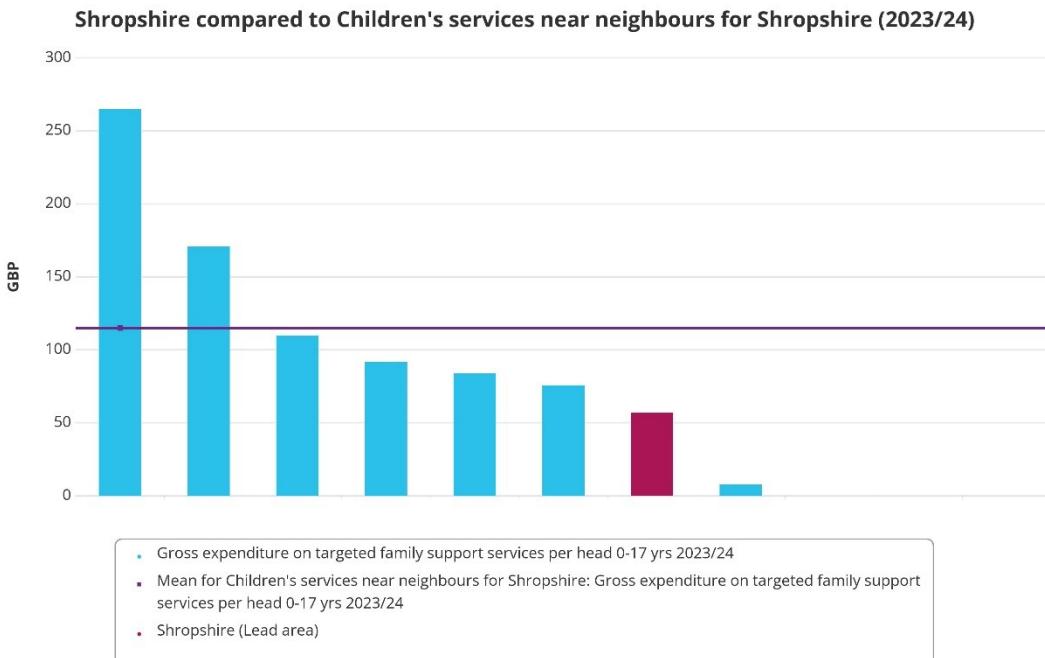
The Children in Need (CIN) rate is higher than comparator groups.

### Areas for further consideration

- Is this analysis of the pattern of demand consistent with the Council's understanding?
- Does the Council know why this level of demand is translating to a higher number of Children Looked After and CIN?
- Does this picture align with the early help and prevention strategies?
- Are the Council confident about management of thresholds?
- Is the rising demand causing the recent staffing pressures?

### 9. Family Support

Spending on family support is shown in the following graph:



Shropshire has the second lowest spend in the statistical neighbour group, well below the mean in 2020/24. The Council has been investing in this area and future years could show a different profile.

### Areas for further consideration

- Is this level of spend on family support contributing to higher demand figures?
- Do the Council's transformation plans continue to include an investment in strengthening this area?

### 11. Summary

Shropshire Council is predicting significant budget gaps in its MTFS, and has declared a financial emergency. The CIPFA resilience index shows that the Council has a proportionately high spend on social care, which means that pressures in Children's spending carry a high risk.

The Council has historically overspent on children's services and is showing cost pressures on home to school transport.

The benchmark figures show that the Council has high and rising demand for services, but low unit costs. The per capita spending on family support is also low. This suggests that the Council should be focussing on early help and intervention in its transformation plans rather than lowering costs through commissioning and procurement.

Average caseload figures are high, but turnover figures are low. Agency staffing is relatively high. This may be due to the increasing demand and the need to manage average caseloads, but the reasons need to be clearly understood to ensure that more serious underlying problems with workforce are not developing.

Demand for services is generally lower than statistical neighbours, but this seems to be translating into higher than average children in need and children looked after numbers. The way in which this is happening needs to be understood and managed by the Council.

## Consultation on Provisional Local Government Finance Settlement 2026-27

### Executive Summary

Shropshire Council does not believe the basis of the funding has been fair and equitable as was intended;

- The removal of the remoteness adjustment from relative needs formulae apart from Adult Social Care means there is not adequate funding to support the cost of delivering services in rural locations.
- Continuation of the one-year recovery grant for a second year for previous recipients means not only is there inequity resulting from the top-slicing of this funding from the whole sector to provide this to previous recipients but continuation of this grant was not even part of the consultation process.
- Council Tax equalisation means taking from those who have made difficult local decisions to raise council tax and redistribute it to those who have in the past perhaps not done so.

Shropshire Council was optimistic that the Funding Review and subsequent multi-year settlement would truly reflect the cost pressures that our rural authority is facing. Instead, we have been left hugely disappointed to see that our government funding has reduced significantly over the period, at a larger rate than other rural authorities, and in direct contrast to the large increases planned for urban authorities. MHCLG are aware of the structural funding gap that Shropshire Council faces, which makes this settlement even more disappointing that the government has chosen to amend the Fair Funding Formulae to further disadvantage this and other rural authorities.

We would ask that government looks again at the evidence provided which demonstrates that rural costs are impacted by more than just travel time across **all** services that the Council provides. The Council is aware of the Settlement response compiled by the Rural Services Network and is fully supportive of the arguments for inclusion of the Remoteness Adjustment highlighted in their response.

Shropshire Council is working hard to bring the Council's budget into a sustainable position, but this needs support from the government, by ensuring that funding provided to the authority accurately reflects the cost pressures the authority is facing and that flexibilities around referendum levels for council tax are considered.

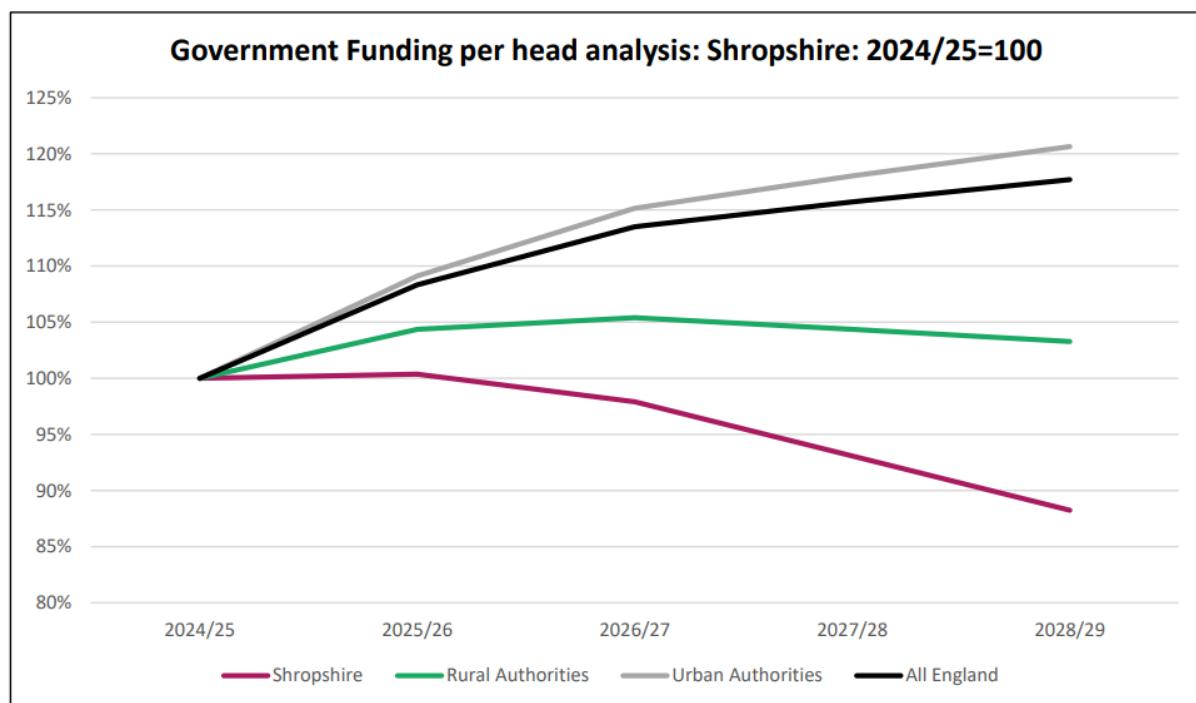
**Question 1: Do you agree or disagree with the government's proposals for distributing the total Fair Funding Allocation across the multi-year Settlement period from 2026-27? This encompasses the approach to Baseline Funding Levels, Revenue Support Grant, the Adult Social Care Relative Needs Formula distribution, the additional funding for local services, the approach to the Local Authority Better Care Grant, and the method for calculating tariffs and top-ups.**

Shropshire Council strongly disagrees with specific elements of the Fair Funding Allocation across the multi year Settlement given that specific elements seem to be in direct contrast to the original intention of the Fair Funding Review.

In the Provisional Local Government Finance Settlement for 2025, it stated “the government will ensure the impact of rurality on the cost of service delivery and demand is reflected in the public consultation next year. However, the figures arising from the settlement provide a very different picture, with urban councils receiving 41% more per head in Government Funded Spending Power than the most rural councils in 2026/27, and as a result rural authorities are significantly more reliant on council tax income for any increase in funding.

Despite the Core Spending Power increasing for Shropshire over the multi year settlement, this is wholly due to increases in Council Tax. Without this, we would have seen a reduction in our funding levels. Government funding reductions over the next three financial years add a further pressure to budgets already squeezed due to the removal of the Rural Services Delivery Grant in 2025/26. Given that Shropshire already spends 74% of its net budget on social care, and has a much higher trajectory of population growth of over 65's to the national average, government funding should and must increase to provide adequate funding for statutory services.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Council Tax Requirement	205.1	219.3	234.0	249.8	266.6
Other Funding	149.7	151.5	149.0	142.7	136.3
<b>Core Spending Power</b>	<b>354.8</b>	<b>370.8</b>	<b>383.0</b>	<b>392.5</b>	<b>402.9</b>
<i>Core Spending Power change since 2024 (£m)</i>		16.0	28.2	37.7	48.1
<i>Core Spending Power change since 2024 (%)</i>		4.5%	7.9%	10.6%	13.6%
<i>Core Spending Power change relating to Council Tax since 2024 (£m)</i>		14.2	28.9	44.7	61.5
<i>Core Spending Power change relating to Council Tax since 2024 (%)</i>		4.0%	8.1%	12.6%	17.3%
<i>Core Spending Power change relating to Other Funding since 2024 (£m)</i>		1.8	-0.7	-7.0	-13.4
<i>Core Spending Power change relating to Other Funding since 2024 (%)</i>		0.5%	-0.2%	-2.0%	-3.8%



The key concern that we have with regard to the settlement is the exclusion of a Remoteness uplift in the Area Cost Adjustments except for Adult Social Care. For Shropshire Council we believe that this change alone has reduced our settlement funding by around £4.4m. Whilst it is noted that the Area Cost Adjustments include

Accessibility and Remoteness uplifts, this is only a partial solution to reflecting the increased costs that rural authorities face in providing services. There are many other examples in addition to travel times that impact on the costs of services. For example:

- Access to adequate public transport – frequency of buses and routes across county areas are not available due to funding reductions and commercial viability of routes. This significantly impacts ability of residents to access services, and can be cause social isolation and impact the economy of Shropshire.
- Rurality within Shropshire also means that school bus routes cannot be accommodated by commercial bus companies. Instead the authority has to rely on taxi's to provide school transports for a number of journey, which comes at a cost premium when compared to urban authorities where commercial bus companies will provide standardised routes in a limited location.
- Digital connectivity is still an issue for some areas of Shropshire, which impact on residents' ability to access online services, and business operation including remote working. This also means that the Council still has to rely on the provision of face to face and telephone service provision, thereby not reducing specific running costs that other councils can benefit from.
- Competition within providers that the Council contracts with is limited in a rural setting. Whilst this has been highlighted as a pressure in Adult Social Care, this is not unique to this sector, and for other services there will be a much reduced number of suppliers bidding for council contracts when compared to more urban settings.
- Reduced provision of affordable housing, meaning communities are unable to attract and retain young people, impacting on recruitment issues for the council and business within the county alike, thereby again affecting unit costs of services procured and provided. Also this has direct implications for the level of temporary accommodation and homelessness within the County.
- Community facilities impacting on resident wellbeing, education and support are reduced and less available locally in rural settings including libraries, leisure and community facilities.

Shropshire Council therefore requests that the government reinstate the remoteness weighting into all the RNF in order to accurately reflect the true costs of providing services in a rural setting, which this funding settlement was intended to do.

Shropshire Council also notes that the Provisional Local Government Settlement includes a continued allocation of Recovery Grant to those authorities in receipt of the grant in 2025/26. This does not form part of the Fair Funding Assessment and was not previously consulted on over the course of the summer. To reiterate, the intention of the

Fair Funding Review 2.0 was to ensure that funding was distributed based on sound and accurate evidence and bases. The £600m distribution of the Recovery Grant is in direct contrast to the principles of the funding review, and therefore we strongly disagree with the continuation of the Recovery Grant and would recommend that this funding is instead distributed via the fair funding assessment along with all other specific grants that have been pooled into this assessment.

As stated in our response to the Fair Funding Review 2.0, Shropshire Council does not support full council tax equalisation. Council tax is a local tax, and as such the tax generated should be retained locally. If full equalisation was to be adopted, then this removes any incentive for local authorities to build new homes, in line with the Government's target, as we would not be able to retain this council tax growth to fund additional services required for that increase in population. This is particularly the case now that New Homes Bonus funding has been removed. It is also unrealistic that the uniform Council tax collection rate has been set at 100%, given that no authority to collect 100% of council tax set. It would make more sense for this to be set at the average level across the country.

Also, the inclusion of second homes in the taxbase calculation was not consulted on. We believe that this should not be built into future taxbase forecasts. The increase in taxbase from this discretionary scheme is a one off, as the authority will not continue to get the same level of increase year on year.

**Question 2: Do you agree or disagree with the government's proposed transitional arrangements?**

Shropshire Council disagrees with the transitional support provided through the use of funding floors. Funding for the transitional floors has been top sliced from the overall allocation of funding, thereby reducing the funding available to all local authorities. From looking through the allocation of the funding floors, it is also inner London that benefit the most. Given that council tax levels are significantly lower than other areas in England, this would suggest that these authorities have been overfunded previously, and over the next 3 years this will continue to be the case whilst they benefit from funding floors. Meanwhile, Shropshire Council receives a significant cut in Government funding and has to provide any funding growth through council tax. This continues to be unfair and inequitable.

**Question 3: Do you agree or disagree with the proposed package of council tax referendum principles?**

No.

The increase in Core Spending Power that Government announces is wholly due to an increase in Council Tax which has removed the ability for any local decision making over the level of council tax to be set without facing a further gap in funding. For Shropshire Council we have seen a 13.6% increase in Core Spending Power over the course of the multi-year settlement in comparison to 2024/25 compared to the national figure of 23.6%. Without this level of Council tax increase, the authority would be facing a significant reduction in funding.

If the Government is not prepared to fund the cost pressures of delivering services in a rural area accurately through the funding formula then the Council believes that local authorities should have more discretion to set the level of council tax necessary to meet its cost pressures. Council tax represents 66% of Shropshire Council's Core Spending Power and therefore the current referendum limit is applying even further pressure on Council's budgets which continues to leave the Council with a structural funding gap, which we are having to address through requests under Exceptional Financial Support. No authority wishes to place a greater burden on Council taxpayers, however local authorities should have the ability to increase council tax to an appropriate level where this would not leave the council as an outlier in comparison to its statistical nearest neighbours. For example, Shropshire Council has the third lowest council tax of its statistical nearest neighbours, and therefore council tax increases in excess of the current referendum level would allow the council to address the structural funding gap it faces.

Statistical Nearest Neighbours	2025/26 Band Council Tax
Northumberland	2,268.79
Cornwall	2,171.72
Isle of Wight	2,130.06
Stockport	2,076.06
Wiltshire	2,068.18
Sefton	2,061.70
Herefordshire	2,055.45
Cheshire West and Chester	2,020.00
Wirral	1,982.44
Cheshire East	1,960.58
East Riding of Yorkshire	1,945.45
North Somerset	1,911.31
Shropshire	1,907.85
Bath and North East Somerset	1,882.17
BCP	1,865.25

**Question 4: Do you agree or disagree with the government's proposed approach to distributing funding for the Families First Partnership programme via the final version of the Children and Young People's Services (CYPS) relative needs formula?**

It is not possible to comment on this given the lack of information provided about how the Relative Needs Formula has been calculated.

**Question 5: Do you agree or disagree with the government's proposed approach of continuing the IDB support grant for 26-27 but seeking an alternative solution from 2027-28?**

Shropshire Council supports the research project to determine the funding model that is required for Internal Drainage Boards.

**Question 6: Do you agree or disagree with the government's proposal on Mayoral Strategic Authorities in the Local Government Finance Settlement?**

Agree that funding for Mayoral Strategic Authorities should be calculated based in the same way as other local authorities.

**Question 7: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please identify which protected characteristic you believe will be impacted by these proposals and provide evidence to support your comments.**

Age - given that Shropshire has an increasing aging population in comparison to the national average, it is clear that older people will be significantly disadvantaged by the reduced funding being provided to rural authorities in comparison to urban authorities as a result of the heavy weightings towards deprivation.

Older Shropshire residents are reliant on the following services provided to the Council and given the reduced funding provided, these residents are likely to be disadvantaged:

- Adult social care and home support services
- Transport services
- Public health outreach and community activities
- Accessibility adaptations and preventive services

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