

Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: Wednesday, 19 January 2022

Committee:
Performance Management Scrutiny Committee

Date: Thursday, 27 January 2022
Time: 2.30 pm
Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury,
Shropshire, SY2 6ND

Members of the public will be able to access the live stream of the meeting by clicking on this link:

<https://www.shropshire.gov.uk/performance-managementscrutiny27jan/>

There will be some access to the meeting room for members of the press and public but this will be very limited in order to comply with Covid-19 regulations. **If you wish to attend the meeting please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.**

Tim Collard
Interim Assistant Director – Legal and Democratic Services

Members of Performance Management Scrutiny Committee

Claire Wild (Chairman)	Robert Macey
Joyce Barrow (Vice Chairman)	Alan Mosley
Julia Buckley	Peggy Mullock
Steve Charmley	David Vasmer
Roger Evans	Leslie Winwood

Your Committee Officer is:

Amanda Holyoak Committee Officer
Tel: 01743 257714 Email: amanda.holyoak@shropshire.gov.uk

AGENDA

1 Apologies for Absence and Substitutions

2 Disclosable Pecuniary Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Minutes of the meeting held on 18th January 2022

To consider the Minutes of the Performance Management Scrutiny Committee meeting held on Tuesday 18th January 2022.

TO FOLLOW

4 Public Question Time

To receive any questions, statements or petitions from the public of which members of the public have given notice. Deadline for notification for this meeting is 2:30pm on Tuesday 25th January 2022.

5 Member Question Time

To receive any questions of which members of the Council have given notice. Deadline for notification for this meeting is 5:00pm on Monday 24th January 2022.

6 Mid Year Capital and the Financial Strategy 2022/23 - 2025/26 (Pages 1 - 90)

To consider the Mid Year Capital and the Financial Strategy 2022/23 – 2025/26 and interim report of the Financial Strategy Task and Finish Group.

7 Work Programme (Pages 91 - 96)

To consider proposals for the Committee's work programme, attached.

8 Exclusion of Press and Public

To resolve that, in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.4 [3] of the Council's Access to Information Rules, the public and press be excluded from the meeting during consideration of the following items.

9 Shire Services Catering Operations (Pages 97 - 118)

Report considered and agreed by Cabinet on 5 January 2022 is attached.

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<u>Committee and Date</u>
Cabinet 5 th January 2022

<u>Item</u>
<p style="text-align: right;"><u>Public</u></p>

Financial Strategy 2022/23 - 2026/27 and Mid-Year Capital Strategy 2021/22 to 2026/27

Responsible Officer James Walton
 e-mail: james.walton@shropshire.gov.uk Tel: 01743 258915

1. Synopsis

The draft Financial and Capital Strategies are the plans to manage Shropshire Council's finances over the next five years and set a legal budget for 2022/23. In short, we can set a balanced budget next year, but beyond we continue to battle with a £50m structural funding gap.

2. Executive Summary

- 2.1. This report outlines the updated financial strategy for 2022/23 – 2026/27, building on the strategy approved by Council in February 2021, and reflecting latest information on resources and expenditure pressures and the funding gap. The report also outlines an update to the Capital Strategy that was approved in February 2021 and details the priority schemes that the Council will start to develop business cases for in order to become potential future capital projects.

- 2.2. The updated Financial Strategy for 2022/23 – 2026/27 sets out the financial plans for Shropshire Council. The report however focusses primarily on the 2022/23 budget, and the actions required to reduce the existing funding gap in order to set a balanced budget for the Council.

- 2.3. The Government announced a three-year Spending Review for government departments yet, for the third year running, has only provided a single year Spending Round announcement for 2022/23. It has not stated whether the Fair Funding Review (the national review into Local Government Finance) will be implemented as previously advised or will be further delayed.

- 2.4. The Council is actively lobbying the government for additional funding, to address structural funding shortfalls and a funding formula that does not take account of growth in Social Care costs. A structural funding gap remains of at least £50m per annum. It is now essential that lobbying results in additional funding from the Government in the form of a sustainable funding solution.

- 2.5. The Capital Strategy has been updated to reflect latest delivery and projections on the current agreed capital programme, and a review has been undertaken of the future schemes that are considered a priority for the Council to work on. The updated list of capital priority schemes had indicated a significant level of borrowing would be required to fund the schemes, thereby generating an additional budgetary pressure on the Finance Strategy. This has therefore been revised into a smaller list of priority projects and the requirement for alternative sources of funding to be found for these schemes to progress into the approved capital programme.

3. Recommendations

- 3.1. It is recommended that members:

- A. Approve the savings proposals which will contribute towards delivery of a balanced budget in 2022/23 as outlined in Appendix 1 Annex A, enabling the Leader of the Council to consult on the budget plans before taking to Council on 24 February 2022.
- B. Note the funding gap for the years 2023/24 to 2026/27.
- C. Note and agree the prioritised capital schemes identified at Appendix 2 section 8 including the need to identify and confirm funding sources for these schemes.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1. The development and delivery of the Council's Financial Strategy is the key process in managing many of the Council's strategic risks. The opportunities and risks arising are assessed each time the document is refreshed for Cabinet consideration. The Council's Strategic Risks are reported separately, but the Financial Strategy makes specific reference to the Council's ability to deliver a balanced budget and the budget setting and challenge process is a key mechanism in ensuring that the Council can set a legal budget for the next financial year. The five-year Financial Strategy also considers the plans that the Council has to work towards setting a sustainable budget in the future.
- 4.2. The Financial Strategy and the detailed changes necessary to deliver the agreed budget for the next financial year will consider the requirements of the Human Rights Act, any necessary environmental appraisals and the need for Equality and Social Inclusion Impact Assessments (ESIIA) and any necessary service user consultation.
- 4.3. The development of the Council's Capital Strategy is a fundamental process in evaluating the financial risks arising from investment projects, both in

terms of the risks arising from the individual projects and the impact that they have on the Council's financial position and sustainability. The Strategy outlines the process for evaluating business cases for investment, which always considers the financial and non-financial risks arising from the project.

5. Financial Implications

- 5.1. This report sets out the financial implications for the Council over the 2022/23 to 2026/27 Financial Years. Details are contained within the Medium Term Financial Strategy attached at Appendix 1 and the Capital Strategy attached at Appendix 2.

6. Climate Change Appraisal

- 6.1 The Council's Financial Strategy supports strategies for Climate Change and Carbon Reduction in a number of ways. The 2022/23 revenue budget has an annual base budget provision of £0.500m (following the £1m initial investment in 2021/22) to support Climate Change initiatives in order to deliver the Council's Climate Change Strategy Framework. The future programme includes programmes to support a range of initiatives such as moving to LED street lighting, enabling agile and mobile working dramatically reducing travel and support for Park and Ride schemes to reduce car emissions within the town centres.
- 6.2. Schemes detailed in the Capital Strategy 2021/22 to 2026/27 and the development of future projects will take into consideration the Council's Climate Change Strategy Framework; promoting sustainable development, reducing Shropshire's overall carbon footprint and generating energy and cost savings wherever possible.

7. Background

- 7.1. Council approved the Financial Strategy 2021/22 – 2025/26 on 25 February 2021. This report updates Cabinet of the impact of the latest budgetary position for the Council as detailed in the existing quarterly revenue and capital monitoring reports and outlines the impact of national and local decisions that have been taken since February 2021 on the Council's financial strategy.
- 7.2. The Council's Medium Term Financial Strategy is attached at Appendix 1. This Strategy looks at financial planning and management over a five-year period and links the council's vision and priorities with the forecasted resources and budgets. It also helps the Council towards developing a sustainable budget over the medium term.

8. Additional Information

- 8.1. Since the Financial Strategy was signed off by Council on the 25 February 2021 work has begun to consider the detailed budget build up for 2022/23 and the impact that this may have on the five-year financial strategy.

- 8.2. The revenue resources over the five-year period have been updated to reflect the latest projection on the council taxbase and to reflect the best indications of likely levels of core government grants over the next 3 financial years. Further details are provided in Appendix 1, section 3.
- 8.3. Expenditure projections have been updated for the latest projections of demography, inflationary increases and service specific budgetary pressures including the need to address ongoing budget pressures that have been highlighted in the Quarter 2 financial monitoring report, considered by Cabinet on 1st December 2021. Further details on all amendments to projected expenditure over the 5 years are outlined in Appendix 1, section 4.
- 8.4. As a result of these updates, it has been necessary for the Council to identify new savings proposals to reduce the funding gap, particularly in 2022/23 in order to set a balanced budget. The Council has currently identified new savings of £4.771m across the Council, in addition to £4.469m that had previously been agreed in 2018/19.
- 8.5. It is necessary for the Council to carry out a consultation on the budget, particularly focussing on the savings that are being proposed for the next financial year. Following approval to move to consultation, this will take place following the January Cabinet for a period of 6 weeks. Feedback from the consultation will then be reported in the Financial Strategy report considered at Cabinet and Council in February 2022.
- 8.6. A balanced budget for 2022/23 was made possible through the use of £4.771m of new savings proposals across all areas of the Council; combined with £4.469m of savings carried forward from previous years and an allocation of over £13m from one-off sources including reserves.
- 8.7. The Capital Strategy has also been updated to reflect an extensive review that has been carried out of the prioritised projects. Due to pressures in the revenue budget, it is not possible to continue with schemes that would add a significant further financial pressure through additional borrowing costs, and so the list of projects has been revised to £268.394m. The financing for these schemes is detailed in Appendix 2, Annex B however there is still further work required to ensure that alternative funding sources are identified for £117.619m of these schemes to prevent additional borrowing and revenue growth being required. Options for funding will be considered as the schemes work to develop detailed business cases that can be agreed for inclusion in the capital programme.

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

Financial Strategy 2021/22 – 2025/26

Cabinet Member (Portfolio Holder)

Gwilym Butler – Portfolio Holder - Resources

Local Member

Appendices

Appendix 1 - Medium Term Financial Strategy – January 2022

Appendix 2 – Capital Strategy 2021/22 to 2026/27

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Medium Term Financial Strategy – January 2022

2022/23 – 2026/27

James Walton
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FOREWORD FROM SECTION 151 OFFICER

This is the draft plan to manage the Council's finances over the next five years and set a budget for 2022/23. In short, we can contain our expected costs within our resources next year, just and with consequences, but beyond that we continue to battle with a £50m structural funding gap that cannot be addressed sustainably without a revision of the Local Government funding approach to reflect the cost drivers in large rural counties like ours.

We will consult on our plans throughout January and revisit our financial planning in light of these findings, the final local government financial settlement and the priorities set out in our new Shropshire Plan which we are due to discuss with the public over the same time. In February, Council will be asked to the final Medium-Term Financial Strategy.

Shropshire Council produces a Medium-Term Financial Strategy (MTFS) to plan spending and financial decisions over the next five years. To produce the plan, we consider national and local funding and resources and compare this to the demand on the services the Council needs and wants to deliver. By statute, this must result in a balanced budget for the coming Financial Year. It is not legal for a Council to set an unbalanced budget; by law our costs must be contained within our available funding, creating tensions between aspiration and reality, quality and necessity. It is, nevertheless, unwise to focus on the short-term delivery of a balanced budget at the expense of long-term outcomes, medium term sustainability or the achievement of wider strategic objectives.

It is within this balance that we set the MTFS and while this is never an easy ask with rising costs and reducing funds, for 2022/23 we have moved into new territory.

The underlying story has not changed significantly for several years - Government funding for Shropshire Council has fallen year on year. This is a fact that cannot be disputed or denied. Year on year, the taxpayers of Shropshire are required to fund a greater amount and a greater proportion of the resources the Council needs to operate. In 2015/16 the Council set a net budget of £216m of which 55% (£119m) was funded by local Council Tax. Between 2015/16 and 2022/23 the amount raised by Council tax rose by over £61m raising £180m. The Council's net budget, however, has risen by just £24m over this time and stands at £240m in 2022/23. As a result, Council Tax increases have not increased the amount the Council can spend in real terms; instead, a net budget that has not kept pace with inflation is now funded at almost 76% by the local taxpayer. The figures in this Medium-Term Financial Strategy show that this trend is set to continue.

At the same time, the cost of delivering services increases each year. Inflation is now at over 5%, creating additional pressures on staff costs and contractual obligations. Increased demand on services and changes in our demographic make-up increase complexity of delivery and also cost. It is well documented that Adults and Children's Social Care costs in Shropshire are growing at an unsustainable rate. With reduced funding from government other service areas must be cut to fund this growth. In 2022/23 almost 80% of the Council's net budget is allocated to Social Care, close to double the 43% allocated in 2015/16.

FOREWORD FROM SECTION 151 OFFICER

As set out in previous versions of this document; despite the financial and welfare implications of social care across Shropshire, the number of actual service users still remains close to 10,000. A simple comparison to the 323,000 population of Shropshire suggests that almost 97% are not accessing social care services. They are, however, accessing other services of the Council such as highways, transport, public protection, leisure, parks and open countryside. These facilities have never been essential than now. These areas, acutely visible to us all, are the very areas that see their funding pressed, to enable limited resources to be diverted to social care. To almost 97% of local taxpayers there remains a simple and unfortunate reality: they pay more money to the local authority in Council Tax, fees and charges yet receive reduced services. This cannot continue, but requires Government intervention and, ideally, a complete overhaul of the funding mechanism to create fair funding across the Local Government sector.

Central Government has, for the third year running, provided a single year Spending Round announcement for 2022/23. This arrived in late December 2021, only months ahead of the Financial Year and no basis for planning the long term sustainable financial position for a large and essential public organisation. Again, when looking forward, we must make broad estimates and assumptions about what this may look like.

We are still lobbying government hard for a funding settlement that is fairer for all local authorities. We believe that more funding, particularly in the areas of Social Care, is necessary on a national scale. Furthermore, we believe that a fairer distribution of these increased resources will enable funds to be targeted to the areas of greatest need. The current funding formula disadvantages Shropshire due to our sparsity, our rurality, our demography and our ability to raise resources locally - from Council Tax and Business Rates. This needs to be addressed, once and for all.

We know, by benchmarking our services against other local authorities, that we deliver good outcomes at average or below average costs in the majority of cases. Where our costs are above average, such as our spend on highways per head of population, we know this is because we have a relatively low population compared to the length of our roads. Our spend per head on roads looks high compared to others, but our spend per kilometre of road is very low. With the increasing pressure on social care and less funding from government, this spend can only be expected to reduce in the future.

Shropshire Council's Financial Strategy sets out our plans for 2022/23 through to 2026/27. This includes almost £4.8m of new savings proposals across all areas of the Council. This, combined with £4.5m of savings carried forward from previous years, £2.3m of one-off, repayable savings and an allocation of over £13m from one-off reserves, this will produce a balanced budget for 2021/22.

While not the focus of the coming year, the budget is still overshadowed by the Coronavirus Pandemic. The framework for the Financial Strategy is therefore described by three primary financial elements:

- Refocus

FOREWORD FROM SECTION 151 OFFICER

- A Structural Funding Gap
- Covid-19

Refocus

The basic principle of Refocus is that Shropshire Council will drive to deliver the key outcomes for Shropshire communities in the most efficient, highest quality and financially economical way possible. The ultimate outcome is to drive Council performance to its highest attainable level over the medium to long term.

The Structural Funding Gap

The basic principle of the Structural Funding Gap is that Fair Funding, or an equivalent national funding methodology, will be implemented from 2023/24 which will accurately reflect the costs and future annual growth in costs of (predominantly) delivering social care services, resolving the structural funding gap within Shropshire.

Covid-19

The basic principle of the Covid-19 assumption is that all known direct costs resulting from measures undertaken as a result of government responses to the Coronavirus pandemic will be fully funded by external government grant or similar directives.

These three assumptions form the basis for creating a two-stage approach as set out in this document: a short-term Budget Plan for the 2022/23 Financial Year, and a longer-term Financial Strategy covering 2023/24 through to 2026/27.

2.1 Medium Term Financial Strategy Process

The medium-term financial strategy spans a period of five years and is formally agreed by Full Council each year in the February preceding the first financial year of the strategy.

The first year of the MTFs represents the budget strategy for the next financial year. The compilation of the budget strategy involves detailed budget development of each service area within the Council and work begins on this process from September onwards.

The overarching five years strategy runs alongside the budget strategy work and will be informed by significant service changes or demographic changes that the Council is facing, but more significantly will be informed by government announcements on the likely level of funding.

Each year the Government provide a Provisional Local Government Finance Settlement in December and a Final Local Government Finance Settlement towards the end of January. This will detail all grant funding that the Council will receive in the next financial year and will also give authorities specific regulations around levels of Council Tax that can be raised. Alongside this the Council is also carrying out calculations such as the Council Tax Base to determine how many properties the Council can raise Council Tax against. This information all feeds into the Resources side of the Financial Strategy and assumptions are made regarding any uplift or inflationary changes for future years within the MTFs.

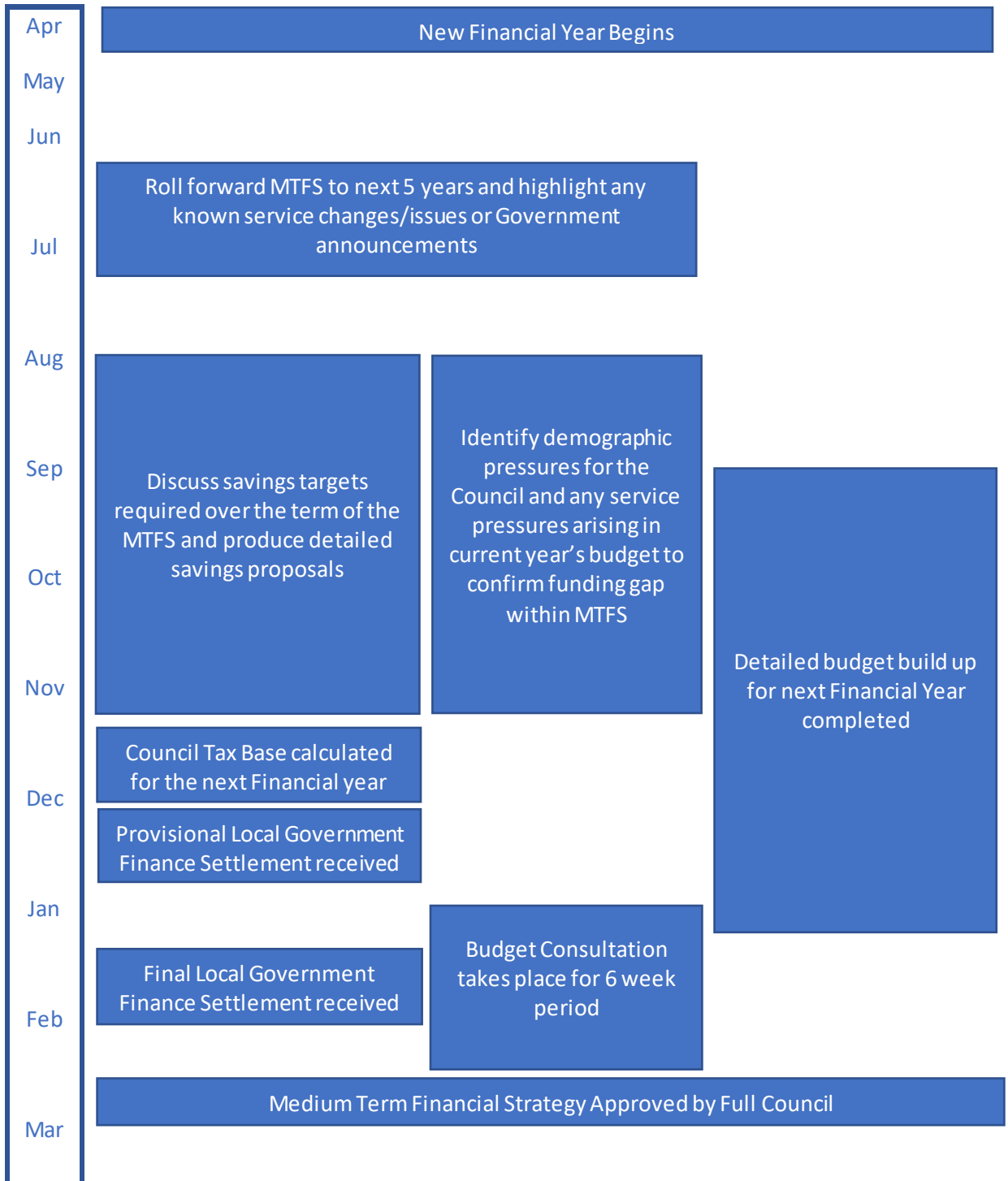
In previous years the Government have provided multi-year funding settlements which have given the Council the ability to predict with some accuracy, the level of grant income that it will receive from the Government. The last four year multi settlement ran from 2016/17 to 2019/20 and the Government announced a one year settlement for 2020/21 with the intention of implementing the Fair Funding Review for 2021/22. Since the COVID-19 pandemic hit the UK in the spring of 2020, the Government had announced that the Fair Funding Review would be delayed until 2022/23. The Provisional Local Government Finance Settlement for 2022/23 has not been prepared on the basis that the Fair Funding Review has been delivered, and a one year settlement has again been outlined for 2022/23.

During January and February, the Council will consult with the general public regarding the budget proposals for the next financial year. Feedback from this consultation will then inform the final Medium Term Financial Strategy that is agreed by Full Council in February.

Figure 1 below details a simplified timeline of the various processes for developing the medium-term financial plan each year.

FOREWORD FROM SECTION 151 OFFICER

FIGURE 1 – Development of Medium Term Financial Strategy



2.2 National Context

The COVID-19 pandemic experienced over the last 21 months has been an extraordinary period for the country. As a result, the Government has had to provide unprecedented financial support to keep the economy going through lockdown and has also provided support to enable the UK economy to start to recover as the country begins to live with Covid-19. The Government has also embarked on a Levelling Up agenda with a £4.8bn fund allocated to invest in infrastructure across the country.

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

The Provisional Local Government Finance Settlement was announced on 16th December 2021. This outlined an additional £3.5bn of additional funding for local councils. Despite suggestions that the Fair Funding Review would be implemented for 2022/23, the provisional finance settlement has no provision for this and instead provides funding allocations for 2022/23 only. It should also be noted that several new funds have been made available for local authorities in 2022/23, however it would appear that these grants are only one-off funds for 2022/23 with no suggestion these will continue into the medium term. The most significant new one-off grant provided was the 2022/23 Services Grant which was an unringfenced grant to support the costs of providing services to local communities.

2.3 Local Context

Shropshire Council has been lobbying government for several years to address a structural underfunding in relation to social care spend. Since 2016/17 the cumulative shortfall in funding was approaching £46m and as a result the Council has consistently had to set a council tax precept at the maximum level permitted by Government and deliver substantial savings plans to help fund this shortfall. As a result, the Medium-Term Financial Strategy has been carrying an ongoing budget deficit which has been funded through the use of one-off funding and reserves in order to set a balanced and legal budget.

The Council received details of the Provisional Local Government Finance Settlement on 16th December 2021, and whilst this has allowed the Council to raise additional funds through the additional 1% Adult Social Care precept that has been permitted for 2022/23, the other funding allocations received for 2022/23 have either been rolled forward from 2021/22 or there has been a slight increase in grants received. It should be noted, however, that the long-term future of these grant balances remains uncertain given that the Council is no closer to understanding how Fair Funding will impact in the future. Therefore, whilst the one-off grant allocations have helped with budgetary pressures for 2022/23, it does not address the £50m structural deficit within the budget for future years.

The Council submitted a bid to Government to access the first round of funding from the Levelling Up Fund in order to improve local infrastructure within the county. Details of the successful bids were released in October 2021, but unfortunately Shropshire Council was unsuccessful in this particular bid.

3.1 Core Government Funding

As outlined earlier in the MTFs, the Government had indicated that the Fair Funding Review would be implemented in 2022/23, although based on the Provisional Local Government Finance Settlement, this has been delayed further and we continue to receive one year only settlements from the Government.

In the MTFs agreed in February 2021, the Council had assumed that Revenue Support Grant and New Homes Bonus would be phased out gradually by 2023/24 and that Core Funding Grants such as Improved Better Care Fund, Rural Services Delivery Grant and Social Care Grant would be rolled into the Fair Funding Review. With no detail regarding how the Fair Funding Review would impact on the Council, no assumptions were built in for funding for the Council from 2022/23 onwards.

The Provisional Local Government Settlement has now set out the indicative Core Funding that the Council will receive for 2022/23 and so Table 1 provides a breakdown of the revised grant balances. It should be noted that the settlement does not provide any more information on the funding position for 2023/24 onwards.

Table 1: Revision to Core Funding over the MTFs

	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
Grants included in Core Funding - as at Feb 2021:					
Revenue Support Grant	4,168,759	2,084,380	0	0	0
Improved Better Care Fund	0	0	0	0	0
New Homes Bonus	2,227,140	0	0	0	0
Rural Services Delivery Grant	0	0	0	0	0
Social Care Support Grant	0	0	0	0	0
Revised Grants included in Core Funding:					
Revenue Support Grant	6,450,404	3,225,202	0	0	0
Improved Better Care Fund	11,862,890	0	0	0	0
New Homes Bonus	4,651,465	0	0	0	0
Rural Services Delivery Grant	6,940,755	0	0	0	0
Social Care Support Grant	12,619,381	0	0	0	0
Services Grant	3,521,312	0	0	0	0
Lower Tier Services Grant	389,608	0	0	0	0
Market Sustainability and Fair Cost Fund	940,831	0	0	0	0
Difference	40,980,745	1,140,822	0	0	0

3.2 Council Tax

The Council collects the Council Tax for Shropshire Council, Shropshire & Wrekin Fire Authority, West Mercia Police and Crime Commissioner and for the Parish and Town Councils in Shropshire. Therefore, the Council Tax Resolution that Full Council are required to approve in February of each year will detail all of these elements in agreeing the Council Tax Band levels to be charged in each Parish or Town Council area.

In January 2022, the Council is expected to approve the Council Tax Taxbase for 2022/23 which calculates the number of Band D equivalent properties to levy Council tax on. The impact of the pandemic had a significant impact on the collection rate of Council Tax in 2020/21 and is also impacting the rate in 2021/22. As a result, the increase in the council tax taxbase is lower than that realised in previous financial years, although it is projected that the growth in taxbase will be greater than that built into the Financial Strategy in February 2020 for 2022/23 and future years. To reflect this projected increase in the taxbase, the assumptions for growth in the taxbase have been uplifted for future years.

The Provisional Local Government Finance Settlement has set out the following referendum principles for councils:

- A core council tax referendum principle of up to 2% for shire counties, unitary authorities, London boroughs, the Greater London Authority (GLA) and fire and rescue authorities.
- An Adult Social Care (ASC) precept of 1% for all authorities responsible for ASC.
- The ability to add up to an additional 3% of unused ASC Precept from 2021/22.

Therefore, the MTFS has assumed an overall 3.99% increase in council tax; a general increase of 1.99% within the referendum principle, and a 2% Adult Social Care Precept (which includes a 1% allocation of unused ASC precept from 2021/22). In total this Council Tax increase is expected to raise an additional £6.8m

3.3 Business Rates

The level of Business Rates collected has also been impacted by collection due to the Covid pandemic and it is anticipated that this will impact on the increase in rateable value that was anticipated and the growth in the multiplier. At this stage, however, an accurate calculation of the impact on this level of funding cannot be made and so this will be updated in the Financial Strategy considered at Council in February 2022.

3.4 Total Funding for 2022/23 – 2026/27

The revised funding projections are shown in Figure 2 below:

Figure 2: Total Funding for 2022/23 – 2026/27

	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Council Tax	180,285,304	190,478,555	201,347,709	212,835,261	224,979,824
Business Rates:					
Business Rates Collected	42,279,377	42,766,224	43,430,490	44,105,074	44,790,136
Business Rates - Energy Renewable Schemes	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Top Up Grant	10,031,260	10,031,260	10,031,260	10,031,260	10,031,260
RSG	6,450,404	3,225,202	0	0	0
Collection Fund:					
Council Tax	-93,463	-93,463	500,000	500,000	500,000
Business Rates	-168,114	-168,114	-500,000	-500,000	-500,000
NET BUDGET	239,784,767	247,239,663	255,809,459	267,971,595	280,801,220
Grants included in Core Funding:					
Improved Better Care Fund	11,862,890	0	0	0	0
New Homes Bonus	4,651,465	0	0	0	0
Rural Services Delivery Grant	6,940,755	0	0	0	0
Social Care Support Grant	12,619,381	0	0	0	0
Services Grant	3,521,312	0	0	0	0
Lower Tier Services Grant	389,608	0	0	0	0
Market Sustainability and Fair Cost Fund	940,831	0	0	0	0
CORE FUNDING	280,711,007	247,239,663	255,809,459	267,971,595	280,801,220
Local Income					
Fees and charges (including income savings deliverable from prior years)	81,595,005	82,019,868	82,453,297	82,895,508	83,346,722
Other Grants and contributions	27,794,890	27,794,890	27,794,890	27,794,890	27,794,890
Specific Grants (excluding Core Funding Grants above)	179,086,426	179,028,838	183,633,567	183,554,668	183,512,687
Internal Recharges	10,205,830	10,205,830	10,205,830	10,205,830	10,205,830
TOTAL FUNDING	579,393,158	546,289,089	559,897,043	572,422,491	585,661,349

4.1 Demographic Pressures

The main budgetary pressure that the Council experiences is due to demographic increases. The two most significant areas of growth are within Adult Social Care and Children's Social Care.

In 2021/22, within the second quarter monitoring report to 30 September 2021, the committed expenditure for the Adult Social Care Purchasing budget remained within the growth allocation for the year. Revised growth modelling for future years outlines that care costs will increase by £6.2m in 2022/23. This is partially offset by increased care contributions.

The numbers of looked after children and particularly the complexity of need is also providing a demographic pressure in 2021/22 with £1.6m of additional costs projected in 2022/23. This has been offset in 2021/22 by the COVID-19 Support Grant, however as this is a one-off source of funding additional growth is required for future years.

Total demographic pressures for 2022/23 are estimated to be £ 10.836m.

Projections of growth are anticipated over the next five years of the financial strategy, with Adult Social Care and Children's Social Care being the two main areas of growth anticipated.

4.2 Inflation

The Council is subject to inflationary pressure like any other organisation or individual and therefore needs to build in inflationary cost increases to expenditure each year within the budget.

The Council employs approximately 4,900 full time equivalent members of staff and so inflationary increases in pay is one of the key elements of inflation to be included. The majority of staff pay is linked to the National Joint Council rates, or if not this body then other recognised pay bodies, and so the inflationary pay award is negotiated nationally, which the Council then implements. The Council has assumed a 2% increase for 2022/23 (£2.842m) and maintained pay awards at this level for the next five financial years.

On the 7 September 2021, the Government announced its plans to increase the funding of health and social care through a rise in National Insurance contributions from April 2022. The impact of this policy is an additional cost to the Council of £0.778m.

As the Council's pay costs increases, the apprenticeship levy that the Authority is required to pay also increases. Growth of £0.114m has been included to reflect the revised cost that the Council can expect to incur in relation to the levy in 2022/23.

The Council pays out a significant proportion of funds to various organisations, for example to Adult Social Care Providers, the Council's Waste Collection and Disposal Contractor or the Highways Maintenance contractor. These contracts will

generally have inflation built into them. In addition, the council will also be subject to price increases in energy which has been subject to significant market price increases during 2021/22. The total cost of contract and price inflation is £3.213m.

4.3 Service Specific and Local Generated Pressures

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

A total of £13.427m has been added into the budget for service specific pressures. A split of the main items included within this total is provided in table 3 below:

Table 3: Service Specific Pressures 2022/23

	2022/23 £
Local Generated Pressures	7,475,623
Highways Growth	3,800,000
Additional Staffing Resources	692,929
ICT improvements	556,700
Loss of Income	235,000
Other Service Pressures	666,960
Total Service Specific Pressures	13,427,212

There are a number of changes that have been included within the Local Generated Pressures section of the budget build up and in the main these reflect the unwinding of one-off commitments made in previous years, however the largest entry relates to the changes in specific grants as detailed in the Resources section which have a corresponding change to expenditure. Also included within this is the proposed reduction in New Homes Bonus Grant of which £5m had funded the base budget of the Council. If the grant does reduce as projected, this is projected to create an additional pressure for the Council.

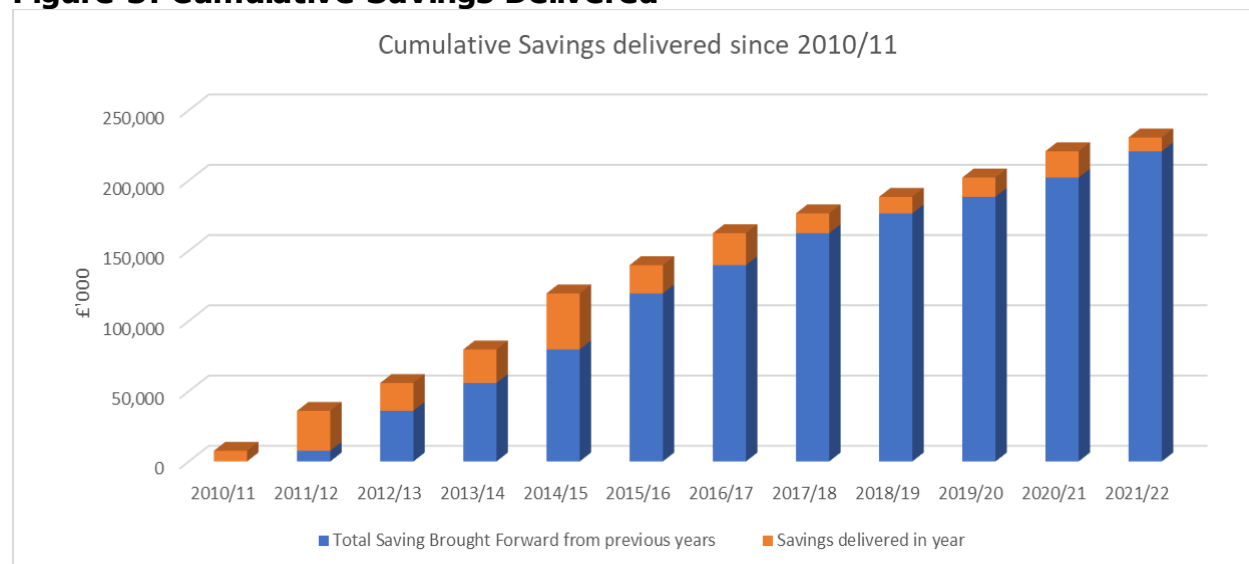
4.4 Savings Plans

The Council has been required to deliver significant savings year after year during the period of austerity. Prior to austerity the budget was generally subject to finding efficiency savings each year to balance the budget, however austerity introduced a new level of savings to be found by all local authorities. The Council has had to look at transformational ways of delivering its services, scaling back non-statutory services and delivering new income in order to deliver the savings

EXPENDITURE PRESSURES 2022/23-2026/27

necessary to balance the books. In addition to government funding cutbacks, the Council has also been faced with increasing costs as outlined within Demographic Pressures, and this has forced the Council to deliver further savings over and above those dictated by the funding changes.

Figure 3: Cumulative Savings Delivered



A five year savings plan was put in place in 2018/19 which comes to an end in 2022/23. As a result £4.469m of savings that have previously been agreed by Council have been included within the budgeted expenditure for 2022/23. A breakdown by Directorate is provided in Table 4:

Table 4: Savings Previous Agreed for Delivery in 2022/23

	2022/23 £
People	250,000
Place	4,218,930
Total Savings Previously Agreed in 2018/19	4,468,930

The £0.250m savings relating to the People Directorate is no longer achievable, however alternative savings proposals have been proposed instead:

Table 4a: Alternative savings proposal – People

Alternative Savings Proposals - People	2022/23 £
Adult Social Care - Transport review	130,000
Adult Social Care - Income generation within employment support	50,000
Adult Social Care - Review pre-placement framework	70,000
Total Alternative Savings Proposals - People	250,000

EXPENDITURE PRESSURES 2022/23-2026/27

Due to the anticipated funding gap for 2022/23 and beyond, it has been necessary to identify additional savings that can be delivered. The new savings that have been identified for 2022/23 are £4.771m and the split by Directorate is shown in the table 5 below:

Table 5: New Savings 22/23

	2022/23 £
People	2,270,355
Place	1,060,000
Resources	458,500
Council Wide	982,424
Total New Savings	4,771,279

The individual savings proposals that make up this balance are detailed in Annex A to this document.

There has also been a one off saving of £1.315m identified for 2022/23 which relates to the saving of lease and rental costs relating to a commercial investment that the Council undertook in 2019/20.

Consultation on the savings proposals for 2022/23 will take place during January and February, and the feedback from the consultation will be included within the Financial Strategy considered at Council in February 2022.

The MTFs agreed in February 2021, assumed that savings plans of £9.804m that had previously been identified for delivery in 2021/22 would be delivered. Latest projections on savings delivery plans for 2021/22 shows the following RAG ratings:

Table 6: RAG ratings of 2021/22 Savings

Service Area	Red £'000	Amber £'000	Green £'000	Total Savings £'000
Corporate Budgets	-	-	-	-
Health and Wellbeing	350	-	-	350
People	208	1,075	2,932	4,216
Place	2,340	355	785	3,480
Resources	1,181	270	307	1,758
Strategic Management Board	-	-	-	-
Council	4,080	1,700	4,024	9,804

42%	17%	41%
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Further work is required during the course of 2021/22 to ensure that plans are in place for all of these savings to be fully delivered from the 1 April 2022.

4.5 Total Expenditure

Figure 4: Total Expenditure for 2022/23 – 2026/27

	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Original Gross Budget Requirement	616,041,946	629,389,195	607,026,776	622,801,679	633,346,721
Inflationary Growth :					
Pay	2,841,967	2,912,413	2,983,546	3,056,417	3,131,067
NI Social Care Uplift	777,760	27,748	28,426	29,120	29,831
Apprenticeship Levy	114,200	8,970	9,150	9,330	9,520
Prices	3,213,423	1,672,407	1,723,880	1,759,013	1,829,788
Pensions	0	0	0	0	0
Demography & Demand	10,836,295	7,864,868	8,125,868	8,377,500	8,672,018
Service Specific Pressures	13,427,212	545,000	-32,000	-400,000	-500,000
Local Generated Pressures:					
Elections	-740,000			740,000	-740,000
Specific Grants Changes between years	-8,205,225	-36,132,079	4,604,729	-78,899	-41,981
Ongoing reduction in New Homes Bonus (pressure)	348,535	4,651,465			
WME Gas Profit Shortfall	200,000				
Estimated Cost of Investment - Approved	521,000	1,299,528	1,380,779	1,107,229	994,878
Additional Staff for Capital Programme	500,000	250,000			
Invest to Save Fund for delivery of future savings	103,000	-97,000	-20,000	-39,000	-30,000
Energy Renewable Schemes	-35710				
Adjustment to Gross budget offset by Income changes					
Savings					
Savings from prior years- 2018/19 - Approved	-4,468,930	0	0	0	0
Remove 2020/21 Unachievable savings	0	0	0	0	0
One off saving - Morrissons Lease and Buyout	-1,315,000	1,315,000			
New Savings	-4,771,279	-6,680,737	-3,029,476	-4,015,667	-5,878,139
TOTAL EXPENDITURE	629,389,195	607,026,776	622,801,679	633,346,721	640,823,703

5.1 Funding Gap and Temporary Solutions

The funding gap for 2022/23, which was previously anticipated to be £43.260m in February 2021, has now increased to £49.446m mainly due to the additional growth required within the budget to address ongoing budgetary pressures and inflationary growth that the Council is experiencing. The continuation of the Core Government Grants for 2022/23 and additional one-off grants for 2022/23 allows this funding to be applied to close the gap. Also, a review of earmarked reserves including the release of the remaining balance held in the Financial Strategy Reserve can provide an additional one off £13.171m towards reducing the funding gap in 2022/23. It should be noted, however, that this will eliminate the Financial Strategy Reserve which had been built up over previous years and therefore no balance will be available for future years.

Figure 5: Funding Gap for 2022/23 – 2026/27

	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Resources (incl savings plans)	579,393,158	546,289,089	559,897,043	572,422,491	585,661,349
Expenditure (incl savings plans)	628,839,195	606,476,776	622,251,679	632,796,721	640,273,703
Gap in year	49,446,036	60,187,687	62,354,635	60,374,230	54,612,354
One off Grants & Reserves:					
Improved Better Care Funding	11,862,890	0	0	0	0
Rural Services Delivery grant	6,940,755	0	0	0	0
Social Care Funding	12,619,381	0	0	0	0
Services Grant - One Off	3,521,312	0	0	0	0
Lower Tier Services Grant - One Off	389,608	0	0	0	0
Market Sustainability and Fair Cost Fund - One Off	940,831	0	0	0	0
Use of Reserves:					
Review of Earmarked Reserves	6,128,506	0	0	0	0
Financial Strategy Reserve	7,042,754	0	0	0	0
TOTAL ONE OFF FUNDING	49,446,036	0	0	0	0
Remaining Gap/(Surplus) to be Funded	0	60,187,687	62,354,635	60,374,230	54,612,354

Whilst the funding gap has been closed for 2022/23, the remaining funding gap in future years varies around the £60m level. This is because the government has not been able to provide any assurance or information around how local government will be funded in the future. There has been no confirmation from the government about when Fair Funding will now be implemented, and even though the Spending Review in the Autumn had provided analysis of funding over three years, the government have not provided a three-year funding settlement which had been anticipated in the Provisional Local Government Settlement. The provision of a one-year settlement poses more uncertainty over the future and whether any reliance can be placed on the grants received into the future.

It should also be noted that the level of one-off grants from the government for the 2022/23, and the increase compared to previous years, still do not address the historic underfunding of Adult Social Care over many years. Furthermore, one-off grants do not form part of the authority's sustainable funding in the future. It is therefore necessary for the Council to continue to lobby for additional funding from the Government in the form of a sustainable funding solution.

5.2 Plans for a Sustainable Budget

The uncertainty around the proposed implementation of the Fair Funding Review for Local Government is making it more and more difficult to work towards a sustainable budget. As outlined previously, the Council had assumed that the Government would provide a three-year settlement, including the Core Government Grants in the lead up to the Fair Funding Review being implemented. Now that another one-year settlement has been announced it is difficult to predict future funding levels without some clarity on how and when the Fair Funding Review will be implemented. With growth in service costs, such as social care anticipated to continue to grow as per current demography, this results in a funding gap of £60.188m in 2023/24 growing to a peak of £62.355m in 2024/25.

The Council had built up a £20m Financial Strategy Reserve over the last four years to provide the Council with some resilience through to the implementation of Fair Funding. It has been necessary, however, to use £13.520m of this reserve in 2021/22 and the remaining £7.043m in 2022/23 removing this resilience completely. The Council will continue to make representations to Government that the funding for Social Care has not been sufficient for a number of years and this needs to be addressed in the Funding Review. The outcome of the Fair Funding Review will give the Council a more accurate picture of the funding gap that needs to be addressed, but in the meantime the Council is taking the steps it can to deliver a balanced budget each year.

The COVID-19 pandemic forced the Council to operate in a different way with a focus on more digital methods of providing services and working remotely. Further work is ongoing within the Council to cement and develop New ways of Working and a Refocus Programme which capitalise on the opportunities provided through the pandemic.

The main focus of these plans include:

- Home working for staff on a more permanent (albeit not full-time) basis;
- Automating all manual processes (look to become cashless, paperless, digital by default);
- Deliver services remotely and therefore reduce travel across the county to provide an environmental and financial benefit;
- How a local delivery hub model would operate both for customers, partners and staff.

It is essential that these plans complement activities already planned and outlined in the Economic Growth Strategy, the Asset Management Strategy, the Commercial Strategy and the Digital and Workforce Strategies that have been approved by the Council and will be refreshed over the coming months. The Council's operating model and Performance Management Framework is currently being revised under the new Shropshire Plan, setting out the key priorities and activities required to move where possible, closer to a more sustainable budget.

6.1 General Fund Balance

The General Fund Balance is the risk assessed level that may need to be held to protect against unforeseen expenditure or financial pressures arising each year.

Figure 6 below shows the projected General Fund Balance over the life of the Financial Strategy, compared to the risk assessed level and shows the shortfall against this risk assessed level. As shown in Figure 6, the level of General Fund anticipated for 2022/23 and beyond increases significantly which is generally due to the risk of generating the level of savings required in order to close the funding gap in those years. This is due to be revised within the final MTFs provided to Council in February 2022.

Figure 6: General Fund Projection Compared with Risk Assessed Level

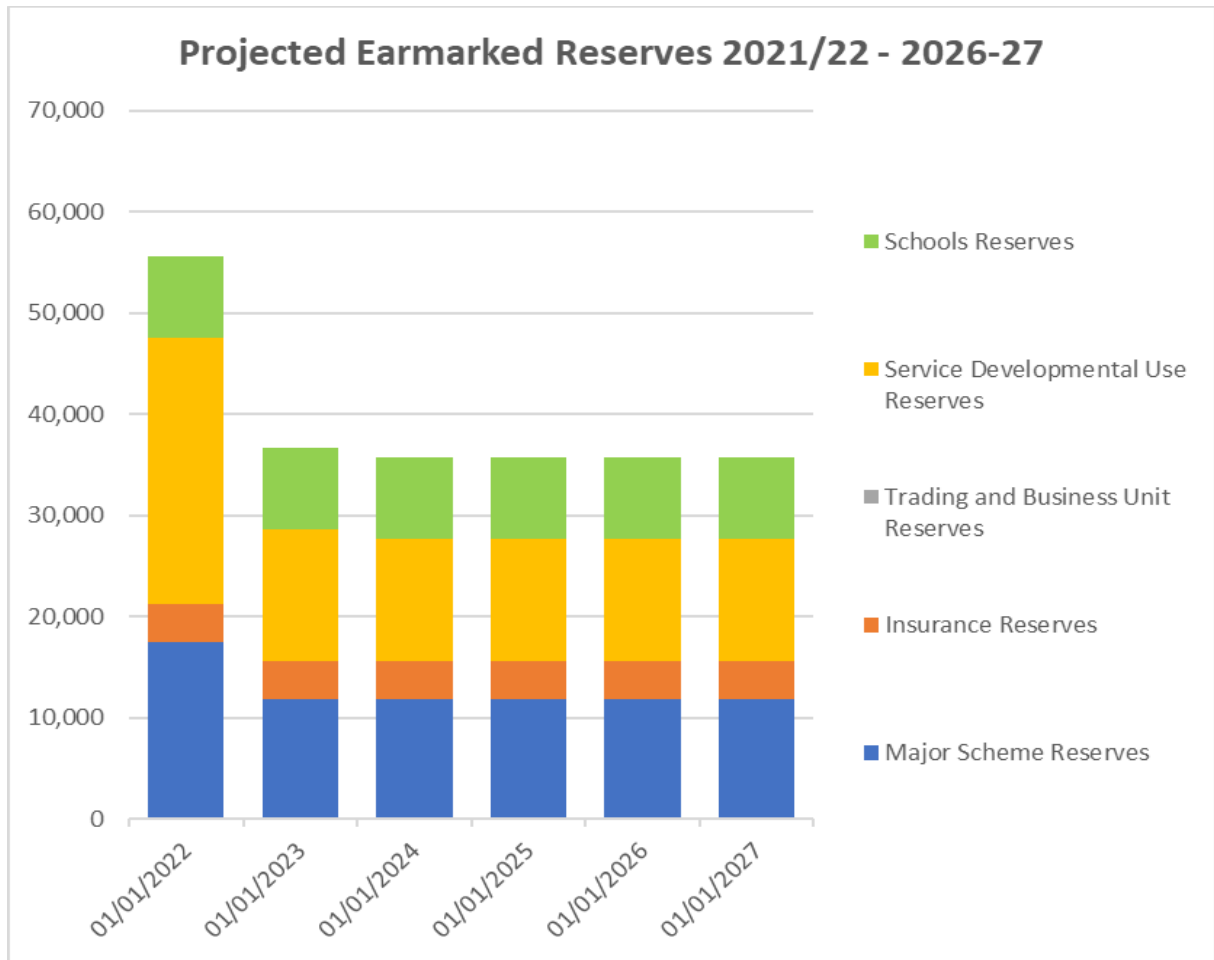
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£	£
Opening General Fund Balance	14,091,000	9,727,554	9,727,554	9,727,554	9,727,554	9,727,554
Projected (over)/underspend as at Q2	-4,363,446	0	0	0	0	0
Closing General Fund Projected	9,727,554	9,727,554	9,727,554	9,727,554	9,727,554	9,727,554
Risk Assessed Level of General Fund Balance	12,174,000	25,071,000	29,891,000	29,862,000	32,075,000	32,075,000
Shortfall in General Fund Balance	-2,446,446	-15,343,446	-20,163,446	-20,134,446	-22,347,446	-22,347,446

6.2 Earmarked Reserves

The financial strategy assumes that a balance of earmarked reserves will be released to assist in reducing the funding gap in 2022/23 including the final release of the Financial Strategy Reserve. This will result in a projected balance of £34.685m in earmarked reserves.

A projection of the level of earmarked reserves that will be held over the next 5 years of the financial strategy is demonstrated in the graph below and shows the planned reduction in 2022/23. Given the nature of the remaining reserves, these cannot be reduced further, but rather will be used to reflect business need at that time. For example, Insurance reserves are held to reflect areas of self-insurance – there are no plans to use these reserves until such a claim requires them to be utilised. Hence, we must assume they are held in perpetuity, or replaced if called upon, and are not available for any other purpose, such as balancing the Council's budget.

Figure 7: Projected Earmarked Reserves 2020/21 – 2026/27



ANNEX A – SAVINGS TO BE DELIVERED IN 2022/23 – 2026/27

Savings Previously Approved in Prior Years

Savings Ref	Directorate	Savings Theme	Description	2022/23 £	Status
A15	People	Service transformation	Invest in digital health technologies	-250,000	No longer deemed achievable, therefore alternative savings proposed
P11	Place	General efficiencies	Review of library provision	-191,930	
P33	Place	Income generation	Raise additional income from new development	-27,000	
P35	Place	General efficiencies	Efficiencies within administrative buildings	-2,000,000	
P39	Place	Income generation	Raise income from investment in assets	-2,000,000	
Total Savings Previously Agreed				-4,468,930	

Revised Savings Proposals to Replace Savings that can No Longer Be Achieved

Savings Ref	Directorate	Savings Theme	Description	2022/23 £
A15a	People	General efficiencies	Transport review	-130,000
A15b	People	Income generation	Income generation within employment support	-50,000
A15c	People	General efficiencies	Review pre-placement framework	-70,000
Total Revised Savings Proposals				-250,000

ANNEX A – SAVINGS TO BE DELIVERED IN 2022/23 – 2026/27

New Savings for 2022/23 – 2026/27

Savings Ref	Directorate	Savings Theme	Description of saving	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
AS1	People	Service transformation	Adult social care - Review personal budget options	-62,000	-110,000	-110,000	-110,000	-110,000	-502,000
AS2	People	General efficiencies	Adult Social Care - Review and implementation of Finance tool	-58,355	-55,437	-52,665			-166,457
AS3	People	Income generation	Adult Social Care - Income generation through joint training	-20,000					-20,000
AS4	People	Service transformation	Adult Social Care - Joint accommodation commissioning with partners	-125,000					-125,000
AS5	People	Service transformation	Adult Social Care - Specialist provision for young adults			-140,000			-140,000
AS6	People	General efficiencies	Adult Social Care - Review of double-handed care	-210,000	-185,000				-395,000
AS7	People	Income generation	Adult Social Care - Income generation through brokerage offer		-43,000	-59,000	-74,000	-90,000	-266,000
AS8	People	Invest to Save	Adult Social Care - Review of jointly funded packages	-10,000	-10,000	-20,000	-30,000	-30,000	-100,000
AS9	People	Demand management	Prevention and Intervention - Improving public health to reduce social care costs	-500,000	-500,000	-500,000	-500,000	-3,000,000	-5,000,000
AS11	People	General efficiencies	Adult Social Care - Develop supported living offer	-23,000					-23,000
AS12	People	General efficiencies	Adult Social Care - Review care provider contract arrangements	-119,000					-119,000
AS15	People	General efficiencies	Adult Social Care - Block contract review	-95,000					-95,000
AS16	People	General efficiencies	Adult Social Care - Technology to support care delivery	-1,000,000					-1,000,000

ANNEX A – SAVINGS TO BE DELIVERED IN 2022/23 – 2026/27

Savings Ref	Directorate	Savings Theme	Description of saving	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
CS1	People	Demand management	Consult on the continued operation of the Post 16 transport assistance programme		-20,000	-30,000			-50,000
CS2	People	Demand management	Review high cost single occupancy transport requirements across SEND transport with a view to securing improved value for money		-100,000	-100,000	-100,000		-300,000
CS3	People	Demand management	Consult on the Post 16 contribution scheme for SEN applicants, mirroring best practice across other Councils		-100,000	-125,000	-125,000		-350,000
CS4	People	Demand management	Review TMBSS requirements for transport with a view to reducing current high costs and securing better value for money	-48,000	-82,000	-82,000	-38,000		-250,000
CS6	People	General efficiencies	Recommission Enhance contract		-21,000				-21,000
CS7	People	Service transformation	Stepping Stones Project - Reduction in Children in long-term residential care		-631,000	-1,349,331	-2,120,377	-2,313,139	-6,413,847
PS2	Place	General efficiencies	Reshape Planning Services to become closer to cost neutral by 2025/26	-200,000	-200,000	-200,000	-200,000	-200,000	-1,000,000
PS3	Place	Income generation	Building Control - Additional income generation	-100,000					-100,000
PS4	Place	General efficiencies	Building Control - Use of reserve	-100,000		100,000			0
PS5	Place	Income generation	Enhanced income through commercial activity in Natural & Historic Environment teams	-40,000	-10,000	-10,000	-10,000	-10,000	-80,000
PS6	Place	Income generation	Enhanced income through the use of Planning Performance Agreements and increased fees	-50,000	-25,000	-25,000	-25,000	-25,000	-150,000
PS7	Place	Service transformation	Efficiency savings within Highways Operations				-500,000		-500,000
PS8	Place	Income generation	Increased income generation within Museums and Archives		-10,000	-5,000	-5,000	-5,000	-25,000

ANNEX A – SAVINGS TO BE DELIVERED IN 2022/23 – 2026/27

Savings Ref	Directorate	Savings Theme	Description of saving	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
PS9	Place	Income generation	Increased income generation within Theatre Services			-58,480			-58,480
PS10	Place	Income generation	Increased income generation within Libraries		-10,000	-5,000		-10,000	-25,000
PS11	Place	Income generation	Increased income generation within Council operated Leisure Centres			-5,000	-10,000	-10,000	-25,000
PS12	Place	Income generation	Review of parking charges	-350,000					-350,000
PS13	Place	General efficiencies	Savings from efficiencies in drainage maintenance	-50,000	-100,000				-150,000
PS14	Place	Service transformation	Review of Leisure Centres, including amendments to service operation	-50,000					-50,000
PS15	Place	Income generation and management	Insurance - Recovery of Costs	-20,000	-30,000	-40,000	-50,000	-50,000	-190,000
PS16	Place	General efficiencies	Traded Services - Registrars and Mardol House and Tannery accommodation to move to becoming traded services	-50,000	-50,000	-100,000	-93,290		-293,290
PS17	Place	General efficiencies	Libraries –Related to the development of new community service delivery with new Library Management system, self-service delivery, associated staff restructure and Shropshire Local delivery model.	-50,000	-50,000				-100,000
PS18	Place	General efficiencies	Review of outsourced leisure facilities			-100,000			-100,000
PS19	Place	General efficiencies	Review of outsourced leisure facilities		-69,300				-69,300
PS21	Place	Income generation and management	Green Waste Service Review and Charging	0	-3,000,000				-3,000,000
RS1	Resources	Income generation	Sale of advertising space on Council tax bills	-10,000	-10,000				-20,000

ANNEX A – SAVINGS TO BE DELIVERED IN 2022/23 – 2026/27

Savings Ref	Directorate	Savings Theme	Description of saving	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
RS2	Resources	General efficiencies	IT contract review		-50,000				-50,000
RS3	Resources	General efficiencies	Improved internal data matching within Revenues and Benefits	-20,000	-10,000				-30,000
RS4	Resources	Income generation	Review Revenues and Benefits court costs	-10,000	-10,000				-20,000
RS5	Resources	Demand management	Increase purchasing rebates from Matrix system	-70,000					-70,000
RS6	Resources	Income generation	Increased income generation within Audit Services	-12,000		12,000			0
RS7	Resources	Income generation	Income generation through developing commercial opportunities from Leap into Learning	-5,000					-5,000
RS8	Resources	Income generation	Review of Shropshire Human Resources service level agreements with external clients	-30,000	-30,000				-60,000
RS9	Resources	Income generation	Increase Human Resources and Development income generated from commercial activities	-50,000	-50,000	-25,000	-25,000	-25,000	-175,000
RS10	Resources	Employee reductions/savings	Delete any vacant posts within Human Resources and Development	-54,000					-54,000
RS11	Resources	General efficiencies	Review use of Customer Relationship Management system		-25,000				-25,000
RS12	Resources	General efficiencies	Reduce call handling and management software costs		-65,000				-65,000
RS13	Resources	General efficiencies	Reprocure calls and lines contract	-22,000					-22,000
RS14	Resources	General efficiencies	Complete Sharepoint migration	-10,000	-10,000				-20,000

ANNEX A – SAVINGS TO BE DELIVERED IN 2022/23 – 2026/27

Savings Ref	Directorate	Savings Theme	Description of saving	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
RS15	Resources	Withdrawal/Cessation of service	Remove Linux loadbalancers, as no longer required	-3,500					-3,500
RS16	Resources	General efficiencies	Changes to Libraries electronic network	-2,500					-2,500
RS17	Resources	Withdrawal/Cessation of service	Remove Phishing Tackle		-4,000				-4,000
RS22	Resources	General efficiencies	Reduce BluPrint printing devices	-4,000					-4,000
RS23	Resources	Employee reductions/savings	Review of customer service teams across the Council - Channel Shifting		-1,000,000				-1,000,000
RS26	Resources	General efficiencies	Supplies and services savings within Legal Services	-2,000					-2,000
RS27	Resources	General efficiencies	Supplies and services savings within Democratic Services	-10,500					-10,500
RS30	Resources	Income generation	Committee Services – Additional income generation	-21,000					-21,000
RS32	Resources	General efficiencies	Supplies and services savings within Elections team	-7,000					-7,000
RS33	Resources	Income generation	Insurance - Review of Claims Handling	-50,000					-50,000
RS34	Resources	Demand management	Reduce external expenditure on legal services	-15,000					-15,000
RS35	Resources	General efficiencies	Cashless Shropshire	-50,000					-50,000
CW1	Council Wide	General efficiencies	Review of contract costs	-60,624					-60,624

ANNEX A – SAVINGS TO BE DELIVERED IN 2022/23 – 2026/27

Savings Ref	Directorate	Savings Theme	Description of saving	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
CW2	Council Wide	General efficiencies	Increase to fees and charges income	-334,890					-334,890
CW3	Council Wide	Demand management	Non-essential spend review	-100,000					-100,000
CW10	Council Wide	General efficiencies	Reduce postage costs	-117,910					-117,910
CW11	Council Wide	General efficiencies	Savings on officer travel budgets	-364,000					-364,000
CW12	Council Wide	General efficiencies	Reduction to the use of external venues for meetings and events	-5,000	-5,000				-10,000
				-4,771,279	-6,680,737	-3,029,476	-4,015,667	-5,878,139	-24,375,298

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Capital Strategy

2021/22 to

2026/27

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Foreword

Shropshire Council is investing in Shropshire's future.

Our financial position is difficult, and this can clearly be seen in our Medium-Term Financial Strategy; we do not have access to the day to day funding to support the services we need to deliver. Our Capital Strategy is, however, a very different thing. We can attract external funding, receive grant funding, generate capital receipts and utilise borrowing approvals to create a long-term resource, investing in large scale structural projects over the next five years. Aligned to our Corporate Plan (The Shropshire Plan) we can ensure we invest in priority areas that will deliver long term benefits and investment across the whole County.

The Council has a limited amount of capital receipts and this will, of course, restrict the capital programme to come extent. Furthermore, any borrowing undertaken needs to be repaid, with interest, and this creates a revenue burden. Naturally, in the light of a difficult revenue position, this moves the Council's capital strategy towards a more commercial footing (favouring investments that generate a return, or cover their annual costs) and one based around available external financing and grants. We have some ambitious funding bids to put in over the next twelve months which, if successful, could transform and modernise Shropshire in ways unseen previously.

The last two financial years have, of course, provided unparalleled difficulties in response to the Covid-19 pandemic, impacting on the Council's ability to resource programmes of work, delaying delivery models, altering local and national markets and fundamentally changing focus at all levels. Considering this, we have taken the opportunity to revise our entire capital strategy, reviewing and prioritising our resources to create a programme of works that aligns more closely with the future direction of the Council.

Over the next five years we will see this investment impact significantly on the fabric of Shropshire. Developments in Shrewsbury and several of our Market Towns will provide opportunities for business, tourism and our residents not seen before. Through wise investment of our limited funds, we believe we can make a huge difference to Shropshire over the coming years.

James Walton

Executive Director of Resources (Section 151 Officer)

1. Introduction

- 1.1 Shropshire Council's Capital Strategy is required to fulfil a number of objectives as set out in guidance and statute and these are described below to provide some context for this document.
- 1.2 The Prudential Code requires the production of a Capital Strategy approved by full Council each year. Section 15(1) of the Local Government Act 2003 states that in carrying out its capital finance function under the Act (including the power to invest), a local authority shall have regard to guidance issued by the Secretary of State, which includes the Statutory Guidance on Local Government Investments. This Guidance states that for each financial year, every local authority should prepare at least one Investment Strategy the content of which complies with the Guidance. The Council publishes the requirements for its Investment Strategy within the Capital Strategy in accordance with the Guidance.
- 1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised Prudential Code for Capital Finance in Local Authorities (The Code) in 2017. The objectives of the Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.
- 1.4 In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 1.5 Over the last five years there has been a growing trend for authorities to acquire land and buildings with the effect of supplementing their revenue budgets with rental income. Often these acquisitions have been supported by borrowing cheaply from the Public Works Loan Board (PWLb).
- 1.6 Questions have been asked about how these transactions fit with the guidance that has been traditionally given that borrowing to make an investment return is not permissible. The Department for Levelling Up, Housing and Communities (DLUHC formerly known as MHCLG) Statutory Guidance on Local Government Investments and CIPFA's Prudential and Treasury Management codes have all been updated recently to address the implications of investment in property.
- 1.7 Alongside these updates, in November 2019 CIPFA issued additional guidance ("Prudential Property Investment") to explain the provisions in the updated Prudential Code and Framework that relate to the acquisition of properties intended to make investment returns and confirm their

implications in the light of the growing activity and the changes to statutory guidance.

- 1.8 "In February 2020 Parliament reformed the statutory basis of the PWLB, transferring its lending powers to HM Treasury. In March 2020, the government consulted on revising the PWLB's lending terms to reflect these new governance arrangements, and to end the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. The government published its response to this consultation and implemented these reforms in November 2020."
- 1.9 "The government has chosen to issue guidance rather than strict definitions because of the challenges of developing strict definitions that reliably give the intended categorisation when applied to something as diverse as local government. This is in line with the wider approach of the prudential system of recognising the complexity of the sector and drawing on the expertise of the finance director (s151 officer or equivalent) of each LA."
- 1.10 "Each local authority that wishes to borrow from the PWLB should submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. Local authorities will be able to revise these plans in-year as required."
- 1.11 "The PWLB guidance specifies investment assets bought primarily for yield would usually have one or more of the following characteristics:
 - a. buying land or existing buildings to let out at market rate
 - b. buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification
 - c. buying land or existing buildings other than housing which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger such as the completion of land assembly"

From PWLB Guidance to Local Authorities

- 1.12 Shropshire Council will continue to ensure that focus will be on securing sustainable capital projects that fit with regeneration objectives.
- 1.13 The capital strategy has been revised to accommodate these updates and additional guidance.
- 1.14 In response to the National Audit Office (NAO) Local Authority Investment in Commercial Property" report (February 2020), recommendation by the Public Accounts Committee in July 2020 that the Prudential Framework should be reviewed and the substantial increase in commercial investment, CIPFA launched its "Proposed Changes to the Prudential Code" consultation: an initial consultation on proposals to strengthen the provisions within "The

Code". The consultation was launched in February 2021 and closed in April 2021.

1.15 The areas proposed to be strengthened were as follows:

- Provisions within paragraph 45 of the Prudential Code to state clearly that borrowing for debt-for-yield investment is not permissible under the Prudential Code. While recognising that commercial activity is part of regeneration, it does not constitute the primary purpose of investment and unnecessary risk to public funds.
- Any commercial investment undertaken should be consistent with statutory provisions, proportionate to service and revenue budgets and consistent with effective treasury management practice.
- Requirements to assess the affordability of commercial activity within local authorities' capital strategies. CIPFA will also publish, early this year, further guidance on good practice for development of capital strategies.
- The addition of sustainability and ensuring that the capital expenditure is consistent with a local authority's corporate objectives (such as diversity and innovation) to the objectives in the Prudential Code.
- Introduction of new prudential indicators on affordability. External debt to net service expenditure (NSE) ratio, and commercial income to net service expenditure.
- The introduction of the liability benchmark to promote good practice and understanding of local authority's debt management in relation to capital investment.

1.16 Following the closure of this consultation and review of responses, CIPFA launched "The Prudential Code for Capital Finance in Local Authorities consultation in September 2021 which closed in November 2021.

1.17 CIPFA has recently announced its intention for a "soft launch" of the revised Prudential Code in 2022/23 with full implementation set to be expected for 2023/24 strategies.

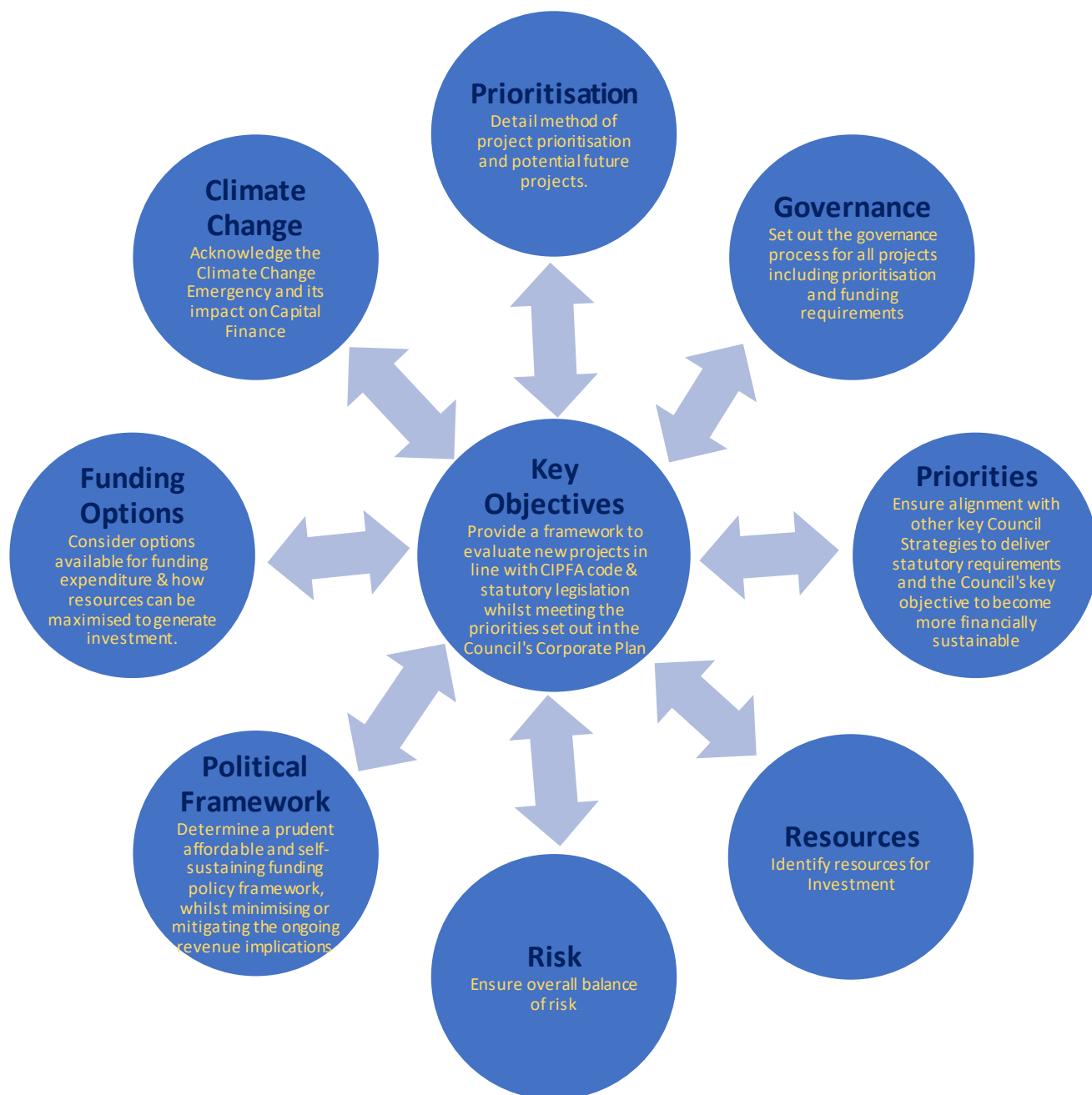
1.18 The capital strategy is intended to give a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

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

- 1.20 The definition of capital investment is wider than that of capital expenditure. The Department for Levelling Up, Housing and Communities (DLUHC) Guidance on Local Authority Investment states “The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate profit, for example, investment property portfolios. For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party.”
- 1.21 This iteration of the Capital Strategy details the outturn position for 2020/21, the current approved Capital Programme covering the period 2021/22 to 2024/25 and summarises future proposed but currently unapproved capital schemes anticipated to commence over the period 2022/23 to 2026/27.
- 1.22 The Capital Strategy will continue to develop over the coming years as greater certainty over Council resources and responsibilities is ascertained following the roll out of Fair Funding and Business Rates Retention, which has now been further delayed. These reviews were originally anticipated to be effective from April 2021 but have been delayed due to the impact of the Coronavirus pandemic. In the interim, Shropshire Council will continue to adopt a strategic approach to address challenges arising as a result of the pandemic, particularly in relation to Capital Schemes. It is anticipated that, in the fulness of time, the arrangements and ambitions set out in this document will be refined to appropriately reflect the nature of Shropshire Council’s Capital Strategy over a 5 to 20-year planning horizon.

2. Objectives

The Council's Capital Strategy has the following objectives.



3. Asset Management Planning

- 3.1 The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The latest Asset Management Strategy 2020 – 2025 sets out a portfolio approach and defines five key areas. The five portfolios set out the definition of how and why the property and land is held and for what purposes:
- **Operational** - Efficient, suitable, and fit for purpose accommodation for the future delivery of public services.
 - **Heritage** - Community infrastructure for the future, the Council as custodian, manages and invests in these assets for future generations.
 - **Development and regeneration** - Appropriate intervention and enablement to deliver economic growth.
 - **Investment** - In support of the Council's Commercial Strategy, maximising income generating opportunities through appropriate and effective property investment.
 - **Disposal** - To divest, reduce revenue burden and fuel the Council's capital programme.
- 3.2 Asset management is an important part of the council's business management arrangements and is crucial to the delivery of efficient and effective services, the ongoing management and maintenance of capital assets will be considered as part of the strategy. The asset management planning includes an objective to optimise the council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.
- 3.3 The Council's Asset Management Strategy sets out the requirements for the continued capital investment in its estate to ensure that it is maintained appropriately to manage and mitigate against financial risk from health and safety breaches and / or failure of its landlord responsibilities incurring significant financial burden.
- 3.4 The Council's Asset Management Strategy sets out the requirement for the continued capital investment in its estate to ensure that the revenue income emanating from its property is protected and durable for future years.
- 3.5 The council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions.

- 3.6 When a capital asset is deemed as surplus, it may be sold so that the proceeds, known as capital receipts, can be spent on planned capital expenditure. Repayments of capital grants, loans and investments also generate capital receipts. The Council already has budget commitments within the current capital programme of projects expected to be funded from capital receipts. At Quarter 2 2021/22 the current position of expected capital receipts against budget commitments is as follows:

Detail	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Corporate Resources Allocated in Capital Programme	16,306,870	11,997,575	692,045	-
Capital Receipts used to finance redundancy costs				
To be allocated from Ring Fenced Receipts	5,160,365	26,415,873	5,478,968	-
Total Commitments	21,467,235	38,413,448	6,171,013	-
Capital Receipts in hand/projected:				
Brought Forward in hand	22,036,427	3,438,906	(34,809,542)	(40,915,555)
Generated 2021/22Y TD	874,218	-	-	-
Projected - 'Green'	1,995,497	165,000	65,000	-
Total in hand/projected	24,906,142	3,603,906	(34,744,542)	(40,915,555)
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(3,438,906)	34,809,542	40,915,555	40,915,555
Further Assets Being Considered for Disposal	8,035,237	12,438,000	24,775,000	600,000

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

- 3.7 The previous table demonstrates that by 2023/24 the Council will require £40.916m of generated capital receipts to meet its current liabilities within the approved capital programme. Of this budget requirement £45.848m of assets have been identified as surplus to requirements with the potential to dispose, therefore potentially resolving the funding shortfall. Considerable work will be required to realise these receipts and minimise the funding shortfall.
- 3.8 Asset Management Planning needs full consideration as part of the Capital Strategy to fund future projects that are deemed unsuitable to be funded from Prudential Borrowing as they neither generate new income nor create revenue savings that will fund the resulting MRP requirement. At the point of considering such projects for inclusion in the Capital Programme, asset disposals to fund these projects will form part of the full appraisal process.

4. Governance Arrangements

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

- 4.5 Subject to the EOI proposal being approved a detailed Outline Business Case (OBC) will be submitted and appraised in line with the Council approved methodology of the Treasury 5-case model, prior to a Full Business Case being completed and appended to a Council report. A suite of template documents is appended to the OBC to ensure a consistent approach to project delivery. These include:
- Risk Register.
 - Cash Flow Modelling.
 - Gantt Chart for project timeline.
 - Project Board Terms of Reference and Agenda.
 - Procurement considerations.
 - Project closure report.
- 4.6 Under certain circumstances, as specified in the Commercial strategy, an alternative approach is necessary for spending decisions from the approved regeneration investment fund. Officers negotiating commercial deals are aware of the core principles of the Prudential Framework and the regulatory regime through the provision of appropriate training and advice.
- 4.7 Officers and Members involved in the decision-making process in relation to proposed projects and programmes will have the appropriate capacity, skills, and information to enable them to take informed decisions to acquire specific investments, to assess investments in the context of the Council's strategic objectives and risk profile and to understand how decisions have changed the overall risk exposure of the Council.
- 4.8 This assurance will be secured through the provision of relevant training and advice, detailed scheme business cases, financial appraisals and regular monitoring and review of the Council's overall investment position.
- 4.9 A summary of the programme governance is detailed in Appendix A.
- 4.10 Future monitoring of the programmes will include more rigorous expenditure profiling, outcome achievements, delivery against timetable, returns, risk assessments and completion reviews for each project.
- 4.11 Quarterly Capital Programme reports will continue to be submitted to Cabinet that identify changes to the approved programme to reflect:
- New resource allocations
 - Rescheduling in programme delivery
 - Programmes reduced or removed
 - Virements between schemes and programmes to maximise delivery.
 - Revisions to spend profile and funding to ensure ongoing revenue costs are minimised.
 - Monitor the funding of the programme
 - Capital receipts generated

5. Investment Approach

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

Table 5.1: Capital Schemes Analysed By Investment Category	
Investment Category	Estimated Capital Cost £m
Commercial	21.82
Transformation	131.283
Economic Growth	137.111

6. Current Capital Programme

- 6.1 The current projected capital programme is shown below in summary with the full detailed programme included as Appendix B. It includes all projects that have proceeded to approval stage, either via delegated powers or full Cabinet and Council recommendation approvals. It also includes estimates for capital grants for 2022/23 and beyond where there is an expectation that grant funding will continue, such as Highways Maintenance and School Maintenance Grants.

Table 6.1: Current Capital Programme Expenditure Budget

	2020/21 Actual £ m	2021/22 Projection £ m	2022/23 Estimate £ m	2023/24 Estimate £ m	2024/25 Estimate £ m
Non HRA Capital Expenditure	57.5	96.8	92.2	9.8	-
HRA Capital Expenditure	4.5	9.3	16.7	20.2	19.0
Commercial activities/non-financial investments	3.7	12.1	13.8	5.0	-
Total Capital Expenditure	65.7	118.2	122.7	35.0	19.0

- 6.2 Table 6.1 above shows the expected capital programme budget as at Quarter 2 2021/22. It will be revised following completion of the 2021/22 capital closedown procedure when final figures are established, which may result in slippage of budgets from 2021/22 into 2022/23.
- 6.3 The Council may also receive additional grant notifications throughout the financial year or if bids are submitted for additional grant funding as the year progresses. These changes will be reported as part of the quarterly finance strategy reporting.
- 6.4 There are several projects being considered that are being processed via the appraisal mechanism that is in place. As these projects have not completed the full cycle of appraisal, they are not included in the capital programme budget above but are informed as part of the prioritised projects discussed in section 8, where the impact of having additional budget requirements, and the resulting effect on the Capital Financing Requirement against prudential indicators is fully assessed. As these projects progress through both the appraisal process and the Councils governance requirements they will be added into the capital programme.

7. Funding the Current Capital Programme

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

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

7.2 Capital Receipts

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

7.2.1 Flexible use of Capital Receipts

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

- The direction originally only related to new receipts received in the period 1st April 2016 to 31st March 2019 that could be applied to meet the revenue costs of reform incurred in the same timeframe. This has since been extended to 31st March 2022.

- The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to the authority's net service expenditure and is expenditure on a project where incurring upfront costs will generate ongoing savings; and
- Individual authorities demonstrate the highest standards of accountability and transparency.
- Examples of qualifying expenditure include the sharing of back office and administrative services; investment in service reform feasibility work; collaboration between central and local government to free up land for economic use; funding the cost of service reconfiguration or restructuring leading to ongoing efficiencies; sharing Chief Executives; driving a digital approach; aggregating procurement on common goods; improving systems and processes to tackle fraud; setting up commercial or alternative delivery models to deliver services more efficiently or increase revenue income; and integrating public facing services across two or more public sector bodies

7.2.2 HRA Right to Buy Receipts

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

7.3 Prudential Borrowing

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

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

The PWLB remains the Council's preferred source of long-term borrowing given the transparency and control that its facilities continue to provide. The Council qualified for borrowing at the 'Certainty Rate' (20 basis points, i.e., 0.20%, below the PWLB standard rate) for a twelve-month period from 01/11/2020 to 31/10/2021, through its application to DLUHC in September 2020.

7.4 **S106 Developer Contributions**

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

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

S106 contribution agreements have covered all types of infrastructure including transport, affordable housing, play areas, open spaces, playing fields, public realm, and public art. However, since the Council adopted CIL the planning obligations sought within S106 agreements have been scaled back to deal with only site-specific requirements, as required by the CIL Regulations. Pooled contributions previously sought for strategic transport, public realm and public open space related obligations are now dealt with by CIL.

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

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

7.4.1 **Proposals for a New Levy on Developer Contributions**

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

7.4.2 **Community Infrastructure Levy (CIL)**

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

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

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

7.5 **Revenue Contributions**

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

7.6 **Capital Grants**

7.6.1 **Government Grants**

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

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

7.6.2 **Non-Government Contributions**

Where there is a requirement to make an application to an external agency to receive external funding, and when appropriate to commit Council resources as matched funding to any bid for external resources, a business

case should first be presented for consideration to the CIB. The business case must demonstrate how the project aligns to Council's priorities and how matched funding and any revenue consequences can be managed within the context of the capital and revenue budget.

7.7 Cash Balances/Internal Borrowing

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

7.8 Funding Summary of the Current Capital Programme 2020/21 - 2024/25

The current projected capital programme is financed as follows:

Table 7.1: Financing of the Capital Programme

	2020/21 Actual £m	2021/22 Projection £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Capital Receipts	2.1	16.3	12.0	0.7	0.0
Capital Grants	49.7	56.9	68.9	8.8	3.0
Other Contributions	6.4	18.5	11.8	1.7	0.0
Major Repairs Allowance	2.6	4.1	3.8	4.8	4.8
Revenue Contributions	0.4	3.5	3.0	0.7	1.0
Prudential Borrowing	4.4	18.9	23.2	18.3	10.2
Total Financing	65.7	118.2	122.7	35.0	19.0

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

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

Table 7.2: Capital Programme MRP Budget Requirement

	2020/21 Actual £m	2021/22 Projection £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
MRP (Excluding PFI / Finances Leases)	4.7	4.9	5.4	5.8	6.0

8. Capital Project Prioritisation & Future Schemes

- 8.1 The main objective for the introduction of the Capital Strategy requirement was in response to the major expansion of local authority investment activity into the purchase of non-financial investments, particularly property. The capital strategy therefore requires local authorities to assess investments over the long-term as opposed to the usual three years that planning has been conducted over.
- 8.2 Section 6 of this strategy summarises the current approved capital programme for the three years to 2024/25. The projects included within this programme have progressed through the governance process and are deemed to have been assessed fully to ascertain the outcomes of the project against criterion of risk and reward.
- 8.3 In order to comply with the requirement to consider capital expenditure over a medium to long-term period and to determine the financial sustainability of the authority, focusing on the affordability of the capital programme, Shropshire Council has compiled a planned programme of capital schemes that are proposed but have yet to complete the full due diligence process.
- 8.4 The prioritised list of projects included in the February 2021 Capital Strategy has been reviewed. In February, the prioritisation criteria were based around those projects that had already secured external funding, followed by those projects to which there is already a formal commitment.
- 8.5 Following a change in political leadership for the Council as a result of the May 2021 elections and further opportunities for external funding from Central Government as part of recovery from the national pandemic, a review of the prioritisation was required. The projects included in the February Capital Strategy have been the subject of extensive review and consideration by Cabinet, Executive Directors and Assistant Executive Directors in close consultation with project proposers within the relevant service areas. As a result of this review an updated schedule of prioritised capital schemes has been compiled.
- 8.6 In February 2021, the schedule of all proposed capital schemes totalled £399.578m, of which £291.054m was anticipated to be funded through borrowing. Since February 2021, this schedule has been updated and currently totals £405.691m (as summarised in Table 8.1 below), of which £296.748m is anticipated to be funded through borrowing.

Table 8.1: Aspirational Schemes Estimated Costs

Portfolio Holder	Estimated Scheme Costs £m
Communities, Place, Tourism & Transport	81.052
Children & Education	11.700
Resources	3.200
Adult Social Care, Public Health & Assets	1.500
Economic Growth, Regeneration & Planning	146.415
Physical Infrastructure, Highways & Built Housing	161.824
Total	405.691

- 8.7 Progression of all these proposed schemes would result in a revenue impact of £16.106m by 2027/28 arising from the costs of borrowing. This is unaffordable and as a result a prioritisation review has determined a schedule for those aspirational capital schemes deemed to be highest priorities. These schemes are detailed in Appendix C and are summarised by portfolio holder in Table 8.2 below.

Table 8.2: Priority Schemes Estimated Costs

Portfolio Holder	Estimated Scheme Costs £m
Communities, Place, Tourism & Transport	25.152
Children & Education	11.700
Resources	3.200
Adult Social Care, Public Health & Assets	1.500
Economic Growth, Regeneration & Planning	96.500
Physical Infrastructure, Highways & Built Housing	130.342
Total	268.394

- 8.8 Those schemes not detailed in Appendix C will form the basis of a set of pipeline aspirational projects for development over a longer term. The estimated capital cost of these schemes is £134.265m.

- 8.9 The total scheme costs detailed in Table 8.2 are initial estimates only and these are highly likely to change as more work is undertaken to develop robust business cases on an individual project basis including full options appraisal and detailed costings.
- 8.10 The schemes detailed in Appendix C have total estimated capital cost of £268.394m of which £100.513m is currently anticipated to require funding through borrowing. The revenue impact of this level of borrowing will be £5.455m by 2027/28 assuming an interest rate of 2.5% over 25 years. The viability of this revenue pressure is reasonable compared to the previously determined revenue impact of £16.106m.
- 8.11 Table 8.3 below summarises the projected borrowing requirements associated with the capital schemes detailed in Appendix C together with the revenue impact of these schemes as reflected by an additional MRP requirement.

Table 8.3: Projected Borrowing Requirement & MRP Liability of Agreed Prioritised Capital Schemes

	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	Total £'000s
Projected Borrowing Requirement	9,600	23,943	25,440	20,400	18,330	2,800	0	100,513
Projected Year On Year MRP Liability	0	521	1,300	1,381	1,107	995	152	5,455
Projected Cumulative MRP Liability	0	521	1,821	3,201	4,309	5,303	5,455	

- 8.12 The projected borrowing costs of £5.455m associated with borrowing of £100.513m is ostensibly a revenue pressure, although it is likely that projects may generate additional capital receipts, other income or reduce existing costs to reduce the estimated borrowing costs. The prioritised projects are not sufficiently developed at this stage to provide any clarity in relation to potential capital receipts, additional income or existing revenue budget savings or pressures. These factors will be identified during the development of the project business cases. Consequently, the currently calculated revenue impact of borrowing has not been adjusted for any of these factors and should represent the maximum revenue impact. The additional MRP requirements identified in Table 8.3 above will need to be incorporated in revenue budget setting from 2022/23 onwards in line with the profile identified in the Table 8.3. The affordability of this impact must be realistically appraised in light of other competing budget pressures.
- 8.13 Borrowing is only one element of the funding required to finance the Agreed Prioritised Projects. Other additional funding sources are targeted to finance these projects as detailed in Table 8.4.

Table 8.4: Targeted Funding Sources

	Total £'000s
External Grants	1,250
S106 Developer Contributions	19,865
CIL Developer Contributions	1,100
Borrowing	100,513
Capital Receipts (Asset Disposals)	28,047
Alternative Funding Options	117,619
Total Funding	268,394

- 8.14 The targeted funding sources includes a significant level of capital receipts (£28.047m) to be realised from asset disposals. These capital receipt requirements are additional to those highlighted at paragraph 3.6 of Section 3: Asset Management Planning with the exception of £19.846m required for the North West Relief Road (NWRR) scheme. In the interests of prudence this capital receipt requirement of £19.846m has already been built into the capital receipt projections discussed in Section 3 at paragraph 3.6 Capital receipts totalling £40.916m are required to fund the currently approved capital programme including the £19.846m requirement and at present £45.848m of asset disposals have been identified. Consequently, £4.932m of capital receipts are potentially available to contribute to the additional capital receipts requirement so the Council must identify further assets for disposal totalling a minimum of £3.269m.
- 8.15 Alternative funding sources totalling £117.619m are being targeted as funding sources for a small number of key prioritised projects (Pride Hill Repurposing, Shrewsbury Riverside Development and Civic Centre). These alternative funding sources will be investigated and assessed by the relevant project board and must be a key consideration during development of the relevant business cases.
- 8.16 The schemes identified in Appendix C must progress through the approved capital scheme governance process as normal, with robust business cases being developed for each project. These projects and business cases must be presented and approved by Cabinet and /or Council prior to their inclusion in the Council's capital programme.
- 8.17 Progression of schemes detailed in Appendix C will provide the Council with a set of prioritised capital projects to progress over the medium term (2022/23 to 2027/28) and those not included on Appendix C will provide a set of aspirational pipeline projects for consideration and development over the longer term (2027/28 onwards).

8.18 In addition to the prioritised schemes, there are a series of proposed investment schemes and climate change initiatives. These are discussed in Section 10 "Regeneration Investment Fund & Climate Change" and are at various stages of approval. The vast majority of investment schemes and programmes are currently progressing through the governance process. Consequently, there are schemes and programmes currently under consideration which may or may not progress to full approval and delivery.

9. Commercial Activity & Investment

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

- 9.7 Identification of the relevant statutory powers to be relied upon may impact upon the funding available for a project, including whether the Council is permitted to borrow to fund the investment. The Council will consider the requirements of the statutory codes that comprise the CIPFA prudential framework, including the Prudential Code for Capital Finance in Local Authorities, in addition to the CIPFA guidance on Prudential Property Investment.
- 9.8 In summary, the ability to borrow for an investment will depend on the powers utilised for the acquisition. Where the Council acquires an investment property utilising a power permitting the acquisition of land and building, borrowing will be considered to fund the acquisition, however, where a power permitting the acquisition of investments has been utilised, borrowing will not be considered as a funding option where this constitutes borrowing in advance of need.
- 9.9 Although local authorities can acquire land and property both inside and outside their own administrative areas, the Council will limit investments to within its own administrative area.
- 9.10 Historically, property has provided strong investment returns in terms of capital growth and generation of stable income. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant as has happened during the national pandemic. An example of this, within Shropshire Council's portfolio, is the Shrewsbury Shopping Centres. The pandemic has significantly impacted on the retail sector, thus impacting on Shropshire Council due to its interest in the assets.
- 9.11 The strategy makes it clear that the Council will continue to invest prudently to support service delivery and provide additional sources of income and to take advantage of opportunities as they present themselves, supported by our robust governance process.

10. Regeneration Investment Fund & Climate Change

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

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

	2019/20	2020/21	2021/22	2022/23	Total
Approved budget allocation	20,000,000	20,000,000	5,000,000		45,000,000
Unutilised Fund Carry Forward:	0	9,609,897	25,924,698	30,268,698	
Drawn down into capital programme:					
Tannery Block C & B	-7,133,862	-320,394			-7,454,256
Whitchurch Medical Practice				-3,778,000	-3,778,000
Site Acquisition at Ennerdale Road Shrewsbury				-1,200,000	-1,200,000
Strategic Property Acquisition Shrewsbury				-3,983,620	-3,983,620
Oswestry Morrisons Site		-3,364,805			-3,364,805
Oswestry Castleview	-3,256,241				-3,256,241
Maesbury Tip Solar PV				-1,100,000	-1,100,000
Tannery Development - Block A			-656,000	-6,357,858	-7,013,858
Shrewsbury Pitch and Putt				-5,400,000	-5,400,000
Balance of unutilised fund	9,609,897	25,924,698	30,268,698	8,449,220	
Schemes not yet in the capital programme:	-	-	-	-	0
Balance of unutilised fund - futures	9,609,897	25,924,698	30,268,698	8,449,220	

10.3 The table shows that around 19% of the revised £45m regeneration investment fund is currently unallocated.

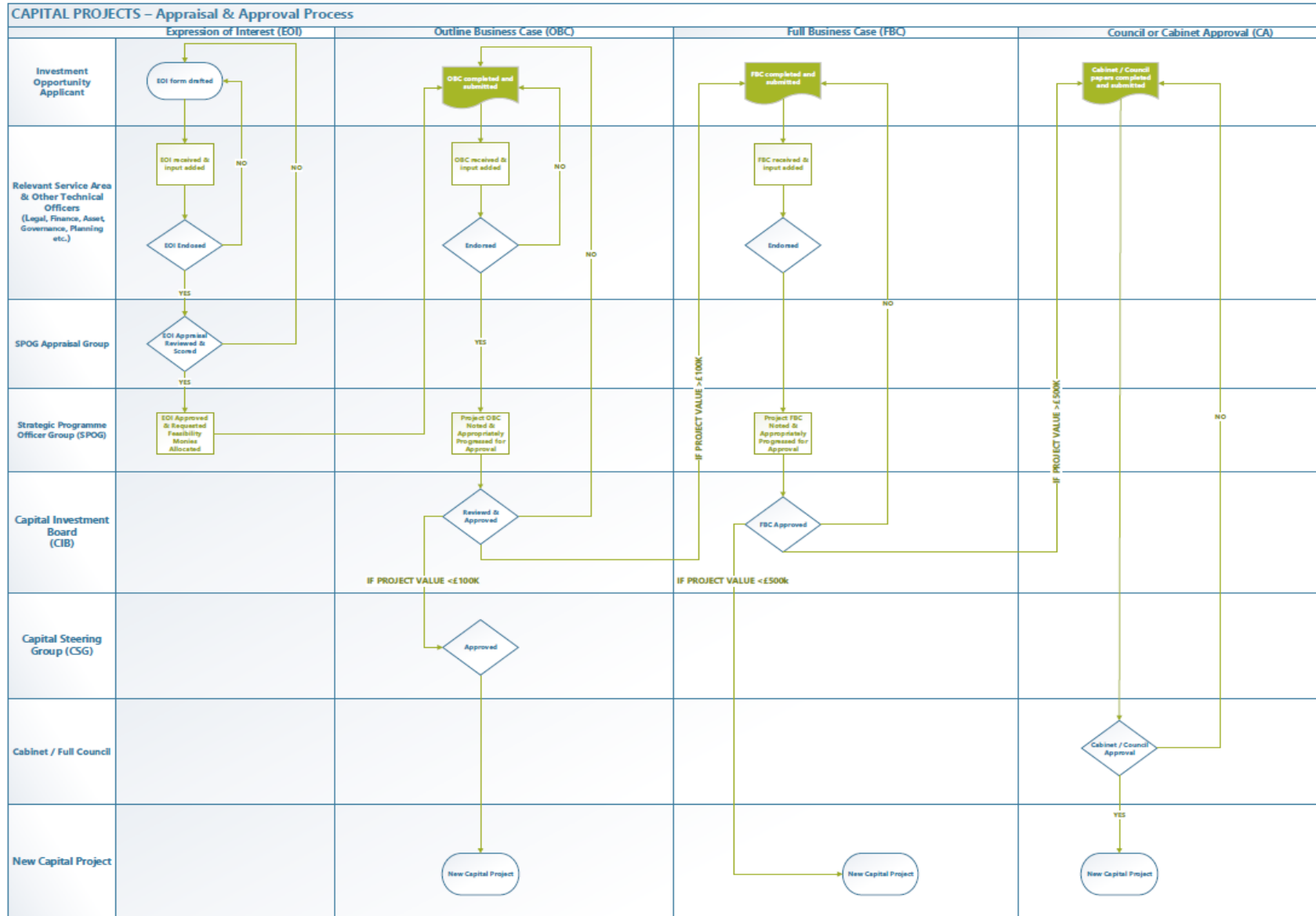
10.4 All of the projects listed in the table have been approved and are included in the Capital Programme. There are 4 projects that have been completed in the past 2 financial years with the remaining projects coming forwards over the next 15 months. It is expected that the projects agreed in the capital programme will generate in excess of £1.3m each year.

- 10.5 Details on progress to date for each of these approved capital projects is summarised below.
- 10.6 **Tannery Block C and Tannery Block B** were completed in full within the 2020/21 Financial Year with some units currently unoccupied. Student figures are strong given the current climate, and there is active interest in the vacant units. The yield is expected to improve in the following financial year with full year income generation and occupation of vacant units.
- 10.7 **Whitchurch Medical Practice** project was approved in July 2018 to provide NHS facilities in the area, and following a lengthy pause due to judicial review, has recommenced and will be progressed in the 2022/23 financial year.
- 10.8 **Strategic Acquisition at Ennerdale Road, Shrewsbury & Strategic Property Acquisition Shrewsbury projects**, whilst approved, have not yet been delivered and negotiations are still taking place.
- 10.9 **Oswestry Morrison's Site** acquisition was completed halfway through the 2020/21 financial year. There is an expectation for future development at this site due to the early surrender of lease by Morrison's this year.
- 10.10 **Castle View, Oswestry** was acquired at the end of the 2019/20 financial year and has provided a yield in excess of 5%.
- 10.11 **Maesbury Tip Solar PV scheme** for installation of Solar PV was approved earlier this year for £1.1m. This could potentially be expanded to increase energy capacity and financial returns at the site.
- 10.12 **Tannery Block A project** received Council approval for a land acquisition alongside future development and is expected to progress in early 2022/23.
- 10.13 **Shrewsbury Pitch & Putt scheme** for the development of a small retail park was approved earlier this year. This scheme will develop over the next few months (subject to planning permission) with the majority of spend falling in 2022/23.

10.14 **Climate Change Emergency**

December 2020 saw the approval of Shropshire Council's Corporate Climate Emergency Strategy, which included an Action Plan and Project Pipeline. The Climate Change Task Force are working to progress projects and will seek funding for each project as they are developed. Formal approval under the Council's Capital Programme will be pursued where projects will be appraised on an individual basis. Each potential action would need to be evaluated on its own merits prior to inclusion in the Capital Programme. Maesbury Tip Solar PV mentioned in the capital programme above is the first project to come forward within the Climate Change Agenda and is expected to start in the 2022/23 financial year.

Other climate change projects are being undertaken and embedded within the whole Capital Programme such as renewable energy schemes, decarbonisation of buildings, zero carbon fuel production, Electric Vehicle Charging Points and improving energy efficiency across the Council's asset portfolio including proactive land management. The Council are seeking and have been successful with other funding streams to assist in the delivery of these Climate Change schemes for example Salix funding for the decarbonisation of buildings programme.



Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Place & Enterprise				
Infrastructure & Communities				
Leisure				
Shropshire Playing Pitch Action Plan - sport pitch improvements as per Haughmo	34,000			
Shrewsbury Sports Village 3G Pitch Replacement	3,803			
Shrewsbury Sports Village British Cycling Modular Clubhouse	47,610			
Total	85,413	0	0	0
Waste Management				
In Vessel Composting Facility	325,000			
Total	325,000	0	0	0
Highways & Transport - LTP				
Structural Maintenance of Bridges & Structures				
Bridgeguard - Unallocated	-177,130			
Bridgeguard - Consultancy Fees	350,000			
Bridgeguard - Winterburn Bridge	39,154			
Bridgeguard - Cound Arbour Bridge	15,000			
Bridgeguard - Bridgnorth Bridge (Low Town)	5,000			
Bridgeguard - Bage Way Railway Bridge	92,009			
Bridgeguard - Dean Bridge B4329	6,579			
Bridgeguard - Back Lane Bridge B3724	277,095			
Bridgeguard - Malehurst No 1 Bridge	8,642			
Bridgeguard - Betton Street Footbridge	5,000			
Bridgeguard - Hints Cattle Grid	17,477			
Bridgeguard - Hollybush Road Retaining Wall	50,000			
Bridgeguard - Montague Railway Bridge Footbridge	5,000			
Bridgeguard - Porthill Footbridge	35,000			
Bridgeguard - Grindley Brook Canal Bridge	27,219			
Bridgeguard - Becks Field Embankment, Pengwern Boat House, Shrewsbury	22,661			
Bridgeguard - Leaton Lodge Culvert	30,000			
Bridgeguard - Frodesley Lane Culvert	80,000			
Bridgeguard - Mustard Pot Culvert B1416	40,000			
Bridgeguard - Wagbeach Culvert A488	50,000			
Bridgeguard - Hill House Cattle Grid Replacement	32,651			
Bridgeguard - Lawn No 2 Bridge B6733	28,629			
Bridgeguard - Coleham Head	62,462			
Bridgeguard - Coed yr Hendre B6715	76,366			
Bridgeguard - Rectory Road B4387	9,962			
Bridgeguard - Whitcott Evan B6412	29,174			
Bridgeguard - Lydham Heath Bridge	25,000			
RoW - Rindleford Footbridge	15,000			
RoW - Adcote Mill Bridge	139,825			
Total	1,397,775	0	0	0
Structural Maintenance of Roads				
Countywide				
Depot Fixed Costs - Principal	825,000			
A529 Road Safety Works - Safer Roads Fund				
A529 Road Safety Works - WSP	2,381,725	0	0	0
Structural Maintenance of Principal Roads	3,206,725	0	0	0
Countywide				
Depot Fixed Costs - Secondary	825,000			
WSP Managed Surface Dressing Programme	6,700,000			
Countywide Thermal Patching Schemes	400,000			
Countywide Drainage Schemes				
Countywide Drainage Unallocated	-62,005			
Countywide Drainage Fees	175,000			
Old Bedstone Road, Bucknell	117,995			
The Wern	39,199			
Little Soudley Road, Soudley	65,000			
Pear Tree Lane, Whitchurch	35,000			
Lizard Lane	75,000			
Oakhurst Road, Oswestry	5,027			
A489 The Grove, Craven Arms	10,497			
Ludlow Road East Roundabout, Bridgnorth	85,000			
lfton Meadows, St Martins, Oswestry	54,287			
North East Shropshire				
NES - Unallocated	100,000			
South East Shropshire				
SES - Unallocated	100,000			
Central Shropshire				
CS - Unallocated	100,000			
Structural Maintenance of Secondary Roads	8,825,000	0	0	0

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Countywide				
Countywide Roadmaster Programme	500,000			
Countywide Footway Slurry Sealing Programme	460,000			
Countywide Permanent Repair Programme (Pothole Fund)	2,000,000			
Countywide - WSP Managed Programme Resurfacing	4,500,000			
Shropshire Countywide- Unallocated Responsive Budget	0	13,075,000		
Structural Maintenance of all Roads	7,460,000	13,075,000	0	0
Total	20,889,500	13,075,000	0	0
Street Lighting				
Programme of structural replacement of lighting columns	600,000			
Street Lighting LED Conversions - Salix Funding	2,473,000	1,802,539	1,602,539	
Total	3,073,000	1,802,539	1,602,539	0
Local Transport Plan - Integrated Transport Plan				
Pedestrian & Cycle Facilities				
Central				
ITP Central - The Dana Footpath	3,744			
ITP Central - Belvidere Road, Shrewsbury	45,000			
North				
ITP North - Station Road, Whitchurch School Crossing	42,130			
South				
ITP South - ITP 2 - U8521 Sandpits Road Ludlow Pedestrian Improvement	23,429			
Total	114,303	0	0	0
Signal Enhancements				
Countywide				
ITP Countywide - School Wig Wag Replacements	16,682			
Central				
ITP Central - Morrisons Shrewsbury Right Turn Signal Enhancement	13,590			
ITP Central - Signals Renewal - A458 Castle Street, Shrewsbury One-Way	34,273			
ITP Central - Signals Renewal - A458 St Mary's Street, Shrewsbury One-Way	31,818			
ITP Central - Signals Renewal - B5062 Haughton Crossroads	5,125			
ITP Central - Signals Renewal - C7108 Featherbed Lane, Shrewsbury	8,000			
ITP Central - Signals Renewal - Lower Claremont Bank/Bridge Street, Shrewsbury	75,000			
ITP Central - Signals Renewal - B4380 Shelton Road, Shrewsbury	8,000			
North				
ITP North - Signals Renewal - B4580 Castle Street, Oswestry	32,942			
ITP North - Signals Renewal - A525 Press Road Roundabout to Business Park Roundabout	6,352			
ITP North - Signals Renewal - Church Street, Ellesmere	31,500			
ITP North - Signals Renewal - Beatrice Street, Oswestry	5,000			
South				
ITP South - Signals Renewal - A488 Nr Hanwood	10,792			
ITP South - Signals Renewal - B4361 Policemans Corner	22,872			
ITP South - Signals Renewal - B4371 Sandford Avenue, Church Stretton	4,000			
ITP South - Signals Renewal - Corvedale Road, Craven Arms	8,000			
ITP South - Signals Renewal - Station Drive, Ludlow	5,000			
ITP South - Signals Renewal - B4373 Ironbridge Road/Calcutts Road, Broseley	15,000			
Total	333,946	0	0	0
Safety/Speed Reductions				
Countywide				
Central				
ITP Central - Shrewsbury TRO Package	6,079			
ITP Central - Preston Street Shrewsbury	102,000			
ITP Central - B5062 Sundorne Road Medical Centre Junction Improvements	7,778			
North				
ITP North - ITP 1 Site 16 - A525 Broughall TRO 50mph	28,185			
ITP North - T-LIS 3 - Ash Parva 30mph Speed Reduction	14,500			
ITP North - A41 Sandford Speed Reduction	43,646			
South				
ITP South - ITP 1 Site 11 - A456 Burford Village	10,755			
ITP South - The Hall Bank, Pontesbury - One Way	397			
ITP South - B4176 Royal Oak Speed Management	105,715			
ITP South - ITP 2 - A41 Albrighton Bypass	123,836			
ITP South - ITP 2 - A41/C2090 Sweet Apple Tree Crossroads Wistanswick	29,466			
ITP South - ITP 2 - A4169 Shifnal to Boundary Kemberton	4,714			
Total	477,071	0	0	0

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Accident Clusters				
Central				
ITP Central - ITP 1 Site 6 - Huffley Lane Nr Bomere Heath	3,000			
ITP Central - Mytton Oak Road, Shrewsbury	80,000			
ITP Central - ITP 3 - B4380 Roman Road/Longden Road Shrewsbury	120,000			
ITP Central - Bridge Street/Mardol Head Shrewsbury	4,930			
ITP Central - ITP 2 - St Michaels Street, Shrewsbury	4,359			
ITP Central - A5191/A5112 Heathgates Roundabout, Shrewsbury	57,000			
ITP Central - Monkmoor Road/Underdale Road, Shrewsbury	10,000			
ITP Central - A53 Brightlee, Shrewsbury	15,000			
ITP Central - Longden Road/ Mousecroft Lane, Shrewsbury	7,000			
ITP Central - A458 Castle Gates/ Railway Station, Shrewsbury	4,000			
North				
ITP North - B5065/C1284 Trefnant	28,000			
ITP North - ITP 2 - Maesbury Road Junction, Oswestry	8,323			
ITP North - A41/A53 Tern Hill	3,000			
South				
ITP South - A5 Crackley Bank - Marsh Lane Jctn	3,000			
ITP South - ITP 1 Site 12 - A458 Wootton Crossroads	5,625			
ITP South - ITP 2 - A454 Bridgnorth to Rudge Heath Accident Reduction	70,469			
ITP South - A41 Stanton Road, Tong	113,004			
ITP South - ITP 1 Site 14 - A41/B4379 Shifnal Road Junction Tong	10,000			
ITP South - A442 Brockton Sutton Maddock	5,000			
ITP South - ITP 2 - A4117/B4363 Cleobury Mortimer	3,000			
ITP South - B4379 Sheriffhales Xrd - Kettlemore Lane	21			
ITP South - A489/B4385 Bluebell Crossroads	3,000			
ITP South - ITP 3 - A442 Stockton Crossroads	9,500			
ITP South - A458-A442 Bridgnorth	15,000			
Total	582,231	0	0	0
Network Improvements				
Countywide				
ITP Countywide - Minor Works	131,488			
ITP Countywide - Traffic Management Local Improvement Schemes	60,000			
South				
ITP South - Curriers Lane, Shifnal School Safety Zone (20mph) S106	15,000			
ITP South - Shifnal Pedestrian Improvements (S106)	15,000			
ITP South - Shifnal Highways and Public Realm Enhancement	752,282	1,500,000		
Total	973,770	1,500,000	0	0
Integrated Transport Unallocated				
Countywide				
ITP Countywide - Unallocated	512,848	1,626,000		
Total	512,848	1,626,000	0	0
Total Integrated Transport Plan	2,994,170	3,126,000	0	0
S106 funded Local Road Safety Schemes				
S106 13/05124/FUL				
S106 16/04228/OUT - Pedestrian Crossing - Cophorne Road, Shrewsbury	5,000	80,000		
Total	5,000	80,000	0	0
CIL funded Local Road Safety Schemes				
EOI Approvals				
Church Stretton - Acton Burnell Pavement Extension	8,525			
Cleobury Mortimer - Neen Savage/Ford Drainage Redesign	9,276			
Craven Arms - Diddlesbury School Parking Access	11,713			
Ellesmere - Welshampton Pedestrian Crossing	39,500			
Market Drayton - Sutton Upon Tern/Woodeaves A529 Safe Pedestrian Route	14,000			
Market Drayton - Hinstock Puffin Crossing	30,000			
Minsterley & Pontesbury - A488 Junction Improvements	40,000			
Minsterley & Pontesbury - Mary Webb School Traffic Safety	4,426			
Oswestry - Knockin Pedestrian Crossing	32,000			
Oswestry - St Martins Roundabout Improvements	51,500			
Shrewsbury - Baschurch, Eyton Lane Safety Improvements	29,380			
Project Approvals 22/10/20				
Bomere Heath - Forton Heath Speed Reduction	23,500			
Bridgnorth - Underhill Street Signal Enhancement	38,693			
Bridgnorth - A458 Signals/Crossing	40,000			
Broseley - LTP Bridge Road Weight Limit and Footpath	40,000			
Broseley - Housing Development Roundabout Re-modelling	100,000			
Chuch Stretton - A49 and B5477 Highway Improvements	85,000			
Cleobury Mortimer - A4117 Vaughan Road New Footpath	60,500			
Cleobury Mortimer - B4363/B4194 Speed Restrictions	60,000			
Cleobury Mortimer - Six Ashes Highway Improvements	60,000			
Ellesmere - Willowbrook Highway Improvements	15,000			
Highley - B4555 Highway Improvements	20,000			
Ludlow - Gravel Hill Junction Improvements	58,117			

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Ludlow - B4361 Corve Street - Puffin Crossing	72,000			
Market Drayton - A51 London Road Pelican Crossing	32,000			
Market Drayton - Frogmore Road Pelican Crossing	40,000			
Oswestry - Ruyton X1 Towns HGV Management	225,000			
Shrewsbury - Abbey Foregate contraflow Cycle System	65,000			
Shrewsbury - Bell Lane/Dark Lane Bridge ramp & cycle lanes	10,000			
Shrewsbury - Castle Bridge to Newpark Road upgrade for Cycle Route	19,276			
Shrewsbury - Castle Bridge Link Cycle Route and Usage	39,000			
Shrewsbury - Pritchard Way upgrade for pedestrian route	30,000			
Shrewsbury - Weeping Cross Pedestrian and Cycle Upgrade	9,000			
Shrewsbury - Longden Road widening towards Meole School	20,000			
Shrewsbury - Belle Vue Road Pelican Crossing	40,000			
Shrewsbury - Radbrook Road Cycle Lane & Traffic Calming	35,000			
Shrewsbury - Cross Houses to Aitcham Quite Lane	150,000			
Wem - A49 Highway Safety Improvements	50,000			
Wem - B5476 Highway Safety Improvements	29,700			
Wem - A53 Highway Safety Improvements	25,000			
Total	1,762,107	0	0	0
Total Highways & Transport - LTP	28,723,777	18,083,539	1,602,539	0
LEP Schemes				
LEP Oxon Relief Road Project	379,684	6,612,222	1,653,055	0
LEP SITP - Project Management/Design	2,177,597	0	0	0
Total	2,557,280	6,612,222	1,653,055	0
North West Relief Road				
NWRR	5,021,289	38,961,625	5,000,000	0
Total	5,021,289	38,961,625	5,000,000	0
Flood Defences & Water Management				
Flood Defence & Water Management Unallocated	63,908			
Church Stretton - Flood & Water Management	69,176	0	0	0
Shifnal - Flood & Water Management	87,887			
Oswestry - Flood & Water Management	20,000			
Shropshire Slow the Flow Project	-15,362	0	0	0
Shropshire Property Flood Resilience (PFR) 2021	156,235			
Westbury - Surface Water Flood Alleviation Scheme	-4,765			
Hunters Gate Surface Water Flood Alleviation	20,000			
Defra - Property Level Flood Recovery Scheme	938,915			
Total	1,335,994	0	0	0
Electric Vehicle Charging Points				
Rapid Electric Vehicle Charge Points	14,711			
Onstreet Residential Charging Point Scheme	119,187			
Total	133,898	0	0	0
Environmental Maintenance - Car Parks Major Works				
Visitor Economy				
Museums				
Heritage Assets Acquisition (Do not use)	375			
Total	375	0	0	0
Total Infrastructure & Communities	38,183,026	63,657,386	8,255,594	0
Economic Development				
Business Park Investment Programme - Phase 1				
Bishops Castle Business Park	1,682,204	1,570,104	1,069,543	
Growth Point				
Oswestry HIF Fund	7,846,740	1,370,649		
Total	9,528,944	2,940,753	1,069,543	0
Natural & Historical Environment				
S106 Ighfield PC Calverhall Play Area	24,000			
Oswestry HAZ Programme				
Oswestry HAZ Flagship Scheme	46,950			
Oswestry HAZ Repurposing Programme	2,475			
Old Rectory, Whitchurch Section 106	4,352			
Total	77,777	0	0	0

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Planning Policy - Affordable Housing				
Affordable Housing - Rolling Fund	100,346	100,000		
Shrewsbury Self Build Scheme	3,423,025	0		
Community Housing Grant - Community Led Scheme	92,613	0		
Community Led Affordable Housing Grant Scheme	533,000	133,000		
Affordable Housing Contributions Grant Scheme (S106)	80,000			
Total	4,228,984	233,000	0	0
Broadband				
Broadband Project - Phase 3 - Airband	2,614,256	0	0	0
Broadband Project - Phase 4 - ERDF Match	131,991			
Broadband Project - Phase 5 - BDUK Gigabit Voucher Scheme Top Up Funding	998,000			
Broadband Project - Phase 6 - TBC	5,456,214			
Total	9,200,461	0	0	0
Total Economic Development	23,036,165	3,173,753	1,069,543	0
Business Enterprise & Commercial Services				
Strategic Asset Services				
Corporate Landlord				
Corporate Landlord Unallocated	232,772			
Ellesmere Remediation - Land Release Funds	260,128			
Darwin Shopping Centre Refurbishment	85,424			
Shrewsbury Market Hall Fire Doors	30,435			
Shrewsbury Market Hall Electrics Upgrade	39,483			
20/21 Corporate Landlord Programme				
1A Caste Gates, Shrewsbury - FRA Action Plan Works	17,352			
Abdon Burf - Replacement Timber Doors	2,827			
Acton Scott - Granary Stairs	222			
Bishops Castle SPARC Leisure - Changing Room/Toilet Refurb	21,403			
Bradbury Lodge - Replacement radiators and covers	8,698			
Coleham Pumping Station - External refurbishment	40,325			
Ludlow Leisure Centre - re-surface overflow car park	79,608			
Shirehall - BMS System Upgrade	11,717			
Shrewsbury Museum and Art Gallery - Replace roof heating exchanger	22,875			
Shrewsbury Sports Village - Cycle Track	89,381			
Shrewsbury Swimming Pool - New Lighting to Pool side	1,385			
Stanley Land Industrial Estate Block 1-9 - Concrete Gutter	18,458			
Stanley Land Industrial Estate - Replace Ceilings to rear corridor and male toilets	4,831			
Theatre Severn - Fire compartmentation to Stage/Entrance Foyer	4,152			
Theatre Severn - FRA Remedial works	43,134			
Theatre Severn - FRA Compartmentation & Damper Works	247,283			
Theatre Severn - Brise Soleil	11,714			
Whitchurch Library - replace underfloor heating with ASHP	76,977			
21/22 Corporate Landlord Programme				
Acton Scott - Replace Bell Tower at School House	13,080			
Alveley Industrial Estate - Replace Metal Roof to Digwoods	21,800			
Aquamira - New Heat Exchanger	22,530			
Bear Steps - Repair Vehicle Damage	136,758			
Church Stretton Swimming Pool - Replacement dosing equipment and filters	29,040			
Church Stretton Sports Centre - Underfloor Heating	7,194			
Gateway - Fire Compartmentation Works	21,800			
Market Drayton Library - Boiler Replacement	163,500			
Mount McKinley - FRA Improvement Works	10,900			
Much Wenlock Sports Centre - Replace Air Conditioning in Fitness Suite	7,085			
Old St Chads - Remedial Works to listed building Phase 1	13,080			
Old St Chads - Remedial Works to listed building Phase 2	43,600			
Roman Road Sports Centre - replace asbestos facias and gutters to Sports Hall	16,350			
Rowley's House - Improvements to 3 No Infill Panels	13,080			
Shrewsbury Castle Gates Library - Emergency Lighting Provision	16,350			
Shrewsbury Market Hall - Fire Compartmentation Works	54,500			
Shrewsbury Market Hall - Upgrade Lift 6	38,150			
Shrewsbury Museum and Art Gallery - Installation of sump pump to foul waste pipe	13,716			
Theatre Severn - Roof ladder replacement	16,350			
Theatre Severn - replace SALTO security lock system	8,720			
Theatre Severn - Tanking in Basement Plant Room	41,420			
Theatre Severn - Strengthen Base to all Seats Phase 1a	54,500			
Theatre Severn - Upgrade CCTV to digital	19,620			
Total	2,133,706	0	0	0

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Re-Focus Office Reconfiguration Programme				
Cantern Brook, Bridgnorth - Access Control System	10,000			
Raven Centre, Market Drayton - Access Control System	10,000			
Drovers House, Craven Arms - Access Control System	10,000			
Mount McKinley, Shrewsbury - Access Control System	10,000			
Old Street, Ludlow - Access Control System	10,000			
Castle View, Oswestry - Access Control System	10,000			
Edinburgh House, Wem - Access Control System	10,000			
Food Enterprise Centre, Shrewsbury - Access Control System	10,000			
Enterprise House, Bishops Castle - Access Control System	10,000			
IT Kit Requirements	12,250			
Total	102,250	0	0	0
Shirehall Refurbishment Works				
Shirehall - Access Control Replacement	52,822			
Shirehall - FRA works	411,737			
Shirehall - Office Reconfiguration & Security	9,414			
Total	473,973	0.00	0.00	0.00
Commercial Investment Programme				
Commercial Investments Unallocated	6,946,807	10,000,000	5,000,000	
The Tannery Development	0			
Whitchurch Medical Practice	52,514	5,200,000		
DVSA Site Acquisition	1,200,000			
NCP Car Park, Wyle Cop, Shrewsbury Acquisition	3,983,620			
Total	12,182,941	15,200,000	5,000,000	0
Corporate Landlord - Salix PS Decarbonisation Scheme (PSDS)				
Oswestry Library - LED replacement	30,951			
Ludlow Library & Resource Centre - ASHP	231,600			
Cantern Brook, Bridgnorth - Solar PV	16,250			
Cantern Brook, Bridgnorth - LED replacement	22,190			
Cantern Brook, Bridgnorth - ASHP	139,850			
Chelmaren - Solar PV	5,400			
Chelmaren - LED Replacement	12,022			
Chelmaren - ASHP	165,800			
Mount McKinley, Shrewsbury - Solar PV	34,669			
Mount McKinley, Shrewsbury - LED replacement	52,964			
Total	711,696	0	0	0
Corporate Landlord - SEPuBu Programme				
SePuBu Phase 2 Unallocated Code	314,710			
	314,710	0	0	0
Total Strategic Asset Services	15,919,276	15,200,000	5,000,000	0
Total Business Enterprise & Commercial Services	15,919,276	15,200,000	5,000,000	0
Total Place & Enterprise	77,138,468	82,031,139	14,325,137	0
Adult Services				
Social Care				
ASC - Unallocated Grant	187,770	200,000		
Aquamira - New Pool Cover	27,465			
Greenacres Farm - Farm Buildings Upgrade	728			
Greenacres Farm - Shop and Office Upgrade	8,786			
Greenacres Farm - Cycle Path	5,422			
Greenacres Farm - Canopy	13,000			
Assistive Technology Equipment - Private Sector Housing Projects	100,000			
OT Equipment - South	200,000			
OT Equipment - North	200,000			
OT Equipment - Central	200,000			
OT Equipment - Children's	100,000			
Supported Living - Technology Equipment	120,000			
Supported Living - Adaptations	174,106			
Sensory Impairment Equipment - Visual	10,000			
Sensory Impairment Equipment - Hearing	10,000			
Total	1,357,277	200,000	0	0
Operational - Supported Living Capital				
Oak Farm - Covid 19 response - Lean to Shelter for handwashing	5,964			
Greenacres Farmhouse renovation	299,065			
Greenacres Supported Living Development	1,812,500	1,312,500		
Total	2,117,529	1,312,500	0	0

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Warm Homes Capital Projects				
Warm Homes Category 1 Bid Boiler Installations	1,347,327			
Total	1,347,327	0	0	0
Housing Health & Wellbeing				
Disabled Facilities Grants - Fast track system	500,000			
Disabled Facilities Grants	4,094,028	4,200,000		
House 2 Home Adaptation Scheme	350,000			
HOLD Project	464,139	1,500,000		
Total	5,408,167	5,700,000	0	0
Total Adult Services	10,230,299	7,212,500	0	0
Resources & Support				
Customer Involvement				
ICT Digital Transformation				
ICT Digital Transformation - Unallocated	0	1,350,766		
ICT Digital Transformation - WI-FI Installation	27,792			
ICT Digital Transformation - Video Conferencing Units	35,733			
ICT Digital Transformation - Social Care Project	95,398			
ICT Digital Transformation - Contact Centre Unified Comms	24,640			
ICT Digital Transformation - ERP	50,871			
ICT Digital Transformation - CRM	358,705			
Total	593,140	1,350,766	0	0
Total Resources & Support	593,140	1,350,766	0	0
Children's Services				
Children's Safeguarding				
Children's Residential Care				
Children's Residential Care - Nesscliffe Children's Home - Acquisition & Conversion	35,953			
Children's Residential Care - Montford Bridge Children's Home - Acquisition & Conversion	32,948			
Children's Residential Care - Havenbrook - Garage Conversion and Driveway	60,195			
Children's Residential Care - 3 Bed Unit TBC	802,051			
Children's Residential Care - Contribution to specialist fit out	21,000			
Total	952,147	0	0	0
Stepping Stones				
Stepping Stones - Havenbrook Therapy Pods	150,000			
Total	150,000	0	0	0
Youth Work				
Total Children's Safeguarding	1,102,147	0	0	0
Learning & Skills				
Early Years				
Early Years Unallocated	11,969	150,000		
Total	11,969	150,000	0	0
Basic Need				
Basic Need Unallocated	18,161	2,137,515	0	0
Market Drayton Infant - Place Planning	8,231			
Shifnal St Andrews 2 Class Extension	14,954			
Market Drayton Junior - Place Planning	1,160			
Whitchurch Infants - 2 x Classroom Reconfiguration	0	207,048		
Meole Brace Primary 2 Class Extension	12,378			
Mereside Primary - 1 x Classbase and Reconfiguration	8,241			
Baschurch Primary	21,180			
Hadnall Primary 1 Class Extension	61,827			
Whitchurch Junior - 2 Class Extension & Refurbishment	0	590,000		
Total	146,133	2,934,563	0	0
School Future Place Planning				
Schools Future Place Planning- Unallocated	39,830	4,300,000		
New Primary Provision - Bowbrook	5,296,924	1,000,000	0	0
Meole Brace Secondary - School Expansion	2,153,151	250,000	0	0
Sundorne Infants 2 Classroom Provision	17,114	0	0	0
Haughmond School - Amalgamation Programme	4,491,014	5,000,000	0	0
Capital Contribution Marches Academy	2,000,000	0	0	0
Total	13,998,033	10,550,000	0	0
School Amalgamations				
Hope, Worthen & Westbury Amalgamation (Long Mountain)	17,339			
Total	17,339	0	0	0

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Suitability				
Norbury Primary- PPA Space	5,389			
Hodnet - Secure Access	15,947			
Criflins Primary - PPA Space	100,000			
Brown Cleve Primary - Extension	250,000			
Farlow Primary - GP Room Provision	120,000			
St Laurence CE - Phase 1 Suitability Improvements	200,000			
Total	691,337	0	0	0
Full Fibre Grant - LFFN Connectivity Implementation				
Adderley Full Fibre Broadband	22,642			
Criflins Primary Full Fibre Grant	20,689			
Hinstock Primary School Full Fibre Grant	22,535			
Long Mountain C of E Primary Full Fibre Grant	20,062			
Newtown Primary Full Fibre Grant	15,853			
Norbury Primary Full Fibre Grant	17,418			
Oxon Primary Full Fibre Grant	14,233			
Pant - Bryn Offa Full Fibre Broadband	7,575			
Pontesbury Primary Full Fibre Grant	10,496			
Rushbury Primary Full Fibre Grant	35,140			
St Andrews, Nescliffe CE Primary School Full Fibre Grant	17,418			
St Giles Shrewsbury Full Fibre Grant	16,050			
Selattyn Primary Full Fibre Grant	26,683			
Stoke-on-Tern Primary School Full Fibre Grant	11,214			
Weston Lullingfields Primary Full Fibre Grant	1,800			
Wistanstow Primary Full Fibre Grant	15,658			
Woodlands Full Fibre Grant	15,406			
Total	290,872	0	0	0
Condition				
Condition Unallocated	462,918	1,000,000	500,000	
Condition 20/21				
Church Preen Refurbishment of Boys/Girls Toilets	11,373			
Harlescott TMBSS Replacement of Roof Covering to Pitched Felt Roof	134			
Hookagate TMBSS Replacement of Timber Framed, Single Glazed Windows and Screens	32,700			
John Wilkinson Primary Replacement 2 no. Corridor/Quad Doors & Replacement of Kitchen	31,965			
Shifnal Primary Installation of Secure Lobby	33,100			
Shifnal St Andrews Secure Lobby	2,285			
St Lawrence, Church Stretton Replacement Boiler & Controls Upgrade	2,750			
Weston Lullingfields Full Rewire (in coordination with ASHP)	4,045			
Ruyton X1 Towns Fire Damage Landscaping	1,400			
Supplementary 20/21				
Adderley Primary Relighting demountable and main school	5,450			
Albrighton Primary - Chimney Removal	32,700			
Albrighton Primary - Replace curved window walling KS2	21,800			
BCCC Caretakers Bungalow Roofing and Cladding	27,050			
BCCC Science Room Remodelling	130,800			
BCCC Distribution Board/Emergency Lighting	54,500			
BCCC Sixth Form Block Refurbishment	87,374			
Bomere Heath Replace Flat Roof Covering Phase 2	6,184			
Broseley Primary HWS Replacement	15,105			
Buntingsdale Primary Lighting Rewire	32,700			
Cockshutt Primary H&S Improvement Works to Kitchen	10,900			
Criflins Phase 1 Rewire	2,338			
Highley Primary Window Replacement Phase 4	16,350			
John Wilkinson Primary Gate Access and Footpath	8,880			
Meole Brace Primary Secure Lobby	72,150			
Morda Primary Replacement Demountable Windows	10,900			
Nescliffe St Andrews Storm Drain and Surfacing Works	15,260			
Newcastle Primary Fire Alarm Replacement and Emergency Lighting	15,470			
Norbury Primary Replacement Demountable Windows and Doors	10,900			
Oxon Primary Window Replacement Phase 4	10,900			
Oxon Primary Secure Lobby	10,900			
Rushbury Primary Secure Lobby	11,100			
Ruyton X1 Towns Security Fencing	16,350			
Sheriffhales Replacement Windows to Demountable	21,800			
St Laurence Ludlow Phased Rewire	16,350			
St Laurence Ludlow Installation of grease trap	5,450			
Sundorne TMBSS Replacement of External Doors/Screens	10,900			
Condition Surveys	50,000			
Wistanstow Security Improvements Access Control Measures	8,175			
West Felton Primary Security Improvements Access Control Measures	8,175			
Trinity Security Improvements Access Control Measures	8,175			
Sheriffhales Primary Security Improvements Access Control Measures	8,175			

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Newcastle Primary Security Improvements Access Control Measures	8,175			
Kinlet Primary Security Improvements Access Control Measures	8,175			
Buntingsdale Primary Security Improvements Access Control Measures	8,175			
Minsterley Primary Security Improvements Access Control Measures	8,175			
Trefonen Primary Security Improvements Access Control Measures	8,175			
Condition 21/22 (£1m)				
Albrighton Primary - Demolish Boiler House and Re-Route Services	109,000			
Albrighton Primary - Replacement Boiler for External Swimming Pool	32,700			
Bishops Castle Community College - Rewire Phase 1	54,500			
Cockshutt Primary - Boiler Replacement	87,200			
Crowmoor Primary - Replacement of Fan Convectors	87,200			
Crowmoor Primary - Floor replacement	9,971			
St Thomas & St Annes Hanwood - Kitchen Refurbishment	65,400			
St Thomas & St Annes Hanwood - Storm Water Diversion	8,720			
Highley Primary - Replacement water pipes	21,593			
Hinstock Primary - Boiler Replacement	87,200			
Long Mountain C of E Primary BMS Upgrade	8,175			
Martin Wilson Primary - Phase 1 Rewire	54,500			
Morda Primary - Replace Demountable Roof	38,150			
Morda Primary - Replace Entrance and Fire Escape Doors	6,540			
Moreton Say Primary - Flood Prevention	5,347			
Oxon Primary - Replace Timber/Glazed Screen Walls	32,700			
Rushbury Primary - Replace Demountable Roof Covering to Link Area	15,356			
St Lucia Upton Magna - replace windows & doors to demountable	10,900			
TMBSS Sundorne - Boiler replacement	87,200			
Trinity Ford - Cladding Replacement	21,800			
Weston Rhyn - Boiler Replacement	87,200			
Weston Rhyn - New skylights	7,085			
Woodlands - Security Fencing and Bungalow Refurbishment	127,600			
Supplementary 21/22				
Albrighton Primary - Replacement Windows	21,800			
Belvidere Primary - Replace Suspended Ceilings and Lighting	130,800			
Minsterley Primary - Replacement Windows & Doors to demountable	27,250			
Minsterley Primary - Upgrade Storage Heaters to demountable	16,350			
Norton-in-Hales - Toilet Refurbishment	21,800			
Rushbury Primary - Re-roofing of Demountable	27,250			
St Thomas & St Anne's - Replacement Windows Phase 1	43,600			
St Thomas & St Anne's - Rewire Phase 2	32,700			
Stoke On Tern - Re-roofing Demountable	13,625			
Welshampton Primary - Sewage Treatment Plant	87,200			
Total	2,875,219	1,000,000	500,000	0
Fire Safety Schemes				
Total	0	0	0	0
Healthy Pupils Capital Fund (HPCF)				
Healthy Pupils Capital Fund (HPCF) Unallocated	1,868			
Ford Trinity All Weather MUGA	13,000			
Oswestry Meadows Wooden Adventure Trail	3,000			
Sheriffhales Outdoor Classroom	1,139			
Weston Rhyn Primary Bottle Filling Station/Nurture Space	508			
Woodlands Primary New Dining Equipment	243			
Grove Market Drayton Playground Resurfacing	6,438			
Total	26,196	0	0	0
Special Education Needs				
Schools Access Initiative Unallocated	72,140			
SAI 1920 - Mereside Primary Accessible Doorway	790			
SAI 2021 - St Lawrence CE Primary School Accessibility Works	10,197			
SAI 2021 - Meole Brace Primary School Accessibility Works	20,000			
SEND Special Provision Funds Allocation - Unallocated	122,753			
SEND Shrewsbury Catholic Cathedral Primary School	5,000	0	0	0
SEND St Lawrence Church Stretton	4,676			
SEND Cleobury Mortimer	58,550			
SEND Lacon Childe	400,000			
SEND Whittington Primary	22,940			
SEN High Needs Capital Funding - Unallocated	50,000	450,000		
Total	767,046	450,000	0	0

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Devolved Formula Capital				
Primary Schools				
Adderley Primary DFC	12,644			
Albrighton Primary DFC	18,133			
Beckbury Primary DFC	20,034			
Belvidere Primary DFC	23,279			
Bicton Primary DFC	19,138			
Bomere Heath Primary DFC	22,513			
Brockton Primary DFC	8,828			
Broseley Primary DFC	25,171			
Brown Clew DFC	17,823			
Buntingsdale Primary DFC	15,468			
Cheswardine Primary DFC	21,910			
Chirbury DFC	9,576			
Christ Church Cressage DFC	11,864			
Church Preen DFC	8,857			
Clive Primary DFC	15,431			
Cockshutt Primary DFC	4,795			
Criftons Primary DFC	9,034			
Crowmoor Primary DFC	52,300			
Farlow DFC	58,229			
Gobowen Primary DFC	27,176			
Hadnall Primary DFC	5,876			
Harlescote Jnr DFC	8,752			
Highley DFC	40,593			
Hinstock DFC	31,211			
Hodnet DFC	17,628			
John Wilkinson DFC	27,209			
Kinlet DFC	21,450			
Kinnerley DFC	19,009			
Long Mountain DFC	10,468			
Longnor DFC	13,115			
Martin Wilson DFC	25,718			
Meole Brace Primary DFC	21,906			
Minsterley DFC	14,362			
Morda DFC	19,450			
Moreton Say DFC	16,400			
Much Wenlock DFC	26,364			
Myddle DFC	21,541			
Newcastle Primary DFC	19,134			
Newtown DFC	18,350			
Norbury DFC	11,637			
Norton in Hales DFC	6,571			
Oswestry Meadows - DFC	28,899			
Oxon DFC	8,781			
Pant - Bryn Offa DFC	20,603			
Pontesbury DFC	11,468			
Rushbury Primary DFC	4,506			
Selattyn DFC	14,969			
Sheriffhales DFC	21,913			
Shifnal DFC	23,756			
St Andrews Nesscliffe DFC	13,384			
St Andrews Shifnal DFC	13,796			
St Giles Shrewsbury DFC	35,349			
St John the Baptist, Ruyton X1 Towns DFC	14,522			
St Laurence Ludlow DFC	7,502			
St Lawrence Church Stretton DFC	15,602			
St Lucias Upton Magna DFC	19,893			
St Marys Albrighton DFC	14,545			
St Thomas & St Annes, Hanwood DFC	13,955			
Stiperstones DFC	9,049			
Stoke on Tern DFC	13,775			
Sundorne Infant DFC	8,139			
Trefonen DFC	18,893			
Trinity Ford DFC	7,818			
Welshampton DFC	18,265			
West Felton DFC	7,495			
Weston Lullingfields DFC	11,220			
Weston Rhyn DFC	25,001			
Winstanston DFC	11,237			
Woore DFC	10,102			
	1,223,382	0	0	0

Scheme Description	2021/22 Revised Budget Quarter 2	2022/23 Revised Budget Quarter 2 2021/22	2023/24 Revised Budget Quarter 2 2021/22	2024/25 Revised Budget Quarter 2 2021/22
Secondary Schools				
Community College Bishops Castle DFC	53,609			
	53,609	0	0	0
Special Schools				
Woodlands DFC	12,533			
TMBSS DFC	29,702			
	42,235	0	0	0
Devolved Formula Capital - re-profiling	-300,000	300,000		
Devolved Formula Capital - Allocated by schools	1,019,226	300,000	0	0
Total Learning & Skills	19,843,371	15,384,563	500,000	0
Total Children's Services	20,945,517	15,384,563	500,000	0
Total General Fund Capital Programme	108,907,425	105,978,968	14,825,137	0
Housing Revenue Account				
Major Repairs Programme - STAR Housing Contracts				
STaR Rewires	554,210	550,000	550,000	550,000
STaR Electrical Remedial Works	267,273	250,000	250,000	250,000
STaR Roofing	22,528	40,000	40,000	40,000
STaR Major Works	230,375	200,000	200,000	200,000
STaR Kitchens & Bathrooms	950,000	1,180,600	1,180,600	1,180,600
STaR Fire Safety Works	144,136	100,000	100,000	100,000
STaR External Doors	90,000	158,000	158,000	158,000
STaR External Wall Insulation	1,003	0	0	0
STaR Disabled Aids & Adaptations	250,375	250,000	250,000	250,000
STaR Heating Insulation Works (Liberty)	450,000	0	0	0
STaR Sewage Treatment Works	103,839	100,000	100,000	100,000
STaR Asbestos Removal	75,000	150,000	150,000	150,000
STaR Kitchens & Bathrooms Voids	200,000	0	0	0
STaR Off Grid Properties Investment	314,916	300,000	300,000	300,000
STaR Heating Works - Reactive	550,000	834,000	834,000	834,000
STaR Communal Door Entry System Replacement	48,965	0	0	0
STaR Garage Sites Refurbishments	237,100	200,000	200,000	200,000
STaR Roof Replacement Works	400,834	403,200	403,200	403,200
STaR Window Replacement Works	153,737	112,500	112,500	112,500
STaR PSH Adaptations Grant	187,233	0	0	0
STaR Warm Homes Match Funding	155,102	0	0	0
Total	5,386,624	4,828,300	4,828,300	4,828,300
House re-purchases				
8 Lime Grove, Oswestry	71,070			
4 Whittle Close, Highley	29,600			
37 Western Avenue, Whittington	133,500			
20 Gower Place, Oswestry	71,327			
Total	305,497	0	0	0
New Build Programme				
Housing New Build Programme - Phase 6 (500 homes)	0	0	13,388,465	14,000,000
Housing New Build Programme - Weston Rhyn	904,000	5,131,211	500,000	
Housing New Build Programme - Russell Close, Stanmore	50,000	238,000	32,000	
Housing New Build Programme - Off Penybryn Avenue, Whittington	1,247,200	2,227,174	360,607	
Housing New Build Programme - Richmond House	100,000	1,413,486	168,165	
Housing New Build Programme - Shrewsbury Training Centre, Racecourse Lane	100,000	500,000	896,970	166,330
Developer Purchases - Frith Close, Crowmoor, Shrewsbury (12 Units)	449,208	1,000,000	0	
Developer Purchases - Ellesmere Wharf, Ellesmere	0	920,841	0	
Developer Purchases - Cygnet Close, Whittington	0	441,700	0	
Developer Purchases - Baschurch	728,075	0	0	
Total	3,578,483	11,872,412	15,346,207	14,166,330
Total Housing Revenue Account	9,270,604	16,700,712	20,174,507	18,994,630
Total Capital Programme	118,178,029	122,679,680	34,999,644	18,994,630

PRIORITY CAPITAL SCHEMES SCHEDULE

APPENDIX C

Scheme Description	Estimated Capital Cost (£m)	Proposed Sources of Finance (£m)								Anticipated Borrowing Requirement Profile (£m)							
		External Grants	Section 106 Developer Contributions	CL Developer Contributions	Revenue Contributions	Alternative Funding Option	Borrowing	Capital Receipts	Total	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Replacement of existing swimming provision at the Quarry with new provision within Shrewsbury. Final priority decision - new competition pool at SSV only	10.000						10.000		10.000		2.000	4.000	4.000				10.000
Replacement of existing swimming provision in Whitchurch	6.300						6.300		6.300			0.500	3.000	2.800			6.300
Programme to install self-service machines	0.152						0.152		0.152		0.152						0.152
Development of new British Museum Partnership Gallery at Shrewsbury Museum, to develop a major new visitor attraction (only 7 other Partnership Galleries in the UK) and thus drive income generation.	1.000	0.750					0.250		1.000			0.250					0.250
To deliver improvements to Town Centre parking by possible construction of multi-storey Car Park and associated public realm works	4.500						4.500		4.500			1.000	2.000	1.500			4.500
To provide an additional recycle bin to replace current open boxes	3.200						3.200		3.200	1.600	1.600						3.200
OLDER FOR COMMUNITIES, LEISURE & TOURISM & TRANSPORT	25.152	0.750	0.000	0.000	0.000		24.402	0.000	25.152	1.600	3.752	5.000	6.750	4.500	2.800	0.000	24.402
Delivery of classroom expansion to meet Place Planning requirements	0.800			0.800					0.800								0.800
Development of new school hall	0.600	0.300		0.300					0.600								0.600
New Primary School requirement on former power station site subject to planning approvals	5.100		5.100						5.100								5.100
Expansion linked to Secondary pupils from power station site	4.400		4.400						4.400								4.400
2 class bases to support complete rebuild as part of School Rebuilding Programme	0.800	0.200	0.600						0.800								0.800
OLDER FOR CHILDREN & EDUCATION	11.700	0.500	10.400	1.100	0.000		0.000	0.000	11.700	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Equipment Replacement Fund	3.200						3.200		3.200		0.800	0.800	0.800	0.800			3.200
OLDER FOR RESOURCES	3.200	0.000	0.000	0.000	0.000		3.200	0.000	3.200	0.000	0.800	0.800	0.800	0.800	0.000	0.000	3.200
Acquisition of suitable accommodation to provide temporary shelter and support for homeless individuals and families.	1.500		1.500						1.500								1.500
OLDER FOR ADULT SOCIAL CARE, PUBLIC HEALTH & ASSETS	1.500	0.000	1.500	0.000	0.000		0.000	0.000	1.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Demolition of the current Riverside Shopping Centre to enable future development.	5.881	0.000					5.881		5.881								5.881
Future development of the Pride Hill Shopping Centre	37.000							37.000	37.000								37.000
Following on from the demolition, investment in development of the site for end use - part of the Big Town Plan.	53.619						53.619		53.619		2.941	2.940					5.881
OLDER FOR ECONOMIC GROWTH, REGENERATION & PLANNING	96.500	0.000	0.000	0.000	0.000	90.619	5.881	0.000	96.500	0.000	2.941	2.940	0.000	0.000	0.000	0.000	5.881
Linked to Phase 1 Pre Commencement Programme within the capital programme to deliver the North West Relief Road (inc. Oxon Link Road) This represents the Council Investment requirement that has not yet been secured.	28.111		8.265					19.846	28.111								28.111
Linked to Phase 1 Enabling Project within the capital programme - development of employment land to support local growth and provision of new skateboard park - Levelling Up Fund Bid	8.000	0.000						8.000	8.000		4.000	4.000					8.000
An annual budget to deliver suitability, compliance and DDA requirements to Corporate Landlord Assets	2.500							2.500	2.500								2.500
Council investment requirement above normal Highway Maintenance funding to bring the Shropshire Highways to a suitable managed condition.	59.030							59.030	59.030	8.000	12.450	12.700	12.850	13.030			59.030
An annual maintenance budget requirement to ensure delivery of a maintenance programme for Corporate Landlord Assets.	5.701							5.701	5.701								5.701
Linked to the Pride Hill Reconfiguration focusing on a new Civic Hub - yet to be identified whether this can be included within the Pride Hill Reconfiguration budget.	27.000						27.000		27.000								27.000
OLDER FOR PHYSICAL INFRASTRUCTURE, HIGHWAYS & BUILT HOUSING	130.342	0.000	8.265	0.000	0.000	27.000	67.030	28.047	130.342	8.000	16.450	16.700	12.850	13.030	0.000	0.000	67.030
TOTAL	268.394	1.250	19.865	1.100	0.000	117.619	100.513	28.047	268.394	9.600	23.943	25.440	20.400	18.330	2.800	0.000	100.513



<u>Committee and Date</u>
Performance Management Scrutiny Committee
18 January 2022

<u>Item</u>
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<u>Public</u>

Financial strategy and budget monitoring task and finish group – interim report

Responsible officer

Danial Webb, overview and scrutiny officer
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1.0 Synopsis

1.1 This report provides the Performance Management Scrutiny Committee with an update on the work of its financial strategy task and finish group to date. It details the findings of the group’s recent thematic focus on challenges facing children’s social care and the strategy to build on the good service that Shropshire Council provides. It also outlines the findings of the group’s opportunity to contribute to the 2022-2023 budget setting process.

2.0 Executive summary

2.1 The Financial Strategy and Budget Monitoring task and finish group was initiated by the Performance Management Scrutiny Committee to carry out scrutiny of budget setting for the 2022-2023 financial year, the medium term-financial strategy and capital strategy, and to monitor performance against the budget and strategy.

2.2 The group has so far focussed on financial strategy for children’s services, identifying possible priorities for more in-depth scrutiny for the People Overview Committee.

2.3 The group has also been able to conduct some scrutiny of the 2022-23 budget within a compressed consultation period. This report and appendices provide a further opportunity for the committee to carry out this work.

3.0 Recommendations

- 3.1 Members are recommended to:
- note the report

- carry out any additional scrutiny of the 2022-2023 budget and financial strategy 2022/3 – 2025/6 and
- recommend topics of focus for the Performance Management Scrutiny Committee and thematic scrutiny committees, in particular the People Overview Committee.

REPORT

4.0 Risk Assessment and Opportunities Appraisal

4.1 Scrutiny of the council's budget and its medium-term financial strategy provides the opportunity for elected members to hold the executive to account and to ensure that its decisions are in the best interests of people in Shropshire. They provide a lay perspective that reflects the impact of budget decisions on local communities.

4.2 A failure to engage in budget scrutiny risks undermining public trust in the council's financial strategy and budget setting process.

4.3 A failure to properly support budget scrutiny risks committee and group members making weak or inappropriate recommendations. This too could undermine public confidence in the council's capacity for good governance.

5.0 Financial implications

5.1 Financial scrutiny is an integral and necessary part of the council's overview and scrutiny function. This work forms part of the function's regular work. There is therefore no additional cost to Shropshire Council in carrying out this work.

6.0 Climate change appraisal

6.1 There is not direct impact on the council's objectives to mitigate climate change. However, it is a fundamental part of financial scrutiny that it considers the impact of the council's financial strategy and budget setting on its ability to meet climate change objectives.

7.0 Background

7.1 Legislation provides the framework for the scrutiny of a local authority's budget setting and financial strategy.

- **The Local Government Act 2000** states that it is the responsibility of the full council, on the recommendation of the executive, to approve the budget and related council tax demand. The Act makes it clear that the role of scrutiny in the financial process is to hold the executive to account and to ensure that its decisions are in the best interests of the community. Some scrutiny of budget setting and other financial planning processes is therefore essential.

- **The Local Government Act 2003** provides the central legislation surrounding a council's financial planning and budgeting arrangements. Sections 28 and 29 of the Act require members to be involved in budget monitoring throughout the year.

7.2 To support this, in January 2021 the Performance Management Scrutiny Committee agreed to establish a discrete financial strategy task and finish group to focus on budget setting and financial strategy over several meetings in an informal environment. The task and finish group agreed the following terms of reference:

- Track, scrutinise and contribute to the ongoing development of the medium-term financial strategy and budget setting process as outlined in the committee's work programme, in particular:
 - How the financial strategy aligns with and supports corporate strategy priorities.
 - The risks in the council's strategic approach, and how the council mitigates those risks.
 - The particular risk that strategy may have on the ability to deliver a balanced budget.
 - The impact of budget setting on future service delivery.
- To report back to the Performance Management Scrutiny Committee on its work.
- To escalate any areas of concern it may have regarding the financial strategy to the Performance Management Scrutiny Committee, for formal scrutiny in public.

7.3 The group agreed at its first meeting that to carry out its work into the council's medium-term financial strategy, it would break down its work into three discrete areas, adult social care, children's services, and property management and income generation within the place directorate. The group would then weave its scrutiny of budget setting into this thematic work.

7.4 To date the group has only been able to scrutinise one of these planned areas of work, looking in depth at children's services. It plans to continue this work in February when it will look at adult social care.

7.5 The group was also hindered in its scrutiny of the council's proposed 2022-2023 budget by the December 2020 parliamentary by-election for the North Shropshire constituency, which sits within the Shropshire Council local authority area. Officers correctly determined that publishing details of the council's proposed budget savings would be unlawful in the pre-election period for the by-election. Fortunately, the group was able to meet immediately after the by-election, providing limited input into the budget-setting process before the proposals were

presented to elected members more widely. In addition the group were involved in earlier discussion of budget setting at its meeting in September 2021, and will continue to be involved in budget setting and monitoring throughout 2022.

8. Medium-term financial strategy: children's services

8.1 In September 2021 the group discussed the ongoing pressures on children's services arising from increased demand for its services. The group noted the significant increase in the number of children becoming looked after by local authority, rising from 504 in March 2021 to 571 in September 2022.

8.2 At this meeting the group received benchmarking data that provided a comparison of spending on children's services compared to both local authorities in the West Midlands and statistically comparable local authorities such as Wiltshire and Devon. Shropshire Council spends less per head on children's services than any other local authority in the West Midlands and has done so since at least the 2014-2015 financial year. In the latest year for which there is data available, the 2019-2020 financial year, Shropshire Council spent £719 per head of population aged 0-17, compared to a mean spend of £952 and a spend of £1,464 in Stoke on Trent. This suggested that there was limited, if any, capacity to cut costs further, although the group noted the high cost of agency social workers discussed in paragraph 8.6 below. Instead, to avoid increased costs through increased demand on high-cost services such as residential care, Shropshire Council would have to look to new ways of working.

8.5 The group discussed key strands of the council's work to bring down immediate costs and to redesign services that produced better outcomes at a lower cost.

8.6 *Social worker recruitment*

The group noted an almost £1 million expenditure on agency social workers, asking why Shropshire Council spent so much on agency staff. It heard that there was a national shortage of social workers. This shortage was a chronic issue, with the demand for qualified social workers rising despite the number of newly qualified workers remaining static nationally. As a result of this shortage, many social workers were instead choosing to work for staff agencies, affording them greater flexibility and often better pay. This had in part created a chicken-and-egg situation, with increasing shortages of qualified staff creating a growing market for agency staff.

The council has recognised that as a rural area with a low-wage economy, it is unable to compete with urban local authorities to recruit social workers. Although the council conducted a round-the-year recruitment campaign, it tended to attract social workers in their first year of practice, meaning that they both required ongoing additional support and could only take on limited caseloads.

The council had therefore embarked on a programme of training and developing its own workforce through apprenticeships. This was a long-term project that would take years before it produced a consistent supply of trained workers. In 2020 the council had recruited eight people to its apprenticeship programme, with a further six recruited in 2021.

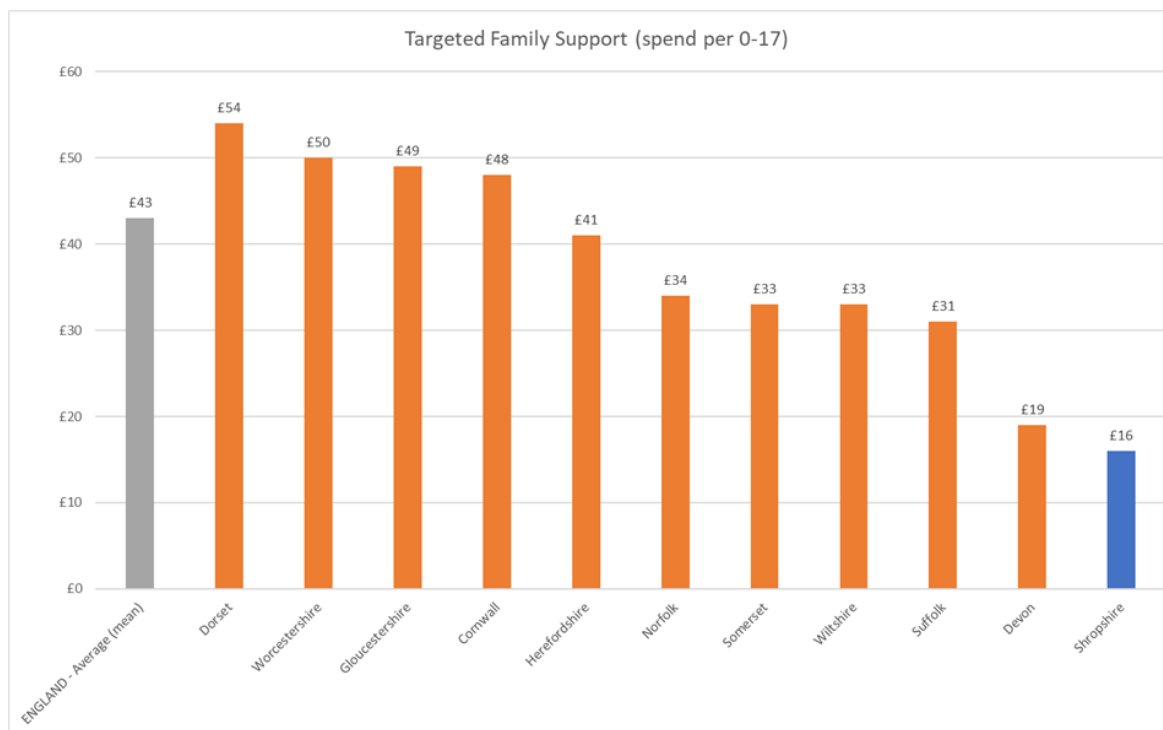
The group supported this approach. It recognised that longer-term investment in staff not only had the potential to reduce agency costs, but to also create a committed workforce with strong local knowledge.

The group therefore recommended that the People Overview Committee continue its ongoing scrutiny of the recruitment and development of social workers.

8.7 Investment in early help

The group heard from officers that reductions in funding for early help for troubled families had resulted in cases of neglect and other disfunction worsening to the point where more resource intensive support was required. This could be seen in increasing numbers of children becoming looked after, as well as an increase in the number of children being excluded from mainstream education. The reduction in funding was across the public sector, with cuts in funding for police community work and educational support in schools.

Benchmarking with other local authorities shows that in the 2018-2019 financial year, expenditure on early help in Shropshire was significantly lower than the England average spend of £43 per child aged 0-17 compared to a spend of £16 in Shropshire. This spend was half of that in similar local authorities, as can be seen in the chart below.



The group heard that spending had been allocated in the medium-term financial strategy to fund early help, with investment of just over £500,000 in the next financial year (2022-23) and £400,000 for the following year to create a preventative demand management model. The expectation in the strategy is that the increased investment would result in lower costs after 2024-2025

8.8 Stepping Stones

Perhaps the most significant invest to save project within Children’s Services was the Stepping Stones project. This project used restorative family therapy to keep children at risk of family breakdown out of residential care and in the family home. The project also sought to work with children to allow them to move from more intensive residential care into more mainstream residential care, or from residential care back into the family home.

The council has budgeted just over £2 million from invest to save funding to Stepping Stones, of which almost £500,000 had been spent in the year to date as at 31 December 2021. The project so far has resulted in 20 children avoiding residential care and 6 children stepping down from more intensive support or leaving residential care altogether, reducing care costs by £1.68 million in the year to date. The project has an overall savings target of £6.4 million.

The group noted that the project had a target of reducing the number of children needing high-cost residential care from 60 to 20. The group agreed that this would be a significant challenge for the local authority, with the resultant financial

risk to the council of investing in Stepping Stones project while also paying for greater numbers of residential care than planned for.

8.9 Local authority residential care

A 2018 report from the People Overview Committee had highlighted the high and fast-rising cost of private residential care. As Shropshire Council had few children's residential home placements, it was almost entirely reliant on the private sector market for residential care. This was a significant cost to the local authority, with packages of care costing up to £400,000 per year being increasingly commonplace. Following the People Overview Committee's report, the council embarked on an invest-to-save to increase its residential care capacity.

The increase in the number of children becoming looked after was a national issue, although the rise in Shropshire since the pandemic had been higher than in other local authorities. In addition, the children the council looked after had increasingly complex issues, resulting in a greater reliance on specialist residential care. This was again a national issue, which had resulted in increased demand for specialist residential care, which in turn had resulted in years of rising costs. It was now commonplace for residential care for the most complex children to cost £8,000 per week.

To date the local authority has set up two new two-bedroom children's homes for some of the council's most complex looked-after children. Although these homes cost the local authority £805 per child per week, they still provide an annual cost saving to the council of £44,000 per child in addition to being able to keep children within the local area.

The council is also currently building a further 4-bedroom children's home for children aged 16 and older, to provide supported but increasingly independent living for children as they transition into adulthood. If successful, this should have the additional benefit of reducing adult social care costs in future years.

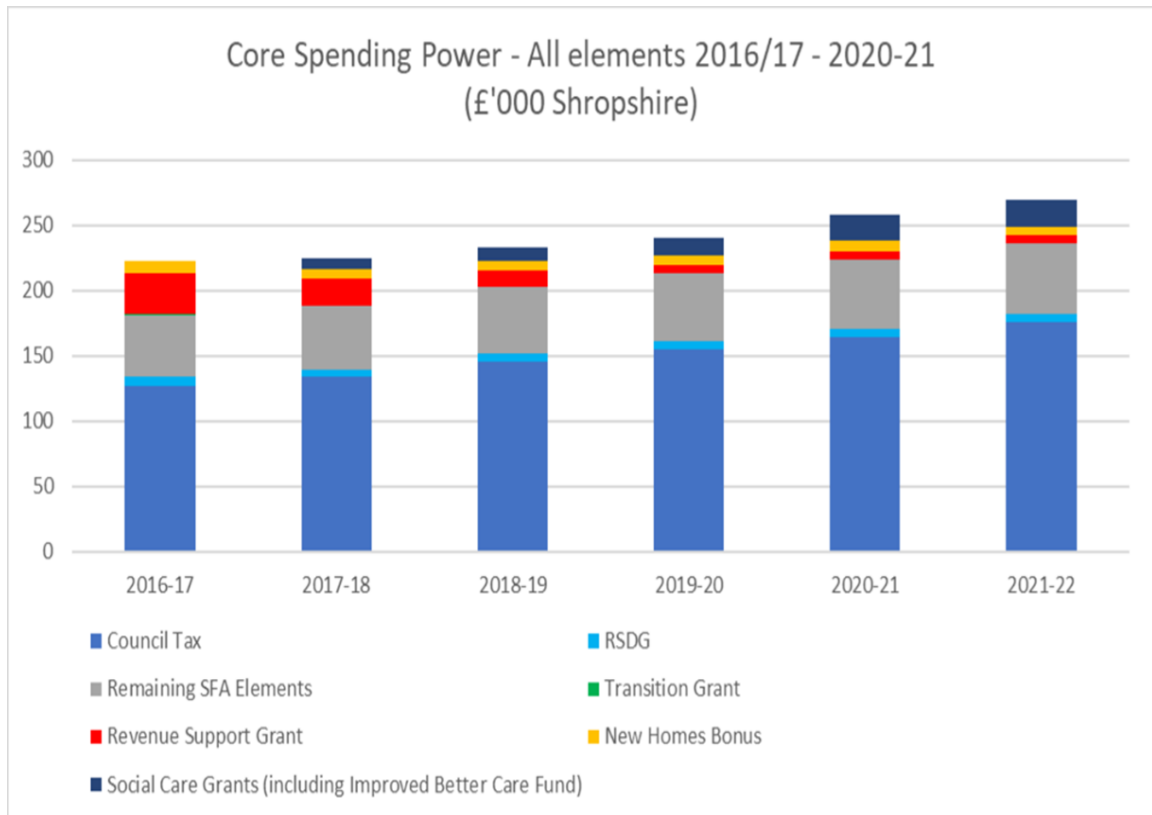
9. 2022-2023 budget setting

- 9.1 As part of Shropshire Council's budget setting process, the draft budget is usually presented to either the Performance Management Scrutiny Committee or its Financial Strategy Task and Finish Group for scrutiny before it is presented to Council, usually in the January before the beginning of the next financial year. Although the council had worked on developing scenarios and options for budget savings to financial year 2026-2027, it was unable to determine the extent to which the council would need to find savings because of the delay in the financial settlement from Government. Unfortunately, this delay dovetailed with the unexpected byelection in North Shropshire on 16 December 2021, which created a pre-election period from early November that prevented any sort of public discussion of the budget.

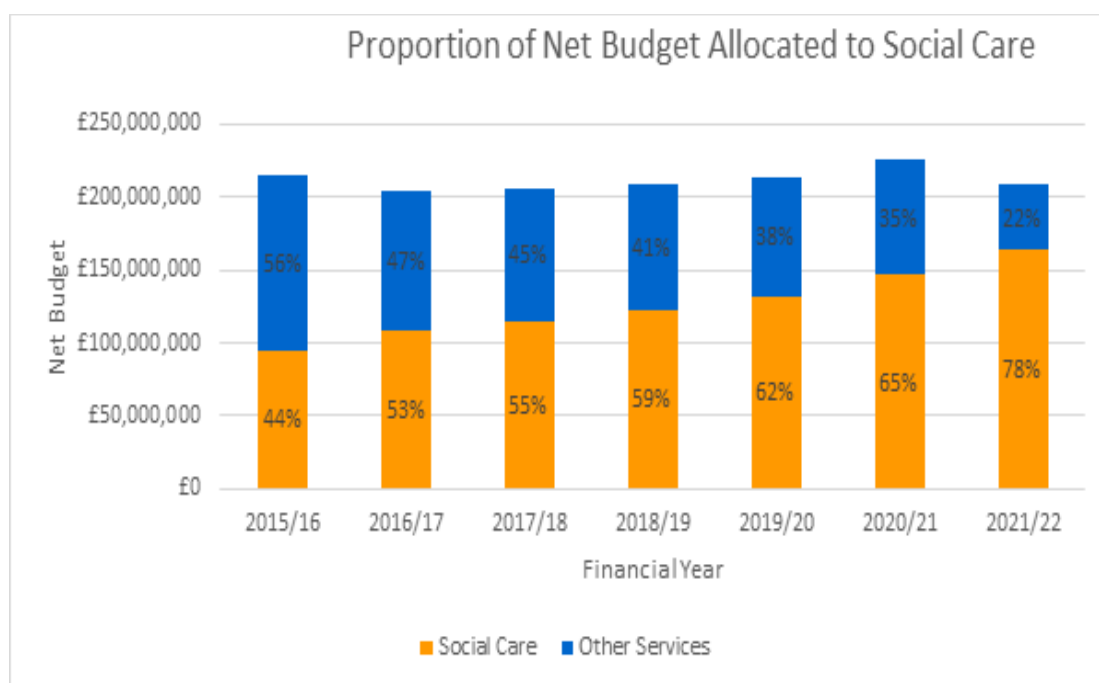
- 9.2 To be able to carry out some form of budget scrutiny in these circumstances, the group convened at short notice on 20 December 2021 to work through proposed savings with the council's director of finance and its executive director of resources.
- 9.3 The group heard that the settlement from Government only covered a single financial year, rather than the expected three-year settlement. This provided additional uncertainty to future funding and required a more cautious assessment of future funding. Officers provided background and context regarding the financial situation in which Shropshire Council was setting its budget.
- 9.4 Shropshire Council has the following principal sources of income:
- **Council Tax.** This is an ongoing revenue stream.
 - **Business Rates.** Under the business rates retention scheme 49% of the rates collected in Shropshire remains with the authority, 1% go to police and fire services and remainder to central government. This too is an ongoing revenue stream.
 - **Business Rates Top up.** Under the current formula-based system, central government has assessed that the 49% of business rates retained is insufficient to meet need. Shropshire therefore receives a funding top up.
 - **Collection Fund.** Any under or over collection on the expected Council Tax and Business Rates income. Any surplus, or deficit on the Collection Fund, as a result of income from council tax and business rates being more or less than originally estimated, are shared between first tier local authorities such as Shropshire Council and, in the case of business rates, with central government. This is a one-off source of income or expenditure.
 - **Government Revenue Support Grant.** Historically this grant made up a large part of a local authority's income profile, but it has reduced year on year and in Shropshire we expect it to have been removed altogether by 2024-2025. As a result, the authority is increasingly reliant on raising income locally.
 - **Government Specific/Core Grants.** The council receive ringfenced grants for very specific purposes which are typically one off or at least short term in nature. These core grants are one of the main ways in which we close the funding gap. The core grants for 2021-2022 are:
 - Improved Better Care Fund
 - New Homes Bonus
 - Rural Services Delivery Grant
 - Social Care Support Grant.The future of these core grants is very uncertain
 - **Sales, Fees and Charges Income.** The authority is able to charge for some of the services that it delivers. Some charges are statutory, some

discretionary and the ability to make a profit is limited to specific circumstances.

9.5 The table below shows the change in proportion of council funding from the above sources of income, apart from sales, fees and charges income since the 2016-2017 financial year. The changes in local government funding sources mean that between 2016-2017 and 2021-2022, the proportion of core spending power from locally-generated funding, such as council tax, rose from 54% to 65%



9.6 In the 2021-2022 financial year Shropshire Council had a net budget of £208.647 million. Of this, 78% of spending was on social care. The budget allocated to social care has risen significantly since 2015-2016, despite the net budget reducing slightly over this time. As a result, as can be seen from the graph below, the proportion of budget allocated to social care has increased since 2016-2017 from 44% to 78% of the council's net budget. This proportion is estimated to increase further to almost 80% in the 2022-2023 financial year.



9.7 The rapid and ongoing increase in social care expenditure, combined with a broadly static net income, has resulted in a forecast deficit of over £60 million per year over the next four financial years, as seen in Table 1 below. Although some of this deficit may be reduced by the continuation of one-off grants such as Improved Better Care Fund, this could not be assumed.

	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Resources (incl savings plans)	579,393,158	546,289,089	559,897,043	572,422,491	585,661,349
Expenditure (incl savings plans)	628,839,195	606,476,776	622,251,679	632,796,721	640,273,703
Gap in year	49,446,036	60,187,687	62,354,635	60,374,230	54,612,354
One off Grants & Reserves:					
Improved Better Care Funding	11,862,890	0	0	0	0
Rural Services Delivery grant	6,940,755	0	0	0	0
Social Care Funding	12,619,381	0	0	0	0
Services Grant - One Off	3,521,312	0	0	0	0
Lower Tier Services Grant - One Off	389,608	0	0	0	0
Market Sustainability and Fair Cost Fund - One Off	940,831	0	0	0	0
Use of Reserves:					
Review of Earmarked Reserves	6,128,506	0	0	0	0
Financial Strategy Reserve	7,042,754	0	0	0	0
TOTAL ONE OFF FUNDING	49,446,036	0	0	0	0
Remaining Gap/(Surplus) to be Funded	0	60,187,687	62,354,635	60,374,230	54,612,354

Table 1: Revenue Budget Funding Gap at December 2021.

9.8 This combination of static net income, rising social care costs and short-term funding had created two challenges for Shropshire Council with regard to its funding. In the short-term the council is required by law to set a balanced budget

for 2022-2023. In the longer-term it needs a robust plan to balance the budget for the following four years after that.

- 9.9 The budget setting process began in July 2021, and included consultation with budget holders, service heads, assistant directors, executive directors and Cabinet members.
- 9.10 Following the provisional government financial settlement, the council made the following assumptions in the 2022-2023 budget:
- An increase in Council Tax of 1.99%
 - An Adult Social Care Precept of 2%
 - A staff pay award of 2%
 - A general inflation rate in the council's general expenditure of 3.8%, and 5.5% in the waste management contract with Veolia.
 - One-year Improved Better Care Funding, Rural Services Delivery grant, Social Care Funding, Services Grant, Lower Tier Services Grant and Market Sustainability and Fair Cost grants in 2022-2023, with no grant in future years and
 - The potential for new and unforeseen pressures from 2021/22 were not included in the budget forecast.
- 9.11 New and unforeseen pressures so far include:
- A rise in inflation from 3.8% to 5.1% (6.5% for Veolia) (£525,000)
 - Additional adult social care pressures (£3.5 million) and
 - Undeliverable savings from 2018-2019 onwards.
- 9.12 To provide a balanced budget for 2022-23 through to 2026-27 Shropshire Council has identified new savings of £21.445 million, both through cost savings and increased income generation. Of these savings, £4.771 million must be realised by the end of the 2022-2023 financial year. This is in addition to savings totalling £4.5 million approved in previous years which have yet to materialise.
- 9.13 The group questioned various aspects of the proposed savings. A member of the group questioned why we had proposed to scrap the subscription to CIPFA benchmarking, which they believed could help to identify where costs were higher than in other local authorities. Officers reassured the group that they were able to access the required benchmarking data from other sources at no cost.
- 9.14 The group focussed its discussion on some of the larger cost savings identified in the budget strategy. Members questioned the £6.414 million cost saving allocated to the Stepping Stones project, which the members had first discussed at their earlier focus on children's service (see section 8 above). Although the savings

appeared ambitious, the project was based on long-established practice in other local authorities and had already achieved cost savings of £1.68 million. These savings far exceeded budgeted savings, which were not due to begin to be realised until the period 2023-2024 to 2026-2027.

- 9.15 The group questioned the proposal to review the service and charges for green waste, with a view to generating £3 million of income through charging for green waste collection. The group asked officers to ensure that any review of charges included a carbon evaluation of the impact of the charges, for example the risk of increased levels of burning green waste or increased motor transport journeys to household recycling centres. Officers informed the group that the Government had proposed including a provision for universal free green waste collection in its Environment Bill, which would result in a new burdens grant to the local authority to cover the cost of collections. However, until the proposal was included in legislation it could not be assumed that the grant would appear.
- 9.16 Group members discussed the feasibility of delegating powers and responsibilities for parks and open spaces to town and parish councils. Although there was no proposal for this in the budget, it could provide an opportunity for savings in future years.
- 9.17 The group discussed the extent to which Shropshire Council commissions highways and groundworks service requests from Kier, and questioned whether using Kier for smaller, local jobs was the best use of local resources. Members suggested that the local authority explore the potential to commission groundworks services from town and parish councils, and whether this could lower job costs.

10. Capital Strategy

- 10.1 The group also received details on the proposed 2022-2023 capital strategy. The council has a current, fully-financed capital programme of £294.607 million, of which £173.270 has been allocated to the Place Directorate and £65.140 to the Housing Revenue Account.
- 10.2 The 2022-2023 capital strategy includes additional £271.426 million of projects for financial year 2022-2023 to 2026-2027, with the table below showing the split between service area.

Service Area	Total £m
Communities, Place and Tourism	25.152
Children and Education	11.700

Adult Social Care, Public Health and Assets	1.500
Resources	3.200
Economic Growth, Regeneration and Planning	96.500
Physical Infrastructure, Highways and Built Housing	133.374
Total	271.426

10.3 Funding for the above proposed new capital programme was as follows

Targeted Funding	£m
External Grants	17.575
Section 106 and CIL Developer Contributions	20.965
Borrowing	84.82
Capital Receipts (Disposals)	30.447
Other Funding Options	117.619
Total	271.426

The revenue impact of borrowing to deliver these projects will require the Council to budget for an additional revenue increase of £4.607m by 2027/28.

The borrowing required to fund the additional capital programme assumed a 25-year payback on all schemes and 2.5% interest charge on borrowing.

10.4 Although they were not included in the financial strategy or capital strategy, members discussed proposals to invest £120 million on roads in Shropshire over the next four years. The members asked for more information about these proposals, and how they would be funded.

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

Chartered Institute of Public Finance and Accountability: *financial scrutiny practice guide*

Local Government Association: *A councillor's workbook on scrutiny of finance*

Centre for Public Scrutiny: *Treasure your assets*

Cabinet Member (Portfolio Holder)

Portfolio Holder for Finance and Corporate Support

Local Members

All

Appendices

- Medium Term Financial Strategy 2022/23 to 2026/27
- Capital Strategy 2021/22 to 2026/27



<p>Place Overview Committee</p> <p>27 January 2022</p>	<p><u>Item</u></p> <p><u>Public</u></p>
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Performance Management Scrutiny Committee Work Programme

Responsible officer

Danial Webb, scrutiny officer
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1.0 Summary

1.1 This paper presents the Performance Management Scrutiny Committee’s proposed work programme for the 2021-2022 municipal year.

2.0 Recommendations

- 2.1 Committee members to:
- agree the proposed committee work programme attached as **appendix 1**
 - suggest changes to the committee work programme and
 - recommend other topics to consider.

3.0 Next steps

3.1 Officers will present a refreshed work programme at each committee meeting. In addition, the committee may meet informally between committee meetings to discuss which topics they wish to scrutinise at future meetings.

<p>List of background papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p>
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<p>None</p>

<p>Cabinet Member (Portfolio Holder)</p>

<p>All</p>

<p>Local Member</p>

<p>All</p>

<p>Appendices</p>

<p>Overview and scrutiny work programme</p>

Appendix 1

Overview and Scrutiny work programme for municipal year 2021-2022

Performance Management Scrutiny Committee

Topic	Objectives	Participants	Information required	Date
Local Government and Social Care Ombudsman annual report	<ul style="list-style-type: none">Examine the Ombudsman's annual report regarding complaints received concerning Shropshire Council.Identify topics that the committee would like to scrutinise in greater detail	Feedback Insight Team Leader	<ul style="list-style-type: none">Local Government and Social Care Ombudsman annual reportShropshire Council complaints annual report	8 Sep 2021
Key Performance Indicators	<ul style="list-style-type: none">Update on work to prepare a suite of performance indicators for future committee meetings	Assistant Director, Business Intelligence	<ul style="list-style-type: none">Emerging suite of performance indicators	8 Sep 2021
Climate and Ecology Bill	<ul style="list-style-type: none">To discuss a decision from Council to request that overview and scrutiny form a task and finish group to consider a response to the Climate and Ecology Bill	Climate Change Team Manager	<ul style="list-style-type: none">Council decisionClimate and Ecology Bill	1 Dec 2021

Financial Monitoring 2021/22 Quarter 2	<ul style="list-style-type: none"> Review projected revenue expenditure for the whole of 2021/22 as at Quarter 2, and for capital expenditure up to the end of Quarter 2. To scrutinise the impact of budgeting on council performance. 	Executive Director Resources	<ul style="list-style-type: none"> Cabinet financial monitoring report 	1 Dec 2021
Performance Monitoring 2021/22 Quarter 2	<ul style="list-style-type: none"> Consider any underlying or emerging performance issues. Identify any performance areas that they would like to consider in greater detail or refer to the appropriate overview and scrutiny committee. 	Executive Director, Resources	<ul style="list-style-type: none"> Cabinet performance monitoring report 	1 Dec 2021
Petition Complaint	<ul style="list-style-type: none"> To consider a complaint according to the Council's Constitution 	Solicitor, Legal and Democratic Services	<ul style="list-style-type: none"> Particulars of the complaint 	18 Jan 2022
Petition: 20mph limits on residential roads	<ul style="list-style-type: none"> To receive and discuss a petition calling for 20mph speed limits on residential roads in Shropshire 	Executive Director of Place	<ul style="list-style-type: none"> Petition details 	18 Jan 2022
Civil Enforcement	<ul style="list-style-type: none"> Explore opportunities to increase Shropshire Council's capacity to carry out enforcement of regulation to prevent littering, fly tipping and dog fouling. 	Head of Environment		18 Jan 2022

Shropshire Plan	<ul style="list-style-type: none"> • A verbal update on progress to develop the Shropshire Plan • An outline of the proposed programme of briefing and training for elected members to support their scrutiny of the plan 	Commissioning Data Analysis and Intelligence Manager		18 Jan 2022
Financial Strategy Task and Finish Group	<ul style="list-style-type: none"> • Interim report of the task and finish group, to cover its scrutiny of Shropshire Council's 2022-2023 budget and its medium-term financial strategy. 	Overview and Scrutiny Officer	<ul style="list-style-type: none"> • Interim report 	18 Jan 2022
Blue Badge Scheme applications	<ul style="list-style-type: none"> • To consider how to scrutinise the current process for applying Blue Badge parking permits. 	Head of Trading Standards and Licensing	<ul style="list-style-type: none"> • 	18 Jan 2022
Medium-Term Financial Strategy	<ul style="list-style-type: none"> • Scrutiny of the draft medium-term financial strategy before its final approval by Council. 	Executive Director Resources	<ul style="list-style-type: none"> • Financial strategy task and finish group interim report • Medium-term financial strategy 	27 Jan 2022
Capital Strategy	<ul style="list-style-type: none"> • Scrutiny of the draft capital strategy before its final approval by Council. • Identify priority areas for further scrutiny either by this committee or a thematic committee. 	Executive Director Resources	<ul style="list-style-type: none"> • Capital Strategy 2022/23 – 2026/27 	27 Jan 2022
Shire Services Catering Operations	<ul style="list-style-type: none"> • EXEMPT REPORT 	Executive Director Place	<ul style="list-style-type: none"> • EXEMPT REPORT 	27 Jan 2022

Strategic Risk Register	<ul style="list-style-type: none"> To examine the process by which Shropshire Council identifies and controls its strategic risks. To identify topics from the strategic risk register for further scrutiny through the appropriate scrutiny committee. 	Risk and Insurance Manager	<ul style="list-style-type: none"> Strategic risk register 	2 Mar 2022
Climate and Ecology Bill task and finish group	<ul style="list-style-type: none"> Final report of the Climate and Ecology Bill task and finish group. 	Climate Change Team Manager	<ul style="list-style-type: none"> Final report of the Climate and Ecology Bill task and finish group. 	2 Mar 2022
Road Safety task and finish group terms of reference	<ul style="list-style-type: none"> Agree the terms of reference for the road safety task and finish group 	Overview and scrutiny officer	<ul style="list-style-type: none"> Task and finish group terms of reference 	2 Mar 2022
Financial Monitoring 2021/22 Quarter 3	<ul style="list-style-type: none"> Review projected revenue expenditure for the whole of 2021/22 as at Quarter 2, and for capital expenditure up to the end of Quarter 2. To scrutinise the impact of budgeting on council performance. 	Executive Director Resources	<ul style="list-style-type: none"> Cabinet financial monitoring report 	2 Mar 2022
Performance Monitoring 2021/22 Quarter 3	<ul style="list-style-type: none"> Consider any underlying or emerging performance issues. Identify any performance areas that they would like to consider in greater detail or refer to the appropriate overview and scrutiny committee. 	Executive Director Resources	<ul style="list-style-type: none"> Cabinet performance monitoring report 	2 Mar 2022

<p>Committee work programme review</p>	<ul style="list-style-type: none"> • Review work programme to date • Identify priorities for the committee work programme • Agree objectives and lines of enquiry for work programme priorities • Explore data and other information required 	<p>Overview and Scrutiny Officer</p>	<ul style="list-style-type: none"> • Shropshire Plan • Council Service Plans • Risk Register • Forward Plan of Key Decisions for Cabinet and Council 	<p>June 2022</p>
<p>The Shropshire Plan</p>	<ul style="list-style-type: none"> • To scrutinise key performance indicators supporting the Shropshire Plan. • To identify areas of focus either for this committee or for thematic scrutiny committees. 	<p>Commissioning Data Analysis and Intelligence Manager</p>	<ul style="list-style-type: none"> • Draft selection of performance indicators supporting the Shropshire Plan • Final Shropshire Plan 	<p>June 2022</p>
<p>Financial strategy task and finish group</p>	<ul style="list-style-type: none"> • Further report of the Financial Strategy task and finish group 	<p>Overview and Scrutiny Officer</p>	<ul style="list-style-type: none"> • 	<p>June 2022</p>
<p>Contract management and bid funding</p>	<ul style="list-style-type: none"> • Understand Shropshire Council's capacity to bid for major funding awards, such as those for highways, housing and transport projects, and its ability to manage complex, long-term service contracts. • Scrutinise the role that commissioning support and procurement play in producing funding bids and managing complex contracts. 	<p>TBA</p>	<ul style="list-style-type: none"> • Information required TBC from committee members 	<p>July 2022</p>

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