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Shropshire Council

Date: Wednesday, 9 September 2026

Time: 10.30 am

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

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CABINET

UPDATED REPORT

9 Financial Monitoring Report Quarter 1 2026/27 (Pages 1 - 34)

Lead Member: Councillor Roger Evans, Portfolio Holder for Finance

Lead Officer: Duncan Whitfield, Interim Executive Director (S151)

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Committees

Finance & Improvement Scrutiny
7th September 2026

Cabinet
9th September 2025

Public

Financial Monitoring Report Quarter 1 2026/27

Cabinet Member:	Councillor Roger Evans – Portfolio Holder for Finance
Lead Director:	Duncan Whitfield, Section 151 Officer
Service Area:	Service Area
Report Author	Clare Williams, Deputy 151 Officer
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Electoral Divisions Affected	All
Key Decision?	Key Decision
Cabinet Forward Plan	Yes – 25th March 2026
Report considered by	*Finance and Improvement Overview and Scrutiny Committee – 7 September 2026* *Cabinet – 9 September 2026*

1. Purpose of Report

1.1 This report provides an update to Cabinet on the Council's financial position for the current financial year 2026/27 this includes the latest forecasts for expenditure and income against revenue and capital budgets.

1.2 Given the exceptional nature of the 2026/27 budget arising from the significant budget shortfall in 2025/26 and the need to apply for Exceptional Financial Support (EFS) over 2024/25. 2025/26 and 2026/27, this report gives the first evidence to Cabinet of progress being made in stabilising the Council's financial position in readiness for a further update of assumptions within the Medium-Term Financial Plan (MTFP) in November 2026 and preparation of the 2027/28 Budget, work on which has already commenced.

1.3 Principally this report highlights variations from budget and provides commentary and itemisation of the main variations. It outlines actions in place to manage emerging pressures with the absolute priority to deliver Council Services for 2026/27 within budget.

1.4 It also provides some assurance on improvements being made in budget monitoring arrangements and enables Members to assess the Council's progress in delivering a balanced budget whilst maintaining essential services and achieving the objectives set out in the Medium-Term Financial Plan.

1.5 This report is set in the context of a number of separate external scrutinise including those of MHCLG / CIPFA, the Corporate Peer Challenge from 2025 (revisited in 2026), the Improvement Board and associated Improvement Plan, the Non-Statutory Best Value Notice and External Audit.

2 Recommendations

Cabinet is asked to:

2.1 Note the detailed position set out in this quarterly report which forecasts a favourable variation of £2.291m against the General Fund budget as set out in Table 1.

2.2 Note that the s151 Officer continues to work with directorates in order to help them to ensure that their net expenditure is contained within their budgets and take appropriate mitigating actions where forecasts are exceeding budget.

2.3 Note the risks identified as at 30 June 2026 as set out in section 13 of report including potential impact on the financial sustainability of the Council;

2.4 Note the continued use of the Budget, Transformation and Change Panel (formerly the Operations Boards) and the Workforce Review Board with a view to enhancing the control of spend and authorisation of projects and the approvals to date of £ 3.127m for 2026/27 and £3.507m for 2027/28.

2.5 Note the forecast level of savings achieved of £5.238m to date and a further £523k to be delivered by the end of the financial year, this against a target of £5m.

2.6 Note the Capital programme and forecast outturn position as at quarter 1.

2.7 Note the forecast General Fund Balance of £15m at 31 March 2027, in line with the Financial Sustainability and Recovery Strategy agreed by Cabinet in July 2026, which aims to increase reserves by £10m per year to £35m over the longer term.

2.8 Note the reduced call for EFS in 2026/27 to £90m from the £121m set out in the MTFP report to Council in February 2026, the reduction being in line with the revised MTFP received by Cabinet in July 2026.

2.9 Note that Cabinet will receive quarterly financial updates on the financial position during 2026/27, the Quarter 2 report scheduled for November 2026 and regular updates will also be available for the Budget Forum.

2.10 Approve the Capital and Revenue budget virements as set out in Appendix 3 and 5.

3. Background

3.1 Full Council approved the budget for 2026/27 and Financial Strategy 2026/27 2030/31 on 26 February 2026. This outlined the revenue and capital budget for 2026/27. In order to balance the budget, it included £121m in principle Exceptional Financial Support. This would be subject to an independent review of the Council's finance and governance to be commissioned by MHCLG.

3.2 This work was carried out by CIPFA on behalf of MHCLG between April and May and the report was released to the Council in July albeit under embargo. This coincided with the issue of a Non-Statutory Best Value Notice that requires the Council to be reviewed by MHCLG on a regular basis. These reviews begin in September. MHCLG will be seeking evidence of improvement against their report recommendations and of progressive reductions in the Council's requirements for EFS.

3.3 The net budget for 2026/27 amounted to c £489m. The preparation of the budget accounted for the final multiyear government settlement that impacted adversely on Shropshire, alongside other rural Councils. In the circumstances and in the light of significant embedded deficits in the 2025/26 budget, a new approach was necessary insofar as it:

- required the reinstatement of previous savings that proved to be unplanned and unachievable from previous years;
- filling of structural deficits in budgets that had been accumulating over recent years as no net growth had been allowed to support growing demand and price pressures;
- Growth on demand assumptions and pay and price inflation for 2026/27;
- Resources to restore capacity and capability into the Council making up for losses in staff and experience over recent years; and
- Provision for transformation and invest to save funding in order to support change and modernisation across the Council and to achieve efficiencies.

3.4 In addition, the budget allowed for savings to be identified in 2026/27 of £5m, within the resources forming the base budget. Furthermore, given the almost total depletion of the General Fund Balance and Usable reserves, no provision was made for the use of balances and reserves in the base budget, rather the plan being to replenish these exhausted balances as soon as possible. Earmarked and unearmarked reserves are critical to the financial health and sustainability of any Local Authority as they allow the ability to fund unexpected events which impact on Council costs from time to time.

3.5 By way of process, budget monitoring takes place monthly and while coordinated by Finance requires close engagement of all Executive and Service Directors. Reports are presented to Leadership for scrutiny each month led by the Chief Executive and the s151 Officer. These reports include commentaries from Directors setting out opportunities and threats facing their service budgets and setting out any mitigations necessary. Directors will keep their Cabinet Members, and especially the Cabinet Member for Finance, appraised of the position and reports will be received formally by Cabinet each quarter.

3.6 For Quarter 1 this year and in response to a number of reported shortcomings in financial monitoring arrangements, large efforts have been made to enhance budget monitoring arrangement and techniques, and special scrutiny has been applied. Financial Training is in the course of being provided to member of the Leadership Forum and Finance Business Partners and this will be extended to elected members later in the year.

3.7 These efforts are continuing into Quarter 2 where there will be additional focus on all components of corporate finance including general and specific grants, the collection fund, section 31 grant funding, and debt financing.

3.8 The capital budget was refreshed and many projects paused as part of the February Capital Strategy. The current position as set out in this report albeit that a further refresh of the programme will be commencing soon, and will require a further review of paused projects in the context of new demands for capital and the Council's financial position.

4. Forecast Revenue Outturn Position as at Quarter 1

4.1 At Quarter 1 (1st April – 30th June), the Council is reporting an overall forecast favourable variation for 2026/27 of £2.291m against the approved budget of £489m. At this time this is considered by the s151 officer to be a good position although one that needs careful management throughout the rest of the year.

4.2 It is noted however that this position is achieved despite a significant overspend within Children's Services of £3.285m, noting that £2m of this arose from unbudgeted pressures that were identified over and above what had been included in the 2026/27 budget and after the budget had been set, due to the significant review work required with this budget. This situation will require the closest attention over the coming weeks to contain and to reduce the overspend.

4.3 Overspends have been offset by a number of favourable variations the most significant within Place Shaping and Finance and Governance. Corporate Budgets also report a positive position at this time.

4.4 At this time, there are a number of transformation projects and programmes that are subject to in principle agreement to proceed subject to the finalisation of detailed plans and financial costs and benefits. Some of these projects (e.g. Children's Services) span a number of years and will take some years to yield financial benefits.

4.5 Subject to resources and priorities, there will be an option to fund such projects through transformation funding, base budgets or a combination of both. These projects and programmes will be subject to future reports to Cabinet and Finance and Improvement Scrutiny Committee.

4.6 Summarised departmental positions are set out in Table 1; details of the variances are set out within section 4.8.

Table 1 – Quarter 1 Forecast Outturn by Service Area

			Quarter 1			
Service Area	**2025/26 Budget**	**2025/26 Outturn**	**2026/27 Budget £000**	**YTD Actuals £000**	**2026/27 Forecast Outturn £000**	**Forecast Variance (favourable) /adverse £000**
Care & Wellbeing	138,454	164,851	169,965	64,929	170,324	359
Children & Young People	90,963	103,192	114,271	74,472	117,556	3,285
Commissioning	43,369	39,743	9,487	1,662	9,089	(398)
Communities & Customer	16,822	13,243	16,404	3,776	16,322	(82)
Enabling	7,021	7,589	1,007	(7,598)	645	(362)
Executive Management Team	2,592	2,745	327	(396)	327	0
Infrastructure	43,847	43,558	48,898	8,808	48,873	(25)
Legal & Governance	6,045	3,553	1,157	(4,593)	876	(281)
Pensions	246	333	248	1,004	248	0
Place Shaping	0	0	45,140	17,012	43,552	(1,588)
Public Health (Ringfenced)	0	0	334	2,652	334	(0)
Section 151 – Finance	0	0	6,370	3,966	5,818	(556)
Strategy	489	658	1,109	38	1,108	(1)
Service Delivery Budgets	**349,848**	**379,467**	**414,717**	**165,732**	**415,068**	**350**
Corporate Budgets	(61,262)	(41,453)	74,441	6,074	71,800	(2,641)
Grand Total:	**288,586**	**338,014**	**489,159**	**171,806**	**486,868**	**(2,291)**

4.7 Moving forward, in Q2 special attention will need to concentrate on the containment of children's social care spending and especially on having a more forensic view on the reasons for variation. Currently this variation represents the largest risk to the delivery of the Council's budget.

4.8 Close attention in Q1 was paid to departmental budgets and their alignment with the removal of structural deficits and unachievable savings which formed part of the budget agreed in February 2026. In Q2, additional focus will be placed on a detailed review of corporate finance budgets while concentration will continue on the development of financial monitoring approach for departmental budgets. This includes embedding the use of forecasts against the experience of actual expenditure and income in line with previous audit recommendations.

4.9 The Q2 monitoring report will also coincide with the receipt by Cabinet in November of the next iteration of the Medium-Term Financial Plan and refreshed capital programme. This will be highly reliant upon the Q2 forecast, and the new capital refresh, including CIL allocations.

4.10 The next Quarter will also focus closely on the impact of commercial activities, such as Cornovii Developments Ltd. and the future viability of the pyrolysis joint venture activities. The pyroloysis review will also allow for a review of the reality of the Council's carbon neutral target for 2030. This original target is now well in advance of government and other local authority targets and most be reviewed closely given the financial emergency facing the Council.

4.11 Departmental commentaries of the main variations from budget as at Quarter 1 are detailed below:

Care & Wellbeing

4.12 Adult Social Care have remained within budget during the reporting period, although financial pressures continued to be experienced, primarily as a result of people falling below their capital thresholds and needing council support as well as the transfer of cases from health to the council. Whilst the number of transferred cases was lower than in the previous quarter, these factors have continued to place demand on resources. A range of mitigating actions have been implemented to manage these pressures and maintain financial stability, enabling the service to remain on track against its budget position, this includes re-commissioning and contract savings. Work continues to develop on the wider transformation programme some of which are currently in train.

Children & Young People

4.13 The Children and Young People's Budget are made up of services across Children's services which includes Early Help, Children's Social Care including the cost for children who are in our care, SEND and education services. The budget for the care of children is £44 million but projecting an overspend of £3.285m. The single largest contributing factor is the increase in External Residential placements and related costs. The increase is directly related to a sufficiency deficit in foster placements, especially for younger children with more complex needs. This is a national challenge. Whilst we have increased significantly our foster carer numbers over the last 2 years, we still need more, especially those with the skills and experience to support children with more complex needs. A proposal is being discussed by Cabinet on 9th September to assist with increasing the number of foster carers.

4.14 Work is also currently underway, with external support and challenge from the Local Government Association, to review the cohort of children in care whilst developing a programme of work focussed on the outcome of children living at home, including a range of activities aimed at strengthening the way we work with the market to achieve best value. This is built around a significant project plan, integrated within the Children's Transformation plan, that focuses on the development of the commissioning service and working with the fostering and residential market to improve placement sufficiency. Further mitigation actions include making improvements to the tracking and oversight of permanence plans and ensuring that they are accurately costed and projected, including a detailed review of every child in residential care, ensuring there is an accurate financial projection. Alongside this the Commissioning Team are working with providers to address additional spend factors, such as additional staffing requests when complex behaviours are present.

4.15 In Q1 2026 we had 9 children step down from external residential homes; 2 moved to supported accommodation, 3 children went home; 2 children moved to fostering and 2 children moved from external residential to internal children's homes, a total saving of £1.403 million. In addition, 4 children became 18 years old, saving 922k FYE.

4.16 However, during this time, we have had several children's needs escalate and placement moves required, at increase cost, to manage the escalating behaviours and several new children needed to be cared for in external residential homes.

4.17 This area remains a focused area of work to manage and mitigate the spend on external residential care.

Communities & Customer

4.18 The Communities and Customer service budgets include Housing services, Regulatory services, Business Consumer Protection, Libraries, Museums, Corporate Records Management, Shropshire Archives Service, Theatre Services and Customer Services. Overall, the budget is forecasting an underspend of £82k however there are a number of variances the most significant are Business and Consumer protection £403K favourable, Theatres £220K favourable which are offset by adverse variances in Museums, Libraries, Culture Leisure and Tourism management and Housing. The savings target for this directorate was £422k of which £143K is outstanding £50K in Museums and £93K in libraries.

4.19 In year mitigations are in place for museums through favourable performance in the Theatre Services and through one-off reductions in discretionary budgets and vacancy management in libraries. Service reviews are ongoing for libraries and museums to consider options for delivery of savings on a permanent basis. Internal cross charges corrections are also outstanding which will provide additional income into the budget. Place Shaping.

4.20 The Place Shaping service area brings together Assets and Estates, Economic Growth and Strategic Partnerships, Planning and Building Control, and Waste Management. At Quarter 1, the service area is forecasting an underspend of £1.588m against a revised revenue budget of £45.140m. This reflects a combination of expenditure controls, vacancy management, income performance and timing differences across the services. The position will continue to be monitored throughout the year.

Executive Management Team

4.21 The Executive Management Team is currently forecast on budget for the year.

Finance

4.22 The Finance directorate includes Finance and Revenues and Benefits. At Quarter 1, the overall directorate is forecasting an underspend of £556k, comprising £209k within Finance and £497k within Revenues and Benefits. The Finance underspend is mainly due to staffing vacancies. Revenues and Benefits is reporting a £175k staffing underspend, due to recruitment proving to be challenging. In addition, income is £137k above budget following receipt of DWP funding, which was not known at the time the budget was set.

Corporate Budget

4.23 Corporate service budgets include all income budgets that support the revenue budget, including Council Tax, Revenue Support Grant, Specific and s31 Grants, internal market budgets, external audit costs, pension costs, PFI, transformation and capital financing (inc. MRP).

4.24 There are a number of variations across the budget. However, the main favourable variation relates to the costs of capital financing. This variation is made up of a number of factors including maximisation of short-term borrowing at lower rates within permissible regulations, delayed and reduced PWLB borrowing, impacts from pausing capital projects, EFS impacts, etc.

4.25 The transformation budget £15m is included within the Corporate Budget but, as set out above, remains subject to significant activity and detailed proposals. Indicative commitments received to date by BTCP for 2026/27 amount to approximately £3.127m and will continue to be monitored closely.

4.26 The current forecast assumes the full budget for transformation will be used by the end of the financial year. In the event that the budget is not fully required, the shortfall will be available to reduce the Council's ESF request.

4.27 As set out above, a detailed review of all corporate budgets will take place during quarter 2 to ensure the budget and forecast are accurate as possible. Where necessary, external support will be necessary to review current arrangements enhanced arrangements will be introduced to give s151 officer full confidence over the control of very technical areas associated with some significant values.

4.28 The budget included a saving target of £5m however during quarter 1 this has been increased to £5.7m due to additional savings identified. As at quarter 1 the savings delivery is reporting an adverse variance of £523k which mitigating actions being sought with the expectation they will be delivered in full by the end of the financial year.

4.29 The Capital budget is reporting a balanced position at quarter 1 however there has been a net budget decrease of £26.409m for 2026/27, compared to the original budget approved by Council in February 2026. The budget decrease is due to reprofiling of £28.138m the details of which are set out in Appendix 5 to future years capital programmes and virements of £1.729m

5. Transformation and Change

5.1 The approved 2026/27 budget includes a base budget provision of up to £15m to support service transformation that will help enable a reduced reliance on Exceptional Financial Support (EFS) over the Medium-Term Financial Plan period.

5.2 Governance arrangements for approving transformation funding are managed through the Budget, Transformation and Change Panel (BTCP), which meets weekly to ensure value for money, improve outcomes, reduce risk and deliver budget savings and will be subject to separate reports to Cabinet and Finance and Improvement Scrutiny Committee for oversight and agreement.

5.3 The BTCP receives proposals in the form of Outline Business Cases that explain the project, timelines, costs, benefits, support requirements and governance arrangements.

5.4 Once completed and verified, the costs and financial benefits of transformation projects will be incorporated in the next update of the MTFP in November 2026 and within the Quarter 2 Monitoring Report. As part of this process, some costs forecast within this report are subject to bids for transformation funding that are agreed in principle and may need to be adjusted. This report assumes at this time that all transformation funding available through EFS will be consumed although this assumption is likely to move downward as the year progresses. Significant savings arising from transformation are unlikely to delivered before 2027/28.

5.5 Further detail will be available by the end of Quarter 2 and the available within both that Financial Monitoring report and also transformation reports to both Cabinet and to Finance and Improvement Scrutiny Committee.

6. Income

6.1 The net revenue budget of £489.159m is funded through council tax of £239.938m, business rates of £63.151m, Revenue Support Grant of £70.501m and Exceptional Financial Support (EFS) of £121.718m. Business rates are collected by the Council, with a proportion retained locally and the balance transferred to MHCLG. Revenue Support Grant is provided by MHCLG based on a relative need's formula. EFS has been approved because the Council is unable to set a balanced budget within the resources otherwise available

6.2 In addition to the funding set out in the table below, the Council receives specific government grants of £272.184m and other service income of £161.510m including income from discretionary fees and charges. Appendix 1 analyses the current forecast for specific government grant income by service area, including any new allocations, and summarises the current delivery of discretionary income from fees and charges within services.

Income 2026/27	£'000
Council Tax	239.938
RSG	70.501
Business Rates	63.151
Tariff	-2.704
Collection Fund Deficit	-2.446
EFS	120.718
Total	**489.158**

7 Savings

7.1 The base budget for 2026/27 estimated savings of £5m. To date, £5.7m has been identified. Indirectly, this reduces the call on EFS for 2026/27 and will be incorporated, subject to any variations before the end of the end of the financial year.

7.2 Savings were identified during the first quarter of this year. Savings originally contained within corporate budgets are effectively vired to services delivering savings beyond their base budgets.

7.3 Details of the savings are set out in Appendix 2 and Table 2 of which 90.92% is forecast to be delivered by the end of the financial year.

7.4 The reason for the shortfall in forecast savings is set out below:

- CW002 – ICB/CHC £375k: This saving relates mainly to increased CHC income. At Quarter 1, the forecast assumes the saving will not be achieved. However, a detailed review of all income sources is taking place in period 4, which indicates the saving may be fully mitigated through wider income improvements. This will be reported to Leadership Board through period 4 budget monitoring.

- CC003 Libraries £112k – This saving relates to reducing spending within the Library Services through ongoing improvements to overall efficiency including increased income and enhanced partnership working with services in communities. The proposals to deliver the outstanding saving of £93k are through original plans or mitigations is currently being worked through ahead of consultation on the future delivery model for libraries provision in Shropshire.

- CC005 Museums £50k – A review of Museums service costs will be commissioned during the next quarter. The service is seeking to mitigate current costs and increase income in 2026/27.

- LG001 – Increase income from an enhanced memorial and ceremony offer at Council sites. Some changes to legislation have provided a little uncertainty into the demand in specific income streams across the service, however, given the level of savings it should be expected that this saving could be achieved across alternative income streams if necessary and will be reviewed at the Budget Challenge Sessions.

Table 2 – Savings delivery by Service Area

Service Area	Savings Target (£'000)	30th June Forecast Delivery (£'000)	30th June Forecast Delivery (%)
Care & Wellbeing	3,675	3,300	90
Commissioning	379	379	100
Communities & Customer	422	279	66
Infrastructure	650	650	100
Legal & Governance	10	5	50
Place Shaping	500	500	100
Section 151 – Finance	125	125	100
Total Savings	**5,761**	**5,238**	**90.92**

8 Reserves and General Fund Balance

8.1 The Council's total reserves are projected to be £78.293m as at 31 March 2027, as set out in Appendix 5. The Council holds both earmarked reserves and a General Fund Balance. At the start of 2026/27, earmarked reserves totalled £25.113m, excluding school balances, and the General Fund Balance was £5m. Earmarked reserves are held for specific purposes and generally cannot be used for other purposes without affecting the delivery of Council commitments.

8.2 The Councils General Fund Balance (GFB) as at 31 March 2026 was £5m, subject to any changes which may occur during the audit of 2025/26 accounts. The 2026/27 budget included a contribution to reserves of £42.675m in 2026/27 to replenish reserve to a moderate level considered the required level at that time.

8.3 During Quarter 1, the Council reviewed its current financial position, year-end forecast and associated financial risks. The draft MTFP presented to Cabinet on 8th July included the Quarter 1 risk assessment and proposed deferring the full 2026/27 transfer to reserves by £32.675m. Subject to delivery of the in-year budget, this revised strategy would increase the General Fund Balance to £35m by 2028/29. It would also defer the occurrence of debt financing costs to pay for the accumulation of those balances.

8.4 As the financial year remains at an early stage, the position will continue to be monitored, and the proposal will be updated during the year.

8.5 Subject to any funding required to manage the in-year budget position, this proposal would:

- reduce the 2026/27 contribution to reserves to £10m;
- lower the requirement for Exceptional Financial Support in-year; and
- reduce borrowing costs in 2026/27 and across the MTFP period.

8.6 These updated reserves position is summarised in the table below and in Appendix 4.

Table 3 – General Fund Balance

General Fund	£'000
Balance as at 1st April 2026	5,000
Budgeted Contribution as agreed by Council for 2026/27	10,000
Budgeted General Fund Balance as at 31st March	**15,000**
2026/27 projected outturn position	2,291
Balance as at 31 March 2027	**17,291**

9 Capital

9.1 The current capital programme and actual spend is detailed in Table 4 below, including updated projections on financing of the programme. Further detail is provided in Appendix 5.

Table 4: Capital Programme as at Quarter 1

Service Area	2026/27 Revised Capital Programme (£'000)	2026/27 Actual Spend (£'000)	2026/27 Proportion of Budget Spent (%)	2027/28 Capital Programme (£'000)	2028/29 Capital Programme (£'000)
Care & Wellbeing	162	(2)	-1.36	0	0
Children & Young People	15,320	860	5.61	30,864	0
Commissioning	2,231	683	30.61	815	0
Communities & Customer	11,893	1,844	15.50	7,827	4,500
Enabling	2,846	274	9.64	2,480	1,826
Infrastructure	63,887	2,027	3.17	66,266	63,671
Place Shaping	15,661	3,292	21.02	18,198	1,500
Strategy	0	0	0.00	0	0
Total	**112,002**	**8,978**	**8.02**	**126,450**	**71,497**
Housing Revenue Account	22,227	454	2.04	32,039	12,200
Total Capital Programme	**134,229**	**9,432**	**7.03**	**158,489**	**83,697**
Financed By*:					
Borrowing	(12,121)			(21,825)	(5,121)
Government Grants	(86,155)			(92,300)	(63,803)
Other Grants	(387)				
Other Contributions	(9,239)			(15,960)	
Revenue Contributions	(7,110)			(4,780)	(3,000)
Major Repairs Allowance	(5,206)			(5,000)	(5,000)
Capital Receipts	(14,011)			(18,624)	(7,110)
Total Financing	**(134,229)**			**(158,489)**	**(83,697)**

9.2 Capital schemes within the capital programme are monitored on a regular basis and at Quarter 1 the forecast outturn against budget is a balanced position, however this is after re-profiling of £26.409m of schemes.

9.3 The current capital programme assumes a level of capital receipts to finance the capital programme. Appendix 7 summarises the current capital receipt position and highlights the need to identify further assets for disposal in future years to contribute to the funding of the capital programme.

10 Housing Revenue Account (HRA)

10.1 At Quarter 1, the HRA is projecting a balanced budget for 2026/27. There is a slight reduction on rental income compared to the profiled budget as at Quarter 1 however it is anticipated that this will recover during the remainder of the financial year. Expenditure is being carefully managed and is lower than the profiled budget which compensates for the reduced income. The position will be monitored during the year, and any necessary action will be taken accordingly, however any residual overspend will be financed through the HRA reserve.

11 Dedicated Schools Grant

11.1 The overall 2026-27 outturn against centrally retained DSG is forecast to be £40.727m in deficit as at the end of June 2026. It should be noted that this figure is the in-year deficit and needs to be added to the deficit carried forward from 2025-26 in order to give an overall forecast cumulative DSG deficit position of £46.283m. This figure is the anticipated DSG deficit, assuming that 90% of the 2025/26 DSG deficit is written off through the receipt of a High Needs Stability Grant totalling £41.090m. This figure is currently managed through a Statutory Override agreed nationally by government for DSG deficits through to March 2028.

11.2 In 2026/27, Shropshire continues to face many of the same budget pressures as other Councils, with sustained high numbers of new requests for EHCPs combined with the ongoing duties for children and young people with existing EHCPs. There are three main areas of spend over budget, namely an increase in "top-up" funding to mainstream schools and SEND Hubs attached to mainstream schools, increases to state-funded special school funding through increased top-up funding. These two areas help us to avoid costs in Independent Non-Maintained Special Schools. The final area is growth in children and young people placed with Independent Providers e.g. Independent Special Schools, Specialist Post 16 Institutions and independent alternative provision. These 3 budget pressures account for £34.843m of the in-year deficit.

11.3 With the increased funding levels to mainstream schools, SEND Hubs and state-funded special schools, the Council is striving to minimise the increase in demand in the independent sector by building capacity in our mainstream settings through investing in SEND Hubs attached to mainstream schools and increasing top-up funding to our state-funded Special Schools; Severndale School, Woodlands School and Keystones School.

11.4 A Local SEND Reform plan has been produced as part of the conditions of receiving the High Needs Stability Grant. £1.944m of Experts at Hand SEND Transformation grant funding has been received with the primary purpose of strengthening the capability of mainstream education settings to meet the needs of children with SEND more effectively and inclusively. This is through early identification, closer collaboration between Health and Education, and direct access to professionals such as educational psychologists, speech and language therapists, occupational therapists, and specialist teachers.

12 Key risks and Opportunities

12.1 The 2025/26 Annual Governance Statement set out 12 key strategic risks many of which refer to the financial challenges of the Council. These are set out below together with high level mitigations. Over and above strategic risks sit departmental risk register that will contain specific service pressure insofar as they impact of finance. The arrangements for risk management are currently subject to review and will be presented to Audit and Governance Committee later in September.

Risk	Mitigation
The Council has reported Limited Assurance on the Internal Audit Control Framework for seven years, limiting confidence in the standards of governance in place within the organisation.	Linked to the strategic risk of a failure of officers and members to adhere to governance arrangements, there is an acknowledged need for further action. Leadership Board regular reviews the status of audit recommendations and the Statutory Officers Group, introduced in October 2025, further monitors the implementation of Internal Audit recommendations and provides direction as necessary to improve overall responsiveness.
The external auditor felt bound to issue statutory recommendations as part of their annual audit for 2024/25 which cast doubt on the integrity of the Council's value for money arrangements.	The Improvement Plan included actions and activity that responded to the statutory recommendations. An updated response to the recommendations (which included activity undertaken during 2025/26) was reported to the Finance and Improvement Overview and Scrutiny Committee and Cabinet in June 2026 as part of an Improvement Plan update report. Some recommendations require extensive and ongoing work; others have been independently reviewed in specific functional areas such as children's and adult social care. The recommendations will continue to be reflected in the improvement plan for some time to come, especially insofar as they impact on the Council's budget and business planning process.
Exceptional Financial Support (EFS) incurs costs of debt for both interest and principal of a fixed number of years and creates an additional overhead over and above the costs of additional demands for	This is a specific additional dimension of the risk of an inability to contain overall committed expenditure within the current available resources within this financial year. As part of its Medium-Term Financial Plan, approved by Full Council in February 2026, the Council committed to developing a Financial Sustainability Strategy (due for Cabinet consideration in July 2026) that

services and the inflation that goes with it.	sets out how the Council will take steps to reduce reliance on EFS. In any event in order to pay for the additional costs of debt, the Council will be prioritising Council Tax increases up to the maximum allowed and will need to find offset savings in the cost of services to balance the budget without recourse to further EFS.
Despite a three-year settlement, government funding continues to reduce as a proportion of public sector investment in real terms and continues to transfer additional burden to local taxpayers.	The additional increase in Council Tax for 2025/26 is one manifestation of mitigation necessary to address this risk, and there is likely to be further impacts as the Council reduces its expenditure. The Improvement Plan acknowledges the risk that residents see service performance reducing rather than improving as the Council implements the plan. Looking forward, the Council will need to stress on Government the need for funding to tackle sparsity and rurality and the demographic and geographical dynamics of the borough. The Council does, however, recognise that in the context of a new three-year settlement and the recent fair funding changes, short-term solutions seem unlikely.
The national and global economy remains volatile and continues to present significant financial risks to the Council.	Persistent inflationary pressures, rising energy and fuel costs, interest rate fluctuations and wider economic uncertainty can create additional unfunded burdens on Council budgets. Continued economic instability may also impact residents' financial resilience, increasing demand for Council services at a time when resources remain constrained. The Council will continue to make best assumptions in MTFPs to cover such risks although events such as the Gulf issues do nothing but increase uncertainty.
Cyber security remains as an ongoing threat to all organisations, not least the public sector and local government, in terms of the impact of lost, corrupted or stolen data with serious implications for potential financial loss and reputational damage.	As the Council continues to rely on digital technologies to deliver and transform services and hold sensitive information, maintaining effective cyber security controls, staff awareness and incident response arrangements will remain essential to mitigating this risk.

Workforce capacity and capability must be in place to deliver existing services to minimum standards but also to support the significant transformation and improvement activity required to address the Council's financial challenges.	Maintaining a stable, skilled and resilient workforce remains critical to achieving financial sustainability and delivering the Council's strategic objectives – and is at the heart of the Improvement Plan and People Plan. Budget has been applied in 2026/27 budgets to restore capacity previously removed. While this mitigates some risk, it is recognised that recruitment and retention remains a concern and that in some cases capacity and capability may need to be sought from other third parties.
Abnormal financial position compromising decision making processes.	The necessity to deliver significant savings, reduce expenditure and reliance on EFS may limit strategic flexibility and increase the risk that decisions prioritise immediate financial outcomes over longer-term service sustainability and demand prevention. Robust governance, decisive and transparent decision making and effective scrutiny arrangements will be essential to ensuring that financial pressures do not detract from long-term strategic decision making although there will inevitably be some compromises, not least around asset management and disposal, recovery of Council balances over time, etc.
External scrutiny and threat of intervention:	A consequence of EFS is an increased likelihood of external scrutiny over and above the Improvement Board arrangements established in November 2025. There remains an ongoing risk of Government intervention, including the appointment of envoys or commissioners, should the Council be unable to provide assurance that it has a credible strategy to reduce its reliance on EFS and achieve financial sustainability. The Council is very aware of this risk and would wish to retain control of its own decisions and direction; it is, however, aware of intervention in other authorities where Government have thought it to be necessary. Continued delivery of outcomes from the Improvement Plan and clear evidence of progress will be essential in mitigating this risk.
Breakdown of major contract arising from provider insolvency, poor performance, workforce	Given the Council's reliance on a number of significant contracts to deliver statutory and essential services, effective contract management and performance monitoring

shortages, contractual disputes or market instability, resulting in service disruption, financial loss, reputational damage and additional management costs.	(part of the Improvement Plan) and business continuity arrangements are critical to reducing the likelihood and impact of this risk.
A catastrophic physical, climatic or pandemic event severely disrupts the delivery of Council services and compromises the Council's ability to meet statutory requirements.	While these events are largely beyond the control of the Council, there is a continued need for emergency planning capacity and fully tested business continuity plans. These will continue to be subject to continuous review across all Council departments to confirm that they remain current and complete.
Transformation programmes and significant projects are delayed, deferred or fail to deliver on their objectives leading to loss of opportunities and adverse financial impacts.	EFS has allowed the Council to set aside finance for investments in major transformation programmes. These will need to be created and challenged through the Budget, Transformation and Change Panel, a group of senior Council Officers. Transformation and other projects will be subject to oversight of the new Programme Management Office with regular reports to Cabinet and Finance and Improvement Scrutiny. Risk management arrangements for major projects are being reviewed, and it is recognised that, for some projects, these have been less than successful in the past.

These risks are now being contained and managed within Improvement Plan which also include responses to MHCLG and CPC recommendations. They also form an integral part of the Council's Annual Governance Statement.

13 Council Priorities

13.1 A new Corporate Plan for 2026-2030 was approved by Cabinet and Full Council in May 2026. The Plan summarises the priority ambitions the Council will focus on – including the ambition to be a Council that is financially sustainable, with clear priorities and purpose, and a workforce that is supported to excel. This report outlines the management of the current year's budget which is an important step in moving towards this ambition.

14 Financial Implications

14.1 This report sets out the financial projections for the Council in the 2026/27 Financial Year as at Quarter 1. A summary of the key elements for managing the Council's budget are detailed elsewhere in this report.

14.2 Although the position is reporting an overall surplus position there are significant overspends which need to be mitigated to prevent further budget pressures on the MTFP.

14.3 This is early in the financial year, and budget holders must continue to keep within their budgets and identify opportunities to reduce costs in year and consequently reduce the amount of EFS required at the end of the financial year.

15 Legal and HR Implications

15.1 The Section 151 Officer has a statutory duty to monitor income and expenditure and ensure that the Council takes action if overall net overspends /shortfalls emerge. There is also a legal requirement to ensure that the statutory service provision meets demands.

15.2 Legal services will provide ongoing advice in relation to specific proposals relating to the making of savings, including on any requirement to undertake consultation as such proposals are brought forward for consideration, the impact of any proposed savings on the delivery of statutory services and any other legal matter arising.

16 Electoral Division Implications

None

17 Health, Social (including "Child Friendly Shropshire") and Economic Implications

None

18 Equality and Diversity Implications

There are no equality and diversity implications arising directly from this report.

19 Climate Change, Biodiversity and Environmental Implications

19.1 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.

20 Background Papers

20.1 Draft 2026/27 General Fund budgets and medium-term Financial Plan 2026/27 – 2030/31

21 Appendices

Appendix 1 – 2026/27 Income Projections
Appendix 2 – Delivery of 2026/27 Savings Proposals
Appendix 3 – Amendments to Original Budget 2026/27
Appendix 4 – Reserves 2026/27
Appendix 5 – Projected Capital Programme Outturn 2026/27 – 2028/29
Appendix 6 – Projected Capital Receipts
Appendix 7 – Financial Management Indicators

APPENDIX 1

2026/27 INCOME PROJECTIONS

Specific Government Grants

The original revenue budget for 2026/27 included specific Government Grants of £268,847m. The majority of these budgets will be based on known allocations that the Government has announced for Shropshire Council. During the year, however, the Council will also bid for additional grant funding to support activities. This table tracks the overall position as it emerges.

Government Grants	Revised Budget £'000	YTD Actual £'000	Forecast Outturn £'000	Variance £'000
Care & Wellbeing				
Improved Better Care Fund	(14,454)	(4,878)	(14,454)	0
Other Grants	(315)	0	(363)	(48)
Total Care & Wellbeing	**(14,769)**	**(4,878)**	**(14,817)**	**(48)**
Children & Young People				
Dedicated Schools Grant	(145,737)	(49,863)	(145,737)	0
Pupil Premium Grant	(5,808)	0	(5,808)	0
Unaccompanied Asylum-Seeking Children	(3,970)	(997)	(2,554)	1,416
Families First Partnership Programme	(2,872)	(1,234)	(2,632)	240
Crisis Resilience Fund	0	0	(435)	(435)
Other Grants	(2,032)	(271)	(1,064)	968
Total Children & Young People	**(160,419)**	**(52,365)**	**(158,230)**	**2,189**
Commissioning				
Other Grants	(181)	0	(181)	0
Total Commissioning	**(181)**	**0**	**(181)**	**0**
Communities & Customer				
Crisis & Resilience Fund	(3,674)	(1,477)	(3,316)	358
Homelessness, Rough Sleeping and Domestic Abuse	(1,741)	(455)	(1,741)	0
Other Grants	(942)	(557)	(1,622)	(680)
Total Communities & Customer	**(6,357)**	**(2,489)**	**(6,679)**	**(322)**
Enabling				
Other Grants	0	(13)	(30)	(30)
Total Enabling	**0**	**(13)**	**(30)**	**(30)**
Infrastructure				
Bus Service Improvement Plan	0	0	(3,295)	(3,295)
Other Grants	(1,122)	(275)	(1,457)	(335)
Total Infrastructure	**(1,122)**	**(275)**	**(4,752)**	**(3,630)**
Legal & Governance				
Other Grants	0	0	(40)	(40)
Total Legal & Governance	**0**	**0**	**(40)**	**(40)**
Place Shaping				
Extended Produced Responsibility Grant	(5,578)	(2,262)	(5,578)	0
Waste PFI	(3,186)	(747)	(2,988)	198
UK Shared Prosperity Fund	0	0	(1,086)	(1,086)

Government Grants	Revised Budget £'000	YTD Actual £'000	Forecast Outturn £'000	Variance £'000
Other Grants	(52)	(130)	(136)	(84)
Total Place Shaping	**(8,815)**	**(3,134)**	**(9,788)**	**(973)**
Public Health (Ringfenced)				
Public Health Grant	(17,030)	(8,515)	(17,030)	0
Other Grants	(162)	0	(162)	0
Total Public Health (Ringfenced)	**(17,192)**	**(8,515)**	**(17,192)**	**0**
Section 151 – Finance				
Rent Allowance	(32,200)	(10,783)	(32,200)	0
Rent Subsidy	(7,100)	(1,242)	(7,100)	0
Crisis Resilience Fund	(309)	0	(670)	(361)
Other Grants	(699)	(1,362)	(706)	(7)
Total Section 151 - Finance	**(40,308)**	**(13,387)**	**(41,011)**	**(703)**
Strategy				
Homelessness, Rough Sleeping and Domestic Abuse	(777)	(203)	(777)	0
Families First Partnership Programme	0	0	(75)	(75)
Total Strategy	**(777)**	**(203)**	**(852)**	**(75)**
Corporate				
Business Rate Retention	(17,384)	(20,148)	(17,384)	0
QICS PFI	(1,523)	(381)	(1,523)	0
Total Corporate	**(18,906)**	**(20,528)**	**(18,906)**	**0**
Total	**(268,847)**	**(105,787)**	**(272,478)**	**(3,631)**

Income from Fees and Charges

The forecast income from discretionary sales, fees and charges is showing a projected surplus, including Streetworks charges and car park income within Infrastructure offset by income shortfalls relating to Enable in Care & Wellbeing. This position will be monitored during the remainder of the year, and any adverse variances highlighted and expenditure adjusted accordingly.

Fees and Charges Income	Revised Budget £'000	YTD Actuals £'000	Forecast Outturn £'000	Variance £'000
Care & Wellbeing	(5,146)	(642)	(4,392)	754
Children & Young People	(3,987)	(788)	(4,243)	(256)
Commissioning	(638)	(208)	(714)	(76)
Communities & Customer	(8,739)	(4,057)	(9,029)	(290)
Enabling	(1,744)	(454)	(1,610)	134
Infrastructure	(11,053)	(2,712)	(11,956)	(903)
Legal & Governance	(1,228)	86	(1,136)	92
Pensions	(5)	(1)	(7)	(2)
Place Shaping	(16,100)	(7,012)	(16,401)	(301)
Public Health (Ringfenced)	(700)	(121)	(570)	130
Section 151 - Finance	(641)	(3)	(648)	(7)
Strategy	(104)	(14)	(54)	50
Corporate	(60)	(36)	(60)	0
Total	**(50,145)**	**(15,962)**	**(50,820)**	**(675)**

APPENDIX 2

DELIVERY OF 2026/27 SAVINGS PROPOSALS

2.1 Summary

The savings projections for 2026/27 are being tracked monthly with savings delivery being mapped against projected delivery during the course of the year. The current position indicates projected delivery of £5.238m against the £5.761m, representing 91% projected delivery of savings.

The snippet below summarises the position as at 30th June 2026.

A more detailed individual savings list is below:

Individual Savings List 26/27

Service Area	Savings Target	Delivered to Date (One-Off)	Delivered to Date (Ongoing)	Delivered to Date Total	Projected Delivery (One-Off)	Projected Delivery (Ongoing)	Projected Delivery Total	Indicative Plans In Place	Delivery To Be Confirmed
⊟ Care & Wellbeing	**£3,675,000**	**£0**	**£3,300,000**	**£3,300,000**	**£0**	**£3,300,000**	**£3,300,000**	**£0**	**£375,000**
CW001 - Uplift growth	£3,300,000	£0	£3,300,000	£3,300,000	£0	£3,300,000	£3,300,000	£0	£0
CW002 - ICB/CHC Increase in base budget (offset by growth)	£375,000	£0	£0	£0	£0	£0	£0	£0	£375,000
⊟ Commissioning	**£379,000**	**£0**	**£222,753**	**£222,753**	**£125,000**	**£254,000**	**£379,000**	**£0**	**£0**
CM001 - Capacity Increase underspend One Off while recruiting	£125,000	£0	-£31,247	-£31,247	£125,000	£0	£125,000	£0	-£0
CM002 - Implementation of management changes at Much Wenlock Leisure Centre and Church Stretton Leisure Centre, and removal of subsidies at Ludlow and Cleobury Mortimer Leisure Centres; also, agreement of additional funding support from local councils. Additional income also planned at Meole Brace golf course further to improved greenkeeping standards.	£254,000	£0	£254,000	£254,000	£0	£254,000	£254,000	£0	£0
⊟ Communities & Customer	**£422,050**	**£0**	**£278,790**	**£278,790**	**£0**	**£278,790**	**£278,790**	**£0**	**£143,260**
CC001 - Theatre Severn Subsidy	£120,000	£0	£120,000	£120,000	£0	£120,000	£120,000	£0	£0
CC002 - Housing scheme	£130,000	£0	£130,000	£130,000	£0	£130,000	£130,000	£0	-£0
CC003 - Continue to deliver spending reductions in Library Services through ongoing improvements to overall efficiency including increased income and enhanced partnership working with services in communities. Further, separate, plans are being prepared for 2026-27, and appropriate consultation will take place in line with our statutory duties when required.	£112,050	£0	£18,790	£18,790	£0	£18,790	£18,790	£0	£93,260
CC004 - Expand the Handy Person service to a wider range of customers, including fee payers, supporting independent living	£10,000	£0	£10,000	£10,000	£0	£10,000	£10,000	£0	-£0
CC005 - Review and Minimise Museums and Archives service costs	£50,000	£0	£0	£0	£0	£0	£0	£0	£50,000
⊟ Infrastructure	**£650,000**	**£0**	**£162,498**	**£162,498**	**£0**	**£650,000**	**£650,000**	**£0**	**-£0**
IN001 - Streetworks Unbudgeted income	£250,000	£0	£62,499	£62,499	£0	£250,000	£250,000	£0	-£0
IN002 - Localities (re Streetscene Pilots)	£50,000	£0	£12,501	£12,501	£0	£50,000	£50,000	£0	£0
IN003 - Streetworks	£100,000	£0	£24,999	£24,999	£0	£100,000	£100,000	£0	£0
IN004 - Parking / Traffic Management	£250,000	£0	£62,499	£62,499	£0	£250,000	£250,000	£0	-£0
⊟ Legal & Governance	**£10,000**	**£0**	**£0**	**£0**	**£5,000**	**£0**	**£5,000**	**£0**	**£5,000**
LG001 - Increase income from an enhanced memorial and ceremony offer at Council sites	£5,000	£0	£0	£0	£0	£0	£0	£0	£5,000
LG002 - Increase income from an improved range of wedding and partnership ceremony packages	£5,000	£0	£0	£0	£5,000	£0	£5,000	£0	-£0
⊟ Place Shaping	**£500,000**	**£0**	**£0**	**£0**	**£500,000**	**£0**	**£500,000**	**£0**	**-£0**
PS001 - Planning Income	£500,000	£0	£0	£0	£500,000	£0	£500,000	£0	-£0
⊟ Section 151 - Finance	**£125,000**	**£0**	**£0**	**£0**	**£125,000**	**£0**	**£125,000**	**£0**	**£0**
SF001 - Capacity Increase underspend One Off while recruiting	£125,000	£0	£0	£0	£125,000	£0	£125,000	£0	£0
Total	**£5,761,050**	**£0**	**£3,964,041**	**£3,964,041**	**£755,000**	**£4,482,790**	**£5,237,790**	**£0**	**£523,260**

APPENDIX 3

AMENDMENTS TO ORIGINAL BUDGET 2026/27

During quarter 1 a number of budget virements across directorates has taken place as set in the table below. The reason for the virements is:

	Total £' 000	Care & Wellbeing £' 000	Children & Young People £' 000	Commissioning £' 000	Communities & Customer £' 000	Corporate £' 000	Enabling £' 000	Executive Management Team £' 000	Infrastructure £' 000	Legal, Governance & Planning £' 000	Pensions £' 000	Place Shaping £' 000	Strategy £' 000
Original Budget 26/27	489,159	173,315	114,616	45,290	16,815	69,121	10,671	498	51,128	5,189	244	0	2,271
Quarter 1 Virements													
Community Directory from libraries to digital	0				(109)		52						57
Place Shaping Service Director	0							(141)				141	
Transfer balance on Public Health reserve	0					28							(28)
Correction to Customer Services Internal Market Charges	0	17	(183)	(10)	110	(39)	35	1	60	140	4		(135)
Staffing adjustments	0	19		(76)		224	(20)	(19)	(170)	76			(34)
Application of corporately held 26/27 savings and correction of historic	0	(3,388)		(125)	(250)	5,108	(178)	(17)	(650)	(500)			
Removal of historic invest to save budgets	0		(159)										159
Allocation of agreed budget growth 26/27	0									(119)			119
Apprenticeship Levy allocation across Service Directors	0	2	(2)	(2)	1		(3)	6				1	(3)
Quarter 1 Structure Changes	**0**												
Final Revised Budget 26/27	**489,159**	**169,965**	**114,272**	**45,077**	**16,567**	**74,442**	**10,557**	**328**	**50,368**	**4,786**	**248**	**142**	**2,407**

APPENDIX 4

RESERVES 2026/27

General Fund

The general fund reserve on 31st March 2026 stood at £5.000m, significantly below its optimum desired balance.

The 2026/27 budget strategy included a contribution of £42.675m to the General Fund balance which would then reach £47.675m, which is a safer level given the current profile of financial risks.

It is essential that the council maintains the General Fund Balance as assumed within the medium-term financial plan, otherwise it would limit the ability of the council to mitigate any further unforeseen shocks such as ongoing inflationary increases, climate events such as flooding and drought, or rapid reductions in available resources due to changed national policy.

Independent advice is that general fund un-earmarked reserves should equate to 5%-10% of net spending.

In the Adequacy of Reserves assessment within the Financial Strategy approved by Council in February 2026, the Council identified the need to hold a risk assessed level of £45.815m within the General Fund Balance.

The draft MTFP presented to Cabinet in July considered the potential for reducing the contribution to the General Fund Balance which would reduce the value required for Exceptional Financial Support in 2026/27. This will be considered further as 2026/27 progresses, against the projected financial position for the year, and other financial risks as they arise however we have adjusted for the reduction in quarter 1.

General Fund	**£'000**
Balance as at 1st April 2026	5,000
Budgeted Contribution as agreed by Council for 2026/27	10,000
Budgeted General Fund Balance as at 31st March 2027	**15,000**
2026/27 projected outturn position	2,291
Balance as at 31 March 2027	**17,291**

Earmarked Reserves

The council held balances of £25.113m (excluding school balances) in earmarked reserves as at 1st April 2026. There are a number of transactions planned from earmarked reserves during the course of the year. The current projections for the year-end balance in earmarked reserves is £28.327m as set out in the table below.

Reserves	Purpose of Balance	Balance Brought Forward	Anticipated movement	Balance Carried Forward
		(£'000)	(£'000)	(£'000)
Corporate Reserves				
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.	0	0	0
Development Reserve	Required to fund development projects or training that will deliver efficiency savings.	4,919	0	4,919
Invest to save Reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	567	164	731
External Fund Reserve	Reserves held where the Council is the administering body for trust funds or partnership working.	2,455	-163	2,292
		7,941	**1**	**7,942**
Reserves retained for service departmental use				
Building Control	Required to manage the position regarding building control charges.	272	0	272
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.	271	-110	161
Debt Recovery Reserve	Established to provide resources for improving the recovery of debts across the Council and Collection Fund.	253	0	253
Economic Development	Established to meet the costs of major maintenance of Economic Development Workshops.	163	0	163
Education Welfare Reserve	Established from the traded Education Welfare Service for reinvestment in the service.	110	0	110
Highways Development & Innovation Fund	Set aside funds for pump priming the Development and Innovation programme.	100	0	100
Housing Reserve	To fund known housing developments that will support the General Fund.	99	0	99
Improvement Plan Reserve	Established from external funds received towards the Improvement Plan	115	0	115
Planning Reserve	Set aside to fund developments within the Local Plan and any planning inquiry costs.	79	0	79
Public Health Reserve	This reserve includes balances committed to specific public health projects.	3,389	-803	2,586
Repairs & Maintenance Reserve	Set aside for known repairs and maintenance required to Council owned properties.	214	0	214
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2026/27	4,620	-217	4,404
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.	1,527	0	1,527
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.	0	0	0
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
Streetworks Reserve	Established from additional income generated within the service to be reinvested in the service	439	-19	420
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	37	0	37
		11,688	**-1,149**	**10,539**

Reserves	Purpose of Balance	Balance Brought Forward (£'000)	Anticipated movement (£'000)	Balance Carried Forward (£'000)
Capital Investment Reserves				
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.	1,740	0	1,740
		1,740	**0**	**1,740**
Insurance Reserves				
Fire Liability	Required to meet the cost of excesses on all council properties.	526	32	558
Motor Insurance	An internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.	570	80	650
		1,096	**112**	**1,208**
Financial Risks				
Financial Strategy Reserve	Established specifically to provide one off funding for savings proposals in the Financial Strategy	1,049	4,250	5,299
Financial Risk - Adult Social Care	Established to address the financial risk of additional unforeseen Adult Social Care Demand	700	0	700
Financial Risk - Children's Social Care	Established to address the financial risk of additional unforeseen Children's Social Care Demand	400	0	400
Financial Risk - Economic Risk	Established to address the financial risk arising from changing economic conditions that may impact on the Council	500	0	500
		2,649	**4,250**	**6,899**
Total Reserves (excl. school balances)		**25,113**	**3,214**	**28,327**
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.	4,701	0	4,701
		4,701	**0**	**4,701**
Total Reserves		**29,814**	**3,214**	**33,029**

APPENDIX 5

PROJECTED CAPITAL PROGRAMME OUTTURN 2026/27 – 2028/29

The capital budget for 2026/27 is continuously being monitored and changed to reflect the nature of capital projects which can be profiled for delivery over several years. In Quarter 1 there has been a net budget decrease of £26.409m for 2026/27, compared to the original budget reported in the 2026/27 Budget Book in February 2026. The budget decrease is due to reprofiling of £28.138m to future years capital programmes and virements of £1.729m.

Virements in Quarter 1 arose primarily due additional contributions from partners towards the Integrated Community Equipment Loan Scheme of £3.744m, grant award notifications of £0.552m for Warm Homes Wave 3, and a reduction of £2.880m for various HRA schemes, to reduce the borrowing requirement on the HRA.

The Capital schemes reprofiled during Quarter 1are: HRA New Build Programme -£7.474m, Oxon Relief Road -£1.800m, Integrated Transport Plan -£6.782m, Levelling Up Fund (LUF) Project 1 (Riverside Enabling & Park) -£1.000m, Oswestry Innovation Park -£3.000m, Tannery Development site -£3.840m and Schools grants totalling -£3.923m.

The tables below summarise the overall movement, between the budget approved in February and changes up to Quarter 1.

Service Area	Initial Budget 2026/27 £	Budget Virements Quarter 1 £	Revised Budget Quarter 1 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2027/28 Revised Budget £	2028/29 Revised Budget £	2029/30 Revised Budget £
General Fund											
Care & Wellbeing Capital	162,162	0	162,162	-2,208	164,370	-1.36%	162,162	0	0	0	0
Children & Young People & Children's Social Care (CSC)	19,442,426	-4,122,095	15,320,331	859,967	14,460,364	5.61%	15,320,331	0	30,864,437	2,500,000	0
Commissioning Capital	2,203,713	27,263	2,230,976	682,854	1,548,122	30.61%	2,230,976	0	814,916	0	0
Communities & Customer Capital	7,220,671	4,672,745	11,893,416	1,843,592	10,049,824	15.50%	11,893,416	0	7,826,918	4,500,000	4,500,000
Enabling Capital	2,846,000	0	2,846,000	274,343	2,571,657	9.64%	2,846,000	0	2,480,000	1,610,000	1,826,000
Infrastructure Capital	72,336,269	-8,448,923	63,887,346	2,027,284	61,860,062	3.17%	63,887,346	0	66,266,300	56,303,400	63,671,300
Place Shaping Capital	23,923,648	-8,262,353	15,661,295	3,292,296	12,368,999	21.02%	15,661,295	0	18,197,699	1,500,000	1,500,000
Strategy Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Total General Fund	**128,134,889**	**-16,133,363**	**112,001,526**	**8,978,129**	**103,023,397**	**8.02%**	**112,001,526**	**0**	**126,450,270**	**66,413,400**	**71,497,300**
Housing Revenue Account	32,503,488	-10,276,109	22,227,379	454,431	21,772,948	2.04%	22,227,379	0	32,038,592	17,621,182	12,200,000
Total Approved Budget	**160,638,377**	**-26,409,472**	**134,228,905**	**9,432,560**	**124,796,345**	**7.03%**	**134,228,905**	**0**	**158,488,862**	**84,034,582**	**83,697,300**

The actual capital expenditure at Quarter 1 is £9.433m, which represents 7.03% of the revised capital budget at Quarter 1, 25% of the year. This is slightly low in comparison to the total budget, but in line with the average expenditure percentage at this period in previous years. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the remainder of the year. Based on recent years, the capital programme has out turned at around 85% of the outturn budget, which on average has been around 20% lower than the budget at this point in the year, due to further re-profiling later in the year.

The level of spend is slightly low across the programme in some areas, but equal to the level of spend in the previous year at this period. In terms of the major areas the spend position is as follows: Care & Wellbeing -1.36% (budget £0.162m), Children & Young People 5.61% (budget £15.320m), Commissioning 30.61% (budget £2.231m), Communities & Customer 15.50% (budget £11.893m), Enabling 9.64% (budget £2.846m), Infrastructure 3.17% (budget £63.887m), Place Shaping 21.02% (budget £15.661m), and HRA Major Repairs & New Build Programme 2.04% (budget £21.773m).

Service Areas	Initial Budget 2026/27 £	Budget Virements Quarter 1 £	Revised Budget Quarter 1 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2027/28 Revised Budget £	2028/29 Revised Budget £	2029/30 Revised Budget £
General Fund											
Care & Wellbeing	**162,162**	**0**	**162,162**	**-2,208**	**164,370**	**-1.36%**	**162,162**	**0**	**0**	**0**	**0**
Adult Social Care Operations Capital	162,162	0	162,162	-2,208	164,370	-1.36%	162,162	0	0	0	0
Children & Young People & Children's Social Care (CSC)	**19,442,426**	**-4,122,095**	**15,320,331**	**820,967**	**14,499,364**	**5.36%**	**15,320,331**	**0**	**30,864,437**	**2,500,000**	**0**
Children's Residential Care Capital	42,822	0	42,822	0	42,822	0.00%	42,822	0	0	0	0
Non Maintained Schools Capital	7,020,153	612,441	7,632,594	605,833	7,026,761	7.94%	7,632,594	0	18,375,000	2,500,000	0
Primary School Capital	2,651,967	379,712	3,031,679	155,856	2,875,823	5.14%	3,031,679	0	5,450,000	0	0
Primary School Managed Capital	805,186	239,258	1,044,444	58,435	986,009	5.59%	1,044,444	0	0	0	0
Secondary School Capital	782	0	782	0	782	0.00%	782	0	0	0	0
Secondary School Managed Capital	58,236	12,876	71,112	0	71,112	0.00%	71,112	0	0	0	0
Shropshire Music Service Capital	51,443	0	51,443	519	50,924	1.01%	51,443	0	0	0	0
Special Schools Capital	6,473	6,331	12,804	325	12,479	2.54%	12,804	0	0	0	0
Special Schools Managed Capital	1,443	8,708	10,151	0	10,151	0.00%	10,151	0	0	0	0
Unallocated School Capital	8,803,921	-5,381,421	3,422,500	0	3,422,500	0.00%	3,422,500	0	7,039,437	0	0
Commissioning	**2,203,713**	**27,263**	**2,230,976**	**682,854**	**1,548,122**	**30.61%**	**2,230,976**	**0**	**814,916**	**0**	**0**
Leisure Capital	2,203,713	27,263	2,230,976	682,854	1,548,122	30.61%	2,230,976	0	814,916	0	0
Communities & Customer	**7,220,671**	**4,672,745**	**11,893,416**	**1,843,592**	**10,049,824**	**15.50%**	**11,893,416**	**0**	**7,826,918**	**4,500,000**	**4,500,000**
Community Hubs & Libraries Capital	17,841	303,000	320,841	12,177	308,664	3.80%	320,841	0	0	0	0
Housing Services Capital	6,768,609	4,368,895	11,137,504	1,818,096	9,319,408	16.32%	11,137,504	0	7,826,918	4,500,000	4,500,000
Museums & Archives Capital	659	850	1,509	6,956	-5,447	460.93%	1,509	0	0	0	0
Theatre Services Capital	433,562	0	433,562	6,364	427,198	1.47%	433,562	0	0	0	0
Enabling	**2,846,000**	**0**	**2,846,000**	**274,343**	**2,571,657**	**9.64%**	**2,846,000**	**0**	**2,480,000**	**1,610,000**	**1,826,000**
ICT Infrastructure Capital	2,846,000	0	2,846,000	274,343	2,571,657	9.64%	2,846,000	0	2,480,000	1,610,000	1,826,000

Service Areas	Initial Budget 2026/27 £	Budget Virements Quarter 1 £	Revised Budget Quarter 1 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2027/28 Revised Budget £	2028/29 Revised Budget £	2029/30 Revised Budget £
Infrastructure	**72,336,269**	**-8,448,923**	**63,887,346**	**2,027,284**	**61,860,062**	**3.17%**	**63,887,346**	**0**	**66,266,300**	**56,303,400**	**63,671,300**
Broadband Capital	1,575,891	0	1,575,891	122,801	1,453,090	7.79%	1,575,891	0	500,000	0	0
Environment and Transport (Public Transport) Capital	2,773,274	0	2,773,274	0	2,773,274	0.00%	2,773,274	0	1,453,400	1,482,100	1,510,700
Highways - Central Area Division Capital	270,000	0	270,000	5,587	264,413	2.07%	270,000	0	0	0	0
Highways - Flood Defence & Water Management Capital	3,967,370	0	3,967,370	618,725	3,348,645	15.60%	3,967,370	0	0	0	0
Highways - Integrated Transport Capital	23,951,024	-6,648,923	17,302,101	390,329	16,911,772	2.26%	17,302,101	0	16,999,900	11,329,300	12,440,600
Highways - North West Relief Road (NWRR)	0	0	0	-9,061	9,061	0.00%	0	0	0	0	0
Highways - Northern Area Division Capital	270,000	0	270,000	-5,247	275,247	-1.94%	270,000	0	0	0	0
Highways - Oxon Relief Road (OLR)	1,845,856	-1,800,000	45,856	0	45,856	0.00%	45,856	0	6,800,000	0	0
Highways - Southern Area Division Capital	270,000	0	270,000	-4,187	274,187	-1.55%	270,000	0	0	0	0
Highways - Street Lighting Capital	1,100,000	0	1,100,000	-142,801	1,242,801	-12.98%	1,100,000	0	0	0	0
Highways - Structural Maintenance of Bridges Capital	2,500,000	0	2,500,000	-401,518	2,901,518	-16.06%	2,500,000	0	0	0	0
Highways - Structural Maintenance of Roads Capital	32,697,285	0	32,697,285	872,361	31,824,924	2.67%	32,697,285	0	40,504,000	43,492,000	49,720,000
National Landscapes and Outdoor Partnerships Capital	1,115,569	0	1,115,569	580,294	535,275	52.02%	1,115,569	0	9,000	0	0
Place Shaping	**23,923,648**	**-8,262,353**	**15,661,295**	**3,292,296**	**12,368,999**	**21.02%**	**15,661,295**	**0**	**18,197,699**	**1,500,000**	**1,500,000**
Climate Change Capital	564,120	0	564,120	34,663	529,457	6.14%	564,120	0	0	0	0
Growth & Development Capital	4,872,791	-3,332,775	1,540,016	5,231	1,534,785	0.34%	1,540,016	0	7,332,775	0	0
Property & Asset Capital	17,914,437	-4,929,578	12,984,859	2,751,075	10,233,784	21.19%	12,984,859	0	10,339,578	1,500,000	1,500,000
Waste Capital	0	0	0	0	0	0.00%	0	0	325,000	0	0
Development Management Capital	36,687	0	36,687	1,327	35,360	3.62%	36,687	0	0	0	0
Planning Policy Capital	535,613	0	535,613	500,000	35,613	93.35%	535,613	0	200,346	0	0
Strategy	**0**	**0**	**0**	**0**	**0**	**0.00%**	**0**	**0**	**0**	**0**	**0**
Communications and Engagement Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Transformation Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Total General Fund	**128,134,889**	**-16,133,363**	**112,001,526**	**8,939,129**	**103,062,397**	**7.98%**	**112,001,526**	**0**	**126,450,270**	**66,413,400**	**71,497,300**
Housing Revenue Account	**32,503,488**	**-10,276,109**	**22,227,379**	**454,431**	**21,772,948**	**2.04%**	**22,227,379**	**0**	**32,038,592**	**17,621,182**	**12,200,000**
HRA Dwellings Capital	32,503,488	-10,276,109	22,227,379	454,431	21,772,948	2.04%	22,227,379	0	32,038,592	17,621,182	12,200,000
Total Approved Budget	**160,638,377**	**-26,409,472**	**134,228,905**	**9,393,560**	**124,835,345**	**7.00%**	**134,228,905**	**0**	**158,488,862**	**84,034,582**	**83,697,300**

APPENDIX 6

PROJECTED CAPITAL RECEIPTS

The current capital programme is heavily reliant on the Council generating capital receipts to finance the capital programme. There is a high level of risk in these projections as they are subject to changes in property and land values, the actions of potential buyers and being granted planning permission on sites. The table below summarises the current allocated and projected capital receipt position across 2026/27 to 2029/30. A RAG analysis has been included for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Disposals rated marked “Green” are highly likely to be completed by the end of the financial year, those rated “Amber” are achievable but challenging and thus there is a risk of slippage, and those rated “Red” are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in any financial year as there may be delays between exchanging contracts and completing.

	2026/27	2027/28	2028/29	2029/30	2030/31
Corporate Resources Allocated in Capital Programme	14,010,685	18,623,508	7,110,000	4,326,000	-
Capital Programme Ring-fenced receipt requirements	450,000	13,846,398	9,500,000	8,181,991	-
Transformation activities	-	-	-	-	-
Total Commitments	**14,460,685**	**32,469,906**	**16,610,000**	**12,507,991**	**-**
Capital Receipts in hand/projected:					
Brought Forward in hand	22,379,581	16,160,987	- 16,243,920	- 32,788,920	- 45,296,911
Generated 2026/27 YTD	2,290,699	-	-	-	-
Projected - 'Green'	5,951,392	65,000	65,000	-	
Total in hand/projected	**30,621,672**	**16,225,987**	**- 16,178,920**	**- 32,788,920**	**- 45,296,911**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 16,160,987**	**16,243,920**	**32,788,920**	**45,296,911**	**45,296,911**
Further Assets Being Considered for Disposal (Amber/Red)	275,000	37,601,669	4,053,080	-	-

In 2026/27 there is currently a projected surplus of capital receipts of £16.161m and in 2027/28, 2028/29 and 2029/30 there are currently projected cumulative shortfalls of capital receipts of £16.244m, £32.789m and £45.297 respectively.

These surpluses are generated and shortfalls 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 is shown in the tables below.

General Fund	2026/27	2027/28	2028/29	2029/30	2030/31
Corporate Resources Allocated in Capital Programme	12,664,116	15,923,508	3,110,000	3,326,000	-
Capital Programme Ring-fenced receipt requirements	450,000	9,718,303	7,500,000	6,181,991	-
Transformation activities	-	-	-	-	-
Total Commitments	**13,114,116**	**25,641,811**	**10,610,000**	**9,507,991**	**-**
Capital Receipts in hand/projected:					
Brought Forward in hand	12,643,100	5,713,494	- 19,863,317	- 30,408,317	- 39,916,308
Generated 2026/27 YTD	1,226,317	-	-	-	-
Projected - 'Green'	4,958,192	65,000	65,000	-	-
Total in hand/projected	**18,827,609**	**5,778,494**	**- 19,798,317**	**- 30,408,317**	**- 39,916,308**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 5,713,494**	**19,863,317**	**30,408,317**	**39,916,308**	**39,916,308**
Further Assets Being Considered for Disposal (Amber/Red)	275,000	37,601,669	4,053,080		

HRA	2026/27	2027/28	2028/29	2029/30	2030/31
Corporate Resources Allocated in Capital Programme	1,346,569	2,700,000	4,000,000	1,000,000	-
Capital Programme Ring-fenced receipt requirements	-	4,128,095	2,000,000	2,000,000	-
Transformation activities	-	-	-	-	-
Total Commitments	**1,346,569**	**6,828,095**	**6,000,000**	**3,000,000**	**-**
Capital Receipts in hand/projected:					
Brought Forward in hand	9,736,481	10,447,493	3,619,398	- 2,380,602	- 5,380,602
Generated 2026/27YTD	1,064,381	-	-	-	-
Projected - 'Green'	993,200	-	-		
Total in hand/projected	**11,794,063**	**10,447,493**	**3,619,398**	**- 2,380,602**	**- 5,380,602**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 10,447,493**	**- 3,619,398**	**2,380,602**	**5,380,602**	**5,380,602**
Further Assets Being Considered for Disposal (Amber/Red)	-	-	-		-

These tables demonstrate that capital receipts for the HRA are in a comparatively healthy surplus position over the period, however, there is significant pressure arising from the capital receipts requirement of the General Fund. In 2027/28, 2028/29 and 2029/30 there are currently projected cumulative shortfalls of capital receipts of £19.863m, £30.408m, and £39.916m respectively.

Assets currently being considered for disposal total £41.553m which if realised will still fall short of the total capital receipts required within the capital programme. IT is therefore necessary for the asset base to be reviewed in detail to identify further assets that can be considered for disposal and all capital receipts planned are maximised. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals.

APPENDIX 7

FINANCIAL MANAGEMENT INDICATORS

Budget Monitoring Projections Uploaded by Budget Holders

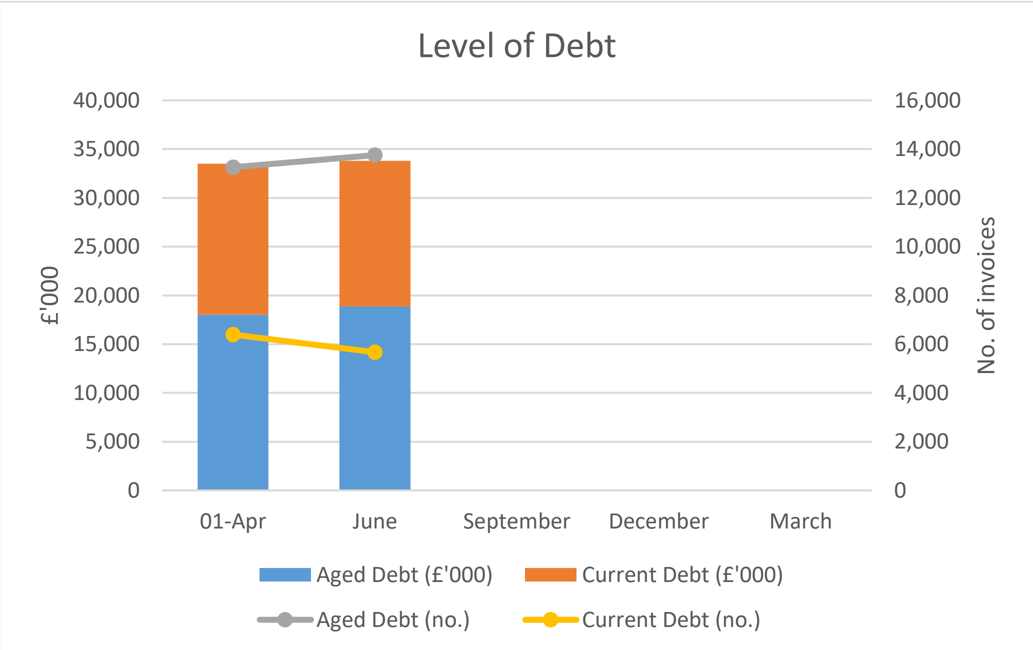
	Period 1	Period 2	Period 3
Budget Monitoring Projections uploaded by Budget Holder	96%	94%	88%
Budget Monitoring Projections not uploaded by Budget Holder	4%	6%	12%
Total	**100%**	**100%**	**100%**

Payment of Invoices

April – June 2026	% of invoices	No. of invoices
Paid within 30 days	83.35	31,396
Invoices not paid within 30 days	16.65	6,272
Total	**100.00**	**37,668**

Aged Debt

As at 20th June 2026	Value (£'000)	No. of invoices
Aged Debt	18,878	13,752
Current Debt	14,939	5,668
Total	**33,817**	**19,420**



Budget holder engagement has improved significantly in the last quarter of 2025/26 and continues into the first quarter of 2026/27, despite there being a slight dip in performance for Period 3. Details of budget holders not completing their budget monitoring projections are highlighted at Leadership Board and with their respective line managers to ensure that this is addressed for the future, to recognise the importance of getting this right.

The payment of invoices indicator demonstrates that the council is paying just under 84% of invoices to suppliers within 30 days. This indicator has improved from 2025/26 however there is still progress that could be made. Ideally, invoices should be raised for payments due to the council within 30 days, and purchase orders for all new supplies should be raised ahead of delivery. Statistics on late submission of invoices and production of retrospective orders are produced all budget holders and available to the Leadership Board to scrutinise.

The value of aged debt has increased marginally during the first quarter in terms of value and number of invoices. A project has been undertaken on debt recovery practices within the Council to help streamline the process and focus attention to debt recovery and engagement with those officers raising the invoices.