



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

Date: Tuesday, 5 December 2023

Committee: Cabinet

Date: Wednesday, 13 December 2023

Time: 10.30 am

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

You are requested to attend the above meeting. The Agenda is attached

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click [here](#) to view the livestream of the meeting on the date and time stated on the agenda

The recording of the event will also be made available shortly after the meeting on the Shropshire Council Youtube Channel [Here](#)

Tim Collard Assistant Director - Legal and Governance

Members of Cabinet

Lezley Picton (Leader)

Cecilia Motley

Ian Nellins

Robert Macey

Gwilym Butler

Dean Carroll

Kirstie Hurst-Knight

Mark Jones

Dan Morris

Chris Schofield

Your Committee Officer is:

Ashley Kendrick Democratic Services Officer

Tel: 01743 250893

Email: ashley.kendrick@shropshire.gov.uk



AGENDA

1 Apologies for Absence

2 Disclosable 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 (Pages 1 - 8)

To confirm the minutes of the meeting held on 22 November 2023.

4 Public Question Time

To receive any questions from members of the public, notice of which has been given in accordance with Procedure Rule 14. Deadline for notification is not later than 5.00 pm on Thursday 7 December 2023.

5 Member Question Time

To receive any questions from Members of the Council. Deadline for notification is not later than 5.00 pm on Thursday 7 December 2023.

6 Economy and Environment OSC – River Water Quality Task and Finish Group (Pages 9 - 42)

Lead Members – Councillor Kate Halliday – Chairman of the Task and Finish Group & Councillor Joyce Barrow – Chairman of the Economy and Environment Overview and Scrutiny Committee

Report of Tom Dodds, Scrutiny Manager

7 Transformation and Improvement OSC – Capital Strategy Task & Finish Group (Pages 43 - 60)

Lead Member – Councillor Julian Dean – Chairman of the Task and Finish Group

Report of Tom Dodds, Scrutiny Manager

8 Setting the Council Tax Taxbase for 2024/25 (Pages 61 - 84)

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

Report of James Walton – Executive Director for Resources

9 Treasury Strategy 2023/24 Mid-Year Review (Pages 85 - 108)

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

Report of James Walton – Executive Director for Resources

10 Draft Financial Strategy 2024/25 - 2028/29 (Pages 109 - 164)

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

Report of James Walton – Executive Director for Resources

11 Annual Infrastructure Funding Statement 2023 (Pages 165 - 192)

Lead Member - Chris Schofield - Portfolio Holder for Planning and Regulatory Services

Report of Eddie West - Planning Policy and Strategy Manager

12 Community Asset Transfer - The Old Abattoir, Bishops Castle (Pages 193 - 208)

Lead Member – Dean Carroll – Portfolio Holder for Housing and Assets

Report of Steve Law - Head of Property & Development

13 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

14 Parking Tariffs, Operations & Development

Lead Member – Dan Morris – Portfolio Holder for Highways

Report of Andy Wilde – Head of Highways

REPORT TO FOLLOW

15 Date of Next Meeting

To note that the next meeting is scheduled to take place on Wednesday 17 January 2024.

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Committee and Date

Cabinet

13th December 2023

CABINET

Minutes of the meeting held on 22 November 2023

**In the Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND
10.30 am**

Responsible Officer: Ashley Kendrick

Email: Ashley.kendrick@shropshire.gov.uk

Tel: 01743 250893

Present

Councillor Lezley Picton (Chairman)

Councillors Cecilia Motley, Ian Nellins, Robert Macey, Gwilym Butler, Dean Carroll, Kirstie Hurst-Knight, Mark Jones, Dan Morris and Chris Schofield

64 Apologies for Absence

There were no apologies for absence.

65 Disclosable Interests

No declarations were received.

66 Minutes

RESOLVED:

That the minutes of the meeting held on 18 October 2023 were confirmed as a correct record.

67 Public Question Time

The following public questions had been received:

Dr Jamie Russell, in relation to the North West Relief Road.

Mr Malcolm Andrew, on behalf of Trefonen Rural Protection Group Management Committee, in relation to the Local Plan.

The questions asked and written responses are available from the web page for the meeting [Agenda for Cabinet on Wednesday, 22nd November, 2023, 10.30 am — Shropshire Council](#)

68 Member Question Time

Members' questions had been received from the following:

Councillor Kate Halliday, read aloud by Councillor Julia Buckley, with regards to on-street parking in Coleham. Following the response by the Portfolio Holder for Highways, Councillor Buckley asked for confirmation that residential parking schemes were no longer being considered in Coleham. The Portfolio Holder advised that he was not able to confirm or deny this.

Councillor Rob Wilson, in relation to the North West Relief Road, which was asked by Councillor Roger Evans in his absence. By way of a supplementary question, Councillor Evans sought reassurance that no officers will meet with the public and share confidential information without notifying elected members.

Councillor Peter Broomhall, in relation to planning applications in Wem. By way of supplementary question, Councillor Broomhall requested the data from the visitor survey which had been commissioned by the Council and questioned whether any other sites had been surveyed. Portfolio Holder for Planning and Regulatory Services advised that a response would be made in writing after the meeting,

Councillor Rosemary Dartnall, in relation to the North West Relief Road, which was asked by Councillor Julia Buckley in her absence. By way of a supplementary question, Councillor Buckley questioned how many of the Northern Planning Committee members had received the carbon literacy accreditation and of those with the accreditation, how many voted to approve the application. It was confirmed that the response was not known but could be provided after the meeting. In response to a further question regarding the full business case, the Portfolio Holder advised that it would be brought forward to full council where he looked forward to the process being debated.

Councillor Kevin Pardy, in relation to SEND Discretionary School Transport. In response to a supplementary question on the new transport policy, the Portfolio Holder confirmed that the Council is honouring their statutory right to transport those who need it and work is ongoing to support school leavers. It was confirmed that further information could be provided outside the meeting.

Councillor Andrew Sherrington, read by Councillor Roger Evans, in relation to Fix My Street. By way of supplementary, Councillor Evans sought confirmation as to whether the Highways Asset Management Policy determined where and how often roads are maintained and prioritised. The Portfolio Holder would provide a response after the meeting but was pleased to report that Shropshire has been allocated £3.5m for road repairs this year.

The questions asked and written responses are available from the web page for the meeting [Agenda for Cabinet on Wednesday, 22nd November, 2023, 10.30 am — Shropshire Council](#)

69 Scrutiny Items

There were no scrutiny items.

70 Annual H&S Performance Report 2022/23

The Portfolio Holder for Finance, Corporate Resources and Communities presented the report which reviewed the Health and Safety performance of the Council for 2022-2023. It detailed the key Health and Safety challenges for the Council, progress on last year's Annual Report and identified key priorities for 2023-2024.

Members of staff were thanked for keeping the Council safe and maintaining a healthy organisation.

It was noted that there were no financial implications this year but there may be future implications in respect of the actions for 2023/2024. Assurance was sought that no policy would be put in place without the consultation of members. It was confirmed that this would fall within the remit of the executives and would only be brought back to Cabinet if it fell outside of this remit.

Concern was raised regarding the persistent high level of staff who are suffering with anxiety, stress and depression and it was questioned what was being done to address this. Members were advised that managers were being encouraged to refer staff for support at the earliest opportunity.

RESOLVED:

That Cabinet note the Council's health and safety performance over the preceding year as set out in the Appendix to this report and raised any issues as appropriate.

71 Financial Monitoring 2023/24 Quarter 2

The Portfolio Holder for Finance, Corporate Resources and Communities introduced the report which was the largest mid-term outturn report ever reported to the authority and contained a vast amount of detail, giving confidence in the journey and preparation for the challenges ahead.

Members noted that it was difficult for officers to see what the position will be at the financial year end as the figures were projections which can change. It was felt that the Council had to have a plan in place to cover every eventuality, including the use of reserves in the short term, and that the Portfolio Holder was content that 90-95% of the total savings will be delivered.

It was stated that the spending pressures in demand-led services of £22.2m was not an overspend but a shortage in the budget to deal with the level of statutory demand.

Concern was raised over the increasing amount of overspend on staffing due to agency social workers and that alternative budget proposals had been put forward to address this. Members noted that there was a national issue with the recruitment of social workers.

In response to a query regarding the projected outturn for the approved capital programme and the 2023/24 actual YTD spend as percentage of budgeted YTD spend, the Portfolio Holder advised that he would monitor the figures and provide further information to Councillor Dean.

RESOLVED:

That Cabinet note the following:

- a. That at the end of Quarter 2 (30 September 2023), the current expected level of savings delivery is £38.0m
- b. That savings not yet confirmed, and so under further review to assess deliverability, amount to £13.4m.
- c. That demand-led services are forecasting significant budget pressures of £22.2m in the year, which are likely to continue into the coming year.
- d. The result of A-C above with no further actions is a forecast overall overspend of £32.393m.
- e. That it is assumed for planning purposes that
 - 90% of the total savings will be delivered (so £8.2m further delivery expected) and
 - short-term funding will be identified to enable sustainable demand management approaches to be implemented in social care services (total: £20.5m), with necessary plans prepared to enable this.
- f. The resulting forecast at quarter 2 is therefore a likely overall overspend of £3.6m once key management actions, set out above, are implemented. This will leave the General Fund balance at £23.4m, within the target range of £15m- £30m.

72 Treasury Management Update Quarter 2 2023/24

The Portfolio Holder for Finance, Corporate Resources and Communities presented the report which outlined the treasury management activities of the Council in the second quarter of 2023/24. It highlighted the economic environment in which treasury management decisions had been made and the interest rate forecasts of the Council's Treasury Advisor, Link Asset Services. It also updated Members on the internal treasury team's performance.

Members noted the investment portfolio was approximately £58m and the spending for the NWRR was £22-25m would not leave much in reserves. The Portfolio Holder advised that the capital balances were boosted by Covid and government funding and that much of the capital had been ringfenced for certain projects.

RESOLVED:

That Cabinet reviewed the position as set out in the report –

1. Noting the summary of the wider economic environment and the Council's borrowings and investments set out in Appendix A

2. Noting the performance within prudential indicators for quarter 1, 2023/24 (Appendix B)

73 Performance Monitoring Report Quarter 2 2023/24

The Portfolio Holder for Culture and Digital introduced the report which highlighted three exceptions within public health, education and environment. 81% of identified KPIs of the Shropshire Plan now featured on the performance dashboard with 25% not yet having a RAG rating as this is baseline data.

Concern was raised around certain KPIs not having targets, such as road maintenance, as well as a high number of complaints that were being upheld by the Ombudsman. In response to the ombudsman complaints, members were reminded that a report was presented to Cabinet previously and figures had been discussed. Complaints were sometimes being mislabelled and were solvable via other routes, such as requests for service delivery. In response to the targets, the Portfolio Holder advised that he would approach the insight team to speak to the service department with a view to including targets in the future but it was reliant on the data being provided. Councillor Macey would investigate and report back.

Members were encouraged to give as much notice to the Portfolio Holder as possible to ensure any concerns can be addressed at the meeting. They were also advised that the insight team would be happy to work with members to improve performance reporting.

RESOLVED:

That Cabinet Members:

1. Reviewed and considered performance dashboard information alongside this exception report.
2. Noted progress to date in achieving the outcomes of The Shropshire Plan (TSP) and comment as appropriate.

74 Shropshire Towns and Rural Housing: Performance Update

The Portfolio Holder for Housing and Assets presented the report which provided Cabinet with an update on the activities, operations, and performance of the Council's Arm's Length Management Organisation (ALMO), Shropshire Towns and Rural Housing (STAR) and provided a summary of the ongoing activities being undertaken to reset the relationship between the Council and STAR.

Members welcomed the report and were encouraged by the performance under the new leadership. The high satisfaction rates from residents were acknowledged and praise was given to the support staff and the cross-party partnership in supporting the residents' needs.

It was noted that an action plan had been implemented to deal with void housing stock and the work to do with old housing stock with a high carbon footprint. It was noted that

STAR wanted to ensure that the maximum number of affordable housing is available for the residents of Shropshire.

Members expressed their confidence in the Board and Management Team who are aligned with the priorities of the Shropshire Plan and wished to pay tribute to the staff involved in the turnaround.

RESOLVED:

That Cabinet received the report and raised any issues as appropriate on the performance, activities and operations of Shropshire Towns and Rural Housing and proposals for refreshed governance arrangements.

75 SAND Covenant Proposal

The Leader and Portfolio Holder for Policy and Strategy, Improvement and Communications introduced the report which sought Cabinet agreement for a protocol for determining whether to approve proposals to sign up to specific covenants and campaigns. If approved Cabinet was asked to sign up to the Safe Ageing No Discrimination (SAND) Covenant, the first to then be considered using this protocol.

Members noted that SAND CIC is a group working to improve the experience of older and old lesbian, gay, bisexual and trans people as they access health and social care services. Groups and organisations in Shropshire and Telford and Wrekin local authority areas had been invited to sign up through a Covenant to five broad commitments, agree an annual action plan for change, and then report progress and share their next year plan at an annual event.

Members wholeheartedly supported the proposals and it was

RESOLVED:

That Cabinet –

1. Adopted the proposed protocol attached at Appendix 1 t
2. Signed up to the Safe Ageing No Discrimination (SAND) Covenant, as the first to be considered under this protocol, with the following provisos:
 - that assurances be given by SAND to seek to support work across the Protected Characteristic groupings of Age and Sexual Orientation, recognising depth and diversity within these groupings as well as their particular field of working with older people;
 - that officers engage with SAND itself and share and develop joint good practice with other advocacy organisations, to complement engagement efforts with and for all Protected Characteristic groupings.

76 Ombudsman Complaint Handling Code

The Portfolio Holder for Culture and Digital presented the report which sought Cabinet approval for the council's draft response to the LGSCO's consultation.

Members noted that one of the key changes was reducing response times for Stage 1 from 30 to 10 working days and Stage 2 from 30 to 20 working days which may have resource implications for the council. The Team and Service Managers who deal with most Stage 1 responses will be placed under increased pressure with this challenging requirement. The Complaints Monitoring Officer will also be under increased pressure given the reduced time to respond to Stage 2 review requests. For context, in 2022/23 the average response time for Stage 1 complaints across the Council was 26 days, underlining the scale of challenge to meet the 10- day response time propose by the LGSCO, considering other service pressures.

The other key changes were to appoint one Member who would be responsible for complaints, who must receive regular updates, performance, and trends (complaints are currently covered as part of the Cabinet member for Culture and Digital portfolio); and where we ask for feedback on a service, councils must include details of how an individual can complain.

Members acknowledged the additional expectations included in the Code, which rather than simplify, will add additional administrative burdens for Shropshire Council.

A query was raised regarding the financial implications as stated in the report as there will be increased pressure on resources and therefore a likely cost implication.

RESOLVED:

That

- a) Cabinet noted the implications of the new code for the Council's complaint handling process and identified a Member specifically responsible for complaints
- b) Cabinet approved (with amendments if appropriate) the draft response to the LGSCO consultation set out at Appendix B.

77 Date of Next Meeting

Members noted that the next scheduled meeting would take place on Wednesday 13 December 2023.

Signed (Chairman)

Date:

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Cabinet
13 December 2023

Item

Public



Report of the River Water Quality Task and Finish Group

Responsible Overview and Scrutiny Officer:	Tom Dodds		
email:	tom.dodds@shropshire.gov.uk	Tel:	01743 258518
Overview and Scrutiny Chair:	Cllr Joyce Barrow		
Task and Finish Group Chair:	Cllr Kate Halliday		

1. Synopsis

The report and recommendations of the Economy and Environment Overview and Scrutiny Committee River Water Quality Task and Finish Group following their investigation looking at pollution of waterways, focused on sewage, and options to reduce or stop this from occurring in Shropshire.

2. Executive Summary

- 2.1. This is the report of the Economy and Environment Overview and Scrutiny Committee arising from the work of the River Water Quality Task and Finish Group. It sets out key findings, conclusions and recommendations of their work considering river water pollution. Whilst the members understand that there are different causes of pollution that affect river water quality including agricultural and highways run-off, they focused their work on understanding more on the causes of sewage pollution and learning from other areas about what works.

- 2.2. This work arose from a Motion to Council and was taken into their work programme by the Place Overview Committee and continued by the Economy and Environment Overview and Scrutiny Committee.
- 2.3. Concerns about deteriorating river water quality, and reports of increasing sewage pollution raised by communities and those who use rivers and waterways, including anglers, kayakers and wild swimmers have highlighted issues nationally and locally. Against this context, the Task and Finish group has looked in detail at the available data and information, and sought evidence and learning from other areas of the country.
- 2.4. The work that the Task and Finish group carried out informed a series of more focused questions to Severn Trent Water and to the Environment Agency, as the water company and the regulator. Whilst there have been responses to a number of the questions, there are gaps that the group would like to be followed-up, and the answers used to inform further work.
- 2.5. They have made 9 recommendations which they believe will contribute to reducing or removing sewage pollution in rivers and waterways, including recommendations:
 - to the Council, and
 - promoting a system working approach across all stakeholders.

3. Recommendations

Cabinet is asked:

- 3.1. To accept the recommendation 1 to 8 set out in section 7 of this report and provide a response and action plan for their delivery, to the Economy and Environment Overview and Scrutiny Committee. If any recommendations are not accepted the reasons should also be reported to that meeting of the Overview and Scrutiny Committee.

Report

4. Financial Implications

- 4.1. Whilst there are no direct financial implications from this Task and Finish group report, should Cabinet agree the recommendations then appropriate financial advice on the costs involved should be sought.

5. Climate Change Appraisal

5.1. Work completed by the Task and Finish group has identified the following points which will have benefits for climate change and the environment:

- Reducing run-off, slowing the flow of water in the catchment, and increasing opportunity for absorption
- Tree planting and reed beds to reduce the flow and form nature based pollution traps
- Separating combined sewers e.g. to reduce flow of rainwater into treatment works during heavy rain events
- Promoting rainwater and grey water collection and usage, especially in new developments, to make better use of available water
- Taking highways run-off out of the sewerage system
- Promoting the use of the products of carbon reduction such as biochar from pyrolysis to help reduce pollution entering rivers and waterways.

5.2 The Economy and Environment Overview and Scrutiny Committee has commissioned a standing task and finish group that has the environment and climate change as its focus. This group will feedback into the committee on key progress and emerging issues and potential areas for deeper dive investigation, including river water quality and flooding. The development of the terms of reference of this standing task and finish group will identify how this group will work with the Climate Change and Carbon Reduction Board.

6. Background

6.1. Following a motion to Council on the 30 March 2023 it was confirmed that the Place Overview Committee, replaced by the Economy and Environment Overview and Scrutiny Committee, would progress a task and finish group looking at River Water Quality.

6.2. The investigation by the Task and Finish group was carried out its work with a strong focus on learning from the available information and from other areas of the country where there has been successes in improving river water quality.

6.3. This has included learning about how Local Planning Authorities can require specific requirements such as sufficient sewage infrastructure and treatment to be met before new housing developments can be occupied (Grampian Conditions), and how Bathing Water Status can help improve river water quality, and the best approaches to realise this.

6.4. They have heard from the Windrush Against Sewage Pollution (WASP) campaign group and from Ilkley Clean River Campaign, as well as Phillip Dunne MP Chair of the Environmental Audit Committee, Shropshire Bathing Water Status campaigners, Surfers Against Sewage, and officers from Shropshire

Council. They have also asked specific questions of Severn Trent Water and the Environment Agency and had a site visit to the Ludlow Water Treatment Works.

- 6.5. Their key findings, conclusions and recommendations are set out in their report, attached at appendix 1.
- 6.6. The group's conclusions and recommendations recognise that, although the significant responsibilities to tackle sewage pollution sit with the water company, Severn Trent Water, and the regulator, the Environment Agency, the Council also has a substantial role to play as a 'Place Leader', and through its own services and responsibilities.
- 6.7. Specific points of focus in the recommendations include:
 - that the Council, as the Local Planning Authority should adopt Grampian Conditions to ensure that all new developments can join wastewater and rainwater infrastructure that has the design and capacity to handle the additional demand.
 - That the Council, as the highways authority, proactively engage with and encourage Severn Trent Water in their progression of works that will increase the separation of rainwater run-off from wastewater, including highways runoff.
- 6.8. Using their learning from other areas, and experiences locally from a range of different situations, the group has also concluded that the greatest impact will be realised by stakeholders taking a system approach; recognising the added value that the sum of all the different parts can deliver.
- 6.9. The Council, as a Place Leader, can enable wider involvement in improving the quality of river water in a number of ways, including helping community groups identify and access small grants that might help fund citizen science work or raising awareness, and supporting applications for bathing water status.
- 6.10. The group also believe that there is scope for the Economy and Environment Overview and Scrutiny Committee to establish a standing task and finish group that has climate change and the environment as its scope. This group would encompass the committees remit for flooding, maintain a focus on river water quality, and track the progress of climate change actions and initiatives. It would report back to the committee e.g. every 6 months, on its evidence based findings, including highlighting any emerging issues or opportunities that might need further investigation, or recommendations to Cabinet.

7.0 Recommendations

The Task and Finish group have identified what they have defined as hard recommendations and softer recommendations. They expect that the hard recommendations will, in most cases, have a more direct impact on reducing sewage pollution and be more measurable in terms of delivery and impact. They form the first set of recommendations below.

Hard recommendations

1. That Shropshire Council, as the Local Planning Authority, should
 - Adopt Grampian Conditions in Shropshire to ensure that new developments will be joined to appropriate infrastructure and access to treatment works with the sufficient current and future capacity in place.
 - Promote the requirement for grey water systems and rainwater capture as part of new housing developments, reducing the use of drinking water to water gardens and clean cars. As part of this, Members recommend that the feasibility of introducing supplementary planning documents (SPD) should be explored and progressed.
2. That Shropshire Council, as the highways authority, should proactively engage with and encourage Severn Trent Water in their progression of works that will increase the separation of rainwater run-off from wastewater, including highways runoff, thereby helping to reduce the risk of overwhelming sewage infrastructure and treatment works.
3. That more monitoring of the health of rivers and waterways needs to take place:
 - Severn Trent Water should increase the frequency of monitoring and reporting to once a week and ensure that testing occurs before and after releases. This data needs to be made available and the results made visible and easily accessible and understandable e.g. using trend charts and maps.
 - System partners, including Shropshire Council, should work with citizen scientists to identify and put in place mechanisms that will allow them to continue to deliver and develop testing and monitoring that enhances the picture of what is happening beneath the surface of rivers and waterways.
4. That Shropshire Council is a 'Place Leader'. Within this there are a number of roles and actions that the Council should take to enable communities to help contribute towards improving river water quality:
 - Identify and provide access to small grants or accessible funding such as through initiatives like civic social crowdfunding that can be used to enable communities to take forward work that results in improved river water quality e.g. funding equipment and lab testing of citizen scientists work, and funding the River Health Checker app.
 - Supporting and enabling initiatives and applications for Bathing Water Status.
 - Assessing the feasibility of managing the River Health Checker App and promoting its use locally with stakeholders in the system and communities.

Softer recommendations

5. That system partners confirm shared outcomes and objectives in relation to river water quality and the environment and use these to jointly and consistently lobby Government to realise a regulatory framework and requirements that encourages water companies and other stakeholders who are part of the system, to target and achieve the best environmental outcomes.
6. That local representatives, including Shropshire Council, should work closely with Severn Trent Water to inform how and where the recently announced investment to reduce sewage pollution takes place. This should include enabling and ensuring

the engagement between agencies and with local communities and help to realise the greatest benefit for the environment of the resources being brought to bear.

7. That system partners work to support increasing the visibility of the data and enabling greater understanding of what is actually happening in Shropshire rivers and water ways.
 - Support the adoption of the River Health Checker App
 - Enable and promote consistency of recording, data structures and access to the data, using those nationally described and adopted by other areas of the country.
 - Encouraging effective use of the data, and promoting the development of visualisation, including engaging with local further and higher education colleges.
8. That, once a reduction of sewage releases has been put in place, Shropshire Council progresses activity, directly through its own services and responsibilities, and through its partnership working as a Place Leader, to reduce the flow of other pollutants from agricultural and highways run-off.

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

Local Member: All

Appendices

Appendix I: Report of the River Water Quality Task and Finish Group



Economy and Environment Overview and Scrutiny Committee

Report of the River Water Quality Task and Finish Group

9 November 2023

Acknowledgments

This cross party Task and Finish group work has been undertaken with passion and clear focus by the members involved. They have considered the issues from different perspectives and sought to come to balanced and evidenced conclusions and recommendations. They would like to express their thanks to the full range of organisations and individuals who have helped them explore the issues, learning and opportunities. The list of those who have helped to inform the work is attached at appendix 1.

Members of the Task and Finish Group

Kate Halliday (Chair)

Simon Harris

Edward Towers

Peter Broomhall

Rosemary Dartnall

Roy Aldcroft

Pam Moseley

Joyce Barrow

Bernie Bentick

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1. Context

Clean, healthy rivers are essential to Shropshire's prosperity and wellbeing. In recent years there have been complaints that water quality in rivers has deteriorated. The chief contributor in urban areas are the frequent and intermittent discharges of raw sewage when it rains. These combined sewage outfalls (CSOs) contribute to the deterioration of water quality and biodiversity and have a negative health impact on those who use the river for sport and leisure activities, such as those who swim in the river.

According to local Angling Clubs fish stocks have reduced by 60% in the last 10 years. Data released by the Environment Agency show that Water Companies discharged raw sewage into English waters 400,000 times in 2021, an increase of 27% on the previous year. In January 2022 a motion on improving river quality was passed unanimously by Shropshire Council.

The Environment Act (2021) requires water companies to ensure progressive reduction of the adverse impact of discharges, and introduces additional monitoring and reporting obligations. However, it does not give water companies a timetable to invest and update the sewage system, and there remains no legal duty on water companies not to release sewage into our waterways. It is therefore important that Shropshire Council plays an active role in holding key partners to account, and looks at opportunities to enable, encourage and enforce actions that will help to reduce sewage being released into waterways.

River water quality is a fast-moving topic area with national and regional developments and announcements being reported on a frequent basis. Some examples of recent announcements from 2022 and 2023 are included in appendix 2.

2. Scope of the work

It is recognised that there are a number of different factors that impact on the quality of river water including agricultural sources and highways. However, this piece of work is focused on the impact of sewage discharges into waterways.

This focus has been taken because of the local and national focus on these matters and the developments taking place by Government and by water companies including Severn Trent Water locally.

It will be important that the Council is well placed to understand the options and opportunities and to identify where the Council can play a role in helping to realise improvements in its area.

3. Objectives

- To understand the nature of the monitoring and infrastructure improvements that have been made and the impacts that this has achieved.
- To understand how weather conditions can impact on river water quality and sewage discharge and how this is reflected in the results for Shropshire.
- To better understand the infrastructure requirements that remain necessary and ask water companies to provide timescales for mitigating the effects of sewage [and other pollutants] being discharged into our rivers, and to discuss the funding of capital schemes and possible access to additional funding.
- To better understand the monitoring of these discharges, identifying the opportunities to ensure that there is comprehensive coverage across Shropshire and that the reporting of any results is easily available, and more open and transparent.
- Through the planning process, identify the options and opportunities to hold developers and the water companies to account including the provision and funding of adequate sewerage provision for the large increase in housing proposed in the draft Local Plan.
- To make recommendations to best place the Council to identify, pursue and lobby for the best outcomes for river water quality (related to the release of sewage) for Shropshire communities.

4. What has the Task and Finish group done?

Members carried out their work to deliver their objectives using a range of approaches. This work is summarised below, and the key findings and conclusions and recommendations that have arisen are set out in their report.

Members researched data and information on river water quality in Shropshire using websites including the Environment Agency and the Rivers Trust. This provided them with a view of the assessed states of the rivers and waterways, the types of pollution that had been identified, as well as maps and visualisations of data that helped to identify the locations where the highest number of incidents occurred. They used their findings to inform the questions and lines of enquiry, which they refined as they carried out their work

To inform their understanding further they spoke to witnesses from other areas of the country as well as putting questions to key individuals and organisations. The full list of witnesses is attached at appendix 1.

Members of the Task and Finish Group also undertook a site visit to Ludlow Sewage Treatment Works to combine meeting with officers from Severn Trent Water to hear responses to the questions they had shared, and to see first-hand how a treatment site works and learn more about the developments planned for the location. They were aware that Ludlow was one of the sites in Shropshire applying for bathing water status.

5. Key Findings

Members observed that when looking at the impact of pollution on rivers and waterways it was important to look at the catchment areas and the different factors that can influence water quality in a geographic place, such as the area that the Council is responsible for. Relationships with the different companies, local authorities, regulators and communities are key to understanding, preventing, managing, and removing the risk of such pollution occurring.

In carrying out this work the Members have heard a lot about how improvements are being made in the Shropshire Council area, but they have not received much additional or new perspectives. In particular, they have highlighted not being any clearer on the timing and location of releases of sewage (especially dry releases) when there should be concern in communities and raised awareness about using waterways, or receiving confirmation of when access to the data and the visualisation will take place.

Preventing pollution is best

The members confirmed, at the earliest stage in their work, that they recognised that there are a number of different sources of pollution to waterways, including agriculture, highways run-off, and sewage.

They have focused on sewage in this work but have taken account of agriculture and highways run-off as it has come up in their investigation. Consideration of the Environment Agency data on the health of rivers and waterways highlighted that in the Shropshire Council area the health of the River Severn was rated as better than the tributaries, and that outside of the more urban areas the impact of agriculture was higher.

Evidence considered by Members highlighted the need to focus on the prevention or removal of the risk of pollution to rivers and waterways. There were many different contributions to this, ranging from:

- education and awareness raising about changes that could be made in the home and what goes down the drain,
- through to interventions in the catchment area that could slow run-off and reduce flooding such as planting trees between agricultural land and waterways,
- to physical changes to infrastructure in more urban areas e.g. separating waste water and rainwater run-off to reduce the impact of rainfall events on treatment capacity and the triggering of storm overflows resulting in sewage entering water courses.

Addressing pollution as close to source as possible was also highlighted, particularly in terms of agriculture and highways.

Using Planning to reduce the impact of new developments

Members considered the experience of the Windrush Against Sewage Pollution (WASP) campaigners who had worked in their area to highlight the issues and causes of sewage pollution in the River Windrush, raising these with the water treatment company and their Local Planning Authority, and achieving the adoption of Grampian Conditions.

The purpose of these conditions is to ensure that the infrastructure that is required is in place before the main development is commenced, or before the housing can be sold. In the case of this Task and Finish group work a condition might delay the delivery housing until sufficient infrastructure is in place to handle additional wastewater that is separate to run-off.

Members also learned that Grampian conditions can be applied development by development on an individual basis, or they could form part of Planning Policy. The conditions would be applied to the network area. Members recognised that this would need to be confirmed locally for Shropshire Council.

In all cases it would be important to evidence the issues in the area that demonstrate why the conditions would be required and the actions that would need to be taken to address them.

They understand that these conditions can be applied to smaller and larger developments, and from the experiences shared with them, that the application of the conditions can work best where the water company asks the Local Authority (LA)/Local Planning Authority (LPA) to apply Grampian Conditions outside of the area of the development i.e. outside of the land that the developer has control over. WASP advocated a collaborative approach to find the best solution, with the LA aiming to put the developer and the water company face to face.

An alternative is that the Council can ask the Water Treatment Provider for advice, but it can make its own decision and can apply the Grampian Conditions without the water company making a request.

Use of water and climate change

The group highlighted the value of slowing the flow of water through the environment and enabling greater absorption as part of sustainable drainage, and how this can reduce the risk of wastewater and sewage entering waterways.

Linked to this, and as part of planning requirements, are the ways that the Council can encourage more sustainable use of water. Some examples could be looking at how grey water systems and rainwater capture as part of new housing developments, can be used to reduce the use of drinking water to water gardens and clean cars.

Members suggested that the feasibility of introducing supplementary planning documents (SPD) should be explored and progressed.

Education

Education is a feature of prevention, but it was also raised throughout the work of the Task and Finish group and has therefore been highlighted separately. Members identified that it fulfils a range of important functions including:

- Raising awareness of the risks, issues, and indicators of pollution of rivers and waterways and developing a 'respect' for our collective environment so that improvement is sustained;
- Encouraging and embedding empowerment, engagement with, and ownership of local places and the actions that local people and communities can take;
- Highlighting the roles, responsibilities and opportunities of all of the different organisations, groups and individuals

Members heard of different types of education and awareness programmes. Two examples are:

[Yellow fish](#), which is a scheme to raise awareness about sources of water pollution and the quality of water in streams, rivers, lakes or ponds. Yellow fish are stencilled next to drains to remind people that what is put down a drain impacts aquatic life. Members made a strong link between this awareness and changing behaviours that resulted in sewers becoming blocked and increasing the potential for flooding and overflows and outfalls to occur, including putting fat and wet-wipes down the drain.

And

River Health Checker App, developed by the Environment Agency and Shropshire Wildlife Trust with CREST at the University Centre Shrewsbury. The app provides a route for observations and data on chemical testing, observations of the state of the river/waterway, invertebrates, and wildlife, and a function that prompts the user on what to do in a potential pollution situation. Members heard that the expected costs of launching the app and covering annual costs should be between roughly £3,000 to £4,000, although the costs would need confirming and exploring in greater detail.

Response and mitigations

Through their work members learned about and confirmed the importance of keeping separate, wastewater and run-off. This was easier to factor into new developments and associated infrastructure, but equally important to design this into the replacement of combined sewers.

Equally relevant is the reduction of run-off, particularly in more urban areas, to lower the volume of water entering the sewers. Members learned of initiatives in other areas of the country such as Mansfield, where hard standing was being replaced with more porous surfaces along with greening of the physical environment.

In a significantly rural place, like Shropshire, Members commented on the opportunities to reduce flooding and associated pollution by slowing the flow of water across the land, and to capture pollution and slow run-off from highways. They discussed using natural solutions such as planting trees between farms and agricultural land and waterways, and reed-bed filtration, as well as options such as the use of bio-char arising from the introduction of green technology such as pyrolysis, to trap pollutants.

Bathing Water Status and Standards

Evidence gathered through this work, including from experiences in Ilkley and from Surfers Against Sewage identified that whilst councils can apply for bathing water status, it was often best for the applications to be brought forward and led by the community. This included the identification of the sites. It was explained to the Members that by being community-led the applications would likely be better supported, have greater community ownership, and be more sustainable.

Members were aware of bathing water status applications to Defra being made for Ludlow and Shrewsbury and learned about the value of the roles of Shropshire Council and the town councils as landowners and as key local supporters, and the value of seeking and getting support from MPs.

Working as a system

Realising sustainable improvement to river water quality will be best achieved by all stakeholders from communities to councils, to water companies and regulators working together and delivering their parts of the system. Members identified that achieving improvements cannot be done in isolation.

In this context, there are mutual opportunities and shared outcomes between the stakeholders, whether communities, public sector organisations such as the council, regulators and the private sector. They come with different drivers, but all have their part to play. This 'system' approach should promote working in partnership.

A specific example that the group considered was the separation of wastewater and rainwater run-off, particularly where it would require both the water company and the Council as the highways authority to act together.

Effective engagement by all stakeholders with each other and local people and communities

Within this system way of working it will be essential to understand what is important at all levels, especially where it is acknowledged that individuals and communities play a key role – whether in the way they use water and what they put down the drain, or in the role they might fulfil like citizen scientists, who are increasingly playing a role in monitoring the health of waterways and identifying where pollution is taking place.

In this context engaging effectively with local communities will be significant in helping to get buy in to changes, possible disruption as a result of changes to infrastructure being made, and to encourage different preferences and choices to be made to achieve a lasting positive impact. Equally important will be doing the engagement in the right way, so that the messaging and language is clear and consistent, and it is coordinated across all of the different stakeholders in the system, informing their individual remits as well as the whole.

The regulatory/licencing environment

Members heard from witnesses that the regulatory environment drives behaviours in a certain way, with water companies working within these parameters and delivering what the licence requires, rather than progressing beyond them and pursuing the best for the environment.

Related to this is the monitoring, reporting and visibility of data required of the water companies. Members highlighted whether the frequency and timing of the monitoring and reporting was sufficient and took place at points that would truly show the impact of releases on river water quality. They noted that it remains very difficult to understand what is truly happening in our rivers.

Changing role of agencies and organisations and the role of the community

The work of the Task and Finish group has provided Members with growing insights about the changing roles of agencies, organisations and the community in relation to the scope of this investigation, and beyond.

Recent years have indicated a strengthening focus on the role of the Council as a 'Place Leader' and shaper, increasingly being an enabler. Evidence that the Members heard from other areas that have been progressing work to improve river water quality who highlighted that the support of councils to changes was instrumental to success. Some particular examples, included support from councils through:

- their direct responsibility as the local planning authority, adopting planning requirements such as Grampian Conditions, to ensure that infrastructure and treatment capacity was in place, and

- supporting applications for bathing water status in writing to Defra and by providing access and facilities, and
- providing small amounts of funding e.g. contributing to the costs of testing by Environment Agency recognised laboratories of the results of work by citizen scientists.

The pandemic provided evidence of the resilience and capability of communities. The Members heard about how this is being demonstrated in relation to tackling river water quality and particularly sewage pollution.

Members learned about how communities have been fundamental to achieving the successful changes in Ilkley and Northwest Oxfordshire. The role and leadership of community campaigners who used their energy and focus to raise awareness and push for action was combined with the emergence and growing purpose and impact of citizen scientists who brought their enthusiasm, knowledge, skills and experience to monitor and evidence the health of waterways and highlight pollution.

The growing role of the citizen scientists was commented on by Members, making links to the impact of reduced funding on the ability to respond to all reports of pollution by the Environment Agency (EA). Members were aware that the EA was focusing its resources to respond to the most serious cases of pollution, and that citizen science could help to fill the gap.

There was recognition that the community has a wide reach as well as strong ties to their place, and given the right tools, support, and opportunity, they could play a key role in monitoring pollution and raising awareness, helping to bring issues to the attention of organisations such as the Environment Agency.

When discussing the River Checker App with officers from the EA, Members learned about the many different citizen science groups that are working in their areas across the country who were developing recording of their data, making their data accessible, and the visualisation of the information. The discussions with the EA reinforced the need to not try to have a single tool or approach for all areas, but emphasised the importance of ensuring that there was consistency in the robustness of data collection and data structure that would enable data integration and analysis of greater depth and across wider geographic areas.

Members felt that the shared accessibility of the data could offer opportunities to engage places of further and higher education and the environmental sector in developing analysis and visualisation, as well as scope to inform innovation in prevention and mitigation of the pollution of waterways.

6. Conclusions

From the very start of this piece of overview and scrutiny work the members of the Task and Finish group were very much aware of the role and responsibilities of Local Authorities. They were also mindful of the different key contributors to pollution in waterways. They agreed to focus on sewage but would take account of matters and opportunities relating to agriculture and highways run-off where they came-up.

Through their work the Task and Finish group have concluded that whilst direct issues relating to regulation and holding to account on matters of water pollution, including through sewage, fall outside of the remit and responsibility of the Council, it does have direct impacts on the Council, communities that the Council enables and supports, and can create demand for services that the Council delivers.

There are also aspects of the Council's role, responsibilities and decision making that can help to reduce the risk and occurrence of pollution to waterways and enable and strengthen the voice and position of communities on environmental matters. In this final point, the Task and Finish group have drawn some parallels with the Council's role in relation to tackling climate change.

Influence through Planning

Members have concluded that opportunities exist for the Council to have direct influence on the sufficiency and capacity of wastewater infrastructure and treatment plants to handle additional needs from new housing developments.

Learning from other areas of the country suggests that the adoption of Grampian Conditions can provide the opportunity for the focus on ensuring that housing is not developed in isolation of the capacity of the infrastructure and services that need to be in place, in this instance, to cope with additional demand for wastewater and run-off and minimise the wider environmental impact of the development.

From a climate change position, planning requirements for new developments could also be useful in helping to reduce water usage to help make better use of grey water and rainwater.

Confirming and strengthening the role of Shropshire Council as a 'Place Leader' and enabler

As described evidence indicates that on the matters that the Task and Finish group have considered there is scope for the Council to grow in its role as a Place Leader. This is both strategically e.g. jointly leading the River Severn Partnership, in its role as the Local Planning Authority, and for more specific and community focused issues and initiatives e.g. providing small amounts of funding for specific activity.

Members believe that the Council does not need to deliver all things, but should be active in providing direction, and supporting and enabling initiatives that deliver its priorities and the shared outcomes of the system partners.

Increasing the application of 'system working' to all areas of service delivery

Members of the Task and Finish group believe that the issues that have been considered in this work will be better solved by recognising the different 'cogs' in the system that are either contributing to or can help to address the issues.

Each of the different parts of the system, e.g. the Water Company, the Environment Agency as the regulator, the Council as the Local Planning Authority and a 'place leader', developers, and local communities, play different roles and have different organisational and personal powers, responsibilities, and ways to impact and deliver their shared outcomes. Members believe that by working together and each doing their piece of the whole, the system partners will deliver change more quickly, more efficiently and have a more sustainable impact.

Effective Engagement

Engaging effectively with local communities will be a key driver of success, helping to garner support for changes, raise awareness of issues and plans to address them, and to promote ownership, for example in the monitoring of the health of waterways and identifying where pollution is taking place, and personal and community responsibility including what goes down the drain.

Maintaining effective engagement of the community and between the stakeholders will be both the foundation of working in this system way, and getting this right and investing in maintaining it should be a system priority.

As well as using the outputs of engagement to inform plans, to increase the sustainability and the embedding of change, the circle needs to be closed, This will include demonstrating the outcomes, progress and impact, and in doing so recognising how the different contributions have delivered successes.

Changing roles and voice of communities in environmental and other matters

Members have concluded that roles are changing due to a number of different factors and influences including changes to funding e.g. to the Environment Agency, which are forcing prioritisation of activities. They heard about how people in communities have knowledge, skills, experience, interest and energy in communities and how these have been used to great success in different areas of the country. The different

stakeholders need to collectively embrace and work with each other to achieve the sustainable change that is required.

Frequency and timing of monitoring by water companies

The group has highlighted that they believe that the visibility of the health of rivers and waterways in Shropshire is not as good as it should be, and that this would be helped by more frequent monitoring. More monitoring in general and in more tactical and targeted ways will help to generate a clearer and more transparent view of what the health of waterways is, what is having an impact, where, when, how and why, and whether the actions taken and investment made are having the impact expected.

Members believe that more monitoring by the water companies will help with this, both in terms of increasing the frequency to weekly, and to ensure that there is monitoring before and after releases so that the direct impact on the quality of the water is known and shared. This would be particularly relevant for dry releases, which Members understand should not be taking place, and where they did, could have greater impacts on the quality of the river water due to the reduced flow and reduced dilution of the released sewage.

Helping make the health of Shropshire waterways accessible and visible

The group believe that there is real potential offered by the River Health Checker App to raise awareness, enable the collection of data and information on the health of waterways, as well as provide guidance on reporting potential pollution incidents.

Members felt that the app provides the opportunity to raise and embed a love of the environment and ownership across all parts of communities, where school children to retirees, from interested amateurs to people with significant training and professional backgrounds, can all contribute in their own way.

Consistency in data collection and structure

Members endorsed the importance of supporting and promoting a standardised approach to the collection and recording of data arising from the work of citizen scientists. They concluded that this was important in enabling data from different areas of the country to be brought together to develop richer and deeper data sets, and to engage with further and higher education, and the environmental sector.

Bathing Water Status

Members confirmed their support for applications for Bathing Water Status and were pleased to be able to help progress with Shropshire bids during their work. They recognised the role that applying for and achieving the status has as a means to drive

awareness, focus attention and energy, and keep the pressure on the water industry and the other parts of the system to prevent and minimise pollution of waterways. They also concluded that Shropshire Council had an important role to play in supporting bathing water status applications rather than leading them, and that the applications were better made through the community.

Working in partnership with Severn Trent Water to achieve shared outcomes

Operating in a 'system' way will require the Council to continue to, if not increase, working in partnership with Severn Trent Water, as the water company in the area, to identify more opportunities deliver shared priorities and outcomes. Learning from pilot projects and initiatives identify that this could include:

- Looking at Council assets and car parks and the green environment more widely, to make changes that would slow run-off and increase absorption, contributing to reducing flooding and the risk of flooding. This is likely to be more relevant in urban areas, but there may be opportunities in all areas that the Council covers.
- Promoting work to separate combined sewerage so that surface run-off can be diverted and reduce the flow into sewage works, and the need for Combined Sewer Outfalls (CSOs) to be triggered or better still, required.
- Understanding opportunities for different stakeholders to use their spheres of influence to help system partners to share key messages and advice to people and communities which would help to achieve positive shared outcomes. An example shared with members was enabling access for a water company to raise awareness with householders of the misconnection of household appliances such as washing machines or dishwashers resulting in wastewater potentially entering into the wrong drains (where combined sewers are not in use).

Transparency and reporting of progress and impact

All partners in the system should be able to be clear about how what they have been doing contributes to the shared outcomes as a whole, what difference this has made, what they plan to do and what impacts these are expected to have.

The frequency of these updates should be aligned to the delivery plan timescales of the system as a whole and of the individual system partners, with an emphasis on when impacts and progress are planned to be evident to communities. These should also take account of any established or emerging national or organisational reporting timescale requirements.

All of this should be reported in a way that means that communities can understand what is planned, what has been done, and what has happened as a result. Therefore,

this needs to be consistent with the language and priorities of local communities to ensure that:

- the messages are relevant,
- they provide mechanisms for communities to raise issues effectively and be assured that they have both been listened to, and more importantly heard by the system partners,
- they enable the stakeholders to communicate their progress and priorities in ways that meet their own requirements.

Embedding river water quality within Overview and Scrutiny of climate change and the environment

Within achieving the transparency described above, the opportunity should be taken to establish a mechanism, such as a standing task and finish group, for overview and scrutiny to track climate and environmental topics and issues. This would include river water quality and flooding, keeping abreast of plans and developments, the results of monitoring, and impact and progress on these matters across the relevant stakeholders.

This has a strong fit with supporting the Council in its role as a place leader on these matters and would also allow the follow up on questions and lines of enquiry raised by the River Water Quality Task and Finish group that were not able to be answered during the work done. It could encompass the remit of the Economy and Environment Overview and Scrutiny Committee in terms of flooding and climate change, and in doing so have a view of strategic working taking place, including the River Severn Partnership.

The group would need to maintain a consistent view across the topics and would need to feed its findings and any recommended points of focus back to the committee to be considered for inclusion in the work programme and possible deeper investigation.

7. Recommendations

The Task and Finish group have identified what they have defined as hard recommendations and softer recommendations. They expect that the hard recommendations will, in most cases, have a more direct impact on reducing sewage pollution and be more measurable in terms of delivery and impact. They form the first set of recommendations below.

Hard recommendations

1. That Shropshire Council, as the Local Planning Authority, should
 - Adopt Grampian Conditions in Shropshire to ensure that new developments will be joined to appropriate infrastructure and access to treatment works with the sufficient current and future capacity in place.
 - Promote the requirement for grey water systems and rainwater capture as part of new housing developments, reducing the use of drinking water to water gardens and clean cars. As part of this, Members recommend that the feasibility of introducing supplementary planning documents (SPD) should be explored and progressed.
2. That Shropshire Council, as the highways authority, should proactively engage with and encourage Severn Trent Water in their progression of works that will increase the separation of rainwater run-off from wastewater, including highways runoff, thereby helping to reduce the risk of overwhelming sewage infrastructure and treatment works.
3. That more monitoring of the health of rivers and waterways needs to take place:
 - Severn Trent Water should increase the frequency of monitoring and reporting to once a week and ensure that testing occurs before and after releases. This data needs to be made available and the results made visible and easily accessible and understandable e.g. using trend charts and maps.
 - System partners, including Shropshire Council, should work with citizen scientists to identify and put in place mechanisms that will allow them to continue to deliver and develop testing and monitoring that enhances the picture of what is happening beneath the surface of rivers and waterways.
4. That Shropshire Council is a 'Place Leader'. Within this there are a number of roles and actions that the Council should take to enable communities to help contribute towards improving river water quality:
 - Identify and provide access to small grants or accessible funding such as through initiatives like civic social crowdfunding that can be used to enable communities to take forward work that results in improved river water quality e.g. funding equipment and lab testing of citizen scientists work, and funding the River Health Checker app.
 - Supporting and enabling initiatives and applications for Bathing Water Status.
 - Assessing the feasibility of managing the River Health Checker App and promoting its use locally with stakeholders in the system and communities.

Softer recommendations

5. That system partners confirm shared outcomes and objectives in relation to river water quality and the environment and use these to jointly and consistently lobby Government to realise a regulatory framework and requirements that encourages water companies and other stakeholders who are part of the system, to target and achieve the best environmental outcomes.
6. That local representatives, including Shropshire Council, should work closely with Severn Trent Water to inform how and where the recently announced investment to reduce sewage pollution takes place. This should include enabling and ensuring the engagement between agencies and with local communities and help to realise the greatest benefit for the environment of the resources being brought to bear.
7. That system partners work to support increasing the visibility of the data and enabling greater understanding of what is actually happening in Shropshire rivers and water ways.
 - Support the adoption of the River Health Checker App
 - Enable and promote consistency of recording, data structures and access to the data, using those nationally described and adopted by other areas of the country.
 - Encouraging effective use of the data, and promoting the development of visualisation, including engaging with local further and higher education colleges.
8. That, once a reduction of sewage releases has been put in place, Shropshire Council progresses activity, directly through its own services and responsibilities, and through its partnership working as a Place Leader, to reduce the flow of other pollutants from agricultural and highways run-off.
9. That the Economy and Environment Overview and Scrutiny Committee form a standing group that tracks climate and environmental topics and issues including river water quality and flooding, keeping abreast of plans and developments, the results of monitoring, and the impact and progress across the relevant stakeholders. To inform its work it may specify key measures of activity and progress that it wants to review. The group should meet every 6 months and report back into the Economy and Environment Overview and Scrutiny Committee twice a year.

Appendix 1

Witnesses that the Task and Finish Group heard from

Witness	Organisation
Dan Wrench	Shropshire Council
John Bellis	Shropshire Council
Hayley Deighton	Shropshire Council
Professor Mark Barrow	Shropshire Council
Professor Becky Malby	Ilkley Clean River
Vaughan Lewis	Windrush Against Sewage Pollution
Geoff Tombs	Windrush Against Sewage Pollution
Phillip Dunne MP	Member of Parliament for Ludlow/ Chair of the Environmental Audit Committee
Kirsty Davies	Surfers Against Sewage
Alison Biddulph	Shrewsbury and Ludlow Bathing Water Status
Marc Liddeth	Environment Agency
Guy Pluckwell	Environment Agency
Lydia Ashworth	Environment Agency
Tim Smith	Severn Trent Water
Jason Rogers	Severn Trent Water
James Ratcliffe	Severn Trent Water
Gareth Mead	Severn Trent Water
Zack Holbrook	Severn Trent Water

Examples of River Water Quality Announcements

To start to address the issue of cleaner water Severn Trent, in 2022, announced the Green Recovery programme which works towards a goal of 15km (9.3 miles) of bathing quality waters by 2025. This includes the River Teme in South Shropshire. Severn Trent have also pledged to double the amount of bathing rivers in its region in the next 10 years.

In April 2023 there were a range of announcements that both informed and impacted this Task and Finish group work:

- Government plans to lift the cap of £250,000 for penalties for firms that release sewage into rivers of the sea. [Part of 'plans to make polluters pay' – including from plastics, and chemicals used in farming].
- Severn Trent Water have been given the green light by Defra, Ofwat and the Environment Agency to bring forward £95m worth of improvements to get started before the next 5 year cycle starting in 2025. (250,000 smart meters to help customers reduce demand and tackle leakage, increase reservoir capacity and improving monitoring at 80 sewage treatment works].
- Severn Trent Water made progress on work to protect rivers 1 year on from Get River Positive with 100% monitor coverage of storm overflows, and announced that 84% of reasons rivers are not achieving Environment Agency status is down to other sectors:

Severn Trent Water press release 31 March 2023

Severn Trent has today shared progress one year on from announcing its commitment to protect and improve in the health of the region's rivers. Results show impact from its operations has reduced by one third in one year and the water company has completed the installation of 100% of monitor coverage across the region.

Central to Severn Trent's commitments is the pledge that its operations will not be the reason for any stretch of river in its region to be classified as unhealthy by 2030. Environment Agency (EA) data released today (31 March 2023) shows this figure is now 16% down from 24%, with the remaining 84% attributable to other sectors.

The 2022 Event Duration Monitoring data shows that on average storm overflows were used for 1.15% of the total year - a 47% decrease in the operational time of 2021. In addition, whilst rainfall across the region was lower (13% less than in 2021) through improvements and investments, activations have reduced by 26% compared to the previous year and duration reduced by 46% on average.

Severn Trent is moving faster, in some cases 20 years ahead of targets set out by regulators and the Get River Positive pledges have made a difference across its region over the last 12 months including:

- *Investing £100 million a year on improving infrastructure*

- *Making significant progress on the £78 million Bathing Rivers programme to improve 50km of rivers in Warwickshire and Shropshire and the £25 million project to help prevent sewer flooding and river pollution across the Gloucestershire town of Stroud*
- *Installing 100% of monitors on storm overflows by the end of 2022, recording data every 2 or 15 minutes, providing more 300 million data records over the course of a year*

On Monday 2 October 2023 Severn Trent Water made further statements on the investment they will be making:

Severn Trent has today announced it is investing £12.9 billion in its water and sewage network, as part of ambitious plans submitted to water regulator Ofwat, whilst keeping bills affordable and good value for customers.

The multibillion-pound programme is set to create 7,000 new jobs between 2025 and 2030, which will have a positive lasting impact for decades to come. It also means that for every household, Severn Trent will invest £2,400 back into the region, transforming the way more than four million customers are served across the Midlands.

The major announcement comes after 68,000 customers helped to shape the plan so that it delivers the outcomes its customers care about most - it will guarantee a secure water supply for generations to come; storm overflows will cause no harm to rivers and customers will receive sector leading service, with a promise that customers won't pay for anything twice.

Investment in the water system is essential to ensure the security of water supply in the future and will deliver significant improvements in the region's water and sewerage system. The plan is underpinned by a £550m financial support package, which means financial support for around 700,000 people to help pay their bill - more customers than ever before - and around one in seven customers in the region. We understand this support is the most extensive in the water industry, from the information we had at the time we submitted our plan, and the numbers supported exceeds those we forecast to be in water poverty by 2030.

Liv Garfield, CEO at Severn Trent, unveiled the £12.9bn investment plans and said: *"By 2030 we will have transformed our network to continue to provide our customers with the best service that can be relied on. At the heart of this ambition is a commitment to ensure a sustainable future – from healthy rivers, to providing jobs of thousands, less leaks and a water supply to deal with the impacts of climate change and population growth whilst making sure that no customer ever worries about affording their water bill.*

"We've listened hard to our customers; not only will we make sure we keep building on our strong sector leading track record, but we'll be more than a water company. This

investment will make sure we have a positive economic, environmental and social impact for decades to come for the communities we serve.”

Highlights of the 2,000-page plan include:

- *To help with climate change and population growth – which is set to grow by 12% to nine million in the Midlands by 2050 - Severn Trent will lay new water mains almost the length of Lands End to John O’Groats twice over and provide an extra 100 million litres a day from new water sources.*
- *Severn Trent has already reduced its impact on waterways by a third in the last year alone and today’s announcement confirms a further almost £7 billion investment in its wastewater treatment, including plans to go faster to improve storm overflows – three a week, every week and means spills will be stopped five years ahead of Government targets. More River Rangers will also be recruited to continue to improve the health of waterways and to boost biodiversity*

Severn Trent has the second lowest bill in England and Wales - £29 below national average, and this plan will make sure that bills continue to be affordable and offer the best value. From an average of £1.15 a day today, to £1.42 a day by 2030, people will receive a high quality and reliable clean water and wastewater service that customers can count on, and new record levels of investment where it is wanted – doing the right thing for the environment and society. For context, water bills are today the equivalent 1.2% of disposable income, increasing to 1.3% by 2030.

The plan builds on Severn Trent’s strong track record of delivering large scale investment projects, as well as being recognised for the fourth year running, with highest four-star rating for environmental performance by the Environment Agency and recognised by Ofwat as being sector leading for financial resilience in a region where there hasn’t been a hosepipe ban for 30 years.

The £12.9 billion investment will create up to 7,000 jobs in the water company’s extensive supply chain and directly in the business and will also enable thousands of new work experience placements, apprenticeships and internships.

The plans submitted today to Ofwat will now be reviewed, and final business plans for 2025-2030 will be confirmed in April 2024.

Full details of the plan can be found at: www.stwater.co.uk/about-us/our-plans-2025-2030

River Water Quality Task and Finish Group – Additional questions to the EA, STW and Shropshire Council

Question	Recipient		
	EA	STW	SC
<p>How have treatment works in Shropshire been expanded over the past 10 to 20 years?</p> <ul style="list-style-type: none"> • Which sites and locations has this happened at and what was done in the expansion/upgrade? • How future proofed were these activities – how long were/are for these changes expected to meet demand (how much additional capacity gets built into developments)? • Were any of these expansions/upgrades identified through links made to the Local Plans and large housing developments? • If so, please confirm which ones and how the Local Plan/details of the housing development informed the scope and scale of the work undertaken. 		✓	
<p>What horizon scanning do you do to understand expected/forecast demand, to forward plan infrastructure and treatment works capacity and testing locations and requirements?</p>		✓	
<p>What triggers a response and inclusion in your Asset Management Plan e.g. Local Plan or developer confirmation of work starting?</p>		✓	
<p>What level of investment is going to be required to ensure that there is sufficient storm storage in place in Shropshire communities, particularly where it's a Victorian system?</p>		✓	
<p>To what degree do you forecast asset requirements based on existing CSOs etc? What consideration takes place of probable and potential new/increased demand on infrastructure and treatment works?</p>		✓	
<p>What are the current and future programmes of improvement and development of infrastructure and treatment works in Shropshire that affect or impact on Shropshire rivers and waterways,</p> <ul style="list-style-type: none"> • What are the locations that work is taking place or is planned to take place and when? • What work is being or going to be done at each site? • What the net benefit of each improvement/development will be to the river/waterway system overall as well as locally, and • whether it's about being ready for the future to meet standards or growing demand, or putting a finger in the dyke to address current issues? 		✓	
<p>For the development of new treatment facilities or upgrades/redevelopment of existing sites, please identify which of the following best reflects practice and planning and why:</p> <ul style="list-style-type: none"> • Addressing gaps in current capacity? • Meeting forecast future demand based on known or expected demand? • : achieving current minimum standards? 		✓	

Question	Recipient		
	EA	STW	SC
<ul style="list-style-type: none"> Targeting future expected standards? Implementing the technological developments and innovation to achieve the best possible standards? 			
Please provide information that sets out annually for the last 5 years any significant events in Shropshire and the locations e.g. spillages and prosecutions	✓		
What would the EA need to be informed of to trigger an event?	✓		
What proportion of the total events nationally, and in Shropshire, do the EA think they are informed about? Please provide this as different data sets.	✓		
What would help the EA to deliver the levels of activity/standards that they would like to achieve? Both in terms of their own activity, and the outcomes for waterways and communities.	✓		
How do the EA engage with Citizen scientists? What do they do with the data? Are there any pinch points that impact on using the data provided and what could be done to alleviate them?	✓		
What impact would reducing flooding closer to the source and slowing the flow in the catchment have on pollution in rivers/waterway in Shropshire – particularly sewage, but also from agriculture and highways run-off?	✓		
What number of investigations are currently underway in Shropshire? What are the trends over the past 5 years? What were the causes for each investigation?	✓		
Is the testing and related data provided by Water Companies adequate in terms of timing of the testing taking place in relation to events, locations e.g. upstream/downstream of outfalls and CSOs, and what is covered by the testing? What would better testing data look like and what benefits would it provide?	✓		
What evidence would the EA require to change policies re: standards for timing, location and content of testing?	✓		
What data and testing are you asked for? When are you asked for it? If it is unplanned what triggers collection of the data/testing? Is this the right data to show the true issues?		✓	
How independent of management is the testing and reporting that takes place?		✓	
When was the last time that your organisation felt that water quality in rivers and waterways in Shropshire was good? What has changed since then?	✓	✓	
Does the EA triaging of incidents and the fact that category 2 incidents are usually identified through an EA officer visit, mean that only category 1 incidents are truly responded to?	✓		

Question	Recipient		
	EA	STW	SC
How are wider pollution sources identified and responded to e.g. those that that may be located on a site that only pollutes a watercourse when the site is flooded?	✓		
Are there standards in place for unplanned/irregular discharges of sewage e.g. of timeliness of testing and location of testing? What could help to improve the monitoring of the impact of unplanned discharges?	✓	✓	
What are your/your organisations thoughts on Bathing Water Standards and Bathing Water Status?	✓	✓	
What is the probability and associated risk of (sewage) pollution entering groundwater? Does pumping river water to replenish aquifers have an impact on this? How is/should/could this be monitored, managed, mitigated against?	✓	✓	
How bad is pollution of waterways at CSOs in Shropshire? How does it differ across water courses and across Shropshire and why?	✓	✓	
Would your organisation be interested in being part of a Shropshire focused multi-agency task group to look at identifying solutions to “frequent flyer” CSOs and their proximity to environmentally sensitive areas?	✓	✓	✓
Is the pharmaceutical pollution from treated water and sewage monitored and impact measured? If not how could this be done and what actions need to be taken?	✓	✓	
<p>What alternative methods of treating sewage/wastewater, including nature-based techniques, can or should be used as part of new or expanded/redeveloped treatment works?</p> <ul style="list-style-type: none"> • Which of these approaches reduce or remove levels of pharmaceutical pollution? • Are any of these approaches suitable to be implemented/introduced to Shropshire? • What needs to be in place for them to be suitable (e.g. infrastructure/topography/location in relation to waterways or floodplains/support from other agencies/support from communities etc)? • How, where and when is this or could this happen in Shropshire? 	✓	✓	✓
Looking at other areas of the country – Thames Water asked the Local Planning Authority (North West Oxfordshire District Council) to implement Grampian conditions to ensure that infrastructure and treatment works capacity can respond to and match demand arising from new development. Is this something that your organisation would want to ask of Shropshire Council/would want the Council to do?	✓	✓	

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	Cabinet 13 December 2023	Item
		Public



Report of the Capital Strategy Task and Finish Group

Responsible Overview and Scrutiny Officer:	Tom Dodds		
email:	tom.dodds@shropshire.gov.uk	Tel:	01743 258518
Scrutiny Chair:	Councillor Claire Wild		
Task and Finish Group Chair:	Councillor Julian Dean		

1. Synopsis

The report and recommendations of the Transformation and Improvement Overview and Scrutiny Committee Capital Strategy Task and Finish Group. Capital investment through programmes and projects enables improved outcomes, transformation, and revenue benefits.

2. Executive Summary

- 2.1. This is the report of the Transformation and Improvement Overview and Scrutiny Committee Capital Strategy Task and Finish Group. It sets out key findings, conclusions, and recommendations of their work. They prioritised their time, exploring how projects for the capital programme are identified, prioritised, and delivered, with a consistent focus on how learning from the delivery of capital projects took place and informed future work.
- 2.2. They carried out their investigation at pace over three sessions, developing 7 recommendation areas. In completing the work, they walked through the current process to identify, prioritise, and deliver capital projects. This was informed

about how the process was implemented by using information and insights from a directorate, as well as examples of local member experiences of capital projects taking place in their electoral division.

3. Recommendations

- 3.1. Cabinet is asked to agree the recommendations set out in section 7 of this report and provide a response and action plan for their delivery to the Transformation and Improvement Overview and Scrutiny Committee. If any recommendations are not accepted the reasons should also be reported to that meeting of the Overview and Scrutiny Committee.

Report

4. Financial Implications

- 4.1. Whilst there are no direct financial implications from this Task and Finish group report, appropriate financial advice would be a consistent and fundamental part of any capital programme project identification, prioritisation and delivery.

5. Climate Change Appraisal

- 5.1. Capital projects can contribute to the realisation of benefits for climate change and the environment. Although this task and finish group investigation has not identified specific examples of such opportunities, it did highlight that the delivery of the capital strategy will deliver financial and non-financial benefits.
- 5.2. Some of these will support delivering demand management which can include investment in electric vehicles and infrastructure, improving physical assets such as buildings, fitting green technology, and piloting innovative approaches, such as pyrolysis.

6. Background

- 6.1. The Transformation and Improvement Overview and Scrutiny Committee identified the Capital Strategy as a work programme topic and commissioned a task and finish group to carry out an investigation.
- 6.2. At their first meeting the task and finish group reviewed their terms of reference and confirmed the focus that they wanted to take in their work. This was to understand the development of the capital programme from the identification and prioritisation of capital projects, through their delivery, to the review and identification of learning, and the related cycle of continuous improvement.

- 6.3. They reviewed the process for identifying, prioritising, and delivering capital projects, walking through the process with officers, asking questions for clarity and identifying strengths and opportunities to make improvements. To further their understanding, they asked questions about how the process was applied in the People Directorate, and also sought more detail on the Highways Capital Programme and Schools Capital Programme because these are within the overarching capital programme, but are managed separately through the relevant service areas.
- 6.4. Their key findings, conclusions and recommendations are set out in their report, attached at appendix 1. The group's conclusions and recommendations include that:
- Engagement of the Local Member as early as possible as capital projects are being identified and developed, could help identify local issues and situations that could cause projects to be delayed or stopped.
 - That the impact of slippage includes revenue costs, and that there is scope to develop measurement and timely reporting to ensure that the impact of slippage is identified, monitored, understood, and managed.
 - That systematic review and learning, and measurement of progress and impact would contribute to identifying opportunities to continuously improve how capital projects are identified, planned, and delivered.
 - The task and finish group members support investing capital funding in projects that deliver improved outcomes for local people and communities, the Shropshire Plan priorities, demand management, and revenue benefits to the council.

7.0 Recommendations

The 7 recommendation areas that the Task and Finish have set out in their report are:

Recommendation 1 – Realistic Capital Project Timelines, avoiding slippage and improved reporting of delivery, progress and impact

- That the planned timescales for the delivery of capital projects should be made on robust forecasts to help identify realistic programme and project plan timescales to deliver the Shropshire Plan priorities and the transformation of the council.
- That measures (including KPIs) which evidence capital being used to meet the revenue challenge and demonstrate the impact of slippage of capital projects and programme on the council's budget and future service delivery, should be developed and reported as part of the quarterly financial reporting.
- The importance of accurate planned timescales for capital projects and the avoidance of slippage in their delivery and the realisation of related financial and non-financial benefits should be reinforced.
- That this focus should form part of Getting Leadership Right.

Recommendation 2 – Local member awareness and input.

- Local Members should be notified, at the earliest possible stage, by the relevant senior manager in the operational directorate about emerging proposed capital projects in their area, helping to utilise their knowledge of the communities they represent, and identify issues and delays that could be avoided at the earliest opportunity.
- That the collation and presentation of the Capital Strategy and Programme should include the confirmation that Local Members have been notified about the projects proposed for their Electoral Division or their electoral area, where projects might be in a neighbouring division but potentially impacts on theirs.
- That a mechanism for issues to be raised with the relevant Portfolio Holder should be also put in place, providing a member-to-member route.

Recommendation 3 – Systematic review and learning from capital project delivery.

- That there is a systematic and robust process of review for capital projects to ensure that learning is identified that can be used to inform future projects. This review should be undertaken by Officers directly involved in the capital project, with input from local members and the Cabinet Member, and take place at the appropriate time to ensure that both the process and the realisation of the planned benefits can be taken account of. There needs to be transparency through a more open process which includes this assessment and feedback loop.

Recommendation 4 – Establish an ‘opportunity register’ and central external funding team.

- That the council should establish an opportunity register that sets out a pipeline of projects that enable the delivery of the council’s priorities, including projects identified by communities and partners such as the voluntary, community and social enterprise sector. There should be a corresponding register of known grant funding opportunities that can be used to match with projects.
- That the council should establish a corporately located External Funding Team that looks across all funding opportunities to the council and local stakeholders, with the expertise and capacity to identify the relevant funding opportunities to deliver the projects in the pipeline.

Recommendation 5 – Geographic visualisation of capital projects.

- That, for transparency, the criteria to identify and prioritise capital projects should be set out alongside a geographic presentation of the places where these projects are being delivered. This information and understanding should be used by local members to inform their answers to questions from their communities.

Recommendation 6 – Highways Capital Programme

- That there should be an all-Member briefing on how the highways capital programme is managed, covering:
 - identification and prioritisation of projects,
 - local member awareness and engagement, and
 - the delivery of the projects including contract management and how they deliver investment into council assets to save on future costs e.g. of repair and maintenance, as well as social, economic and environmental benefits.

Recommendation 7 – Responding to recommendations and delivery actions

- That an action plan setting out all of the accepted recommendations should be presented to the meeting of the Transformation and Improvement Overview and Scrutiny Committee on the 19 February 2024, including an update on any actions already taken.
- That the members of the task and finish group should be used as a reference/testing group to inform the development of actions.
- That the approaches for the delivery of the accepted recommendation should be in place by April 2024 to ensure that the delivery of the capital programme in 2024/25 and the development of subsequent capital strategies and programmes is in line with the recommendations.
- That the delivery of the recommendations should be reviewed and reported annually to the Transformation and Improvement OSC as part of mapping of capital spend including against the Shropshire Plan and the tracking of projects.

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

Council – March 2 2023, Capital Strategy - Appendix 1

Local Member: All

Appendices

Appendix I: Report of the Transformation and Improvement Overview and Scrutiny Committee Capital Strategy Task and Finish Group



Transformation and Improvement Overview and Scrutiny Committee

Report of the Capital Strategy Task and Finish Group

4 December 2023

Acknowledgments

The Capital Strategy Task and Finish group has completed its work at pace, seeking to provide their conclusions and recommendations to feed into the medium term financial strategy and budget setting timescales. They would like to thank the officers who have supported their work and worked with them to understand the processes for identifying, prioritising and delivering the capital strategy and programme and in the development of their recommendations.

Members of the Task and Finish Group

Julian Dean (Chair)

Nick Bardsley

Steve Davenport

Julia Buckley

Andrew Sherrington

Rob Wilson

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3	What the Task and Finish group have done	5
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5	Recommendations	9

1. Context

2023/24 is a key year for the Council to deliver spending reductions that will help to set the financial foundations for the coming years.

The Shropshire Plan has been in place for over 12 months which the 2023/24 budget has been set to deliver, and the Capital Strategy is being reviewed against a set of principles and criteria to help to prioritise the schemes.

There is a strong relationship between the capital and revenue budgets e.g. pressures on the revenue budget can inform capital spending plans to help reduce costs and demand for services.

2. Objectives

- To identify the in-year budget learning from 2022/23 and 2023/24 so far, especially for the high-cost projects
- To confirm how benefit realisation (planned success/impact) is worked through the Capital Strategy development, implementation and review (including evaluation of higher cost capital projects delivery and risk identification)
- To consider how this learning has been applied to identify opportunities to inform the Capital Strategy to deliver The Shropshire Plan
- To confirm how capital plans are confirmed, the mechanisms in place including the process of identifying projects and the related governance of capital projects
- To identify what mechanisms are already in place and/or could be a focus for the Audit Committee
- To identify how the review of the Capital Strategy has applied the remaining principles/criteria to prioritise schemes. (see paragraph 8.8 of the Green Paper 12/07/23)
- To confirm how the Council ensures benefits to local businesses as part of the supply chain
- To provide evidence-based feedback and recommendations on the capital strategy

The Task and Finish group reviewed their terms of reference at their first meeting. They identified that they would be prioritising their time exploring how projects for the capital programme are identified, prioritised, and delivered, with a consistent focus on how learning from the delivery of capital projects took place and informed future work.

3. What has the Task and Finish group done?

The task and finish group carried out its work at pace over two half day sessions. To complete their work, they:

Requested an all-Member briefing on the Capital Strategy to provide a common understanding before their work began.

Heard from and worked with the Strategic Finance Manager, Strategic Finance Business Partner, and the Assistant Director of Finance & ICT (deputy s151 officer).

Walked through the process to identify possible projects for capital investment, how they are prioritised, and what happens through to and following delivery.

Followed up on how the process of identifying capital projects, prioritising them and delivering them took place, learning from the People Directorate.

Sought additional information on the Highways Capital Programme and the Schools Capital Programme

Sought to understand the amount of Community Infrastructure Levy (CIL) utilised in the current capital programme.

Explored opportunities to better visualise where and what capital funding is being used to deliver projects across Shropshire.

4. Key Findings and conclusions

Following reviewing the current arrangements for the development of the capital strategy and the delivery of the related programme, Members highlighted opportunities to learn and progress.

They took particular interest in how projects were identified and prioritised, what the measures of success were for each project and how learning is systematically collected and applied.

As part of this Members explored how capital projects were identified from the development of expressions of interest to project delivery and discussed the work and role of the strategic programme officer group (SPOG). This confirmed the route for expressions of interest, project gateways and feedback processes on capital funding bids.

On learning of the different boards and decision-making structures for the capital programme development and delivery, the Members believe that a flowchart to illustrate what they focus on and where they fit into the process and timelines would be beneficial. This would be enhanced with a view of the criteria for the assessment of the proposed projects including whether any links were made to delivering locally identified priorities such as those in the Place Plans, the decisions being taken at the different project gateways and of progress and impact. Members were particularly interested in whether the projects that were supported to proceed and receive capital funding were those that delivered the most income, would realise greatest invest to save and demand management outcomes, or whether they delivered core business, and if weightings were applied, how these were given.

Discussions also worked through the degree to which capital funding was allocated to deliver projects that transformed how the council delivered outcomes and promoted independence and managed demand. It was confirmed that feedback was given on all projects that did not progress, to explain the reasons why items may be declined, and that those making applications could take this on board and resubmit them to SPOG, or look at other external grant funding opportunities.

The task and finish group expressed their support for capital projects that delivered improved outcomes for service users and communities, especially where this coincided with delivering revenue benefits to the Council. They highlighted their understanding of capital investment in Children's Services which would increase the provision of council residential homes in the county and mean that more children and young people could live closer to their families, which could also provide a revenue saving to the Council, due to high-cost care placements across the country.

Members also received confirmation that the Highways Capital Programme and the Schools Capital Programme are within the wider capital budget, but that these programmes have their own separate processes managed within the relevant service areas.

With a demand management focus and particular reference to the Highways Capital Programme, the Members enquired about the degree to which invest to save and

reducing future demand were a feature of how the contractor prioritised work. This was something that the task and finish group felt could merit further investigation by the relevant overview and scrutiny committee.

For the capital programme they learned that the identification of capital projects starts in the directorates and that the engagement of local members and partners would take place.

When considering the processes to identify and prioritise capital projects, they heard from one of the group who explained how a number of capital projects of different types in their division not been delivered as expected. This included that discussions at the earliest possible stage with the local member might have helped avoid project delays or abandonment by utilising their local knowledge.

The task and finish group members concluded that local members should be made aware of emerging projects in their areas or close to their areas that could impact on the people and communities there. This would need to be proportionate to associated scale and geographic reach of the projects. Engaging local members in this way would provide the opportunity for their local knowledge and insight to be sought at an early enough stage in programme planning that might help to avoid or reduce issues, costs or delays at a later stage in project delivery.

At this point in their work the task and finish group also made links to the Local Member Protocol and to the Shropshire Plan Healthy Organisation Strategic Objective:

We will ensure councillors are supported to advocate for their constituents but to also be ambassadors for the council.

Taking a different but related starting point, Members were also interested to know how local members could bring forward ideas for capital projects. They received confirmation that Members should go through the relevant senior officers in the service areas to make their suggestions.

Building on these learning points, the task and finish group suggested that regular updates from directorates that set out planned activities and activities underway would be useful to raise Member awareness. This could also include a geographical analysis showing which parts of Shropshire projects were taking place in.

It was felt that the correlation between the Capital Strategy and Shropshire Plan was important to demonstrate which objectives projects are aligned to, and there was an opportunity to make this clearer in any reporting on the progress and impact of delivering the capital programme.

In considering what happened to the proposed projects that did not make it into the capital programme, Members noted that there could be significant value in having an 'Opportunities Register' that set out a pipeline of identified projects from strategic plans that would contribute to the delivery of the Shropshire Plan. This register of 'oven ready' projects would exist alongside a corresponding record of all known available grant

funding and associated requirements. The 'Opportunities Register' would also help with the timely application for new or launching external grant funding opportunities when they were published, helping to ensure that priorities were delivered and projects could be sustained beyond the external funding.

The Task and Finish group were informed that currently individual directorates or officers pursue grant funding opportunities and external funding streams, and that all grant funding applications must be signed off by the Section 151 officer. Finance keep a record of all grants that the Council applies for and is in receipt of. Part of this includes ensuring that the costs of resourcing these projects are covered by the grant.

Following discussion of examples from other local authorities, Members identified that the Council's use of such a register would usefully be supported by having a centrally located team in place. This team would maintain the register and review maintain a record of external funding or grant opportunities, identifying possible matches and supporting the Council and service areas to apply.

Members asked about the impact of slippage in projects and why project timescales might overrun. In doing so they explored how the progress was reviewed and learning was applied to other pieces of work. They highlighted the financial and non-financial impacts of slippage in capital projects, especially where the capital investment was expected to realise revenue benefits. They identified that this was an area that could be strengthened by applying systematic review and implementation of learning.

They also identified that regular reassessment of progress in projects would help to inform and adjust forecasted savings where significant slippage was occurring or expected to occur.

The task and finish group concluded by identifying that the progress and impact of the capital programme would benefit from greater visibility in the financial reporting.

5. Recommendations

The Task and Finish group made the following recommendations:

Recommendation 1 – Realistic Capital Project Timelines, avoiding slippage and improved reporting of delivery, progress and impact.

- That the planned timescales for the delivery of capital projects should be made on robust forecasts to help identify realistic programme and project plan timescales to deliver the Shropshire Plan priorities and the transformation of the council.
- That measures (including KPIs) which evidence capital being used to meet the revenue challenge and demonstrate the impact of slippage of capital projects and programme on the council's budget and future service delivery, should be developed and reported as part of the quarterly financial reporting.
- The importance of accurate planned timescales for capital projects and the avoidance of slippage in their delivery and the realisation of related financial and non-financial benefits should be reinforced.
- That this focus should form part of Getting Leadership Right.

Recommendation 2 – Local member awareness and input.

- Local Members should be notified, at the earliest possible stage, by the relevant senior manager in the operational directorate about emerging proposed capital projects in their area, helping to utilise their knowledge of the communities they represent, and identify issues and delays that could be avoided at the earliest opportunity.
- That the collation and presentation of the Capital Strategy and Programme should include the confirmation that Local Members have been notified about the projects proposed for their Electoral Division or their electoral area, where projects might be in a neighbouring division but potentially impact on theirs.
- That a mechanism for issues to be raised with the relevant Portfolio Holder should be also put in place, providing a member-to-member route.

Recommendation 3 – Systematic review and learning from capital project delivery.

- That there is a systematic and robust process of review for capital projects to ensure that learning is identified that can be used to inform future projects. This review should be undertaken by Officers directly involved in the capital project, with input from local members and the Cabinet Member, and take place at the appropriate time to ensure that both the process and the realisation of the planned

benefits can be taken account of. There needs to be transparency through a more open process which includes this assessment and feedback loop.

Recommendation 4 – Establish an ‘opportunity register’ and central external funding team.

- That the council should establish an opportunity register that sets out a pipeline of projects that enable the delivery of the council’s priorities, including projects identified by communities and partners such as the voluntary, community and social enterprise sector. There should be a corresponding register of known grant funding opportunities that can be used to match with projects.
- That the council should establish a corporately located External Funding Team that looks across all funding opportunities to the council and local stakeholders, with the expertise and capacity to identify the relevant funding opportunities to deliver the projects in the pipeline.

Recommendation 5 – Geographic visualisation of capital projects.

- That, for transparency, the criteria to identify and prioritise capital projects should be set out alongside a geographic presentation of the places where these projects are being delivered. This information and understanding should be used by local members to inform their answers to questions from their communities.

Recommendation 6 – Highways Capital Programme

- That the Economy and Environment OSC should include investigating how Keir and WSP prioritise capital programmes for highways in their work programme.
- That there should be an all-Member briefing on how the highways capital programme is managed, covering:
 - identification and prioritisation of projects,
 - local member awareness and engagement, and
 - the delivery of the projects including contract management and how they deliver investment into council assets to save on future costs e.g. of repair and maintenance, as well as social, economic and environmental benefits.

Recommendation 7 – Responding to recommendations and delivery actions

- That an action plan setting out all of the accepted recommendations should be presented to the meeting of the Transformation and Improvement Overview and Scrutiny Committee on the 19 February 2024, including an update on any actions already taken.
- That the members of the task and finish group should be used as a reference/testing group to inform the development of actions.
- That the approaches for the delivery of the accepted recommendation should be in place by April 2024 to ensure that the delivery of the capital programme in 2024/25 and the development of subsequent capital strategies and programmes is in line with the recommendations.
- That the delivery of the recommendations should be reviewed and reported annually to the Transformation and Improvement OSC as part of mapping of capital spend including against the Shropshire Plan and the tracking of projects.

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Committee and Date

Cabinet
13th December 2023

Council
14th December 2023

Item

Public



Setting the Council Tax Taxbase for 2024/25

Responsible Officer:	James Walton		
email:	james.walton@shropshire.gov.uk	Tel:	01743 258915
Cabinet Member (Portfolio Holder):	Cllr Gwilym Butler, Finance, Corporate Resources and Communities		

1. Synopsis

This report presents the Council Tax Taxbase for 2024/25. The report outlines the Council Tax discount policies, Council Tax Support Scheme and the Collection Rate and the impact of these on the taxbase.

2. Executive Summary

- 2.1. In order to determine the appropriate Council Tax levels for Shropshire Council, it is necessary to determine the Council Tax taxbase for the area. The budget requirements of the various precepting authorities are divided by this figure to arrive at the Band D Council Tax.
- 2.2. This report sets out the Council Tax taxbase for 2024/25 and the policies used to determine the taxbase.
- 2.3. For 2024/25 the Council Tax taxbase will be 119,191.17 Band D equivalents, this is an increase of 0.92% from 2023/24. Section 8 provides details of the methodology used to calculate the taxbase.
- 2.4. The policies and assumptions used in determining the taxbase are:
 - A. The minor amendments to the Council Tax Support scheme have no impact on the taxbase determination.

- B. Continuation of the Council Tax discount policy of 0% in respect of second homes (other than those that retain a 50% discount through regulation as a result of job related protection)
- C. Continuation of the discretionary Council Tax discount policy to not award a discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties
- D. Continuation of the discretionary Council Tax discount policy in respect of vacant dwellings, i.e. former Class C exempt properties, of 100% for one month
- E. Continuation of the “six week rule” in respect of vacant dwellings, i.e. former Class C exempt properties.
- F. Implementation of the revised discretionary Council Tax discount policy in respect of properties which have been unoccupied and substantially unfurnished for more than one year but less than five years
- G. Continuation of the discretionary Council Tax discount policies in respect of properties which have been unoccupied and substantially unfurnished for more than five years
- H. Estimated Collection rate of 98.5% for 2024/25

3. Recommendations

Cabinet members are asked to agree and recommend to full Council the recommendations below. Subject to agreement by Cabinet, full Council are asked to approve these recommendations.

- 3.1. To approve, in accordance with the Levelling Up and Regeneration Act 2023 the revised discretionary power to levy a Council Tax premium of 100% in relation to dwellings which have been unoccupied and substantially unfurnished for more than one year (but less than five years) i.e. reduce the minimum period for the implementation of the premium for long term empty premises from two years to one year and the resulting inclusion of 798.32 Band D equivalents in the taxbase calculation. This includes an additional 456.55 Band D equivalents as a result of the amendment to reduce the minimum period to one year and 341.77 Band D equivalents in relation to the existing policy for dwellings which have been unoccupied and substantially unfurnished for more than two years (but less than five years).
- 3.2. To approve, in accordance with the Levelling Up and Regeneration Act 2023 the revised discretionary power to levy a Council Tax premium of 100% in respect of second homes from 1 April 2025.
- 3.3. To approve the publication of a notice regarding the new discretionary Council Tax policy awarded in respect of unoccupied and substantially unfurnished dwellings and second homes within 21 days of the determination.

On the assumption that the changes to the policy in relation to unoccupied and substantially unfurnished dwellings detailed in Sections 3.1 and Appendix C of this report have been approved, Cabinet members are asked to agree and recommend to full Council the recommendations below. Subject to agreement by Cabinet, full Council are asked to approve and note these recommendations.

- 3.4. To approve, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Shropshire Council as it's Council Tax taxbase for the year 2024/25, as detailed in Appendix A, totalling 119,191.17 Band D equivalents.
- 3.5. To note the changes to the Council's localised Council Tax Support (CTS) scheme in 2024/25. The scheme is attached at Appendix B.
- 3.6. To note the Council Tax Support Scheme amendments detailed in Appendix B have no impact on the taxbase determination.
- 3.7. To note the exclusion of 8,237.19 Band D equivalents from the taxbase calculation as a result of localised Council Tax Support.
- 3.8. To note continuation of the discretionary Council Tax discount policy of 0% in respect of second homes (other than those that retain a 50% discount through regulation as a result of job related protection) and note the inclusion of 759.79 Band D equivalents in the Council Tax taxbase calculation as a result of this discount policy.
- 3.9. To note continuation of the discretionary Council Tax discount policy to not award a discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.
- 3.10. To note continuation of the discretionary Council Tax discount policy in respect of vacant dwellings, i.e. former Class C exempt properties, of 100% for one month i.e. effectively reinstating the exemption and the resulting exclusion of 132.23 band D equivalents from the taxbase calculation.
- 3.11. To note continuation of the "six week rule" in respect of vacant dwellings, i.e. former Class C exempt properties.
- 3.12. To note continuation of the discretionary Council Tax discount policy to levy a Council Tax premium of 200% in relation to dwellings which have been unoccupied and substantially unfurnished for more than five years (but less than ten years) and the resulting inclusion of an additional 215.33 Band D equivalents in the taxbase calculation.
- 3.13. To note continuation of the discretionary Council Tax discount policy to levy a Council Tax premium of 300% in relation to dwellings which have been unoccupied and substantially unfurnished for more than ten years and the resulting inclusion of an additional 188.01 Band D equivalents in the taxbase calculation.
- 3.14. To approve a collection rate for the year 2024/25 of 98.5%.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. Expression of Council Tax Support in terms of Band D equivalents results in a higher potential for inaccuracies in the determination process as Council Tax Support is a significantly more volatile discount element.
- 4.2. Details of the potential risk in relation to establishing a collection rate allowance is detailed within this report in Section 8.

5. Financial Implications

- 5.1. The Council Tax taxbase figure impacts on the Council Tax that will be levied by the Council for 2024/25.
- 5.2. The implication of the Council's localised Council Tax Support scheme are detailed in Appendix B.
- 5.3. The financial implications of the discounts and premiums to be applied in 2024/25 are detailed in Appendix C.
- 5.4. Proposed amendments to premiums for 2025/26 onwards are detailed in Appendix C.
- 5.5. The implications regarding the determined collection rate are detailed in Section 8.

6. Climate Change Appraisal

- 6.1. The Setting the Council Tax Taxbase 2024/25 report and recommendations have no direct effect on climate change.

7. Background

- 7.1. Shropshire Council has responsibility for determining the Council Tax taxbase for the Council's geographical area.
- 7.2. The taxbase for Council Tax must be set between 1 December 2023 and 31 January 2024 in relation to 2024/25 as prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012.
- 7.3. The Council is also required to inform the major precepting authorities, West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority, of the taxbase in order to enable the calculation of Council Tax for the following year. Each town and parish council is also notified of its own Council Tax taxbase. A

detailed build of the taxbase analysed by both parish and town council and Environment Agency region is shown in Appendix A.

- 7.4. The purpose of this report, therefore, is to determine and approve the Council Tax taxbase for Shropshire Council for 2024/25.

8. Additional Information

Taxbase Calculation

- 8.1. Based on the valuation list, the Council Tax taxbase is the number of properties in the area falling within each council tax property valuation band, modified to take account of the adjustments set out below. Taxbase is expressed as a Band D equivalent.

- 8.2. An analysis of Council Tax bands within Shropshire Council is detailed below:

Property Band	House Value	Ratio to Band D	Analysis of Dwellings on the Valuation List (%)	% Increase / (Decrease) over 2022/23
A	Under £40,000	6/9	18.1	0.6
B	40,001 - 52,000	7/9	25.6	1.0
C	52,001 - 68,000	8/9	20.8	0.9
D	68,001 - 88,000	9/9	14.5	1.5
E	88,001 - 120,000	11/9	11.5	1.3
F	120,001 - 160,000	13/9	6.1	1.3
G	160,001 - 320,000	15/9	3.2	1.3
H	Over 320,000	18/9	0.2	1.7

- 8.3. There are 150,504 properties in the valuation list for the Shropshire Council area. This compares with a figure of 148,938 in the list at the same time last year. There has been an increase of 1,566 properties overall, which equates to 1.05%.

- 8.4. The methodology followed for calculating the taxbase is as follows:

- Ascertain the number of properties in each Council Tax band (A to H) shown in the valuation list as at 11 September 2023.
- Adjust for estimated changes in the number of properties through new build, demolitions and exemptions.
- The number of discounts and disabled relief allowances which apply as at 2 October 2023.
- Convert the number of properties in each Council Tax band to Band D equivalents by using the ratio of each band to Band D and so arrive at the total number of Band D equivalents for the Council.
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year

- 8.5. These calculations are undertaken for each property band in each parish.

Collection Rate

- 8.6. In determining the taxbase, an allowance must be made to provide for changes to the taxbase during the year (e.g. due to new properties, appeals against banding, additional discounts, Council Tax Support award changes, etc.) as well as losses on collection arising from non-payment. This is achieved by estimating a Council Tax collection rate for the year and must be common for the whole of Shropshire.
- 8.7. A collection rate of 98.5% was assumed for the 2023/24 financial year and it is recommended that a collection rate of 98.5% should be assumed for the purpose of determining the Council Tax taxbase in 2024/25.
- 8.8. Actual in year collection rates in 2020/21, 2021/22 and 2022/23 were 97.7%, 98.1% and 98.2% respectively. The reduction in the Collection Rate for 2020/21 was due to the impact of Covid-19.
- 8.9. If the actual rate exceeds 98.5% a surplus is generated, which is shared between the Unitary Council, West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority, pro rata to their demand on the Collection Fund for the relevant year. Conversely, any shortfall in the collection rate results in a deficit, which is shared in a similar manner. The surplus or deficit is taken into account in setting the Council Tax in the following year.

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

Local Member: All

Appendices

Appendix A: 2024/25 Parish and Town Council Tax Taxbase Summary for Shropshire Council.

Appendix B: Shropshire Council's Localised Council Tax Support Scheme

Appendix C: Discretionary Discount Policies

2024/25 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Abdon & Heath	115.66
Acton Burnell, Frodesley, Pitchford, Ruckley & Langley	271.74
Acton Scott	44.25
Adderley	207.32
Alberbury with Cardeston	416.21
Albrighton	1,678.81
All Stretton, Smethcott & Woolstaston	180.78
Alveley & Romsley	882.00
Ashford Bowdler	38.86
Ashford Carbonel	194.76
Astley	206.74
Astley Abbots	251.36
Aston Bottrell, Burwarton & Cleobury North	115.09
Atcham	227.01
Badger	60.63
Barrow	268.73
Baschurch	1,230.39
Bayston Hill	1,860.21
Beckbury	151.17
Bedstone & Bucknell	325.83
Berrington	536.13
Bettws-Y-Crwyn	91.98
Bicton	473.03
Billingsley, Deuxhill, Glazeley & Middleton Scriven	168.35
Bishops Castle Town	683.30
Bitterley	360.13
Bomere Heath & District	906.30
Boningale	141.78
Boraston	76.25
Bridgnorth Town	4,660.39
Bromfield	120.84
Broseley Town	1,576.35
Buildwas	114.73
Burford	460.90
Cardington	211.37
Caynham	547.53
Chelmarsh	232.62
Cheswardine	407.37
Chetton	169.37
Childs Ercall	307.84
Chirbury with Brompton	341.09
Church Preen, Hughley & Kenley	128.81
Church Pulverbatch	174.70
Church Stretton & Little Stretton Town	2,215.31
Claverley	934.28
Clee St. Margaret	71.56
Cleobury Mortimer	1,217.97
Clive	247.89
Clun Town with Chapel Lawn	517.52
Clunbury	250.03

2024/25 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Clungunford	157.75
Cockshutt-cum-Petton	323.03
Condover	940.43
Coreley	139.06
Cound	212.20
Craven Arms Town	839.43
Cressage, Harley & Sheinton	419.46
Culmington	177.98
Diddlebury	296.19
Ditton Priors	366.22
Donington & Boscobel	612.76
Eardington	250.91
Easthope, Shipton & Stanton Long	206.98
Eaton-Under-Heywood & Hope Bowdler	185.55
Edgton	51.82
Ellesmere Rural	1,002.30
Ellesmere Town	1,537.51
Farlow	191.54
Ford	332.68
Great Hanwood	437.55
Great Ness & Little Ness	570.68
Greete	51.12
Grinshill	116.07
Hadnall	384.01
Highley	1,133.50
Hinstock	554.62
Hodnet	596.08
Hope Bagot	29.47
Hopesay	255.83
Hopton Cangeford & Stoke St. Milborough	168.93
Hopton Castle	40.72
Hopton Wafers	305.52
Hordley	104.61
Ightfield	221.88
Kemberton	120.42
Kinlet	437.63
Kinnerley	536.11
Knockin	148.31
Leebotwood & Longnor	201.41
Leighton & Eaton Constantine	206.60
Llanfairwaterdine	108.39
Llanyblodwel	267.73
Llanymynech & Pant	698.90
Longden	559.74
Loppington	286.72
Ludford	412.40
Ludlow Town	3,551.11
Lydbury North	232.75
Lydham & More	138.18
Mainstone & Colebatch	88.66

2024/25 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Market Drayton Town	4,196.58
Melverley	52.53
Milson & Neen Sollars	119.63
Minsterley	618.08
Montford	262.13
Moreton Corbett & Lee Brockhurst	146.74
Moreton Say	217.34
Morville, Acton Round, Aston Eyre, Monkhopton & Upton Cressett	390.90
Much Wenlock Town	1,271.68
Munslow	177.95
Myddle & Broughton	635.45
Myndtown, Norbury, Ratlinghope & Wentnor	272.54
Nash	140.86
Neen Savage	159.57
Neenton	62.51
Newcastle	131.21
Norton-In-Hales	346.20
Onibury	133.60
Oswestry Rural	1,693.41
Oswestry Town	5,445.71
Pontesbury	1,426.04
Prees	1,205.58
Quatt Malvern	102.11
Richards Castle	137.29
Rushbury	279.80
Ruyton-XI-Towns	470.33
Ryton & Grindle	80.45
Selattyn & Gobowen	1,375.78
Shawbury	918.10
Sheriffhales	337.66
Shifnal Town	3,605.10
Shrewsbury Town	26,648.74
Sibdon Carwood	50.41
St. Martins	1,002.42
Stanton Lacy	165.35
Stanton-Upon-Hine Heath	249.72
Stockton	136.39
Stoke-Upon-Tern	509.46
Stottesdon & Sidbury	352.74
Stowe	50.15
Sutton Maddock	115.89
Sutton-Upon-Tern	417.57
Tasley	418.05
Tong	129.72
Uffington	125.61
Upton Magna	152.91
Welshampton & Lyneal	393.02
Wem Rural	705.12
Wem Town	2,037.01
West Felton	603.79

2024/25 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Westbury	529.18
Weston Rhyn	896.47
Weston-Under-Redcastle	119.75
Wheathill	81.29
Whitchurch Rural	692.98
Whitchurch Town	3,506.54
Whittington	1,010.88
Whitton	57.53
Whixall	340.40
Wistanstow	332.60
Withington	109.07
Woore	623.06
Worfield & Rudge	939.91
Worthen with Shelve	823.87
Wroxeter & Uppington	167.99
Shropshire Council Total	119,191.17
Environment Agency - Severn Trent Region	111,891.13
Environment Agency - Welsh Region	4,629.29
Environment Agency - North West Region	2,670.75
Shropshire Council Total	119,191.17

Council Tax Support

- 1.1. The 2010 Spending Review announced the localisation of council tax support and The Welfare Reform Act 2012 abolished Council Tax Benefit from 31 March 2013 and required that Local Government created a localised Council Tax Support (CTS) scheme effective from 1 April 2013, accommodating a reduction in funding of 10%.
- 1.2. Shropshire Council's localised CTS scheme was approved in December 2018. Two small amendments have been made to the main Council Tax Support Scheme to take effect from 1st April 2024. These amendments are detailed in the scheme summary included in section 1.7 below.
- 1.3. From 2013, therefore, council tax support has taken the form of reductions within the council tax system, replacing national council tax benefit. Making reductions as part of the council tax system reduces a billing authority's Council Tax taxbase. Billing and major precepting authorities receive funding (Council Tax Support Grant) which reduce their council tax requirement and, depending on the design of the local council tax scheme, can help offset the council tax revenue foregone through reductions.
- 1.4. An estimate of the effect of the local Council Tax Support Scheme on the Council Tax taxbase has been determined for Shropshire. It is estimated that the Council Tax Support Scheme will reduce the Council Tax taxbase by 8,237.19 Band D equivalents.
- 1.5. As Council Tax Support entitlement will vary throughout the year and this will affect the taxbase it is more likely that the amount of Council Tax collected in 2024/25 will vary from the estimate.
- 1.6. A link to the full scheme for 2023/24 is below.

<https://www.shropshire.gov.uk/media/25990/ctrs-scheme-2023-2024.pdf>
- 1.7. The CTS scheme summary is provided on the following pages.

SHROPSHIRE COUNCIL – BENEFITS SERVICE

COUNCIL TAX SUPPORT (CTS)

Introduction

The current Council Tax Benefit scheme is a means tested benefit that helps people with a low income to pay their Council Tax.

From April 2013 this will be abolished and all local authorities will provide a new scheme called 'Council Tax Support'. The funding that is provided for this scheme will be reduced by 10% and therefore it is likely that some people will have to pay more towards their Council Tax bill.

The changes will not affect pensioners even though they will move into the new scheme. The Government have confirmed that all pensioners will be protected and receive the same amount of benefit they do now under the current Council Tax Benefit Scheme.

Each local authority will be able to provide Council Tax support in a different way depending on local needs, funding available and how it can be administered. Each Council is expected to devise a new scheme and then put this to public consultation by the end of 2012.

Our new scheme was devised and published on the Shropshire Council website for customers, stakeholders and other agencies to comment on. Public consultation closed on the 14th December and the new scheme was formally adopted by the Council on 16th January 2013.

Anyone of working age will now be subject to the new scheme from April 2013. The differences that you will see in the new Council Tax Support Scheme are: -

- Removal of second adult rebate
- Reduction of the capital limit from £16,000 to £10,000
- Removal of earnings disregards
- Removal of child benefit disregard
- Increase in non-dependant deductions

Please note the following amendments are for the calculation of Council Tax Support only and do not affect Housing Benefit calculations.

Removal of Second Adult Rebate

Second Adult Rebate (2AR) is awarded to a customer based on the circumstances of a second adult living in the property. Under the new scheme this has been abolished and will no longer be effective from 01.04.13.

Reduction of the capital limit

For working age people the capital limit will reduce to £10,000 from 01.04.13. This will mean that if a customer's savings amounts to more than £10,000 they will not be entitled to CTS. The lower capital limit of £6,000 remains the same.

Tariff income calculations remain as is i.e. from the total amount if capital £6,000 is deducted, the remainder is then divided by 250 if the result is not an exact multiple of £1 the result is rounded up to the next whole £1

All other capital rules including static savings, land and property, shares, etc remain the same.

Removal of Earnings disregards

All income disregards for working age people will cease from the 01.04.13.

Removal of Child Benefit disregards

Child benefit will no longer be disregarded from the calculation of CTS from the 01.04.03.

Increase in non-dependant earned income deductions (working age only)

From 01.04.13 non dep deductions will increase to the following: -

£5 for anyone earning under £100,
 £10 for anyone earning between £100 and £150
 £20 for anyone earning over £150 per week

This deduction will only be made from their earned income. It won't affect any other income they receive.

Non-dependant earned income deductions (pension age only)

Gross income less than £186.00	=	£3.65
Gross income £186.00 to £321.99	=	£7.25
Gross income £322.00 to £400.99	=	£9.15
Gross income £401.00 or above	=	£10.95

Unearned income will attract the following disregards (working age and pension age):

Others aged 18 or over incl. JSAC & ESAC	=	£3.65
In receipt of Pension Credit, IS, JSA (IB), ESA(IR)	=	nil

(This disregard will be up-rated annually in line with figures provided annually by DCLG)

A new minimum earnings threshold will be introduced with effect from 01/04/15 to reflect the current arrangements in the Housing Benefit scheme.

This minimum earnings threshold will help to determine whether a European Economic Area (EEA) national's previous or current work can be treated as genuine and effective for the purposes of deciding whether they have a right to reside in the UK as a worker or self-employed person.

The minimum earnings threshold has been set at the level at which workers start to pay National Insurance Contributions (NICs), currently £153 a week in the 2014/15 tax year. If an EEA national can prove that they have been earning at least this amount for a period of 3 months immediately before they claim CTS their work can be treated as genuine and effective, and they will have a right to reside as a worker or self-employed person.

If they do not satisfy the minimum earnings threshold criteria, a further assessment will be undertaken against a broader range of criteria (such as hours worked, pattern of work, nature of employment contract etc.) to determine whether their employment is genuine and effective.

Ultimately, if an EEA national's income does not meet the minimum earnings threshold or the additional criteria to be classified as genuine and effective employment they will not be eligible for CTS.

Special Educations Needs Allowance – to be disregarded in full with effect from 01/09/14

War Pensions / Armed Forces Compensation Scheme Guaranteed Income Payments – to be disregarded in full with effect from 01/04/13 (and to be consistent with Housing Benefit)

From 01/04/15 the CTR scheme will include changes to the habitual residency test to reflect changes to the Housing Benefit (HB) regulations.

The amendments to the CTS scheme removes access to CTS for EEA jobseekers who make a new claim for CTS on or after 1 April 2015. EEA nationals who are self-employed, are workers or who are unemployed but retain their worker status have the same rights to CTS as a UK national and their situation remains unchanged.

EEA jobseekers who are entitled to CTS and JSA(IB) on 31 March 2015 will be protected until they have a break in their claim for CTS or JSA. If their JSA ends because they have started work, then as long as we can be satisfied that their employment is genuine and effective they will be able to access in-work CTS as either a worker or a self-employed person. Claimants receiving in-work CTS beyond 1 April will continue to be able to access CTS, if they become entitled to JSA(IB) on or after that date, but only if they retain their worker status. If they are a jobseeker then their CTS entitlement ends from the Monday following the cessation of work.

Changes with effect from 1 April 2018 to bring the scheme in line with Housing Benefit changes

- **2 child cap**
The Government has announced that they will limit benefit support by only taking into account a maximum of two dependent children per family. It affects all claims where new children are born after April 2017. This will apply in Housing Benefit to families that make a new claim from April 2017
- **Loss of the family premium**
The Government removed the family premium for new claims within the assessment of Housing Benefit with effect from May 2016
- **Bereavement Support Payments to be disregarded in full**
This was introduced into Housing Benefit with effect from April 2017
- **Any payments from the 'We love Manchester Fund' and the 'London Emergency Trust' to be disregarded in full**
- **Maximum backdate period of 1 month**
- **Absence from home limited to 4 weeks when outside GB**
The temporary absence rules for Housing Benefit were amended in 2015 reducing the allowable period of temporary absence outside Great Britain from 13 weeks to 4 weeks.

The limit applies to new periods of absence only. Exceptions are when an absence is in relation to
 - Death of a partner, child or close relative
 - Receiving medical treatment
 - A person who has fled their home due to fear of violence
 - A member of Her Majesty's forces posted overseas
- **Beneficial changes in circumstances to be reported within one month of the change in order for the claim to be updated from the date of change, otherwise changes will take effect from the Monday following date notified.**

- **All working aged claimants who receive Council Tax Support (unless they are a pensioner or classed as vulnerable) will pay 20% of their council tax liability, (after appropriate discounts have been awarded)**

An example of this change is as follows:

- 1) Current scheme (which allows for 100% reduction)
The customer's liability is £20.00 per week. As they are in receipt of Jobseekers Allowance, they are entitled to full Council tax reduction making their council tax balance for the year £0.00
- 2) Proposed new scheme (20% minimum payment)
The customer liability is £20.00. Before any calculation takes place 20% of this amount is reduced from the liability to be used. This means that any calculation will be carried out on a figure of £16.00. Again the customer is on Jobseekers Allowance and so they are entitled to a full award. This will mean their council tax balance for the year will be £208.00 (£4.00 x 52).

- **De Minimis change amount of £10.00 per week for claimants in receipt of Universal Credit**
- **Apply a minimum award of £1.50**
- **Claimant or partner who meet the specific criteria of severe disablement contained within the policy will be protected from any percentage reduction in council tax support. Claimant or partner in receipt of Employment and Support Allowance will be protected from any percentage reduction in council tax support. This will also apply to customers who meet the criteria for receiving a war compensation related benefit or pension. Specifically this includes**

Criteria to be awarded for the severe disability premium:

- The customer has to be in receipt of
 - 1) Attendance allowance or
 - 2) Higher or middle rate care component of disability living allowance or
 - 3) The daily living allowance rate of personal independence payments
- They must not have a resident non-dependant
- No person is entitled to, and in receipt of, carers allowance in respect of caring for the customer and;
- If the customer has a partner they must also meet all above criteria

Criteria to be awarded the support component of employment and support allowance

It is accepted that some people's difficulties or disabilities are such that not only is the person not expected to look for work but are also not expected to undertake an work related activities or plan for starting work due to the severity of their difficulties

Criteria to qualify for the war pension's exemption

The customer and/or partner has to be in receipt of either:

- War pension
- War disablement pension
- War service attributable pension
- War widows pension
- War mobility supplement

Changes with effect from 1 April 2019

Severe Disability Premium does not exist in Universal Credit. From 1 April 2019 claimants or couples that have moved into Universal Credit but meet the above criteria for the severe disablement premium will be exempt from the percentage reduction.

Employment and support allowance does not form part of Universal Credit. Instead there is a limited capability for work and limited capability for work related activity element in Universal Credit which is similar to that used for identifying the work related activity group and support group of Employment Support Allowance. From 1 April 2019 claimants or partners in receipt of the limited capability for work related activity element in Universal Credit that is the equivalent to the support element of employment and support allowance will be exempt from the percentage reduction.

Changes with effect from 1 April 2020

- We have defined a council tax reversal as an amount of Council Tax Support to which the claimant was not entitled, and we have clarified what action the Council will take depending on whether the reversal is caused by claimant error, or official error.
- We have clarified that where a reversal is due to claimant error the total sum of the reversal shall be fully chargeable and recoverable as part of the claimant's council tax liability
- We have clarified that where the reversal arose due to official error, that where the claimant or their representative could reasonably have been expected at the time to realise that the assessment had been made in error, the total sum of the reversal shall be fully chargeable and recoverable as part of the claimant's council tax liability. Otherwise, the amount of the reversal will not be chargeable and recoverable as part of the claimant's council tax liability
- In the event of a council tax reversal, the Council will consider any underlying award that the claimant should have been entitled to provided evidence is received from the claimant within 1 month of the claimant being notified of the reversal, or where an appeal against a recoverable reversal is made
- We have clarified the definition of pensioner in accordance with new benefit rules for mixed age couples and eligibility for Local Council Tax Reduction Schemes
- Any payment made by the Home Office under the Windrush Compensation Scheme or the Windrush Exceptional Payment Scheme will be disregarded as capital

Changes with effect from 1 April 2022

CTRS scheme reg 74 (a)

Insert

(aa) who is a person on universal credit, except where the award of universal credit to that person includes an amount in respect of a liability to make payments in respect of the accommodation they occupy as their home, in accordance with section 11 of the Welfare Reform Act 2012 (housing costs);

Note: This is to align the CTRS scheme with a statutory amendment to the qualifying criteria for Housing Benefit, this amendment should prevent circumstances where an applicant is excluded from CTRS whilst being eligible for HB or UCHE

CTRS scheme part 13 (106)
Insert

(14) Where there is a change of circumstances which results in a change to the maximum council tax reduction for the purposes of calculating eligibility for a reduction under PART 7 (28), from the first day of the benefit week after the date on which the change first occurred.

Note: This will insert an 80%/100% cap on maximum council tax reduction and aligns the circumstances of claimants in receipt of Universal Credit with those in receipt of Passported Benefits to ensure that a claimant's maximum CTRS is calculated appropriate to their status and that vulnerable households are not disadvantaged.

Changes with effect from 1 April 2023

Added to schedules 9 and 10 capital to be disregarded, both pens and WA (and also income other than earnings for good measure)

(7) any payment made under or by the approved blood scheme, or the Scottish Infected Blood Support Scheme as established or approved by the Secretary of State, or trust established with funds provided by the Secretary of State

(8) any payment made under or by a trust, established for the purpose of giving relief and assistance to disabled persons whose disabilities were caused by the fact that during their mother's pregnancy she had taken a preparation containing the drug known as Thalidomide, and which is approved by the Secretary of State.

Add to interpretation

““approved blood scheme” means a scheme established or approved by the Secretary of State, or trust established with funds provided by the Secretary of State, for the purpose of providing compensation in respect of a person having been infected from contaminated blood products;”;

Amended

105 6

From

Where the change of circumstances is the death of an applicant's partner or their separation, it takes effect on the day the death or separation occurs.

To

Where the change of circumstances is the death of an applicant's partner or their separation, it takes effect on the day the death or separation occurs.

(a) Where the applicant was included as “the partner” of the deceased (or ex-partners) Council Tax Support entitlement at date of death or separation, The Council Tax Liability created following the

death of an applicant's partner or their separation falls to be treated as "first liable" within Reg 105 (2) of this scheme

Changes with effect from 1 April 2024

Added to schedule 10 capital to be disregarded (and also income other than earnings for good measure). In order to mirror changes to housing benefit regulations.
Any payment made under the post office compensation scheme (horizon compensation)

Amend regulation 109(d)

From: (d) in a case where—

- i (i) an applicant or his partner is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance or has an award of universal credit,
- ii (ii) the applicant becomes liable for the first time to pay council tax in respect of the dwelling which he occupies as his home, and
- iii (iii) the application to the authority is received at the designated office within one month of the date of the change, the date on which the change takes place; (e) in a case where—
- iv (i) the applicant is the former partner of a person who was, at the date of his death or their separation, entitled to a reduction under this scheme, and
- v (ii) where the applicant makes an application for a reduction under this scheme within one month of the date of the death or the separation, the date of the death or separation;

To: (d) in a case where—

- vi (i) the applicant becomes liable for the first time to pay council tax in respect of the dwelling which he occupies as his home, and
- vii (ii) the application to the authority is received at the designated office within one month of the date of the change, the date on which the change takes place; (e) in a case where—
- viii (i) the applicant is the former partner of a person who was, at the date of his death or their separation, entitled to a reduction under this scheme, and
- ix (ii) where the applicant makes an application for a reduction under this scheme within one month of the date of the death or the separation, the date of the death or separation;

This allows for the customer to have a calendar month to apply for council tax support once a new liability has been created for all claims, not just those on means tested benefit. Currently those not on means tested benefit has have to apply within the benefit week.

SUMMARY OF CHANGES FROM 01.04.13

Current Council Tax Benefit Scheme (CTB)	Council Tax Support (CTS)
Second Adult Rebate - Awarded to the customer based on the circumstances of 'second adult'. Can be awarded due to a 'better buy' comparison	No award due for second person. On 'better buy' calculation customer will only be awarded any CTS due.
Reduction of the capital limit - Upper capital limit of £16,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit	Upper capital limit of £10,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit
Removal of earnings disregards – Permitted work - £97.50 Lone parents - £25.00 Disabled, carers or special occupations - £20.00 Couples - £10 Single £5	Permitted work - £0 Lone parents - £0 Disabled, carers or special occupations - £0 Couples - £0 Single £0
Removal of Child Benefit disregard – Child Benefit is fully disregarded for the calculation of CTB	Child benefit is fully included for the calculation of CTS
Increase in non-dependant deductions (using current figures) On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Income more than £394.00 per week – £9.90 £316.00 to £393.99 per week – £8.25 £238.00 to £315.99 per week - £6.55 £183.00 to £237.00 per week - £3.30 £124.00 to £182.99 per week – £3.30 Under £124.00 – £3.30	On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Earnings less than £100 - £5.00 Earnings between £100 and £150 - £10.00 Earnings above £150 - £20.00

APPEALS

There will be no joint HB/CTR appeals – they will be heard separately by different bodies. First Tier Tribunals will hear the Housing Benefit appeals (as now) and the Valuation Tribunals Service will hear Council Tax Support appeals.

The legislation is contained within the Local Government Finance Act. Appeals against the local Council Tax Support Scheme will be covered by Regulation 16(b).

Process:

- The customer firstly needs to write to the Council saying they disagree with the decision. There is no time limit to do this. They can request this at any time.
- If we do not alter our original decision the customer has the right to appeal to the Valuation Tribunal.
- To appeal to the Valuation Tribunal the customer will need to do this on line at www.valuationtribunal.gov.uk
- The customer must complete the on line appeal application within two months of the date of the decision notice sent by ourselves upholding the original decision

As local schemes are not legislation, but are locally defined schemes, the Valuation Tribunal will not consider an appeal against a billing authority's actual scheme, as that is beyond their jurisdiction. However, the Valuation Tribunal will advise dissatisfied claimants of their right to apply to the billing authority for a discretionary discount under section 13 (1) (c) of the Local Government Finance Act 1992. They will also hear appeals where the authority refuses to exercise this discretion.

Discretionary Discount Policies

1. Second Homes

- 1.1. Second homes are defined as furnished properties which are not occupied as a person's main residence and include furnished properties that are unoccupied between tenancies.
- 1.2. The Local Government Act 2003 gave councils new discretionary powers to reduce the 50% Council Tax discount previously awarded in respect of second homes to between 10% and 50% with effect from 1st April 2004. Councils retain the additional income raised by reducing the second homes Council Tax discount.
- 1.3. The Local Government Act 2012 further extended billing authorities' discretion over the second homes discount to between 0% and 50%. On 17 October 2012 Cabinet approved the reduction of the second homes Council Tax discount from 10% to 0%.
- 1.4. The figures used for the 2024/25 Council Tax taxbase incorporate a 0% Council Tax discount in respect of second homes (other than those that retain a 50% discount through regulation as a result of job-related protection). Continuation of this policy results in the inclusion of 759.79 Band D equivalents in the taxbase calculation.

2. Vacant Properties – Former Class A & Class C Exempt Properties

- 2.1. The Local Government Act 2012 abolished both Class A and Class C exemptions and gave billing authorities' discretion to give discounts of between 0% and 100%. Class A exemptions were previously available for up to 12 months in respect of a vacant property which required, was undergoing, or had recently undergone major repair work to render it habitable, or a structural alteration. Class C exemptions were previously available for up to six months after a dwelling became vacant.
- 2.2. On 14 December 2017 Council approved the removal of a 50% Council Tax discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.
- 2.3. In respect of former Class A exempt properties the figures used for the 2024/25 Council Tax taxbase allow for the continuation of the decision previously approved by Council, i.e. to award no discount.
- 2.4. On 17 October 2012 Cabinet approved the award of a 25% Council Tax discount in respect of vacant dwellings, i.e. former Class C exempt properties.
- 2.5. Implementation of this policy resulted in a large number of low value Council Tax demands being raised primarily in relation to landlords whose properties are between tenants. A significant number of landlord complaints were received in relation to these Council Tax demands and these small amounts proved to be very difficult to collect. It was, therefore, proposed and approved that a 100% discount be awarded for one month, i.e. effectively reinstating the exemption, and then a 25% discount be awarded for the remaining five months.
- 2.6. In order to avoid fraudulent 100% claims in respect of these types of properties it was also proposed and approved that the "six week rule" be applied, i.e. if a dwelling which is unoccupied and unfurnished is either exempt or entitled to a discount, becomes occupied or substantially furnished for a period of less than six weeks, after which it falls empty again, it will only resume exemption or discount for any of the original exemption or discount period which remains.

- 2.7. On 14 December 2017 Council approved the continuation of the policy to award one month exemption when a property becomes unoccupied and substantially unfurnished (subject to the six week rule) and approved a revised policy to remove the 25% for the following five months. This means that when a property becomes unoccupied and substantially unfurnished it would attract one month exemption, then pay full charge for the following twenty three months, then attract an additional 100% council tax premium after two years.
- 2.8. In respect of former Class C exempt properties the figures used for the 2024/25 Council Tax taxbase incorporate a discount of 100% for one month. Continuation of this policy to award the one month exemption results in the exclusion of 132.23 Band D equivalents from the taxbase calculation.

3. Vacant Properties – Empty Homes Premium

- 3.1. The Local Government Act 2012 amended the Local Government Finance Act 1992 and also gave billing authorities' discretion to levy an empty homes premium of 50% after a dwelling has been empty and substantially unfurnished for at least two years. In December 2013 Shropshire Council chose to enact this discretionary power with effect from April 2014.
- 3.2. On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 was passed which further amended the Local Government Finance Act 1992. This gave billing authorities' discretion to levy an empty homes premium of 100% from 1 April 2019 after a dwelling has been unoccupied and substantially unfurnished for at least two years, a 200% premium from 1 April 2020 for properties unoccupied and substantially unfurnished for at least 5 years and a 300% premium from 1 April 2021 for properties unoccupied and substantially unfurnished for at least 10 years.
- 3.3. The Levelling Up and Regeneration Act 2023 passed in October 2023 has further enhanced charging options with effect from 1 April 2024. The Act enables billing authorities to reduce the minimum period for the implementation of the council tax premium for long term empty premises from two years to one year.
- 3.4. Members are asked to approve a revised policy to levy an empty homes premium of 100% after a dwelling has been unoccupied and substantially unfurnished for at least one year (but less than five years).
- 3.5. Reducing the minimum period for the implementation of the council tax premium for long term empty premises from two years to one year results in the inclusion of an additional 456.55 Band D equivalents in the taxbase calculation.
- 3.6. The figures used for the 2024/25 Council Tax taxbase incorporate a 100% Council Tax premium in respect of dwellings which have been unoccupied and substantially unfurnished for more than one year, a 200% Council Tax premium in respect of dwellings which have been unoccupied and substantially unfurnished for more than five years and a 300% Council Tax premium in respect of dwellings which have been unoccupied and substantially unfurnished for more than ten years. Implementation of this policy results in the inclusion of 798.32 Band D equivalents in the taxbase calculation in relation to properties unoccupied and substantially unfurnished for more than one year, 215.33 Band D equivalents in the taxbase calculation in relation to properties unoccupied and substantially unfurnished for more than five years and 188.01 Band D equivalents in the taxbase calculation in relation to properties unoccupied and substantially unfurnished for more than ten years.

4.0 Changes to premiums 2025/26 onwards

- 4.1 The Levelling Up and Regeneration Act 2023 passed in October 2023 enables billing authorities to introduce a council tax premium of up to 100% in respect of second homes. This is an amendment to the existing policy detailed in section 1 above.
- 4.2 The Act requires billing authorities to make a resolution confirming their intentions on the application of the premium at least twelve months prior to the start of the financial year in which the changes would come into effect.
- 4.3 Members are asked to approve a revised policy to introduce a council tax premium of 100% in respect of second homes to take effect from 1 April 2025.

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	Committee and Date Audit Committee 23 rd November 2023	Item
	Cabinet 13 th December 2023	Public
	Council 14 th December 2023	
   		

Treasury Strategy 2023/24 Mid-Year Review

Responsible Officer:	James Walton
email: james.walton@shropshire.gov.uk	Tel: 01743 258915
Cabinet Member (Portfolio Holder):	Cllr Gwilym Butler, Finance & Corporate Support

1. Synopsis

In-year benefits of £1.5m have been realised through management of Council treasury activity. As at 30 September 2023 the Council held £58m in investments and had £286m of borrowing. The report confirms compliance with Treasury and Prudential limits agreed by Full Council.

2. Executive Summary

- 2.1. This mid-year Treasury Strategy report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management 2017 and covers the following:
- An economic update for the first six months of 2023/24
 - A review of the Treasury Strategy 2023/24 and Annual Investment Strategy
 - A review of the Council's investment portfolio for 2023/24
 - A review of the Council's borrowing strategy for 2023/24
 - A review of any debt rescheduling taken
 - A review of compliance with Treasury and Prudential limits for 2023/24

3. Recommendations

3.1. Members are asked to agree the Treasury Strategy activity as set out in the report.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 4.2. There are no direct environmental, equalities or climate change consequences arising from this report.
- 4.3. The main risk relating to undertaking Treasury Management activities is a potential financial loss and this is considered in the table below:

<i>Risk</i>	<i>Mitigation</i>
Potential financial loss arising from undertaking Treasury Management activities	All Treasury Management practices are in compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement, and the Prudential Code for Capital Finance, together with rigorous internal controls.
	Council's Audit Committee is the committee responsible for ensuring effective consideration of the Council's Treasury Management Strategy and policies

5. Financial Implications

- 5.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.
- 5.2. The 2023/24 six-month performance is above benchmark and has delivered additional income of £81,610.
- 5.3. In-year (2023/24) benefits have been realised of £1.5m, made up of £0.9m saving on interest payable, and additional income of £0.6m for interest receivable. Further details are set out from para 10.7 (below).

6. Climate Change Appraisal

- 6.1. The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council therefore the Treasury Team is working with the Council to achieve this. There are no direct climate change impacts arising from this report. Shropshire Council's investment portfolio has no level 1, 2 or 3 emissions. It comprises of straightforward cash deposits with financial institutions and other Local Authorities.

7. Background

- 7.1. The Council defines its treasury management activities as “the management of the authority's borrowing, investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with the activities, and the pursuit of optimum performance consistent with those risks.” Broadly, cash received by the Council raised during the year will meet its cash expenditure. Treasury Management operations ensure this cash flow is planned and managed. Temporary surplus balances are invested in low-risk counterparties (providing security), ensuring cash availability (liquidity), and only considering investment return (yield) last.
- 7.2. Cash flow management covers in-year (revenue) costs as well as the funding of the Council's long term (capital) plans. Capital plans provide a guide to the future borrowing need of the Council and may involve arranging long or short-term borrowing. Occasionally existing debt may be restructured as opportunities allow.
- 7.3. In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities are required to prepare a Capital Strategy which is intended to provide the following: -
- A high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - An overview of how associated risk is managed
 - The implications for future financial sustainability
- 7.4. A report setting out the Council's Capital Strategy was taken to full Council in March 2023. This report informs Members of the treasury activities of the Council for the first six months of the financial year.
- 7.5. To secure specialist advice on long-term borrowing and investment, the Council works with Link Asset Services, who provide the detailed analysis set out in this report.

8. Economic Update and Forecast

- 8.1. Since the Council's Treasury and Capital strategies were agreed in March 2023, there has been further change in terms of the economic environment. The bank base rate has increased over the period from 4.25% to 5.25% to try to manage the high inflation rates, and inflation has started to marginally reduce, although remains high. A detailed commentary can be found in Appendix D.

8.2. Link Asset Services forecast interest rates over the next 36 months. Their latest interest rate forecasts were updated on 25th September and are shown below.

Link Group Interest Rate View	25.09.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75	
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80	
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90	
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00	
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50	
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50	
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80	
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60	

9. Treasury Strategy update

9.1. The Treasury Management Strategy (TMS) for 2023/24 was approved by Full Council on 2 March 2023. There are no policy changes, or any changes required to the prudential and treasury indicators previously approved. The details in this report update the position in the light of the updated economic position.

10. Treasury Strategy update

10.1 The Council's Annual Investment Strategy, which is incorporated in the TMS, outlines the Council's investment priorities as the security and liquidity of its capital. As shown by interest rate forecasts (above), we are seeing interest rates rise to levels not seen in for several years. As a result, see some increase in interest earned is anticipated. It is also expected that previous investments placed when rates were at low will now mature and be replaced with higher interest deposits.

10.2. In the current economic climate, it is considered appropriate to keep investments short term (up to 1 year), and only invest with highly rated financial institutions using Link's suggested creditworthiness approach.

10.3. In the first six months of 2023/24, the internal treasury team outperformed its benchmark by 0.21% (return of 4.42% compared to the benchmark of 4.21%). This generated additional income of £81,610 during the first six months (included in the quarterly financial report).

10.4. A full list of investments held as at 30 September 2023, compared to Link's counterparty list, and changes to Fitch, Moody's and Standard & Poor's credit ratings are shown in Appendix A.

10.5. None of the approved limits within the Annual Investment Strategy were breached during the first six months of 2023/24 or previously. Officers monitor the credit ratings of investment counterparties daily.

10.6. Recent investment rates available in the market have increased due to the central bank rate increasing to 5.25% in August 2023. The average level of funds available for investment in the first six months of 2023/24 was £78 million.

10.7. The interest receivable budget is expected to deliver, as a minimum, additional income of £0.558m due to recent changes in the Bank of England base rate, which has increased from 4.25% to 5.25% in the first six months of the year. Projections on income will be reviewed monthly. The current estimates are based on assumptions of the value of investment balances. There are also savings of £0.954m projected against interest payable budgets, resulting in an overall benefit of £1.512m through active management of treasury activities.

11. Borrowing

11.1 Details of the Council's borrowing activity can be found within Appendix D.

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

Council, 2 March 2023, Treasury Strategy 2023/24.

Council, 2 March 2023, Financial Strategy 2023/24 – 2027/28 and Setting the Council Tax Resolution 2023/24

Council, 20 September 2018, Revised Minimum Revenue Provision Statement 2018/19

Local Member: N/A

Appendices

Appendix A – Investment Report as at 30 September 2023

Appendix B – Prudential Limits

Appendix C – Prudential Borrowing Schedule

Appendix D – Economic Background and Borrowing Update

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Shropshire Council

Monthly Investment Analysis Review

September 2023

Monthly Economic Summary

General Economy

The UK Manufacturing PMI for September rose to 44.2, from 42.5, outpacing market predictions of a rise / fall to 43. The uptick hinted at a more gradual decline in manufacturing activity, with some respondents attributing it to customer destocking influencing their output. By contrast, the UK Services PMI contracted, registering 47.2 in September, down from the previous month's 49.5 and below market expectations of 49.2. As a result, the Composite PMI (which incorporates both sectors) dropped to 46.8 in September, down from August's 48.6 and below the market consensus of 48.7, a preliminary estimate showed. This marked the fastest reduction in private sector activity since the lockdown period in January 2021, driven by a continued contraction in manufacturing output and the steepest decline in service sector activity in 32 months. The UK Construction PMI also experienced a dip, declining from 51.7 in July to 50.8 in August. This result suggested a marginal increase in overall business activity, with growth in commercial and civil engineering segments offsetting a slump in house building.

The UK economy contracted by 0.5% m/m in July, the largest decline this year, reversing 0.5% growth in June. This result was weaker than market forecasts of a 0.2% decrease. Notably, the services sector played a role in this contraction, primarily due to a 3.4% decline in the human health activities industry, a result of NHS strikes leading to appointment and procedure cancellations. Elsewhere, the UK's trade deficit narrowed to £3.446 billion in July from £4.787 billion in June, driven by a 1.8% rise in exports and a 0.2% drop in imports, taking them to their lowest level since February 2022.

In the three months to July, the number of people employed in the UK fell by 207,000, exceeding market expectations of a 185,000 drop. This marked the sharpest decline in job creation since September 2020. As a result, the unemployment rate in the UK rose to 4.3% in three months to July, reaching its highest level since the third quarter of 2021. This suggests a potential cooling in the labour market after extensive monetary policy tightening by the Bank of England. Despite this, average weekly earnings (including bonuses) in the UK increased 8.5% y/y in the three months to July, registering their biggest increase in two years. However, this was mainly reflective of one-off bonus payments to NHS staff, so would come out of calculations in the coming months.

The annual consumer price measure of inflation in the UK eased to 6.7% in August from 6.8% in July, falling below market consensus of 7.0% and the Bank's own forecast. This marked the lowest inflation rate since February 2022, primarily due to a slowdown in food inflation and a decline in the cost of accommodation services. Against this backdrop, the Bank of England's Monetary Policy Committee (MPC) decided to hold Bank Rate at 5.25% during this month's meeting, marking the first pause in policy tightening in nearly two years. The central bank cited expectations of a significant decline in CPI inflation in the near term as one reason for the pause, while also noting that the latest employment figures, specifically the wages element, did not tally with other data it had reviewed. However, while pausing, the Committee also noted that it would embark on further tightening if required.

Retail sales in the UK partially recovered in August, rising by 0.4% m/m following a 1.1% decline in July. Mirroring this, the GfK Consumer Confidence index rose to -21 in September from -25 in August, posting its highest reading since January 2022, with the report's subcomponents suggesting growing optimism about the economy and easing pressures on household spending.

Public sector net borrowing excluding public sector banks (PSNB ex) reached £11.6 billion in August, £3.5 billion more than in August 2022 and the fourth-highest August borrowing since records began in 1993. Borrowing in the financial year to August was £69.6 billion, £19.3 billion more than in the same five-month period last year - but £11.4 billion less than the £81.0 billion forecast by the Office for Budget Responsibility.

The US economy created 187,000 jobs in August, marking the third consecutive month with job gains below the 200,000 threshold. This provided further evidence of a gradual easing of labour market conditions largely attributed to the Federal Reserve's interest rate rises aimed at lowering inflation. According to its preferred measure of inflation, Personal Consumption Expenditure index, prices rose by 3.5% y/y in August after an upwardly revised 3.4% rise in July, matching market forecasts. Meanwhile, the US economy grew at an annualised rate of 2.1% in the second quarter of 2023, unchanged from the previous estimate, and compared to an upwardly revised 2.2% growth in the first quarter. Against this backdrop, the Federal Reserve kept the target range for the Federal Funds Rate at a 22-year high of 5.25%-5.5% at its September meeting but signalled there could be another rate rise later this year.

In the Euro Area, the inflation rate fell to 4.3% y/y in September compared to 5.2% in August, reaching its lowest level since October 2021 and falling below the market consensus of 4.5%, a preliminary estimate showed. GDP, meanwhile, expanded a meagre 0.1% q/q in the three months to June, revised lower from initial estimates of a 0.3% gain. With inflation starting to decline but remaining above the central bank's 2% target, the ECB raised rates for the 10th consecutive time at its September meeting but signalled that it could be minded to a pause in further tightening.

Housing

House prices in the UK continued to decline in August, with the Nationwide House Price Index falling by 5.3% y/y, registering its largest drop since July 2009. By comparison, the Halifax House Price Index fell by 4.6% y/y.

Currency

The MPC's decision to hold Bank Rate at 5.25%, which surprised some investors looking for a rate rise, saw Sterling fall against both the Dollar and the Euro over the month and reflected a more hawkish tone to policymakers' outlooks outside the UK.

September	Start	End	High	Low
GBP/USD	\$1.2620	\$1.2206	\$1.2620	\$1.2135
GBP/EUR	€1.1677	€1.1528	€1.1724	€1.1498

Forecast

In the wake of the MPC's decision to leave Bank Rate at 5.25%, both Link Group and Capital Economics revised their forecasts and now believe that 5.25% (rather than 5.5%) will be the peak in Bank Rate for this cycle.

Bank Rate	Now	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Link Group	5.25%	5.25%	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.00%	2.75%	2.75%	2.75%	2.75%	2.75%
Capital Economics	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	4.75%	4.25%	3.75%	3.25%	-	-	-	-

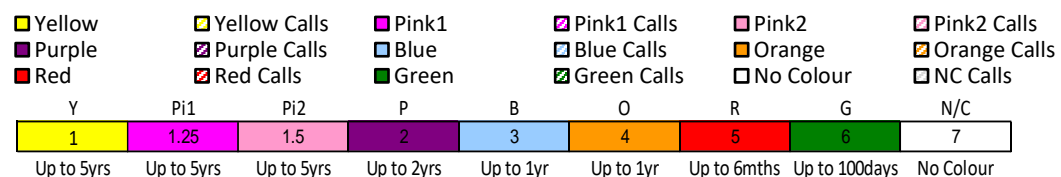
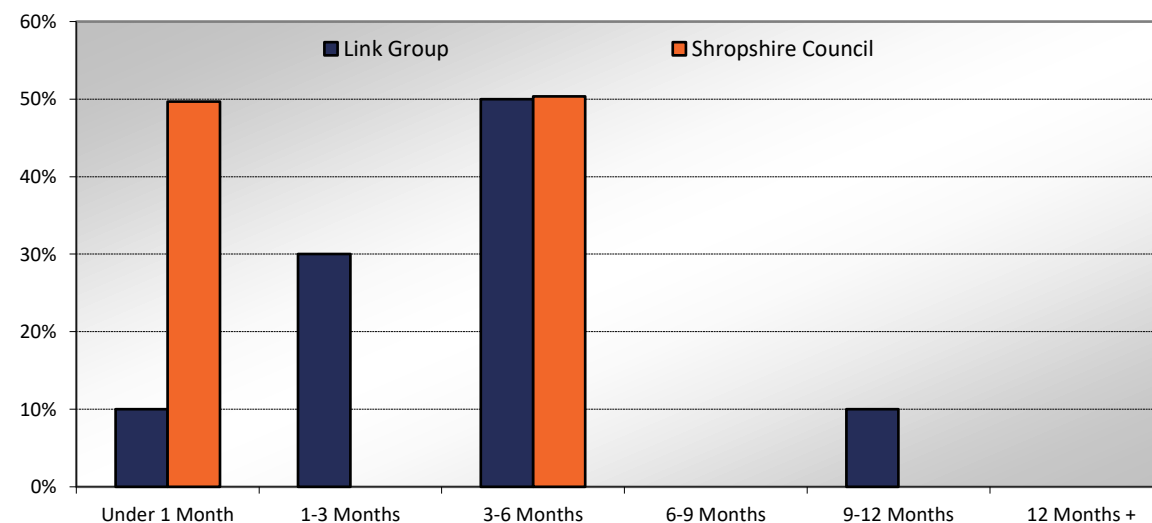
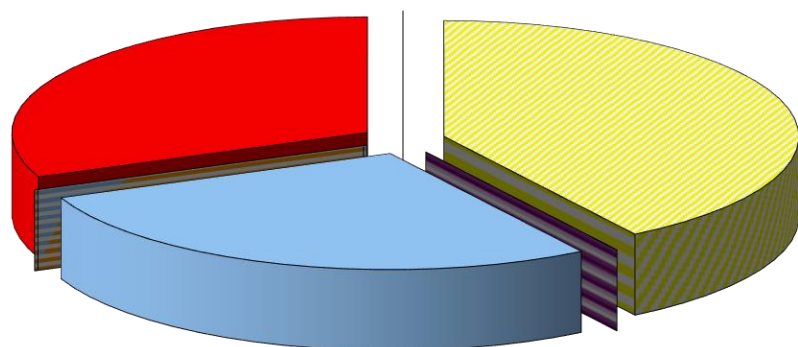
Shropshire Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
MMF Aberdeen Standard Investments	11,700,000	5.29%		MMF	AAAm	
MMF Insight	11,900,000	5.30%		MMF	AAAm	
Lloyds Bank Plc (RFB)	5,000,000	4.43%	05/04/2023	04/10/2023	A+	0.000%
National Westminster Bank Plc (RFB)	2,000,000	5.59%	07/08/2023	19/01/2024	A+	0.014%
National Westminster Bank Plc (RFB)	5,000,000	4.45%	25/01/2023	24/01/2024	A+	0.014%
Lloyds Bank Plc (RFB)	3,000,000	5.57%	31/07/2023	31/01/2024	A+	0.015%
National Westminster Bank Plc (RFB)	2,000,000	4.50%	01/02/2023	31/01/2024	A+	0.015%
Goldman Sachs International Bank	5,000,000	5.77%	04/08/2023	02/02/2024	A+	0.015%
Goldman Sachs International Bank	5,000,000	5.55%	29/09/2023	29/02/2024	A+	0.019%
National Westminster Bank Plc (RFB)	5,000,000	5.77%	18/08/2023	29/02/2024	A+	0.019%
National Westminster Bank Plc (RFB)	2,000,000	5.64%	15/09/2023	15/03/2024	A+	0.021%
Total Investments	£57,600,000	5.26%				0.014%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Portfolio Composition by Link Group's Suggested Lending Criteria



Portfolios weighted average risk number = **2.81**

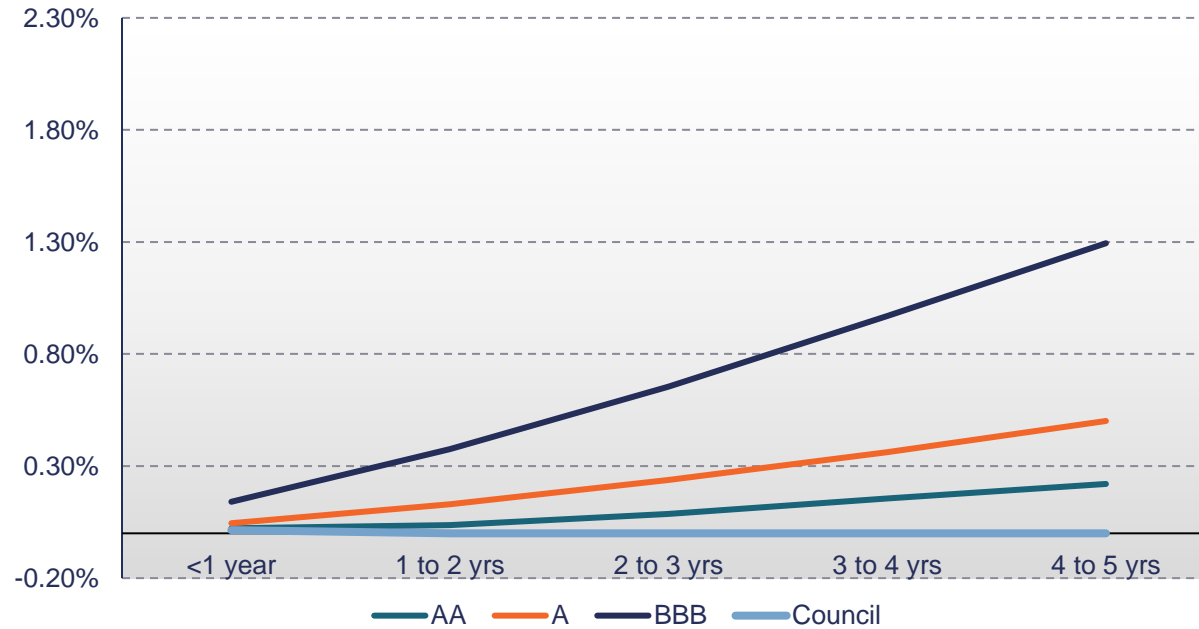
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs	
									WAM	WAM at Execution
Yellow	40.97%	£23,600,000	100.00%	£23,600,000	40.97%	5.30%	0	0	0	0
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	27.78%	£16,000,000	0.00%	£0	0.00%	5.16%	134	264	134	264
Orange	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Red	31.25%	£18,000,000	0.00%	£0	0.00%	5.30%	99	174	99	174
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Total	100.00%	£57,600,000	40.97%	£23,600,000	40.97%	5.26%	68	128	115	216

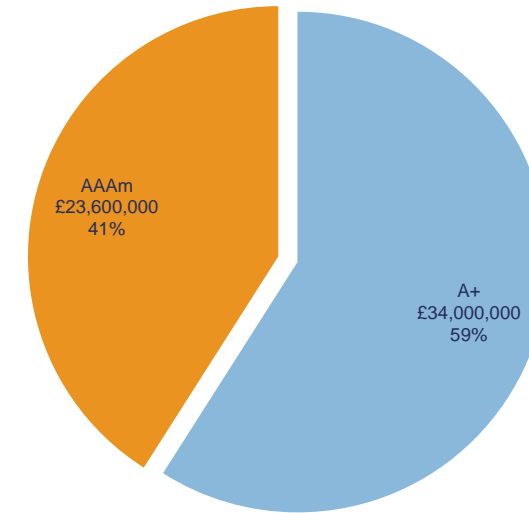
Shropshire Council

Investment Risk and Rating Exposure

Investment Risk Vs. Rating Categories



Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.16%	0.22%
A	0.05%	0.13%	0.24%	0.36%	0.50%
BBB	0.14%	0.38%	0.65%	0.97%	1.29%
Council	0.01%	0.00%	0.00%	0.00%	0.00%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Shropshire Council

Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
27/09/2023	1988	DNB Bank ASA	Norway	The Long-Term Rating was upgraded to 'Aa1' from 'Aa2'; The Long Term Outlook changed to Stable from Positive.

Shropshire Council

Monthly Credit Rating Changes FITCH

Date	Update Number	Institution	Country	Rating Action
15/09/2023	1987	Danske Bank AS	Denmark	The Long-Term Rating was upgraded to 'A+' from 'A'; The Long Term Outlook is Stable.

Shropshire Council

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action

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APPENDIX B – PRUDENTIAL INDICATORS

Prudential Indicator	2023/24 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	462	336	336		
HRA CFR	105	105	105		
Gross borrowing	445	286	286		
Investments	140	69	58		
Net borrowing	305	217	228		
Authorised limit for external debt	546	286	286		
Operational boundary for external debt	475	286	286		
Limit of fixed interest rates (borrowing)	534	286	286		
Limit of variable interest rates (borrowing)	267	0	0		
Internal Team Principal sums invested > 364 days	70	0	0		
Maturity structure of borrowing limits	%	%	%	%	%
Under 12 months	15	0	0%		
12 months to 2 years	15	0	0%		
2 years to 5 years	45	0	0%		
5 years to 10 years	75	23	23%		
10 years to 20 years	100	28	28%		
20 years to 30 years	100	25	25%		
30 years to 40 years	100	12	12%		
40 years to 50 years	100	2	2%		
50 years and above	100	10	10%		

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APPENDIX C -PRUDENTIAL BORROWING SCHEDULE

Prudential Borrowing Approvals	Date Approved	Amount Approved £	Applied (Spent) 2008/07 £	Applied (Spent) 2007/08 £	Applied Outturn 08/09 2008/09 £	Applied Outturn 09/10 2009/10 £	Applied Outturn 10/11 2010/11 £	Applied Outturn 11/12 2011/12 £	Applied Outturn 12/13 2012/13 £	Applied Outturn 13/14 2013/14 £	Applied Outturn 14/15 2014/15 £	Applied Outturn 15/16 2015/16 £	Applied Outturn 16/17 2016/17 £	Applied Outturn 17/18 2017/18 £	Applied Outturn 18/19 2018/19 £	Applied Outturn 19/20 2019/20 £	Applied Outturn 20/21 2020/21 £	Applied Outturn 21/22 2021/22 £	Applied Outturn 22/23 2022/23 £	Budgeted 2023/24 £	Budgeted 2024/25 £	Budgeted 2025/26 £	Budgeted 2026/27 £	First year MOP Charged	Asset Life	Final year MOP Charged		
Monkmoor Campus	24/02/2006	3,580,000																										
Capital Receipts Shortfall -Cashflow	24/02/2006	5,000,000																										
Applied:																												
Monkmoor Campus			3,000,000		0																							
William Brooks					0		3,580,000																					
Tern Valley					2,000,000																							
		5,580,000	3,000,000	0	2,000,000	0	3,580,000	0	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0	0		
Highways	24/02/2006	2,000,000	2,000,000																									
Accommodation Changes	24/02/2006	650,000	410,200	39,800																								
Accommodation Changes - Saving	31/03/2007	(200,000)																										
		450,000	410,200	39,800	0	0	0	0	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0	0		
The Pharmazian Building	05/11/2009	3,744,000				3,744,000																						
The Mount McKinley Building	05/11/2009	2,782,000				2,782,000																						
The Mount McKinley Building	05/11/2009	0				-																						
Capital Strategy Schemes - Potential Capital Receipts shortfall - Desktop Virtualisation	25/02/2010	187,600				187,600																						
Carbon Efficiency Schemes/Self Financing	25/02/2010	1,512,442					115,656	1,312,810	83,976																			
Transformation schemes		92,635						92,635	-																			
Renewables - Biomass - Self Financing	14/09/2011	92,998						82,408	98,258	(87,670)																		
Solar PV Council Buildings - Self Financing	11/05/2011	56,342						1,283,959	124,584	(1,352,202)																		
Depot Redevelopment - Self Financing	23/02/2012	0																										
Oswestry Leisure Centre Equipment - Self Financing	04/04/2012	124,521						124,521																				
Leisure Services - Self Financing	01/08/2012	711,197							711,197																			
Harold House Acquisition	26/02/2015	4,160,000										4,160,000																
Harold House Adaptation and Refit	26/02/2015	3,340,000										167,640.84	3,172,358.86															
Oswestry Leisure Centre Equipment - Self Financing	01/08/2012	290,274												274,239		16,035												
Car Parking Strategy Implementation	17/01/2018	590,021													588,497.06	1,524												
JPUT - Investment in Units re Shrewsbury Shopping Centres	13/12/2017	55,299,533											52,204,603		(208,569.18)	2,791,967	320,079.38	191,453										
JPUT - SSC No 1 Ltd	13/12/2017	527,319											527,319															
JPUT - Shareholding	28/02/2019	1															1											
Merit's Residential Care	28/02/2019	2,000,000														1,381,539	230,765	38,486.70	316,209.69	33,000								
Pride Hill Shopping Centre Reconfiguration - LEP Match	19/12/2019	1,928,978															434,027	842,293	652,658.49									
Pride Hill Shopping Centre Reconfiguration - Feb 22 approval	01/02/2022	197,614																	197,614.21									
Greenacres Supported Living Development	24/09/2020	3,125,000																34,317	41,687.50	2,048,995	1,000,000							
Bishops Castle Business Park	19/09/2019	3,111,899														2,900	1,545,647	1,271,102.21	292,250									
Whitchurch Medical Practice (Pauls Moss Development)	26/07/2018	3,778,228																	171,509.07	3,606,719								
Oswestry Castleview - Site Acquisition	19/12/2019	3,256,241														3,256,241												
Former Morrisons Site, Oswestry	19/09/2019	3,390,145															3,390,145											
Meole Brace Pitch & Putt		5,399,999																11,927	136,348.64	4,748,309	503,415							
Maesbury Solar Farm		2,041,173																	19,681.65	2,021,491								
Commercial Investment Fund	Fin Strat 19/20	5,479,704																				5,479,704						
The Tannery Development Block A - Land Acquisition		660,253																62,500	594,752.50	3,000								
The Tannery Development Block A		6,353,605																		1,353,605	5,000,000							
The Tannery Development - Block B & C		7,467,802													3,677,843.83	3,456,019	311,325	16,614	3,846.79	2,153								
Oswestry Property Acquisition	12/05/2022	3,332,304																	3,332,303.71									
Shrewsbury Property Acquisition		3,837,012																	3,837,011.50									
Recycling Bin Roll Out Programme		2,029,778																4,395	2,025,383.79									
Highways Investment Programme	Capital Strategy Feb 22	31,565,001																3,983,412	18,011,589.00	3,545,000	3,695,000	2,330,000						
Whitchurch Swimming & Leisure Facility	22/09/2022	13,100,282																	390,953.68	4,651,527	5,357,237	2,067,303	633,261					
Previous NSDC Borrowing		955,595			821,138	134,457																						
		187,551,491	5,410,200	39,800	2,821,138	6,848,057	3,695,656	2,896,333	1,018,015	(1,439,872)	4,327,641	3,172,359	0	53,006,161	4,057,772	10,903,325	4,689,242.81	6,731,043.78	31,002,652.43	22,306,049	21,035,356	4,397,303	633,261					

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Economic Background and Borrowing Update**Economic Background**

As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. It is expected that the Bank of England will keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.

In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was “finely balanced”. Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

A summary overview of the future path of Bank Rate

Link's central forecast for interest rates was previously updated on 25th September and sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

The Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed".

This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

Borrowing

It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy. A list of the approved limits is shown in Appendix B. The Prudential Indicators were not breached during the second quarter of 2023/24 and have not been previously breached. The schedule at Appendix C details the Prudential Borrowing approved and utilised to date.

No new external borrowing has currently been undertaken to date in 2023/24.

The Council has not undertaken any new borrowing for a number of years, and has been utilising cash balances to internally “borrow” for prudential borrowing schemes. This has enabled the Council to benefit from increased interest costs compared to the returns that could be generated on the cash balances. This approach has been effective during a period where the Council has held significant cash balances.

PWLB rates increased over the second quarter, which is to be expected as the Base Rate has also increased over this period. The table below shows the high/low/average PWLB rates for the first six months of the financial year.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

Debt Rescheduling

Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

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Committee and Date

Cabinet
13th December 2023

Item

Public



Proposed Financial Strategy 2024/25 – 2028/29

Responsible Officer:	James Walton		
email:	james.walton@shropshire.gov.uk	Tel:	01743 258915
Cabinet Member (Portfolio Holder):	Cllr Gwilym Butler, Finance, Corporate Resources and Communities		

1. Synopsis

The Council's MTFS has been updated to reflect latest estimates. These increase the overall estimated budget pressure next year to £49.8m, largely driven by social care demand and price inflation. This report sets out how that will be addressed and how the savings achieved in the current year will be consolidated.

2. Executive Summary

- 2.1. The estimated budget gap for 2024/25 is £49.8m. This report sets out how that is comprised, and the measures proposed to manage that position effectively, whilst maintaining and improving the valued services we provide for our residents.
- 2.2. The most recent reporting for the current year has indicated exceptional performance against the spending reduction targets we set ourselves – an expected delivery to the value of £38m¹, with further progress anticipated by the end of the year. (Without this work, the financial challenge next year would be far higher.) However, the current year is also seeing significant budgetary challenge arising through social care demand.

¹ [Q2 finance report 2023-24](#)

2.3. In common with other Councils, we are anticipating that social care demand will continue to be a pressure in the coming year, worsened by inflationary pressures arising from wage pressures (not least the national living wage increases) linked to the knock-on impact as current year contracts are uplifted for inflation factors (commonly CPI at September or October, applied from the next April).

2.4. The pressures faced in the coming year are estimated to amount to £49.8m, summarised as:

- General inflation and general budget pressures of £25.33m
- Mitigated social care pressures (including demand pressures and sectoral inflation) of £24.48m

These values are also set out in the table below, with further analysis of how they are made up.

	£m	£m
2024/25 Funding Gap as per March 2023 MTF5		1.10
Taxbase Revision		1.49
Inflation pressure		12.27
Unachievable savings 23/24 - growth requested for 2024/25 (i.e. pressures)		3.54
Base budget pressures 23/24 leading to growth bids		4.20
Corporate Unachievable savings 24/25		2.75
Budget pressures before social care and new proposals		25.33
Children's social care pressure estimate	12.96	
Childrens mitigation proposals	-3.00	9.96
Adults social care pressure estimate (24/25)	26.73	
ASC savings unachievable 24/25	4.20	
Estimated additional social care grants	-7.00	
Adults mitigations proposed	-9.40	14.53
Net social care position		24.48
TOM and service reviews	-22.40	
Contract and purchasing management	-15.00	
Income generation	-4.54	
Use of reserves	-7.88	
Mitigations		-49.81
Net position after pressures and mitigations		0.00

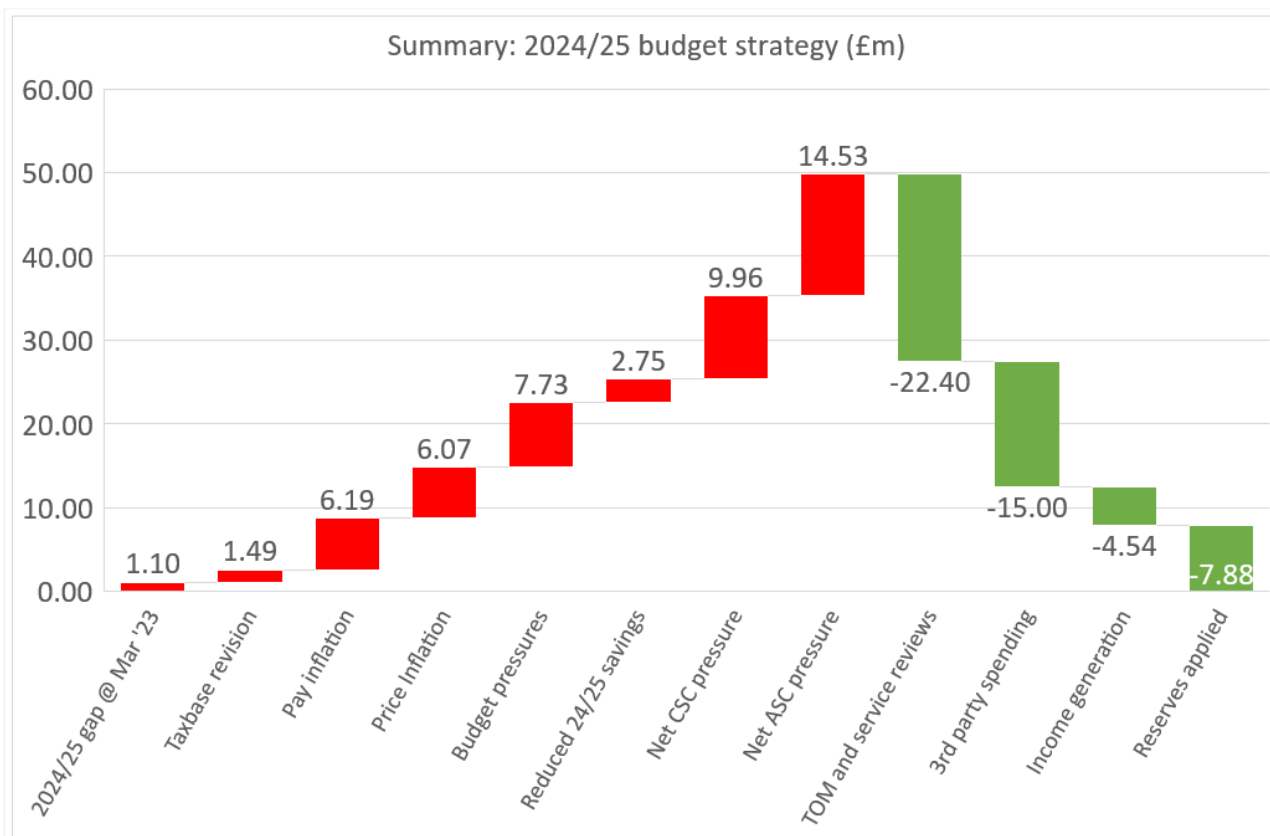
2.5. Measures to manage social care demand pressures focus on meeting needs early and within the community where possible – this is preferred by residents and optimises outcomes for individuals. Ways to achieve this include changes to the engagement with social care providers, increased use of assistive technology, and work to redirect care to home-based delivery (for example, reducing the extent to which we use residential care and promoting domiciliary care as an alternative, where it is safe to do so).

2.6. The need to appropriately safeguard children and adults will not be compromised through these mitigations. Rather, through more efficient and effective processes (measured according to our legal and other responsibilities) together with improved approaches, we will enhance practices while still ensuring we protect our most vulnerable and meet statutorily required levels of service provision.

- 2.7. Tackling the budget pressures that remain will then require an ambitious approach, one which builds upon the progress and learning of the current year.
- 2.8. In outline (but detailed through the attached strategy document), using the overall framework of The Shropshire Plan, we will develop comprehensive service improvement plans which will provide clarity on the right use of the right resources in the right places across the council. These service plans will help articulate how we will implement a consistent organisation-wide transformation programme at service level. The service plans will enable us to target how we can release capacity and costs – balancing reductions in planned spending with clear plans for effective service delivery. This approach will prioritise efficiency improvements, then demand management, then income generation, and then appropriate third-party (supplier) spend, before considering staff numbers and how we ‘right-size’² the organisation.
- 2.9. Great progress has been made through 2023/24 in our financial performance, but services are now at a point where further progress requires targeted support and organisation-wide leadership – it becomes ever-harder to secure savings at a local service level. This revised approach couples challenging budget reduction targets with focussed management support to service delivery teams to help improve service efficiency still further, setting up the Council to deliver essential services in the coming years from a strong financial foundation.
- 2.10. The targeted reductions in spending will be guided by the existing transformation programme and a new strategic operating model for the Council as part of this. Spending reductions will target 10% overall, although this may vary between areas depending, for example, on the ability to raise income. The methodology proposed for 2024/25 is flexible in approach but with clarity in expectations. So while the requirement for a reduction in spending across the Council is absolute, where this falls in terms of service area budgets or types of intervention is flexible.
- 2.11. Together, these approaches are expected to remove £37.4m of estimated spending through service reviews and the ‘target operating model’ (TOM) as well as changes to how we procure goods and services. Doing this in an ongoing (recurrent) way will help to balance the budget throughout the medium term. These are not yet set at a detailed level, instead they will flex depending on the outcome of service reviews. The reviews will not prescribe how savings are to be achieved but will provide a framework to review and monitor the process to ensure that overall savings are delivered effectively. Further detail will be set out in the February budget report.
- 2.12. This report is therefore setting out an approach to safeguard outcomes right through to 2028/29 and beyond. This will require difficult decisions, but – with no indication of changes to overall resources in the coming years and a material change in the costs and expectations on our services, driven by inflation and demand pressures – this is now urgent to protect core Council services including to our most vulnerable children and adults in Shropshire, as outlined in the Shropshire Plan.

² Right-sizing our workforce means ensuring we have the right headcount in teams to deliver the Shropshire Plan. For some teams this will mean additional staff to support objectives for other it may lead to a reduction.

2.13. The report includes details of the outlook for revenue budgets over the next 5 years, for reserves over the next two years, and benchmarking data (based on the most recent national data available), which shows that we are at or above average in most key service areas monitored by government.



3. Recommendations

That Cabinet:

- 3.1. Approve the recommended budget strategy for 2024/25, with council-wide target levels of spending reduction for pay and non-pay, noting that the identified targets are a minimum requirement, and that consideration must be given to exceeding these wherever possible.
- 3.2. Note the focus on improved efficiency in all areas to minimise the resident impacts; and to use sources of customer contact information to identify if and when residents are adversely impacted and what can be done to minimise this.
- 3.3. Note the outlook to 28/29 for revenue budgets and agree the measures proposed to manage within available revenue resources.
- 3.4. Note the reserves position to 25/26 and approve an approach prioritising corporate management of all reserves including replenish general reserves whenever possible, with a target minimum level of £20m.
- 3.5. Agrees the proposed format set out in the appendix to this report for the budget consultation with residents and instructs Officers to proceed with the consultation.
- 3.6. Note the benchmarking information provided.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. In common with many other Councils, this Council is under extreme financial pressure. The management of financial risk is the subject of this report. Key risks and mitigations are set out below.

<i>Risk</i>	<i>Mitigation</i>
Social care demand management measures fail to secure the levels of reduction anticipated	The impact of measures introduced will be reviewed monthly by the Executive Management Team (EMT). Where there are delays or slippage in delivery, or where delivery is not progressing as anticipated, monthly reviews will enable mitigating actions to be identified.
Unplanned use of reserves will further reduce general reserves, reducing the ability of the council to respond effectively to unanticipated shocks.	Rebuilding general reserves levels is a key priority for the EMT, and all opportunities to replenish reserves will be taken.
New inspection and regulation frameworks being implemented by Government, including <ul style="list-style-type: none"> - Ofsted (Children's services) - CQC (Adults services) - SEND (schools and children's services) - Food waste; separation or commingling with other waste streams 	<p>Early corporate awareness of and planning for new inspection regimes.</p> <p>Securing ringfenced (earmarked) provisions to enable remedial actions to be implemented as needed, where these are additional to the available budgets in the affects areas.</p> <p>Ensuring that proper processes are in place to deliver value for money and good governance, as building blocks to securing good inspection outcomes.</p>
Risk of unanticipated reduction in resources from government	The settlement for 2023/24 (the current year) included indicative values for the 2024/25 financial year. At present there is no indication that government will substantially change the indicated values.
Risk of events unforeseen within the budget planning process	<p>Previous years have seen unanticipated events with a material financial impacts (e.g. COVID, invasion of Ukraine).</p> <p>Ensuring an adequate level of general (unearmarked) reserves (e.g. the general fund balance) as set out n this report, provides a 'buffer' which can be used to dampen the impact of such unforeseen events.</p> <p>The s25 assurances provided under statute by the CFO (Chief Financial Officer) as part of the budget report provide further mitigation (these assurances are that the budget for the coming year is prepared with best available information, contains 'robust estimates' and provides for 'adequate levels of reserves' are a further mitigation).</p>

That transformational and spending reduction plans do not deliver cashable savings to the required level.	The track record of delivery for 2023/24 provides considerable assurance that the authority has the necessary arrangements in place to ensure delivery of targets. Additional resources (provided through the Office of the Chief Executive (OCE) and the Project Management Office approach the OCE support) add a further layer of management for this risk.
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5. Financial Implications

- 5.1. The subject of the report.
- 5.2. The report highlights the need to ensure that the resources of the Council are all directed to best effect to meet resident needs. This includes having clear oversight of all spending and managing all budgets within available resources. This is set out in the Constitution and the Financial Rules.
- 5.3. Where possible, the Council must seek to improve efficiency to ensure that as much resource as possible is directed at meeting resident needs.
- 5.4. The proposals in this report set out provision for an estimated 6% reduction in spending on pay and non-pay budgets across the organisation, t
- 5.5. If the proposals of the report are not accepted, it will become increasingly difficult for officers of the Council to effectively provide services to local residents in a timely and responsive way, and alternatives will need to be sought to secure a balanced budget for 2024/25 (required by law).

6. Climate Change Appraisal

- 6.1. The budget for 2023/24 and the March MTFs provided for ongoing resource in support of mitigating climate change, and this is continued in the current update. The impact of climate change across the MTFs is anticipated to be adverse, so appropriate investment will reduce this. This is the basis of the climate change approach taken within the budget setting process.

7. Additional Information

- 7.1. Headline benchmarking –
 - LGInform Oflog indicator set: [Oflog Dashboard Report for Shropshire Council | LG Inform \(local.gov.uk\)](#)

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

Local Member: ALL

Appendices

Appendix 1 : Medium Term Financial Strategy 2024/25 – 2028/29 – December 2023

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Medium Term Financial Strategy 2024/25 – 2028/29

December 2023





Foreword

Following engagement with the public, our partners, and local businesses, Shropshire Council agreed 'The Shropshire Plan' at its meeting in May 2022. This plan sets out the Council's vision, purpose and priorities, grouped into 4 themes – healthy people, economy, environment, and organisation – and how we are protecting services to our most vulnerable children and adults.

Nearly 18 months later, these priorities continue to shape the delivery of Council services, and this update to the MTFs demonstrates how we continue to pursue those objectives.

A clear strategy helps us all to stay ahead of issues and to be agile in our response to new challenges. This is ever more important as we witness other Councils struggling with their own financial challenges. Having a clear plan helps us to continue our work in a consistent and coherent way, managing emerging pressures rather than being driven by them.

As the introduction to The Shropshire Plan concludes: *"The challenges and experiences we have shared over recent years puts us in a strong position to step up and move forwards together and adapt our plans to meet the changing situations we face."*

This updated financial strategy is part of that 'stepping up', meeting both present and future challenges in a controlled and confident way.



Lezley Picton
Leader of the
Council



Andy Begley
Chief Executive

Introduction

This financial strategy continues to ensure that the Council's finances are aligned to the delivery of The Shropshire Plan, as agreed by Councillors in May 2022.

It also builds upon the engagement of the Council with the Local Government Association (LGA) through its 'finance peer challenge'. That review concluded that our financial position was 'precarious – not catastrophic'. The reviewers were unequivocal; the technical and professional resources the Council has at its disposal are of a high standard and provide a sound foundation from which to meet the coming challenges, and the financial position – set out in this report – confirm that, while challenging, the Council's finances continue to demonstrate a positive outlook and engagement.

The work of the 2023/24 financial year continues to progress satisfactorily as evidenced in the first two quarter performance and financial monitoring reports. Delivery of spending reductions in the year continues to progress in line with expectations offset despite significant demand pressures emerging in social care and wider inflationary pressures.

Work to secure the highest possible level of savings delivery by year end remains our immediate challenge, alongside work to ensure we meet the care needs of adults and children as early as possible in an affordable way. We will continue to follow a planned approach to delivering our services through organisational transformation in 2024/25 and throughout the MTFs period. Our approach is guided by the objectives set out in The Shropshire Plan, enabling us to respond rather than simply react to new challenges.

These key aspects of our work in 2023/24 will help secure the best start possible to 2024/25, as described in this report. A good start to 2024/25 is the first step to securing efficient and sustainable services in the coming years.



Gwilym Butler
Cabinet Member
for Finance



James Walton
Executive Director
of Resources and
s151 Officer

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Medium Term Financial Strategy – Budget framework 2024/25



Overview

The proposed budget framework for next financial year (2024/15), and the assessment of the outlook to 2028/29, is set out in this update to the Council's MTFS.

2023/24 financial performance

Significant progress is being made during 2023/24 financial year to manage council operations within available resources. The funding gap identified at March 2023 was £51.4m. Spending reductions were identified to the same value, enabling a balanced budget to be set.

Despite this being the single greatest financial challenge ever faced by the Council, great progress has been made, with savings delivery currently anticipated to exceed £41m, although work is in hand to improve this further before the end of the year.

In common with many other local authorities, however, we continue to see significant demand pressures in social care services, and the impacts of inflation are now being felt in both pay and contract prices (it is usual for this to filter through, as many contracts increase prices based on national inflation in September and October, and staff-side negotiations – we are part of the national process – are nearing completion).

2024/25 financial framework

The financial framework for 2024/25 identifies total pressures of £49.81m, including both ongoing and one-off items to be addressed, as follows:

- Reduction in MTFS assumptions around Council Tax growth within the taxbase of £1.49m (note the Council Tax taxbase has increased by 0.92% in 2024/25)
- Additional Inflation pressures of £12.27m (including both pay and price inflation)
- Budget pressures of £7.74m (emerging new pressures within base budgets)
- Unachievable savings for 24/25 of £2.75m (due to delays in legislation)
- Net pressures in children's social care of £9.96m (gross pressures of £12.96m; net pressure includes the anticipated positive impact of several transformation projects)
- Net pressures in adult social care of £14.32m (gross pressures of £26.73m; net pressure is after some additional assumed income, unachievable savings, and the impact of demand management approaches)

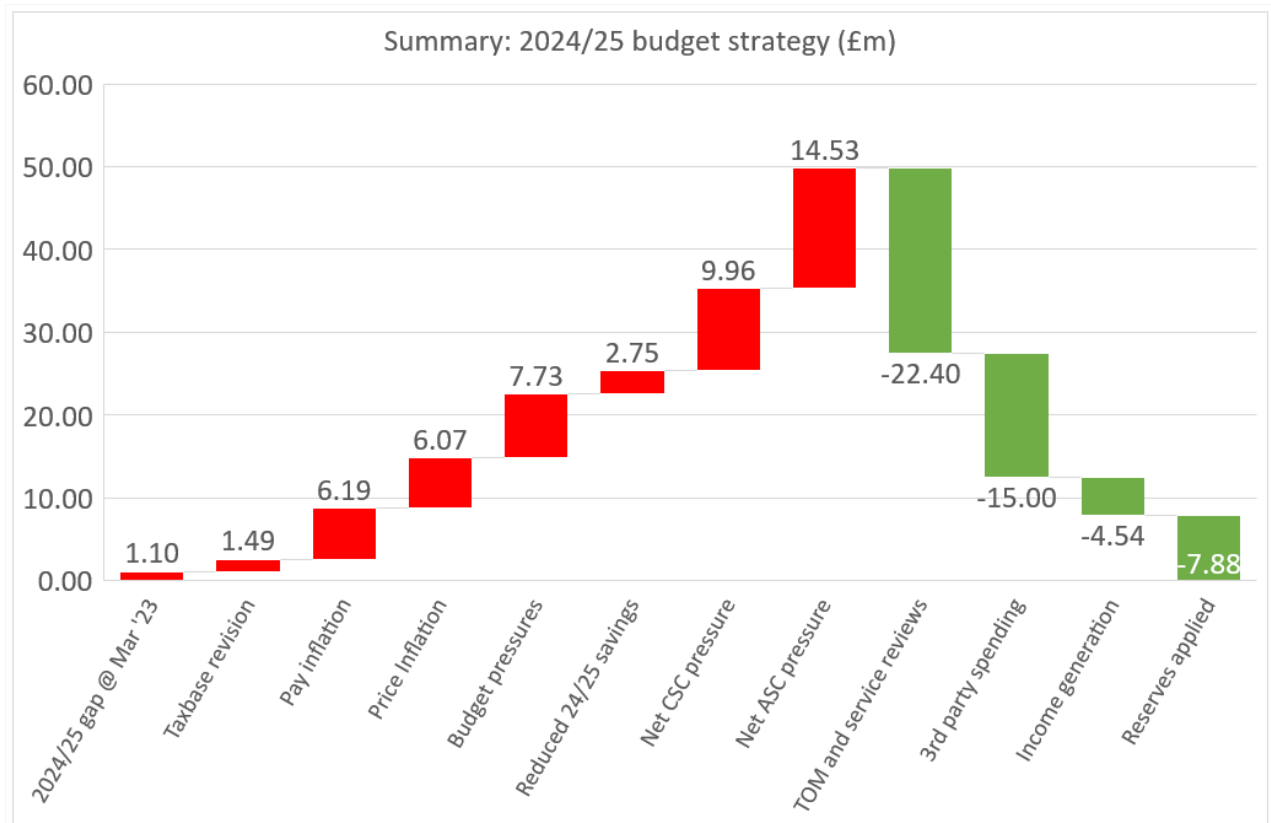
These pressures are proposed to be offset by mitigations to the same total value, as follows:

- Organisation-wider transformation, including strategic Target Operating Model (TOM) implementation and specific service reviews - £22.4m spending reductions

- Contract management - £15m spending reductions to be delivered through review of all spending areas and increased capacity to manage spending and secure best value across the council (e.g. through training, monitoring and transparency, and specialist support)
- Income generation - £4.54m increased income (e.g. through opportunities arising through the energy from waste plant, which is now anticipated to yield cash benefit to the Council through energy generation)
- Application of reserves - £7.88m (to be reviewed as other areas of transformation are implemented, with use of reserves to be reduced as and when possible)

These measures are described in more detail in the remainder of this report. The table below and the subsequent chart also present this information.

	£m	£m
2024/25 Funding Gap as per March 2023 MTFS		1.10
Taxbase Revision		1.49
Inflation pressure		12.27
Unachievable savings 23/24 - growth requested for 2024/25 (i.e. pressures)		3.54
Base budget pressures 23/24 leading to growth bids		4.20
Corporate Unachievable savings 24/25		2.75
Budget pressures before social care and new proposals		25.33
Children's social care pressure estimate	12.96	
Childrens mitigation proposals	-3.00	9.96
Adults social care pressure estimate (24/25)	26.73	
ASC savings unachievable 24/25	4.20	
Estimated additional social care grants	-7.00	
Adults mitigations proposed	9.40	14.53
Net social care position		24.48
TOM and service reviews	-22.40	
Contract and purchasing management	-15.00	
Income generation	-4.54	
Use of reserves	-7.88	
Mitigations		-49.81
Net position after pressures and mitigations		0.00



The table and chart above illustrate the framework for the budget for 2024/25. Key elements of this are:

Inflationary Pressures and Mitigations:

- Pay inflation of £6.17m including an additional £1.8m in the current year, which continues to next year, and to which we expect a further £4.4m pressure to be added. This equates to an anticipated pressure of c 2% above previous estimates of c 3%, to a total of c 5% (although that varies by grade, due to the differential impact of National Living Wage, with higher increases in the lower grades, and lower increases in the higher grades).
- Non-social care price inflation of £6.07m, equating to expected CPI to be applied of c 6%-9% (depending on sector and the timing of the CPI value to be used).
- Inflationary pressures in children’s social care of 11% and in adult social care of 19% (although this value includes some impacts relating to complexity of needs, not specifically to inflation).
- The uplift of council tax applied in 2023/24 has been rolled forward, in line with treasury guidance from previous years. This allows for a maximum increase of 2.99% on the basic rate of council tax, and a further 2% in respect of the social care precept.

As can be seen from the paragraphs above, the current level of inflationary provision in funding and resourcing is significantly exceeded by the level of inflation actually being encountered in the supply chain. It is this disparity which is a key cause of the budget pressures the Council is encountering. Despite some benefits arising from the Autumn Statement (e.g. uplifting – nationally set - planning fee tariffs to ensure nearer to full cost recovery by councils, and adjustments to the local housing allowance to reduce the pressures in temporary accommodation) those benefits do not address the core pressures being experienced by this council, and the likely impact on key services in the coming years.

Adult social care pressures are set out below. Totalling £26.7m. This table shows that there is a significant pressure arising from complexity and demand particularly from hospital discharge for example 8% increase in numbers and an 18% increase in costs to support people in their own homes. Similarly, nursing costs have increased by 9% due to numbers and 20% due to costs. Residential care costs have also increased – 8% due to numbers and 14% due to costs.

The overall cost pressure arising of £26.7m can be analysed as a 4% increase in activity but a 19% increase in average cost – a composite of inflation pressures (varying between 6% and 12%) and complexity of needs. Other elements set out in the table (one-offs, clawbacks, and income estimates) provide a range of adjustments to the raw activity and average cost estimates. £26.7m represents an overall pressure of 24%.

Adults	2023/24			2024/25			Increase in numbers	Increase in cost	Demography pressure
	No.	Cost (£)	Budget	No.	Cost (£)	Budget			
Expenditure:									
Nursing	515	49,774	25,633,500	560	59,815	33,496,370	45	10,041	7,862,870
Residential	632	51,182	32,347,100	680	58,343	39,672,900	48	7,160	7,325,800
ISF	1,578	26,029	41,073,470	1,705	30,632	52,227,620	127	4,603	11,154,150
Direct Payments	488	22,329	10,896,600	499	25,691	12,819,710	11	3,362	1,923,110
Home care	48	39,167	1,880,000	34	54,925	1,867,460	-14	15,759	-12,540
Other	310	13,306	4,124,930	251	14,059	3,528,800	-59	753	-596,130
One offs / Annuals			1,675,140			1,682,630		7,490	7,490
DP Audit Clawback			-2,300,000			-2,300,000		0	0
Reablement			3,418,150			1,309,790		-2,108,360	-2,108,360
Block			21,213,500			26,246,480		5,032,980	5,032,980
Income:									
Non-Residential			-7,442,090	1,312	-5,479	-7,188,740		253,350	253,350
Residential			-13,650,050	1,097	-14,283	-15,668,840		-2,018,790	-2,018,790
Other Client Income			-142,350			-392,340		-249,990	-249,990
CHC Income			-7,881,850	172	-56,649	-9,743,640		-1,861,790	-1,861,790
Amended Budget for Current Contracts			1,649,990			1,666,080			16,090
	3571	31,503	112,496,040	6310	22,064	139,224,280	2,739	-9,439	26,728,240

For Children’s social care, there is a similar position. Here, there has been a slight reduction in the cost of external residential placements (which is often impacted by the immediate needs of the children entering the care system), but pressure of numbers has led to an overall increase. There is a similar position for ‘DCT’ (Disabled Children’s Team). DCT support payments is a similar position, with prices being largely stable

although demand pressures have increased. The overall pressure arising of £12.9m is c 50%.

Overall in children’s social care, the estimated increase in activity for 24/25 vs. 23/24 is 33%. Average costs are estimated to increase by 11% (largely driven by market conditions and the passing on of inflationary pressures, such as living wage changes).

Childrens	2023/24			2024/25			Increase in numbers	Increase in cost	Demography pressure
	No.	Cost (£)	Budget	No.	Cost (£)	Budget			
Expenditure:									
Council Tax Disc Relief for Care Leavers (inc in CLA)			0			7,600			7,600
Leaving Care Supported Accommodation (18+)	7	11,000	77,000	6	20,817	124,900	-1	9817	47,900
Leaving Care Supported Board & Lodgings (18+)	20	13,107	262,140	22	12,287	270,310	2	-820	8,170
PLO Support Packages - Court Ordered/Legal Costs			355,000			450,980			95,980
DCT Prevention & Support Payments	5	30,000	150,000	23	36,300	834,890	18	6300	684,890
DCT Direct Payments	120	5,851	702,090	165	6,408	1,057,240	45	557	355,150
Intra-Agency Adoption Placements	2	31,000	62,000	6	35,565	213,390	4	4565	151,390
Special Guardianship Allowances	98	6,651	651,830	102	6,963	710,200	4	312	58,370
Adoption Allowances	32	3,750	120,000	36	7,222	259,980	4	3472	139,980
DCT Residential Placements	14	270,641	3,788,980	15	319,547	4,793,200	1	48906	1,004,220
External Residential Placements - Spot	30	287,742	8,632,260	62	284,108	17,614,680	32	-3634	8,982,420
DCT Fostering Child Allowances			0			57,820			57,820
Internal Foster Carers - Skills Payments			1,287,750	296	7,536	2,230,510			942,760
Internal Fostering - Aged Related Child Allowances			2,795,000	296	8,560	2,533,670			-261,330
External Fostering	139	41,332	5,745,100	156	41,185	6,424,910	17	-147	679,810
			24,629,150			37,584,280			12,955,130

Medium Term Financial Strategy Summary – 2024/25 – 2028/29



Figure 3 (below) summarises the Council’s financial outlook over the next 5 years. The budget framework for the coming year puts it into overall balance, with ongoing pressures in the medium term arising from low overall resource growth and high levels of anticipated need for services.

Funding Gap	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Resources (incl savings plans)	650,625,124	649,183,963	660,177,045	671,515,149	683,304,620
Expenditure (incl savings plans)	697,391,823	718,743,121	745,263,709	772,355,283	794,262,067
Gap in year	46,766,699	69,559,158	85,086,664	100,840,134	110,957,447
One off Grants & Reserves:					
Improved Better Care Funding	-10,912,045	-11,278,624	-10,996,201	-11,385,105	-11,785,676
Rural Services Delivery grant	-7,757,314	-7,757,314	-7,757,314	-7,757,314	-7,757,314
Social Care Grant - One Off	-22,193,471	-22,859,275	-23,545,053	-24,251,405	-24,978,947
Market Sustainability and Fair Cost Fund	-5,903,869	0	0	0	0
TOTAL ONE OFF FUNDING	-46,766,699	-41,895,213	-42,298,568	-43,393,823	-44,521,936
Remaining Gap/(Surplus) to be Funded	0	27,663,945	42,788,096	57,446,311	66,435,510

Figure 1 - summary financial gap for the MTFS period

The tables below analyse estimated resources and expenditure.

Estimated Resources	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Council Tax	205,104,165	213,771,382	222,805,076	232,219,979	242,033,786
Business Rates:					
Business Rates Collected	44,836,978	45,533,409	46,240,656	46,958,889	47,688,278
Business Rates - Energy Renewable Schemes	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Top Up Grant	11,119,831	11,119,831	11,119,831	11,119,831	11,119,831
RSG	7,777,779	7,933,335	8,092,001	8,253,841	8,418,918
Collection Fund:					
Council Tax	0	0	0	0	0
Business Rates	0	0	0	0	0
NET BUDGET	269,838,754	279,357,957	289,257,564	299,552,540	310,260,814
Grants included in Core Funding:					
Improved Better Care Fund	12,219,305	12,585,884	12,963,461	13,352,365	13,752,936
New Homes Bonus	0	0	0	0	0
Rural Services Delivery Grant	7,757,314	7,757,314	7,757,314	7,757,314	7,757,314
Social Care Support Grant	22,193,471	22,859,275	23,545,053	24,251,405	24,978,947
Market Sustainability and Improvement Funding	5,903,869	0	0	0	0
Discharge Funding	5,363,231	0	0	0	0
Services Grant	0	0	0	0	0
CORE FUNDING	323,275,944	322,560,430	333,523,392	344,913,624	356,750,010
Local Income					
Fees and charges (including income savings deliverable from prior years)	86,918,240	86,918,240	86,918,240	86,918,240	86,918,240
Other Grants and contributions	33,445,280	33,445,280	33,445,280	33,445,280	33,445,280
Specific Grants (excluding Core Funding Grants above)	196,509,920	195,784,273	195,814,393	195,762,265	195,715,350
Internal Recharges	10,475,740	10,475,740	10,475,740	10,475,740	10,475,740
TOTAL FUNDING	650,625,124	649,183,963	660,177,045	671,515,149	683,304,620

Figure 2 - estimated resources for the MTFS period

Resources in the coming 2 years are currently anticipated to be around £650m in each year, rising thereafter by around £10m per year. The resources for the coming year were published in draft at the time of the December 2022 financial settlement for local government. No changes were made in the recent autumn statement. It is currently anticipated that no further changes to the draft 2024/25 settlement provided as part of the 2023/24 settlement will be made. The draft settlement for 2024/25 will be published in December by Government.

Estimated Expenditure	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Original Gross Budget Requirement	690,271,309	697,391,823	718,743,121	745,263,709	772,355,283
Inflationary Growth :					
Pay	10,452,858	4,499,091	4,634,064	4,773,086	4,916,278
Apprenticeship Levy	27,370	14,930	15,380	15,840	16,320
Pensions	0	0	0	0	0
Corporate Landlord inflation	690,857	200,706	205,724	210,867	216,139
Contract inflation	11,926,779	3,070,051	3,146,819	3,229,345	3,299,049
Demography & Demand	39,844,709	15,428,710	16,340,680	17,321,950	18,377,800
Service Specific Pressures:					
Revenue Growth arising from capital programme	168,000	-400,000	-500,000		
Ongoing Budget Pressures	7,862,078				
Local Generated Pressures:					
Elections		700,000	-700,000		
Specific Grants Changes between years	-4,674,562	-7,260,364	1,093,475	1,043,128	1,081,198
Ongoing reduction in New Homes Bonus (pressure)	1,747,510				
Estimated Cost of Investment - <i>Approved</i>	2,032,000	3,104,000	4,452,000		
Invest to Save Fund for delivery of future savings	0	0	0		
Contribution to General Fund	-7,875,010	0	-11,992,681		
Contribution to Development Reserve - Transformation			-1,000,000		
MTFS reserve (savings slippage/optimism bias)	4,250,000	10,750,000	-7,500,000	-7,500,000	
Capital Investment/Transformation Fund			15,000,000	6,000,000	-6,000,000
Climate Change/Energy Efficiency Fund			4,000,000	2,000,000	
Savings					
<i>Savings Agreed in Previous Financial Years</i>	-4,989,927	-8,755,826	-674,872	-2,640	
<i>TOM Budget Savings</i>	-22,400,000				
<i>Contract management Savings</i>	-15,000,000				
<i>Income generation savings</i>	-4,537,850				
<i>Adult Mitigation Proposals</i>	-9,404,299				
<i>Children Mitigation Proposals</i>	-3,000,000				
TOTAL EXPENDITURE	697,391,823	718,743,121	745,263,709	772,355,283	794,262,067

Figure 3 - estimated expenditure for the MTFS period

Expenditure across the MTFS period is significantly impacted by the anticipated level of demographic (population) and demand growth. It is this factor that is driving the overall gap between anticipated spending and likely resources in the coming years.

Movement in 2024/25 estimates from the October MTFS

The following tables show the movement in estimates for the 2024/25 financial year from the MTFS agreed by Cabinet in October 2023 to the current estimates at December 2023.

Overall, this shows that the previously identified gap of £23.6m is now resolved, through a combination of £3.3m anticipated increase to one-off grants, £5.5m improvement in the overall resourcing estimates, and planned spending reductions £14.8m.

Funding Gap	2024/25 @ Oct Cabinet £	Movement £	2024/25 @ Dec Cabinet £
Resources (incl savings plans)	645,111,310	5,513,814	650,625,124
Expenditure (incl savings plans)	712,144,745	-14,752,922	697,391,823
Gap in year	67,033,435	-20,266,736	46,766,699
<u>One off Grants & Reserves:</u>			
Improved Better Care Funding	-10,252,045	-660,000	-10,912,045
Rural Services Delivery grant	-7,757,314	0	-7,757,314
Social Care Grant - One Off	-22,193,471	0	-22,193,471
Market Sustainability and Fair Cost Fund	-3,263,869	-2,640,000	-5,903,869
TOTAL ONE OFF FUNDING	-43,466,699	-3,300,000	-46,766,699
Remaining Gap/(Surplus) to be Funded	23,566,736	-23,566,736	0

Figure 4 - movement in the estimated 2024/25 gap from October to December estimates

The change in estimated resources is the net impact of larger movements with some loss in anticipated funding, plus some additional funding arising from new funding streams as well as inflationary uplifts for pre-existing grants.

Estimated Resources	2024/25 @ Oct Cabinet £	Movement £	2024/25 @ Dec Cabinet £
Council Tax	206,590,351	-1,486,186	205,104,165
Business Rates:			
Business Rates Collected	44,836,978	0	44,836,978
Business Rates - Energy Renewable Schemes	1,000,000	0	1,000,000
Top Up Grant	11,119,831	0	11,119,831
RSG	7,777,779	0	7,777,779
Collection Fund:			
Council Tax	0	0	0
Business Rates	0	0	0
NET BUDGET	271,324,940	-1,486,186	269,838,754
Grants included in Core Funding:			
Improved Better Care Fund	12,219,305	0	12,219,305
New Homes Bonus	0	0	0
Rural Services Delivery Grant	7,757,314	0	7,757,314
Social Care Support Grant	22,193,471	0	22,193,471
Market Sustainability and Improvement Funding	3,263,869	2,640,000	5,903,869
Discharge Funding	1,663,231	3,700,000	5,363,231
Services Grant	0	0	0
Lower Tier Services Grant	0	0	0
CORE FUNDING	318,422,130	4,853,814	323,275,944
Local Income			
Fees and charges (including income savings deliverable from prior years)	86,918,240	0	86,918,240
Other Grants and contributions	33,445,280	0	33,445,280
Specific Grants (excluding Core Funding Grants above)	195,849,920	660,000	196,509,920
Internal Recharges	10,475,740	0	10,475,740
Other Income			
TOTAL FUNDING	645,111,310	5,513,814	650,625,124

Figure 5 - movement in the estimated resources from October to December estimates

The change in estimated expenditure is due to pay and price inflation, as set out above, as well as some budget savings now not expected to be fully achieved. The anticipated budget pressures arising from social care have now been estimated and are included below under demography and demand.

Savings are focussed around organisation-wide transformation, in particular the implementation of the 'Target Operating Model' (TOM), which aims to improve overall efficiency within the council. Additional spending reductions are targeted for third party (contract) spending.

Spending reductions are also anticipated arising from the transformation work in adults and children's social care to manage demand, which is focussed on early intervention, care at home, and providing the care needed in the right way and at the right time. These spending reductions are based on service-led estimates and take a balanced view of the need to ensure safeguarding and other key services as well as the need to remain within an affordable overall level of council spending.

Estimated Expenditure	2024/25 @ Oct		2024/25 @
	Cabinet	Movement	Dec Cabinet
	£	£	£
Original Gross Budget Requirement	690,271,309	0	690,271,309
Inflationary Growth :			
Pay	10,452,858	0	10,452,858
Apprenticeship Levy	27,370	0	27,370
Pensions	0	0	0
Corporate Landlord inflation	805,628	-114,771	690,857
Contract inflation	11,568,606	358,173	11,926,779
Demography & Demand	0	39,844,709	39,844,709
Service Specific Pressures:			
Revenue Growth arising from capital programme	168,000	0	168,000
Ongoing Budget Pressures	10,737,082	-2,875,004	7,862,078
Local Generated Pressures:			
Elections	-	-	-
Specific Grants Changes between years	-7,974,562	3,300,000	-4,674,562
Ongoing reduction in New Homes Bonus (pressure)	1,747,510	0	1,747,510
Estimated Cost of Investment - <i>Approved</i>	2,032,000	0	2,032,000
Invest to Save Fund for delivery of future savings	0	0	0
Contribution to General Fund	0	-7,875,010	-7,875,010
Contribution to Development Reserve - Transformation	0	0	0
MTFS reserve (savings slippage/optimism bias)	4,250,000	0	4,250,000
Capital Investment/Transformation Fund	0	0	0
Climate Change/Energy Efficiency Fund	0	0	0
Savings			
<i>Savings Agreed in Previous Financial Years</i>	<i>-11,941,057</i>	<i>6,951,130</i>	<i>-4,989,927</i>
<i>TOM Budget Savings</i>	<i>0</i>	<i>-22,400,000</i>	<i>-22,400,000</i>
<i>Contract management Savings</i>	<i>0</i>	<i>-15,000,000</i>	<i>-15,000,000</i>
<i>Income generation savings</i>	<i>0</i>	<i>-4,537,850</i>	<i>-4,537,850</i>
<i>Adult Mitigation Proposals</i>	<i>0</i>	<i>-9,404,299</i>	<i>-9,404,299</i>
<i>Children Mitigation Proposals</i>	<i>0</i>	<i>-3,000,000</i>	<i>-3,000,000</i>
TOTAL EXPENDITURE	712,144,745	-14,752,922	697,391,823

Figure 6 - movement in estimated expenditure from October to December estimates

Benchmarking information



Benchmarking

Benchmarking is a valuable approach to assessing relative performance between different organisations. Local government regularly returns data in standard formats to central government, meaning that many datasets are available for review and to help understand patterns within and between authorities.

Recently, government has also set up the Office for Local Government ('Oflog'). A standard data dashboard has been created based on key indicators across a range of councils and populated with 2021/22 data. It is expected that this dashboard will change, and new data will become available, but the data already provides a value insight into the relative standing of Shropshire Council.

Data available here: [Oflog Dashboard Report for Shropshire Council | LG Inform \(local.gov.uk\)](#) and here: [Local Authority Data Explorer - DLUHC Data Dashboards](#)

Key points

Waste and recycling: overall, recycling rates in Shropshire are higher than average and residual household waste lower than average. Rates of contamination with waste streams was good, and comparatively low.

- In 2021/22, the percentage of household waste sent for reuse, recycling and composting for Shropshire was 52.80%, which was above the All English unitary authorities median percentage of 41.70%.
- In 2021/22, the amount of residual household waste collected per household for Shropshire was 547.80 kilograms, which was below the All English unitary authorities median amount of 559.50 kilograms per household.
- In 2021/22, the proportion of household waste contaminated/rejected for Shropshire was 1.65%, which was below the All English unitary authorities median proportion of 6.32%.

Adult social care: adults' services in Shropshire receive a relatively high level of requests for support that lead to care arrangements by comparison with other authorities (which impacts on estimated future costs set out elsewhere in this report). Short term support is at a level similar to other authorities. This suggests that there is scope to do more to meet the needs of residents before the need becomes more urgent (which supports the 'transformation' programme which will continue to meet residents needs effectively, but in a different way in the future).

- In 2022/23, the number of support requests received from new clients that resulted in a service for Shropshire was 2,279 per 100,000 population, which was above the All English unitary authorities mean number of 1,725 per 100,000 population.

- In 2021/22, the staff turnover rate for adult social care (directly employed staff in the formal care workforce) for Shropshire was 28.0%, which was below the All English unitary authorities median rate of 30.4%.
- In 2021/22, the adjusted social care-related quality of life impact score for Shropshire was 0.398, which was just below the All English unitary authorities median score of 0.408.
- In 2021/22, the carer-reported quality of life for carers score for Shropshire was 7.1%, which was just below the All English unitary authorities median score of 7.3.
- In 2021/22, the proportion of those that received short-term service, where no further request was made for ongoing support afterwards, or support of a lower level, for Shropshire was 76.5%, which was almost the same as the All English unitary authorities median proportion of 76.6%.
- In 2021/22, the proportion of people who use care services and find it easy to find information about services, support or benefits for Shropshire was 68.0%, which was just above the All English unitary authorities median proportion of 67.0%.
- In 2021/22, the proportion of carers who find it easy to find information about support for Shropshire was 58.2%, which was just below the All English unitary authorities median proportion of 58.9%.

Skills measures: Academic qualification levels in Shropshire to further education level or above are somewhat lower than the average for all age groups, although qualifications at AS and A-level and above are slightly higher than the average.

- In 2021/22 (academic), the rate of the population aged 15-64 per 100,000 population in a council area who are estimated to have achieved a further education qualification or above for Shropshire was 3,096, which was below the All English unitary authorities median rate of 3,192 per 100,000 population.
- In 2021/22 (academic), the rate of the population aged 19-64 per 100,000 population in a council area who are estimated to have achieved a further education qualification excluding apprenticeships for Shropshire was 2,378, which was below the All English unitary authorities median percentage of 2,716 per 100,000 population.
- In 2021, the proportion of the population (aged 16-64) that hold a qualification at Level 3 or above for Shropshire was 60.7%, which was above the All English unitary authorities median proportion of 58.6%.

Finance measures: For Shropshire Council, reserves as a proportion of service spending is significantly lower than for similar authorities.

Core spending power (as measured and reported by government) is similar to other authorities, suggesting that our resource base is not unusually high or low. Average council tax in Shropshire is lower than the national average, although the overall level of discounts and benefits applied is lower than the average (this reflects the way that the council tax bands A-C are disproportionately low compared to similar authorities, and that

the weight of the council tax base is higher in bands D-F – indicating a comparatively wealthier resident population). Council tax statistics suggest that further increases in the basic rate would not be unreasonable.

Social care spending is almost the same as the average (suggesting that current pressures are less the result of the level of funding and more the result of recent pressure and how that is addressed, as well as external factors such as relative market strength and the position of the local NHS).

Debt finance costs are comparatively high, but at the same time overall debt levels are comparatively low (suggesting that most debt is comparatively old and taken out when rates were generally higher).

- In 2021/22, reserves as a proportion of 'service expenditure' for Shropshire was 25.3%, which was below the All English unitary authorities median proportion of 42.4%.
- In 2021/22, the total reserves as a proportion of 'net revenue expenditure' for Shropshire was 31%, which was below the All English unitary authorities median proportion of 50%.
- In 2021/22, the total core spending power per dwelling for Shropshire was £1,805, which was below the All English unitary authorities median of £1,826.
- In 2021/22, the average council tax Band D bill for Shropshire was £1,501, which was below the All English unitary authorities median bill of £1,614.
- In 2021/22, the average council tax a resident pays, before local discounts and council tax support, for Shropshire was £1,533, which was above the All English unitary authorities median of £1,425.
- In 2021/22, the level of social care spend as a percentage of Core Spending Power for Shropshire was 67.8%, which was below the English unitary authorities median of 69.0%.
- In 2021/22, the level of debt servicing as a percentage of Core Spending Power for Shropshire was 11.9%, which was above the All English unitary authorities median of 7.8%.
- In 2019/20, the total debt as a percentage of Core Spending Power for Shropshire was 197.9%, which was below the All English unitary authorities median percentage of 238.4%.

Estimated Spending



Inflationary Pressures

The inflationary pressures originally identified in 2022/23 continue to have a cumulative effect across the MTFS period. Inflation levels have remained stubbornly high, impacting on prices for 2024/25. Further to review of the position outlined in October 2023, these values have changed slightly, but not significantly.

Pay inflation for 2023/24 was built in but there is a likely shortfall as the pay award is now anticipated to be higher (currently an assumed average 3.88% across all bands, but more in lower bands – due to National Living Wage – and less in higher bands). Carrying this increase forward to next year equated to +£1.8m to be included in the 2024/25 budget. Previously, a 3% increase in the cost of pay had been assumed for 2024/25 and future years. This is expected to increase further for 2024/25 as inflation persists (estimated as +£4.4m against previous provision, although this is highly uncertain). The overall impact of pay inflation for 2024/25, including both the shortfall against assumed increases in 2023/24 and the further increase in 2024/25 is therefore +£6.2m, including both the future impact of the current year negotiations and the further impact of next year's negotiations. (NB – values are for the overall cost to Council budgets, and include employees pay and employers liabilities such as National Insurance Contributions and Pensions Contributions. Percentage increases also refer to changes in levels of provision – not the anticipated outcome of pay negotiations.)

Contract and corporate landlord inflation has previously been built in for an average 3% and has now been uplifted to an average of 9% (although this varies across budget heads). This is based on current levels of RPI and CPI inflation, which may reduce further prior to the start of the financial year. The overall impact on 2024/25 budgets is +£12.6m.

Budget pressures

Some of the savings planned to be achieved in the current year are proving challenging to realise, alongside other ongoing budget pressures identified during 2023/24. These amount to £7.86m.

Social care pressures

As set out in the Q2 finance report¹ the People Directorate is actively implementing measures to help ensure that resident needs are met at the earliest opportunity. Demand arises when residents turn to the council to fulfil a need. All councils are facing unprecedented demand for social care due to a range of factors. This can

¹ [Q2 Finance report 23/24](#)

manifest in different ways, including;

- simple resident requests for support or advice (demand)
- which may arise in different parts of the Council's contact with residents and
- need redirection (misdirected demand); or again
- where a request is presented, but improperly (misdirected demand), or
- where a request is stimulated by other activity of the Council (failure demand/repeat demand)

Demand can also be considered in terms of where it is known early, and can be addressed before it becomes more acute, or where it is only identified late on, and so is more acute. Demand pressures are increasingly being felt across the organisation, including inflationary pressures, temporary accommodation, customer expectations, and social care.

In children's social care (CSC) we are seeing a growth in children becoming looked after due to; the legacy of the covid pandemic, the current cost of living crisis, and changes in legal duties (notably the 2014 SEND reforms). The number of children looked after (those coming into care) has almost doubled in the last five years, from 333 in 2018 to 656 this year, putting significant pressure on the council's budget. Similarly, numbers of children with EHCPs has increased significantly.

In adults social care (ASC) the demand pressures are due to the aging population and in Shropshire this has become particularly challenging with over 30% of residents now over the age of 60 and an increasing number needing support. While some pay for their care, there has been a significant cost to the council. Services for older adults generally have a lower average cost but are provided to a high number of people. There is a further pressure arising from working age adults (18-65 years) where social care provides support – care for working age adults now accounts for approximately half the overall level spending in ASC, which often sees lower numbers of people needing care, but higher average cost of care packages.

To manage these different demand pressures, the council is introducing or enhancing interventions which will help the level of demand coming into the council, by supporting people earlier, differently, and promoting independence. These interventions improve outcomes for those involved and also reduce costs. The aim is to provide the right help (service) at the earliest opportunity, to prevent issues escalating to a point where more support is required.

Children's Social Care Transformation Programme

The CSC Transformation Programme has introduced or enhanced projects to reduce demand coming into the council. The 'Best Start in Life' project works with new parents and their families to give them the skills and support to reduce the likelihood of their child becoming in need of care (CIN) or looked after (CLA).

The 'Early Help' project has redesigned our Early Help 'front door' (the 'Early Help Advice and Support Team' or EHAST). It uses Family Support Workers to work with those at risk of escalating to more serious levels of intervention, ensuring that are better supported and protected. While these interventions have been in place for a relatively short period of time, their impact is already being seen. The 'Early Help' project has seen 189 initial contacts confirmed as needing 'no further action' further to receiving more general support and advice, a higher level of cases progressing to an early help period of targeted support. This has led to 78 potential referrals to social care being avoided. This means there more offers of early help and support are reducing escalation into child protection services – a better outcome for both the children and families concerned, and also for the overstretched social work teams at the Council.

Other projects aim at reducing the costs arising through providing care while also improving outcomes for our children and young people. For example, the 'Stepping Stones' project has actively worked with CLA to 'step them down' from residential care and move them into an appropriate foster family or back to their own family, where it is safe to do so.

Similarly, The Fostering project is looking at new and innovative ways to recruit and retain foster carers so that we have sufficient carers to meet the increasing need. In addition, our Residential projects, are creating our own Residential Care Homes to have these options available and available when needed rather than relying on an expensive marketplace. Securing a residential care placement for a child in a commercial residential home can cost more than £250,000 per year. By contrast, the cost of a foster care placement is around one tenth of that cost.

Managing Demand Pressures in Adults Social Care

Similar approaches are being used in Adult Social Care. Projects in the Adult's Transformation Programme have already achieved over £7m in spending reductions to date, while providing people with improved outcomes.

Adult social care services cover both working age adults (18-65 years) and those aged 65 or more. Working age adults' needs are often around support with learning or physical disability, autism spectrum disorders, other mental health needs, or sensory needs (such as impaired vision or hearing). These services now account for around 50% of all adult social care spend. For those ages 65 or older, services are well understood, including care for those who are increasingly frail, or whose health needs have become more complex in later life. Often, a spell in hospital becomes necessary (due to a simple illness or a fall), and social care services help ensure that the individual is supported as they come out of hospital to return to as much independence as possible, in a setting that they help to determine.

We continue to see high levels of activity through the pathways of care for those being discharged from hospital, often with individuals whose care needs (temporarily or permanently) have become greater – for example, through dementia or nursing care needs.

One of the projects is looking to create a more defined ‘front door’ by redesigning part of the public-facing website to help people to assess their own needs, making use of local and community-based support in the first instance. This helps us to point people to existing solutions to more quickly meet their needs, maintain their independence, and reduce the overall support they require from the council.

In addition, we have started working with other agencies across the wider health and social care system to introduce a more integrated hospital discharge model, meaning that partners are increasingly working together to better manage discharge from hospital, to proactively identify individuals’ needs, and to more appropriately meet those needs.

Another project promoting individual independence focuses on expanding the council’s ‘reablement’ offer. We have improved the current reablement model and made it as efficient as it can be. However, a more fundamental change to that how we operate that model would bring better outcomes and further reduce overall costs. So, a new ‘at home’ model is being created to pull together all care solutions to allow people to return home quickly and safely (which is what so many tell us is their preferred option). We have already seen higher numbers of people being supported through this pathway which provides better outcomes for our residents and reduced needs following a period of reablement.

This ‘at home’ approach is also aided by our innovative approach to virtual care delivery and assistive technology. This has already received external funding and is making use of existing and emerging technologies to allow people to retain independence by staying safely at home while reducing the need for more costly support – which many often find unnecessarily intrusive. The pilot of this work has already provided impressive results and now plans are being put in place to implement it at a larger scale. (For example, assistive technology has helped the immediate family of an individual with high mental health needs to take a holiday, knowing that their other family member remains safe and independent. These types of interventions can also substantially reduce the costs of providing care.)

All-Age Commissioning

Lastly, the Council is also reviewing the approach taken to commissioning. Previously this has focused on adult social care services, but this is being expanded to support an ‘all-age’ commissioning model. This project will create an enhanced model of brokering and commissioning care packages in a way which optimises

costs and reduces budget pressures while still providing good quality care as and when it is needed.

The demand management plan outlined above will deliver a more sustainable budget position in the coming years, however it is acknowledged that this may take time to implement. A key focus at present is how fast we can effectively implement the schemes with the biggest impacts.

Key demand interventions

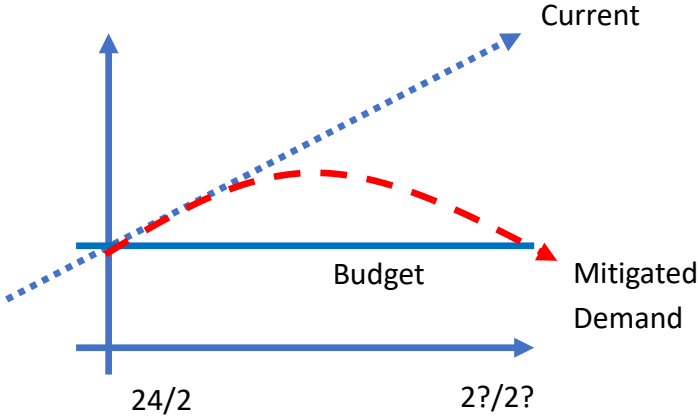
Service	Project	Anticipated benefit
Children's social care	The Best Start in Life	[cost avoidance]
	Early Help (EHASt)	[cost avoidance]
	Stepping Stones	£3.0m
	New residential homes	£1.0m
Adults social care	On-line support and advice (the 'front door')	[cost avoidance]
	Supporting people independence to ensure people return home from hospital	£1.51m
	Increase the number of people being supported by reablement pathway	£1.2m
	Max Independence by the use of technology, community and voluntary support.	£2.215m £3.7m

Future demand projections

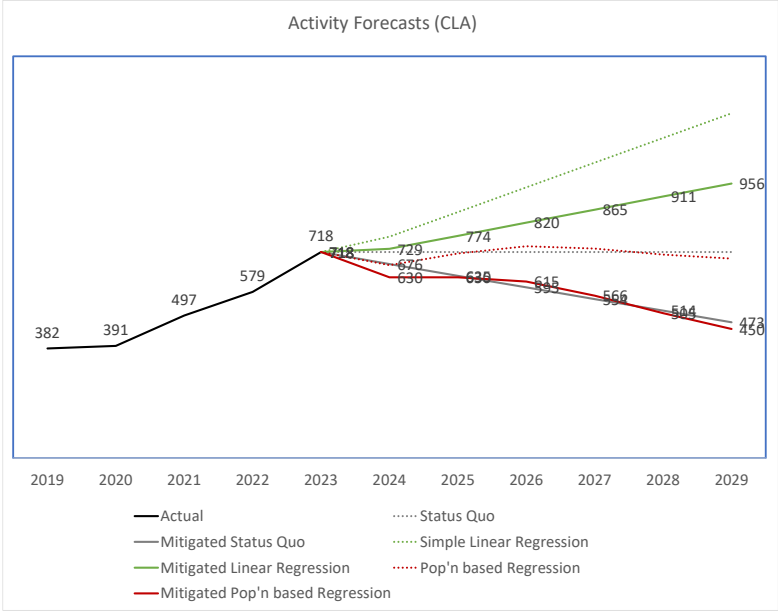
Detailed planning for expected activity levels, before and after mitigating actions, is in hand and illustrated below. These forecasts are based on the expected levels of activity, translated into financial measures. These models help to define the likely course of the MTFs in the course of the coming years.

The charts below show how the anticipated level of activity is being integrated into the forecast for budget allocations and management. The charts remain works in progress, but are helping to identify the likely course of activity, mitigations, and cost. This approach will be refined in the coming months to enable more accurate forecasts to be drawn up.

The target is to ensure that anticipated demand, reduced through mitigating actions, corresponds to available service funding (i.e. that the trajectory of mitigated demand corresponds to budget forecasts). This is illustrated in chart below.



Detailed modelling of activity and costs is in hand, with early results illustrated below. The model uses actual data and consider different alternative statistical approaches to modelling future activity, both with and without mitigations. Work continues to develop this approach and apply it to other areas as well, which will help inform resource allocation decisions through the medium term.



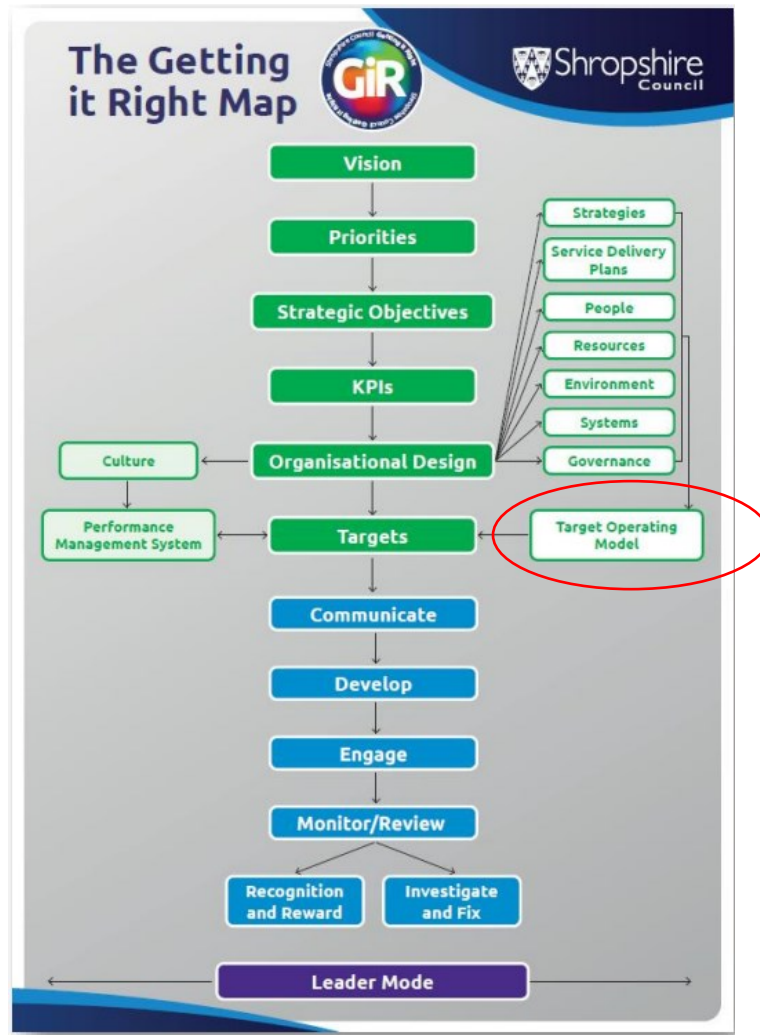
Organisation-wide transformation – the ‘TOM’ and service reviews

The TOM refers to the ‘target operating model’. Post-COVID, many services had both learnt valuable lessons, but had also had to make a significant change to service arrangements – they needed to change substantially during the COVID period, but now needed to return to a more stable, ‘business as usual’ approach.

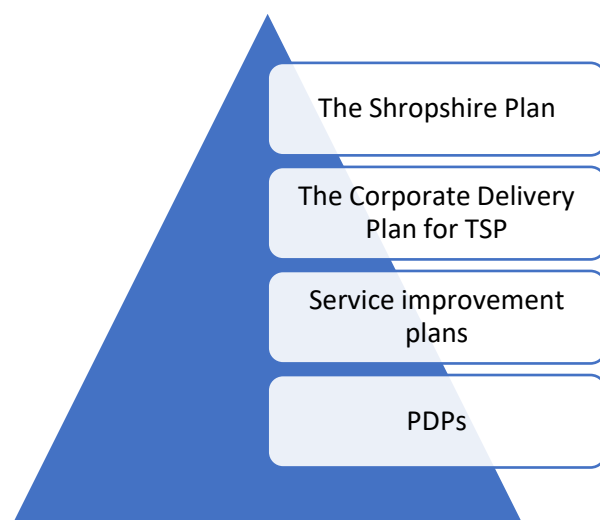
Targeted spending reductions, when compared to the available funding are equivalent to a reduction estimated as 6.2%. The method for 24/25 is flexibility in approach with clarity in expectations. So while the requirement for a reduction in spending across the Council is absolute, where this falls in terms of service area or type on intervention is flexible. Across the Council a 10% reduction in budget is being targeted under a framework, in priority order, seeking efficiencies, increases in income, reduction in third party spend and finally or ‘right sizing’² the workforce reduction in staff spending. Together, these approaches could release in excess of £26m of current estimated spending, helping to balance the budget through the medium term. The targeted reductions in pay and non-pay spending will be guided by a new strategic operating model for the Council and are not yet set at a detailed level, they will flex depending on the outcome of service reviews. The reviews will not prescribe how savings are to be achieved but will monitor the process to ensure that overall savings are delivered effectively.

The TOM will consider the overall approach to the corporate activity of the council. The framework for this is set out in the ‘Getting it Right Map’ detailed below, the subject of significant work as part of the Council’s Getting Leadership Right development programme. The Shropshire Plan sets out the Council’s vision, priorities and strategic objectives and the developing performance framework includes the key performance indicators that support the delivery of these outcomes. The key elements of the TOM are set out on the right-hand side of the map below.

² Right-sizing our workforce means ensuring we have the right headcount in teams to deliver the Shropshire Plan. For some teams this will mean additional staff to support objectives for other it may lead to a reduction.



The golden thread through the organisation will be achieved through the alignment of objectives from The Shropshire Plan (which sets out our vision), our priorities (as set out in the corporate plan, which will ensure the implementation of the Shropshire plan objectives) with the strategic objectives of individual services and, thence, individual staff. The practical application of this is illustrated below.



Through the completion of the Service Delivery Plans, a Corporate Plan can be set out – with milestones for the completion of key objectives. It was previously expected that directorates would secure this alignment themselves. However, it has become clear that there is a greater level of corporate leadership and support required to ensure that strategic alignment and increased levels of overall efficiency can be achieved – despite the great progress in overall spending constraint made during 2023/24,

This review of service delivery across all areas will enable the clear alignment of service planning with corporate planning. Areas where less than best value is being achieved will be supported to improve overall VFM (value for money) in service areas, contributing to efficiency gains at a corporate level.

Over 50% of Service Delivery Plans have already been prepared. The remaining areas will be supported to prepare similar plans. The corporate plan will summarise all service improvement plans (SIPs).

Completed SIPs are expected to cover:

- Service objectives
 - Key outputs and processes (what we do)
 - Legal duties fulfilled (why we do it)
- Service plan
 - Activity estimates (how much we do)
 - Staffing estimates and workforce plan (who does it)
 - Contract and procurement plan (what we buy or earn to do it)
- Finance plan (the net budget we need to do it – revenue and capital aligned to target spending reductions)
- Data needed to fulfil service planning and monitoring objectives

- ICT 'fixes' to rapidly improve efficiency (short term and medium term reconfiguring)
- Key risks service represents to the whole Council (Risk management – assuming that key financial risks are no longer supportable within service 'silos' so will require corporate management and support)

Service plans will include areas where income generation is a viable alternative to service and spending constraints and proactive contract management enables financial benefits without jeopardising service delivery.

Service plans will ensure that the overall corporate plan will support delivery of The Shropshire Plan contained within affordability limits. Therefore, service plans will all need to demonstrate spending plans that reduce by 10% overall. Spending reductions at this level will ensure ongoing sustainability of council services. How this is to be achieved will be identified in the coming 6 months. Significant efforts will be made to ensure that efficiency or process is prioritised in all areas ahead of reductions in the scope of the service offer.

Revised MTFs Summary and Funding Gap

The impact of the inflationary, budgetary, and savings under-delivery pressures is outlined below. The current estimate is that the budget gap for 2024/25 (next financial year) is now fully funded however this is based on recurrent savings of £54.8m to offset the pressures in demand and inflation. It is now anticipated that increasing demand and potentially losing time limited funding from the Government will increase the funding gap for 2025/26 to £27.7m and then will continue to rise by between £9m - £15m over the remaining 3 years under current assumptions.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Funding Gap					
Resources (incl savings plans)	650,625,124	649,183,963	660,177,045	671,515,149	683,304,620
Expenditure (incl savings plans)	697,391,823	718,743,121	745,263,709	772,355,283	794,262,067
Gap in year	46,766,699	69,559,158	85,086,664	100,840,134	110,957,447
One off Grants & Reserves:					
Improved Better Care Funding	-10,912,045	-11,278,624	-10,996,201	-11,385,105	-11,785,676
Rural Services Delivery grant	-7,757,314	-7,757,314	-7,757,314	-7,757,314	-7,757,314
Social Care Grant - One Off	-22,193,471	-22,859,275	-23,545,053	-24,251,405	-24,978,947
Market Sustainability and Fair Cost Fund	-5,903,869	0	0	0	0
TOTAL ONE OFF FUNDING	-46,766,699	-41,895,213	-42,298,568	-43,393,823	-44,521,936
Remaining Gap/(Surplus) to be Funded	0	27,663,945	42,788,096	57,446,311	66,435,510
Increase in Funding Gap per Year	0	27,663,945	15,124,151	14,658,215	8,989,199

The funding gap is driven by the difference between estimated resources and estimated expenditure, with the level of one-off grants expected to reduce by around £10m in 2025/26 and then staying broadly stable across the remaining period (averaging £43m).

Estimated resources in 2024/25 are £651m.. This is expected to remain largely unchanged into 2025/26, as growth in the level of Council Tax anticipated through increases in the Council Tax level and growth in the taxbase is anticipated to generate an additional £8.6m which will broadly offset the reduction in time-limited Government grants.

Estimated expenditure is anticipated to increase between this year and next year, with slower growth in inflation and demand in future years.

Budget consultation

As in previous years, the Council will invite residents, partners, businesses and council employees to comment on its budget proposals. The results of the consultation (usually undertaken from late December to the end of January, allowing respondents to choose whether a response is provided during the Christmas period or in the new year) will be reported to Cabinet and Council alongside the final budget proposals, to help inform the Councillor's discussions.

The budget consultation is not a 'decision' – the outcomes are not 'binding' upon Cabinet. Rather, they are an opportunity for respondents and Councillors to provide feedback to Cabinet on the proposed decisions set out in the budget.

Enactment of specific proposals in the budget report that will be brought forward in February 2024 will take place in two stages. Firstly, the budget report itself, as part of the MTFS, will be debated, amended as necessary, and then agreed in February. The provides the overall framework within which Officers will work to deliver the priorities agreed by Councillors. Secondly, where an approved budget proposal requires a change to the basic policy framework of the council, a separate decision will need to be brought to Cabinet to be agreed (or, in some cases, to Council) at a future point. Where a budget proposal is within the existing basic policy framework of the council (i.e. has previously been agreed by Councillors, as required under the constitution), it may be enacted within the delegation of responsibilities to the Cabinet, to the relevant Portfolio holder, or to the relevant Chief Officer (depending on the estimated magnitude of the change).

Therefore, the consultation set out at appendix 2 to this report is for information and feedback only and is not binding upon Cabinet or Council.

Estimated resources



Resources

The 2023/24 final financial settlement for local government included the indicative values for 2024/25. These have been used in the preparation of this MTFs, unless more up-to-date information is known.

It remains the case that local government would not need to plan to hold elevated levels of reserves nor plan for unknown contingencies if central government could provide a better indication of medium-term resource values (the last 5 settlements have been single-year settlements).

Council Tax assumptions

- a. The table below set out the assumed change in council tax (basic rate) and social care precept (SCP) as included in the MTFs. It also shows the totals therefore assumed.
- b. It should also be noted that the collection rate is 98.5% (the sectoral average), and the growth in the base is currently assumed at c 1% pa.
- c. It is usual that the ‘council tax referendum threshold’ is set out alongside the Provisional Financial Settlement for Local Government’ in December each year.
- d. For Shropshire, the current level of Council Tax funding (2023-2026) averages £205m pa. In that basis, every +1% on council tax will yield around £2m for the Council.
- e. Council tax rates in Shropshire benchmark below against comparable authorities. The average band D charge in 2021/22 for Shropshire was £1,501, for all unitary councils was £1,554, and for Shropshire’s statistical neighbours was £1,656.
- f. The balance of properties in Shropshire is below the national average for band A-C, but above the average for bands D-F. this means that we have more people than average in comparatively costly dwellings, with fewer than average in the lower council tax bands. If there are pressures on less wealthy residents arising from increased costs including council tax, the council is able to provide additional support – for example, through Council Tax Support, housing Benefit, or Discretionary Housing Payments.
- g. Assumed increases in SCP and the basic rate are set out below.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Assumed Increase CTax (basic rate)	+2.99%	+2.99%	+1.99%	+1.99%	+1.99%	1.99%
Assumed Increase in SCP	+2%	+2%	+1%	+1%	+1%	+1%
Overall increase	+4.99%	+4.99%	+2.99%	+2.99%	+2.99%	2.99%
Total arising (£m)	193.6	205.1	213.8	222.8	232.2	242.0

The 2023/24 final settlement from Government set referendum limits at 2.99% for Council Tax and 2% for Adult Social Care Precepts. It has not been confirmed as yet what the referendum levels for 2024/25 and beyond are. It is anticipated that this will be detailed in the provisional settlement for 2024/25 to be announced in December.

Financial Stability and Risk; Reserves and balances



General Fund Balance

The General Fund Balance (GFB) held as at 1 April 2023 is £27.0m.

The balance held of £27m is comprised of £7m brought forward (as set out in the 2022/23 Finance Outturn report³) plus £19.9m contribution identified in the 2023/24 budget⁴. The general fund balance is the 'reserve of last resort'. In many Councils, this is supplemented by an actively applied 'contingency reserve', but this is not the case for Shropshire Council. Therefore the GFB is the 'contingency fund' and the 'fund of last resort'. For the 2024/25 financial year, the GFB is held against a range of specific risks, as follows:

- Adverse Ofsted inspection result
 - o Ofsted inspects all councils on a regular basis, with frequency determined by previous results and current knowledge and insights gained from a range of sources including nationally published data.
 - o It is well rehearsed in local government that being required to improve on a 'requires improvement' or 'inadequate' inspection result can cost several millions. This may include short or longer-term investment in areas such as as staffing changes and restructures, investment in staffing, investment in data and systems, or capital investment, for example.
 - o The potential level of funding to be set aside cannot be held by the service alone, hence the need to hold that risk as part of the GFB.
- Adverse CQC inspection result
 - o The CQC has launched a new inspection regime for adult social care. The pilot areas indicated a high level of overall compliance, with 4 of 5 councils reviewed meeting the benchmark level of service quality.
 - o However, and as with Ofsted reports, an adverse outcome may well lead to the requirement for additional investment at short notice.
 - o Again, the potential level of urgent investment required would exceed anything held on-hand by the service, and would require corporate support.
- Adverse SEND inspection result
 - o Again, and in a similar way, the forthcoming SEND inspection regime may lead to the need for urgent short term investment to support service improvements.
 - o Again, the potential level of funding required exceeds anything available to the service, and so would require corporate support via the GFB.

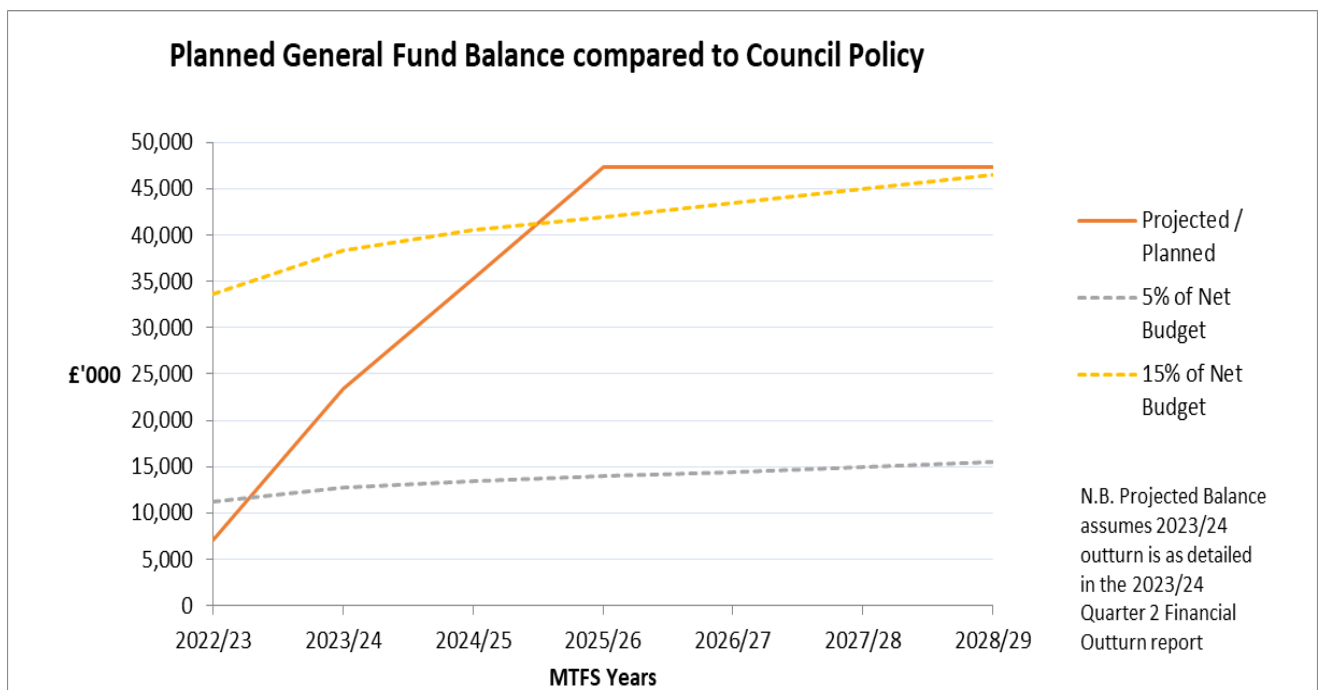
The Council is therefore working to ensure that the General Fund Balance is protected at a level of at least £20m from 2024/25, to ensure a greater level of overall financial resilience and the ability to effectively weather or cushion unanticipated costs. This can be achieved through:

³ [Finance outturn 2022/23](#)

⁴ [MTFS 2023-24 - 2027-28](#)

- contributions into the balance (as above)
- measures to reduce future calls on the GFB such as wider rebalancing of council budgets and reduction of likely risks
- review of earmarked reserves (the GFB is an unearmarked reserve), with reallocation of some balances into the GFB where this is permissible and appropriate.

The MTFS agreed in March 2023 provided for a further contribution of £19.9m to the GFB in at the start of 2024/25, but this is currently under review and it is anticipated that this may need to be reduced to £11.9m given the increased expenditure pressures identified for 2024/25. The graph below details the projected forecast of the GFB over the course of the MTFS.

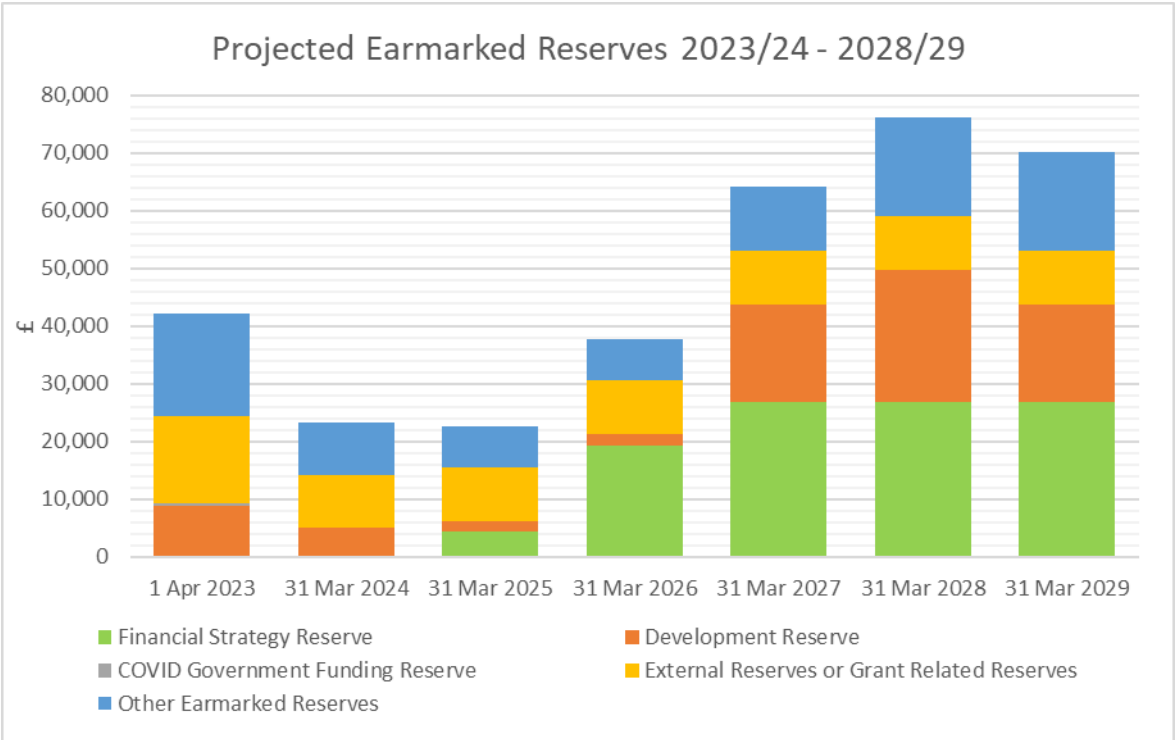


Earmarked Reserves

The Council has assumed in previous financial strategies that it would use earmarked reserves, particularly the Financial Strategy Reserve, to help balance the budget. The Financial Strategy Reserve was fully applied in 2022/23 and remains at zero in 2023/24. The March 2023 MTFS does however provide for a £4m contribution to be made in 2024/25.

The total value in Earmarked Reserves as at 1 April 2022 was £79.2m, and was £31.7m at 1 April 2023 (excluding schools related reserves). It is estimated that by the 31st March, earmarked reserves will be 33.8m.

The Council’s March 2023 financial strategy includes provision to replenish reserves, although the exact level will depend on the progress made in rebalancing the budget. This will afford the Council the resources to be able to deal with unexpected challenges, and investment in further transformation and improvement of its service. The graph below demonstrates the projected increase in earmarked reserves, mainly from 2025/26 onwards.



Appendices



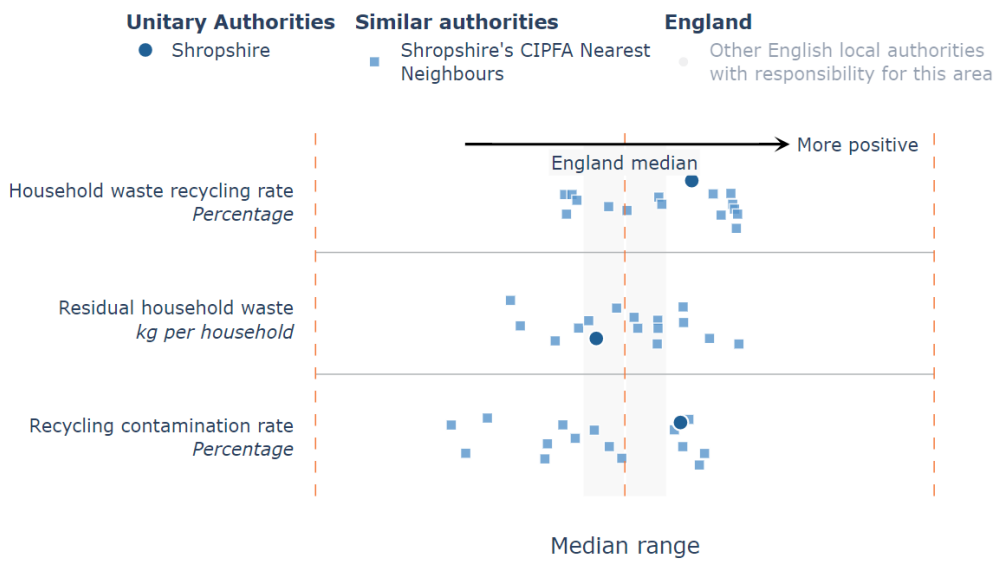
Appendix 1 Benchmarking

Source: [Local Authority Data Explorer - DLUHC Data Dashboards](#)

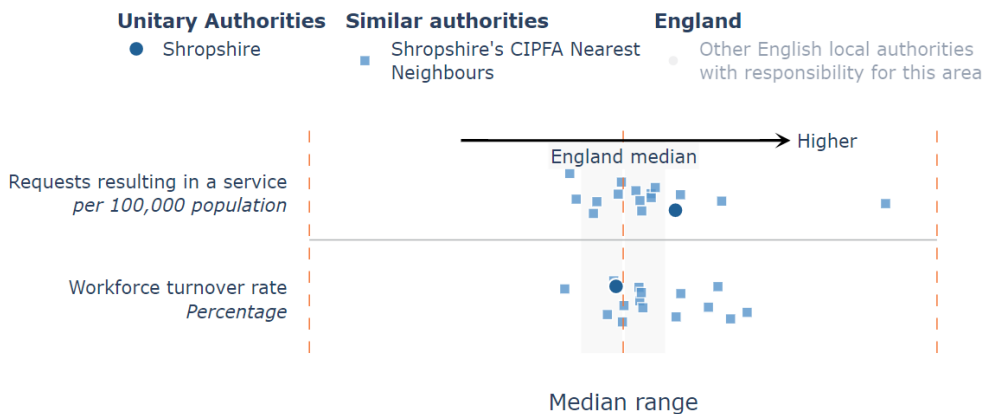
Comparator group: CIPFA Nearest Statistical Neighbours

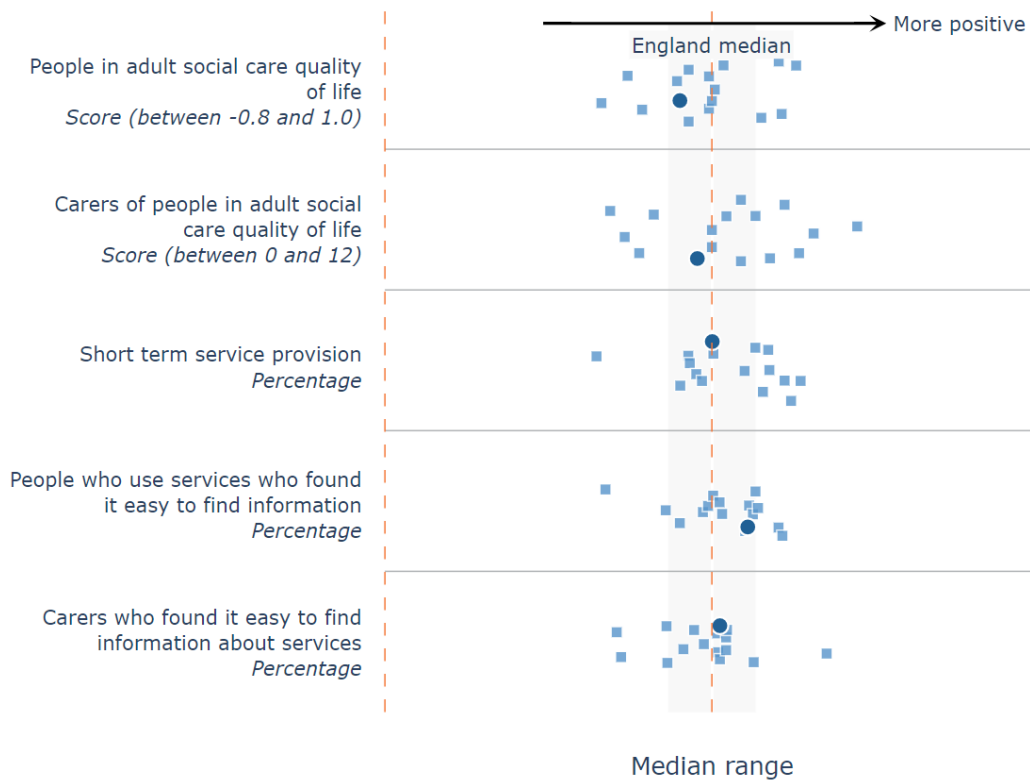
Data: 2021/22 data collection.

Waste and recycling measures:

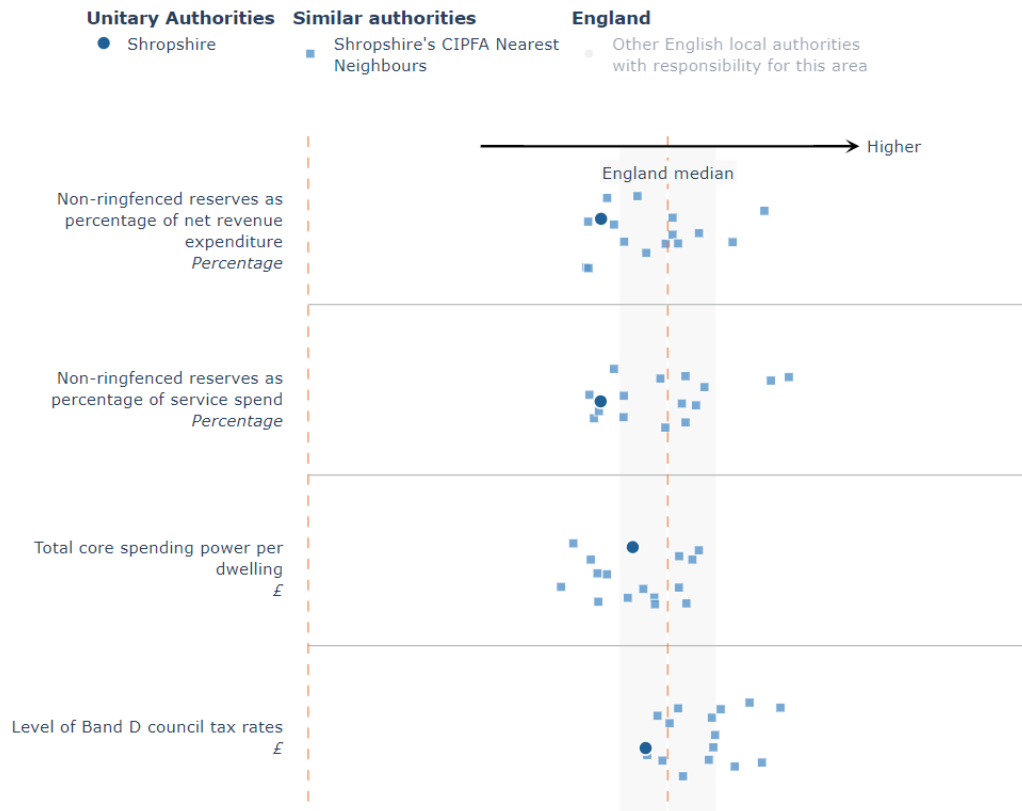


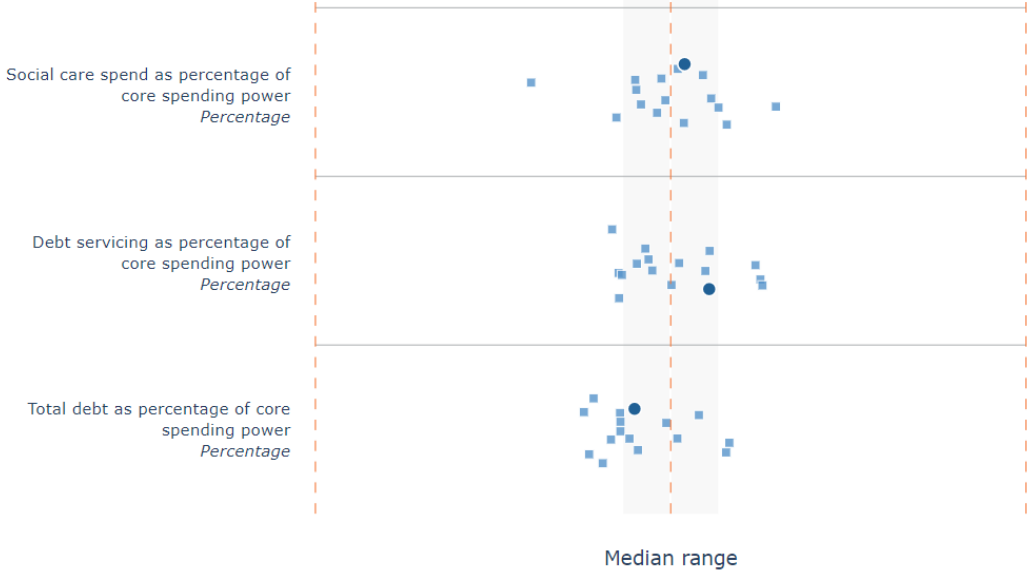
Adult social care measures:





Finance Measures:





Appendix 2 – Proposed resident budget consultation.

- 1 Do you agree with our prioritisation as follows ('a' is the most preferred approach, 'd' is the least preferred approach)
 - a reducing costs, further improving efficiency (e.g. through use of AI and technology), focusing on improving overall resident outcomes
 - b increasing income raised, e.g. from partners, or through charges for libraries, leisure centres, registrars, car parking, museums, social care services, planning application etc.
 - c reducing spending with our suppliers, e.g. through negotiating how inflation pressures are charged to us, reducing (or increasing) services we buy to reduce overall costs
 - d reviewing our staffing levels - reducing wherever possible if this is safe, but also (in some areas) temporarily enhancing staffing to help deal with demand, or improve efficiency

- 2 Please indicate your view of where you believe the Council should prioritise its spending. Please indicate your top 10 preferences, with 1 being your highest priority, labelled 1-10.
 - 1 Adult Social Care - working age (18-64 - for example, those with disabilities, mental health support needs)
 - 2 Adult Social Care - older adults (65+ - for example, those in receipt of domiciliary care, or residential care, often where they pay a contribution for the services provided)
 - 3 Children's Social Care and Safeguarding
 - 4 Children's Social Care and disabled children
 - 5 Children's Social Care and fostering and adoption
 - 6 Social housing
 - 7 temporary accommodation, rough sleeping
 - 8 registrars
 - 9 consumer protection and trading standards
 - 10 theatres, museums, outdoors facilities (e.g. Shropshire Hills AONB)
 - 11 libraries
 - 12 leisure
 - 13 financial administration and planning, and revenues and benefits (council tax collection, business rates collection, housing benefits allocation and council tax support)
 - 14 information technology (IT support and development)
 - 15 planning services
 - 16 promoting and supporting economic growth
 - 17 public transport support and co-ordination
 - 18 highways development and management
 - 19 traffic management and car parking
 - 20 Human Resources and Organisational Development
 - 21 Business Improvement: Data, Analysis and Intelligence
 - 22 Occupational Health & Safety
 - 23 Property management
 - 24 waste services management
 - 25 schools support services
 - 26 customer services contact centre

- 27 Family support services
- 28 youth support services
- 29 Legal services and Governance (committee support)
- 30 regulatory services (public health - e.g. restaurants and food standards)

3 A number of other councils have introduced measures that seek to reduce overall costs and/or increase efficiency. Specific options that we may want to introduce in Shropshire are set out below [TO FOLLOW AT CONSULTATION LAUNCH].
Please indicate any you would want to see applied locally, using a 'yes' or 'no'.

4 The council is planning to increase council tax bills by 4.99% from April 2024. This is made up of 2.99% increase to the basic charge and 2% increase for the social care precept.
The financial planning for local government nationally (from HM Treasury) assumes that we apply the maximum council tax increase.
The government measure of inflation (CPIH) for the UK at October 2023 was 5.6%.
The impact of inflation on councils is often delayed, as contracts for the coming year have inflation applied based on the value at September or October in the year preceding.
Pay inflation is higher than CPIH due to the impact of the National Living Wage.
The Council does not receive any other funding to support inflationary pressures.

Please indicate whether you agree or disagree with applying council tax increases at this level.

- Agree
- Disagree

If allowed by Government, please indicate whether you would agree or disagree with applying council tax increases at a higher level (e.g. 5.99% or 6.99%).

- Agree
- Disagree

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Committee and Date

Item

Public



Annual Infrastructure Funding Statement 2023

Responsible Officer:	Mark Barrow		
email:	Mark.barrow@shropshire.gov.uk	Tel:	
Cabinet Member (Portfolio Holder):	Cllr Chris Schofield		

1. Synopsis

This report seeks approval for this year's Annual Infrastructure Funding Statement (Appendix 1).

2. Executive Summary

- 2.1. The Annual Infrastructure Funding Statement (the Statement) is a statutory requirement for Councils to produce. It must be published before the end of the calendar year.
- 2.2. The key purpose of the Statement is to report on the developer contributions (Community Infrastructure Levy (CIL) and Section 106 Planning Obligations) which Shropshire Council has received, allocated and spent during the reported year (between 1st April 2022 and 31st March 2023) and to provide an Infrastructure List which sets out the infrastructure projects or types of infrastructure which Shropshire Council may fund wholly or partly by the CIL.
- 2.3. Appendix 1 to this report provides the Annual Infrastructure Funding Statement for 2023. The recommendation is to approve this report for publication before the end of December 2023 to ensure the Council's meets its regulatory requirements. Should there be any amendments needed to the Statement this report recommends these can be made by the Executive Director for Place in consultation with the Portfolio Holder for Planning and Regulatory Services.

- 2.4. The collection and use of developer contributions, both through Section 106 and the Community Infrastructure Levy (CIL) are essential to ensure the delivery of necessary infrastructure to support new development. The use of CIL and Section 106 funds are covered in national legislation which the Council must follow.
- 2.5. The purpose of CIL is to support the cumulative impacts of new development by funding additional infrastructure. Whilst the range of items the Council can spend CIL on is not defined and is not exhaustive, national planning guidance states “*The levy can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities*”.
- 2.6. The majority of CIL collected remains the responsibility of Shropshire Council for allocation within either the relevant Place Plan area (CIL Local) or on infrastructure of county wide importance (CIL Strategic). Some CIL is the responsibility of the relevant Parish and Town Councils to spend in the form of the Neighbourhood Fund which is transferred to the relevant Parish and Town Council annually.
- 2.7. The Infrastructure List therefore only relates to the CIL Local and CIL Strategic funds. However, of importance, the purpose of the Infrastructure List is **not to** formally agree the projects where CIL will be used. Rather the list is intended to provide an indication as to the possible projects or types of projects where the Council intends to focus CIL funds in order to mitigate the impacts of new development.
- 2.8. The Council has recently been undertaking a comprehensive review of the 18 Place Plans for the County, which has included discussions with Parish and Town Councils. The purpose of the Place Plans is to identify current or predicted infrastructure capacity issues, and where known, projects to mitigate these issues. Where these infrastructure capacity issues have or are predicted to be caused by the impacts of new development, the Council can direct CIL funding towards their mitigation.
- 2.9. Whereas the updated Place Plans will include a wide range of projects, including those where the use of Council CIL funds would not be appropriate, the Infrastructure List included in the Council’s Annual Infrastructure Funding Statement must only include projects where the Council believes Council CIL funding would be appropriate, having regard to relevant national regulations. This does not include the Neighbourhood Fund element of CIL which rests with the relevant Parish and Town Councils to allocate to projects.
- 2.10. Whilst the updated Place Plans are yet to be published (likely to be in early 2024) there has clearly been a significant level of evidence collected as part of this process which has informed the Infrastructure List. Wider evidence collected through the Council’s Local Plan preparation, as well as other published or emerging Council strategies has also been taken into account.
- 2.11. There will inevitably be a close correlation between the delivery of the Local Plan’s growth strategy and the need for new or improved infrastructure. Settlements where significant planned growth is proposed in the Local Plan to 2038 will

therefore need to be a focus for use of CIL funds to support new or improved infrastructure.

3. Recommendations

- 3.1 Cabinet agrees the Annual Infrastructure Funding Statement included as Appendix 1 to this report for publication before the end of 2023.
- 3.2 If required, delegated responsibility be given to the Executive Director of Place, in consultation with the Portfolio Holder for Planning and Regulatory Services, to agree any necessary amendments to the Annual Infrastructure Funding Statement before its publication.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. It is a national requirement for Councils to prepare and publish their Annual Infrastructure Funding Statement before the end of the calendar year. Failure to do so will lead to the Council being in breach of its regulatory obligations. It is therefore important that Cabinet resolve to approve Appendix 1 to this report as per recommendation 3.1, or if changes are required as a result of Cabinet discussion, that authority be given to the Executive Director of Place in consultation with the Portfolio Holder for Planning and Regulatory Services to make necessary amendments, as per recommendation 3.2.
- 4.2. The Council must use the Statement to set out, in principle, the projects or types of projects where it intends to use CIL funds in the future. However, it is important to note that this does not constitute a formal agreement to use CIL funds for these purposes and there remains wider Council procedures that must be followed in order to formally agree CIL funding for projects, including where required, approval by Cabinet and Council. It is therefore considered there is limited risk to the Council of including an item on the Infrastructure List, and conversely of an item not being included, should additional evidence subsequently suggest the position regards funding has changed.
- 4.3. It is important the Council seeks to use available and future CIL funds for the most appropriate infrastructure, recognising that there is likely to be a need to prioritise projects to ensure that critical infrastructure is delivered. The Statement seeks to do this by using recent evidence collected through the Place Plan review process, as well as wider dialogue between relevant service areas (e.g. Education, Highways, Leisure), to establish a realistic list of potential infrastructure projects that meet the requirements of CIL regulations and are genuinely required to support the impacts of new development. It is considered there is little risk to the Council given the use of this evidence base.

5. Financial Implications

- 5.1. The Annual Infrastructure Funding Statement provides detailed breakdown of the amount of Section 106 and CIL contributions the Council has received in the reporting year (2022-2023), as well as breakdowns of where these funds have been used or allocated to. Officers from the Finance department have supported in compiling these figures.
- 5.2. The Infrastructure List (section 3 of the Statement) provides a comprehensive overview of the projects or types of projects intends to focus CIL funds. This list reflects the known infrastructure needs of the County forecasted through the planned growth scenarios in the adopted and emerging Local Plans, as well as seeking to support wider Council strategies and schemes.
- 5.3. The purpose of Section 106 and CIL funds is to mitigate the impacts of new development. These contributions are not intended to fund wider projects where a link to development cannot be established. Section 106 funds are established through discussions on separate planning applications and are governed by national legislation. CIL is also governed by national legislation, and is the responsibility of the Council to determine how to prioritise and spend (aside from the Neighbourhood Fund element which is the responsibility of the relevant Parish and Town Council). Given the importance of developer contributions to supporting necessary infrastructure it is vital the Council seeks to prioritise its use in the most appropriate manner, focussing in the first instance on those critical items necessary to enable development to take place.

6. Climate Change Appraisal

- 6.1. The Annual Infrastructure Funding Statement includes information on where the Council intends to use CIL Local and Strategic funds. This can include items to support Active Travel and wider sustainable transport provision, where there is shown this is necessary to support new development.

7. Background

- 7.1. The Annual Infrastructure Funding Statement (the Statement) is a statutory requirement for Councils to produce. It must be published before the end of each Calendar year by the Local Authority.
- 7.2. The key purpose of the Statement is to report on the developer contributions which Shropshire Council has received, allocated and spent during the reported year (between 1st April 2022 and 31st March 2023) and to provide an Infrastructure List which sets out the infrastructure projects or types of infrastructure which Shropshire Council may fund wholly or partly by CIL.

- 7.3. Any authority which receives a contribution from development through the Community Infrastructure Levy (CIL) or Section 106 planning obligations (S106) must publish an Infrastructure Funding Statement on their website each year.
- 7.4. In Shropshire, the CIL has been collected since 2012 and is chargeable on developments which propose one or more new dwellings (with the exception of affordable housing), or create more than 100m² of new floorspace through residential extensions or annexes for existing residential properties. Section 106 planning obligations are legal agreements which are entered into to mitigate the impacts of a specific development.
- 7.5. Both CIL and Section 106 planning obligations are used by Shropshire Council to collect developer contributions to fund necessary infrastructure as a result of new development. Providing reports on these developer contributions will help local communities and developers to see how contributions have been used and how any future contributions may be spent.
- 7.6. Appendix 1 to this report provides the Annual Infrastructure Funding Statement for 2023.
- 7.7. Section 1 of the Statement provides **the CIL Report** which uses a suite of nationally prescribed indicators for the reporting year (2022-23). This shows that in the reporting year the Council:
- Collected **£8,965,828.92** of CIL receipts, of which:
 - o £1,207,929.71 was ring-fenced and sent to relevant parish and Town Councils as the CIL Neighbourhood Fund in April 2023;
 - o £445,895.58 was retained by the Council to support the administration of CIL; and
 - o £7,312,003.63 was retained by the Council as CIL Local and CIL Strategic Funds.
- 7.8. Section 1 of the Statement shows that of the £34,287,910.41 of CIL funds retained by Shropshire Council at 31 March 2023 (i.e. not already spent on infrastructure projects) **£26,861,751.63** is not currently committed to an infrastructure project.
- 7.9. Therefore the key purpose of the Infrastructure List (Section 3 of the Statement) is to indicate which projects or types of projects the Council intend to use unallocated CIL funds to support delivery.
- 7.10. The Infrastructure List can also indicate how the Council intend to use future CIL funds, where there is a good understanding of the likely impacts of future planned growth – for instance as part of large scale new planned development in the emerging Local Plan Review.
- 7.11. Whilst the Infrastructure List does not dictate how Shropshire Council must spend CIL, it does set out Shropshire Council's intentions of how it could be used. The intention is for the Infrastructure List to be reviewed regularly (at least annually) through the updates to the Annual Infrastructure Funding Statement. Therefore, future iterations of the list could include additional infrastructure projects where more information is known and they are considered necessary to support new development.

- 7.12. For clarity, items not included on this Infrastructure List can continue to receive CIL funding in advance of future updates to the Infrastructure List should there be sufficient evidence to support this. Whether a project is included on the Infrastructure List or not, the process of securing formal agreement to use CIL Local or CIL Strategic funds remains through a consideration of an Expression of Interest (EoI) process to the Council's Internal Infrastructure Group (IIG), and depending on the value of the scheme, through additional agreement by Cabinet or Full Council.
- 7.13. The Infrastructure List set out in Section 3 of the Statement indicates a **potential use** of available and future CIL funds towards a range of infrastructure, including:
- New and expanded education facilities in Shrewsbury, Bridgnorth and Oswestry, with the potential for further investment in other areas should a requirement be established;
 - Improvements to the County's network of strategic and local highways, including funding to support the North West Relief Road, if approved and if required;
 - Contributions towards the delivery of the Shrewsbury Riverside redevelopment programme;
 - Contributions to new and improved sustainable and active travel infrastructure;
 - Contributions towards infrastructure element of necessary expansion to medical facilities resulting from new development;
 - Contributions towards new and improved leisure facilities, including new swimming provision in Whitchurch and Shrewsbury
- 7.14. In line with CIL Regulations, the Neighbourhood Fund element of the CIL is distributed to relevant Town and Parish Councils annually, normally in April. The CIL Neighbourhood Fund is 15% of the gross amount of CIL received in the Parish or Town Council area, except for those areas with an adopted Neighbourhood Development Plan where this rises to 25% of gross CIL received. It is the responsibility of the respective Town and Parish Councils to administer and allocate CIL Neighbourhood Fund monies to appropriate infrastructure projects. Any potential Neighbourhood Fund schemes are therefore not detailed in the Annual Infrastructure Funding Statement.
- 7.15. CIL income from new development can be spent on anything that constitutes "infrastructure" as defined by Regulation 216 of the 2008 Planning Act and the CIL Regulations (as amended). This includes but is not limited to roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces. Shropshire Council recognises that infrastructure needs vary from place to place and priorities vary over time in response to different development pressures.
- 7.16. The Council has recently been undertaking a comprehensive review of the 18 Place Plans for the County, which has included discussions with Parish and Town Councils. The purpose of the Place Plans is to identify current or predicted infrastructure capacity issues, and where known, projects being delivered or planned to mitigate these issues. Where these infrastructure capacity issues have or are predicted to be caused by the impacts of new development, the Council can direct CIL funding towards their mitigation.

- 7.17. Whereas the updated Place Plans will include a wide range of projects, including those where the use of Council CIL funds would not be appropriate, the Infrastructure List included in the Council's Annual Infrastructure Funding Statement must only include projects where the Council believes Council CIL funding (CIL Local and CIL Strategic) would be appropriate. This does not include the Neighbourhood Fund element of CIL which rests with the relevant Parish and Town Councils to allocate to projects.
- 7.18. Whilst the updated Place Plans are yet to be published (likely to be in early 2024) there has clearly been a significant level of evidence collected as part of this process which has also informed the Infrastructure List. Wider evidence collected through the Council's Local Plan preparation, as well as other published or emerging Council strategies, has also been taken into account, as well as direct conversations with the relevant Council departments including Education, Highways, and Leisure.
- 7.19. There will inevitably be a close correlation between the delivery of the Local Plan's growth strategy to 2038 and the need for new or improved infrastructure. Settlements which have experienced recent growth, and /or where further significant planned growth is proposed in the Local Plan to 2038 will be a focus for new and improved infrastructure provision and therefore also a focus the use of available CIL funds. The Infrastructure List in the Annual Infrastructure Funding Statement therefore generally reflects this in its distribution of proposed infrastructure schemes across the County.
- 7.20. Section 2 of the Annual Infrastructure Funding Statement provides the Section 106 Report. This shows that during the reported year, the Council entered into planning obligations to the value of **£8,517,148**. During the reported year (22-23) the Council received **£2,414,858.27** from planning obligations. The use of these funds is dictated by the specific Planning Obligation (Section 106 Agreement) to which it relates.

8. Conclusions

- 8.1. Appendix 1 to this report sets out the proposed Annual Infrastructure Funding Statement. The Statement must be published by the end of the year.
- 8.2. The purpose of the Statement is to set out what funds the Council has received from CIL and Section 106 contributions in the reporting year (2022-23), and with respect to CIL funds, the projects or type of projects the Council intends to fully or partly support. These projects are set out in Section 3 to the Statement in the Infrastructure List.
- 8.3. In compiling the Infrastructure List, evidence collected as part of the recent updates to the Place Plans have been used, alongside evidence of infrastructure needs resulting from recent or planned development in the County, including those needs forecast to arise as part of the delivery of the Council's Local Plan review.

- 8.4. The inclusion of an item on the Infrastructure List does not dictate how the Council must use CIL funding, and does not constitute a formal agreement to use funds in this way. Instead it should be viewed as an indicator as to the projects or types of projects the Council intends in principle to use CIL funding in the future.

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

Local Member: All

Appendices Appendix 1 – Annual Infrastructure Funding Statement 2023.

Shropshire Council Annual Infrastructure Funding Statement

For the reported year 2022-23
(1st April 2022- 31st March 2023)

December 2023

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Introduction

This Annual Infrastructure Funding Statement (the Statement) reports on the developer contributions which Shropshire Council has received, allocated and spent during the reported year. For this Statement, the reported year refers to the previous financial year. For clarification, this is between 1st April 2022 and 31st March 2023. Any authority which receives a contribution from development through the Community Infrastructure Levy (CIL) or Section 106 planning obligations (S106) must publish an Annual Infrastructure Funding Statement on their website each year.

CIL is a charge on new development to help fund supporting infrastructure across Shropshire, and was adopted by Shropshire Council on 1st January 2012. CIL is chargeable in Shropshire on developments which propose one or more new dwellings, or create more than 100m² of new floorspace through residential extensions or annexes for existing residential properties. In Shropshire, CIL is not chargeable on commercial development. Further information on CIL and how it is collected can be found on the [website](#).

S106 planning obligations are legal agreements which were entered into to mitigate the impacts of a development. This is through a planning agreement entered into under [Section 106 of the Town and Country Planning Act 1990](#) by a person with an interest in the relevant land and Shropshire Council.

Both CIL and S106 planning obligations are used by Shropshire Council to collect developer contributions to fund infrastructure. Providing reports on these developer contributions will help local communities and developers to see how contributions have been used and how any future contributions may be spent.

The Statement consists of the following three sections:

- **The CIL Report** – sets out the CIL receipts, funding allocations and CIL spend for the reported year
- **The S106 Report** – sets out the receipts from S106 planning obligations, funding allocations and S106 spend for the reported year
- **The Infrastructure List** – sets out the infrastructure projects or types of infrastructure which Shropshire Council may fund wholly or partly by CIL. This provides a narrative for how CIL may be used in future

This Statement provides a snapshot for the collection and spend of developer contributions for the financial year 2022-23. Through the Infrastructure List, this Statement shows the context and intentions of Shropshire Council for the use of developer contributions. It is important to note that infrastructure planning changes over time and priorities for the use of developer contributions can also change. Future Statements will provide updated data for CIL and S106 receipts for each financial year, whilst providing an updated Infrastructure List. The infrastructure priorities listed in this Statement will be reviewed on an ongoing basis, in combination with regular reviews undertaken of the Place Plans.

There are a number of terms used throughout the Statement where their definition or application may not be clear. These terms have been defined in the Glossary which can be found at the end of the Statement.

CIL Report

- a) The total value of CIL set out in all Demand Notices issued in the reported year was **£8,761,771.77**. Please note Shropshire Council has adopted a CIL instalment policy (see [here](#) for further information) which means a proportion of this amount would not have been due for payment within the reported year.
- b) The total amount of CIL receipts collected within the reported year was **£8,948,603.22**.
- c) The total amount of CIL receipts collected by the authority prior to the reported year but not allocated was **£19,821,841.62**. This was the amount of CIL not allocated on 31st March 2022.
- d) The total amount of CIL receipts collected by the authority before the reported year, which were then allocated in the reported year – Please note the Council cannot identify in which year any allocated receipts were collected as this data is not recorded in this way. Please refer to the figures below for further information on CIL allocations and CIL spend in the reported year.
- e) The total amount of CIL expenditure for the reported year was **£8,965,828.92**. This includes:-
- i. Administration expenses - £445,895.58
 - ii. Monies spent by Shropshire Council from the CIL Local and Strategic funds - £7,312,003.63
 - iii. Monies passed to parish and town councils as Neighbourhood Fund - £1,207,929.71
- f) The total amount of CIL receipts, whenever collected, which were allocated but not spent during the reported year was **£5,986,062.76**
- g) In relation to CIL expenditure for the reported year, summary details of
- i. The items of infrastructure on which CIL (including land payments) has been spent, and the amount of CIL spent on each item. Please note that no land payments were collected in the reported year.

Applied Administration	£445,895.58
Applied Neighbourhood Fund	£1,207,929.71
Education Facilities	£2,402,164.25
Highways Infrastructure	£4,528,047.99
Infrastructure Grants	£381,791.39
Total	£8,965,828.92

- ii. The amount of CIL spent on repaying money borrowed, including any interest, with details of the items of infrastructure which that money was used to provide (wholly or in part) in the reported year was **£0.00**.
 - iii. The amount of CIL spent on administrative expenses in the reported year was **£445,895.58**. This amount was 5% of CIL collected in the reported year.
- h) In relation to CIL receipts, whenever collected, which were allocated but not spent during the reported year - summary details of the items of infrastructure on which CIL has been allocated, and the amount of CIL allocated to each item:

Highway Infrastructure	£2,714,856.52
Flood Alleviation and Drainage	£900,000.00

Education	£1,334,692.54
Medical Facilities	£474,513.70
Infrastructure	£562,400.00
Total	£5,986,062.76

i) The amount of CIL passed to

- i. Any parish or town council under regulation 59A or 59B (neighbourhood fund) up to 31st March 2023 was **£6,174,184.96**.
- ii. Any person under regulation 59(4) (CIL passed to a third party to spend on infrastructure) during the reported year was **£0.00**

j) Summary details of the receipt and expenditure of CIL to which regulation 59E or 59F applied during the reported year.

- i. The total CIL receipts collected by Shropshire Council under regulation 59E (Recovery of CIL passed to local councils if not spent within 5 years) during the reported year was **£0.00**
- ii. The total CIL receipts collected by Shropshire Council under regulation 59F (Use of CIL in an area to which regulations 59A and 59B do not apply) during the reported year was **£0.00**.
- iii. The amount of CIL allocated or spent on items of infrastructure to which regulations 59E and 59F applied was **£0.00**.

k) Summary details of any notices served in accordance with regulation 59E

- i. The total value of CIL receipts requested from parish and town councils under regulation 59E was **£0.00**
- ii. The total value of funds not yet recovered from parish and town councils at the end of the reported year under regulation 59E was **£0.00**.

l) The total amount of –

- i. CIL receipts retained at the end of the reported year was **£34,287,910.41**
- ii. CIL receipts for the reported year to which regulations 59E or 59F applied retained at the end of the reported year was **£0.00**.
- iii. CIL receipts prior to the reported year to which regulations 59E or 59F applied retained at the end of the reported year was **£0.00**.

S106 Report

- a) The total amount of money to be provided under any planning obligations which were entered into during the reported year was **£8,517,148.00**

Please Note:

- 1) The words 'entered into' are interpreted as meaning Agreements issued by the Council
- 2) A number of these Agreements have been issued in connection with outline planning applications. As such, the exact amount of S106 contributions payable to the Council is not specified in the Agreement. This is only confirmed at Reserved Matters stage. The figure quoted above is therefore subject to change.

- b) The total amount of money under any planning obligations which was received during the reported year was **£2,414,858.27** (cash basis).

- c) The total amount of money under any planning obligations which was received before the reported year which has not been allocated by Shropshire Council is **£3,085,666.35**.

- d) Summary details of any non-monetary contributions to be provided under planning obligations which were entered into during the reported year:

Details of Non-monetary contributions which are not required by Paragraph 3 of Schedule 2 of the CIL Regulations (as amended):

- Affordable Housing
- Public Open Space
- Education
- Highway Works
- Acoustic fencing
- Biodiversity offsetting / enhancement
- Orchard
- SUD's Scheme
- Travel Plan Monitoring
- Close Care and Extra Care Units
- Employment Access
- Railway Car Park Land

- i. In relation to affordable housing, the total number of units which will be provided under planning obligations entered into during the reported year was **57**.

Please note this figure does not include affordable housing which has been provided through single plot exception schemes or 100% affordable housing schemes

- ii. In relation to educational facilities, the number of school places for pupils which will be provided under planning obligations entered into during the reported year was **236**.

- e) The total amount of money (received under any planning obligations) which was allocated but not spent during the reported year for funding infrastructure was **£5,372,136.37**;

The use of the word 'allocated' has been interpreted in terms of what was allocated in the Capital Programme at the start of the reported year, i.e. what was budgeted to be funded through S106, less what was actually spent, giving the total of what was allocated/budgeted but not spent – as per the table below:

Budget/Allocated to capital programme – 2023/24	£4,237,667.00
Budget/Allocated to capital programme – 2024/25	£4,390,000.00
Budget/Allocated to capital programme – 2025/26	£2,000,000.00
Spent/Allocated as funding	- £5,255,530.63
Total amount of money allocated/budgeted but not spent	£5,372,136.37

f) The total amount of money (received under any planning obligations) which was spent by the authority (including transferring it to another person to spend) was **£5,367,788.08**

Capital	£5,255,530.63
Revenue	£82,046.45
Returned / Transfer to Third Parties	£30,211.00
Total expenditure/transferred	£5,367,788.08

g) In relation to money (received under planning obligations – figure e.) which was allocated by the authority but not spent during the reported year, summary details of the items of infrastructure on which the money has been allocated, and the amount of money allocated to each item;

	Budget in Capital Programme	Commitments	Spent / allocated 2022/23	Difference – not 'spent' during reported year
Highways Infrastructure	£7,653,055.00		£633,287.83	£7,019,767.17
Affordable Housing	£1,048,357.00		£1,458,077.05	-£409,720.05
Play Areas / Community Facilities / Open Spaces / Estate Maintenance	£6,243.00		£96,813.84	-£90,570.84
Education	£1,920,012.00		£411,391.89	£2,812,592.11
Total	£10,627,667.00	-	£5,255,530.63	£5,372,136.37

h) In relation to money (received under any planning obligations – figure f.) which was spent by the authority during the reported year (including transferring it to another person to spend), summary details of—

- (i) The items of infrastructure on which that money (received under planning obligations) was spent, and the amount spent on each item;

Returned / Transferred to third parties

Returned – Play Areas / Community Facilities / Open Spaces / Estate Maintenance	£30,211.00
Invoice written off	£0.00
Transferred to third parties	£0.00
Total Returned / Transferred to third parties	£30,211.00

Expenditure

Capital	
Affordable Housing	£1,458,077.05
Highways / Car Parks / Environmental	£633,287.83
Play Areas / Community Facilities / Open Spaces / Estate Maintenance	£93,522.56
Education	£3,067,351.91
Revenue Expenditure from Capital	
Affordable Housing	-
Highways / Car Parks / Environmental	-
Play Areas / Community Facilities / Open Spaces / Estate Maintenance	-
Education	-
Capital Admin charge	
Affordable Housing	£33,423.00
Highways / Car Parks / Environmental	-
Play Areas / Community Facilities / Open Spaces / Estate Maintenance	-
Education	-
Commuted Sums	
Applied Capital	£3,291.28
Applied Revenue	£48,623.25
Total Expenditure	£5,337,577.08
Total Expenditure / Returned / Transferred	£5,367,788.08

- (ii) The amount of money (received under planning obligations) spent on repaying money borrowed, including any interest, was **£0.00**.
- (iii) The amount of money (received under planning obligations) spent in respect of monitoring (including reporting under regulation 121A) in relation to the delivery of planning obligations, was **£0.00**
- i) The total amount of money (received under any planning obligations) during any year which was retained at the end of the reported year was **£15,324,647.00**. Of this retained money, the amount allocated for the purposes of longer term maintenance ("commuted sums") was **£1,030,215.52**

Infrastructure List

This infrastructure list sets out the infrastructure projects or types of infrastructure which Shropshire Council intends to be wholly or partly funded by the Community Infrastructure Levy (CIL). This refers to the use of the CIL local and strategic funds by Shropshire Council. This report will not dictate how Shropshire Council must spend CIL, but will set out Shropshire Council's intentions.

The CIL neighbourhood fund is distributed to local town and parish councils who are able to directly spend this money on infrastructure to support development within their local areas. Any potential neighbourhood fund spend is therefore not detailed here.

CIL income from new development can be spent on anything that constitutes "infrastructure" as defined by Regulation 216 of the 2008 Planning Act and the CIL Regulations (as amended). This includes but is not limited to roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces.

Shropshire Council recognises that infrastructure needs vary from place to place and priorities vary over time in response to different development pressures. Shropshire's infrastructure requirements are detailed within Shropshire's Implementation Plan and the supporting Place Plans. An annual process of review is well established for these which ensures widespread and continual engagement in identifying and prioritising Shropshire's infrastructure requirements both with the local community and local infrastructure and service providers. The Implementation Plan and supporting Place Plans therefore provide a robust evidence base to assist in the targeted use of developer contributions as well as a mechanism for coordinating all available resources around an agreed set of priorities within a particular place.

In combination with the Implementation Plan and the Place Plans, the Infrastructure List sets out how Shropshire Council intends to spend CIL in future by identifying infrastructure projects which may be able to benefit from CIL funding.

Please note the Infrastructure List is not exhaustive. CIL Local and Strategic Funds may be spent on infrastructure projects not included on the Infrastructure List. The Infrastructure List provides an indication of the infrastructure projects which CIL funds may be spent on. The Infrastructure List does not dictate how CIL will be spent by Shropshire Council, but does set out the intentions of Shropshire Council for how the CIL Local and Strategic Funds may be spent. The Infrastructure List will be reviewed as part of the Annual Infrastructure Funding Statement for the next reported year which will be published prior to 31st December 2024.

The Infrastructure List is split into two parts. Part 1 of the List outlines the projects where CIL funds have been allocated but not yet spent. Some of these projects may have already received CIL funding but are due to receive further funding following the publication of this statement. Part 2 of the List sets out the aspirational projects where no CIL funding has yet been allocated, but Shropshire Council may intend to provide CIL funding for these projects in future.

Infrastructure List Part 1 – projects with allocated CIL to be spent

Project title	Place plan area	Project description
OZEV Onstreet Electric Vehicle Charging Points	County wide	Provision of EV charging points across the county
Cemetery Extension at Bridgnorth	Bridgnorth	To acquire 3 acres of additional land to provide 1000 additional private earthen burial spaces and approximately 500 cremated remains burial spots and associated parking and access requirements at Bridgnorth Cemetery
Upgrade of Pelican Crossing on Underhill Street Bridgnorth	Bridgnorth	upgrade of Pelican Crossing to ELV Puffin and provide a road safety audit review
Cemetery Extension	Broseley	Extension of Broseley Cemetery to create additional land for burials.
Additional Pavement linking to new housing development at Acton Burnell	Church Stretton	Installation of new pavement for development at Bell Mouth
Pavement widening between Ludwyche Road and schools	Church Stretton	50m of footway on the B5477 Ludlow Rd north of All Stretton to Hazler
Highways improvements along B4363 Kinlet	Cleobury Mortimer	Local Highways improvements including speed reductions, (Severn Lodge Lane, School Lane, Kinlet Bank / Baveney Wood areas extending into Neen Savage
Improvements to the Ford in Neen Savage	Cleobury Mortimer	New signage for the ford and drainage improvements
Six Ashes Highway Improvements	Cleobury Mortimer	Six Ashes Highway Improvements
Highway Improvements Willowbank Ellesmere	Ellesmere	30mph speed limit at Willowbrook.
Installation of safe crossing on A495 at Welshampton	Ellesmere	Installation of safe crossing on A495 at Welshampton, where there is a continuous pavement only on one side of the road.
B4555 Highway Improvements	Highley	Feasibility report to consider speed and road safety measures through Highley village and pedestrian crossing
Puffin Crossing Corve Street Ludlow	Ludlow	Installation of Puffin Crossing on Corve St
Traffic signal Improvements Rocks Green in Ludlow	Ludlow	feasibility design and build
Upgrade of play equipment at Dutton Close Play Area, Stoke Heath	Market Drayton	Upgrade and renewal of play equipment along with new equipment at Dutton Close Play Area, Stoke Heath

Footpath improvements around Woodseaves, Sutton upon Tern	Market Drayton	Footpath improvements to construct 50 metres of footpath within the central core of Woodseaves, Sutton upon Tern to enable safer pedestrian traffic movements through the area.
Pelican Crossing A51 London Road Market Drayton	Market Drayton	Installation of Pelican Crossing A51 London Road
Upgrade of existing crossing for Hinstock School	Market Drayton	Upgrade of existing crossing to a puffin crossing at Hinstock School
Upgrade of Pelican Crossing to a Puffin Crossing on Frogmore Road Market Drayton	Market Drayton	CIL project Upgrade of Pelican Crossing to a Puffin Crossing - Frogmore Rd Market Drayton
Hall Bank junction improvements in Pontesbury	Minsterley and Pontesbury	Design and build of improvements to junction at Hall Bank following development
Additional 3 classrooms at Whittington CE Primary School	Oswestry	Additional classroom capacity at Whittington Primary School New 3 classroom block
West Felton Primary School expansion	Oswestry	Construction of multi purpose hall and off road parking and drop off facilities at West Felton Primary School
Feasibility for improvements of Stans roundabout (St Martins)	Oswestry	Feasibility and design for improvements so Stans Roundabout - CIL funded project
HGV safety improvements and traffic calming in Ruyton XI Towns	Oswestry	Traffic calming including traffic lights, pedestrian crossing improvements, gateways and speed monitoring.
Pedestrian Crossing point in Knockin	Oswestry	Feasibility design and build a crossing point at Knockin
Mile End Roundabout	Oswestry	Major network improvements
Provision of Locally Equipped Area of Play (LEAP), Haughton Road, Shifnal	Shifnal	Provision of Locally Equipped Area of Play (LEAP) at Haughton Road development, Shifnal
Development of the Condover Village Sports Ground	Shrewsbury	Development of the sports pavillion at Condover Village Sports Ground in Condover including improving the changing rooms, cricket tea room and equipment storage.
Footpath improvements at Eyton near Baschurch	Shrewsbury	Traffic management, Baschurch
Cycle way improvements on Pritchard Way Shrewsbury SITP project	Shrewsbury	Improvements to the cycle way including wider central splitter island, improved crossing facilities with tie ins each side
Cycling Improvements at Bell Lane and Dark Lane Shrewsbury	Shrewsbury	Bridge ram and cycle land to allow cyclists to travel over the bridge without carrying their bike

Highway Improvements Quiet Lane Cross Houses	Shrewsbury	Highways Improvements Cross House to Atcham Quiet Lane
Improvements to cycle route Radbrook Road Shrewsbury	Shrewsbury	Cycle Route on Radbrook Road
Improvements to cycling routes infrastructure Abbey Foregate Shrewsbury SITP	Shrewsbury	Contraflow cycle system, move parking bays and install mandatory contraflow cycle lane with kerb buildouts and resurfacing
Junction Improvements at Morrisons supermarket Whitchurch Road Shrewsbury	Shrewsbury	Feasibility design and build junction improvements at Morrisons junction
Puffin crossing upgrade on Belle Vue Road in Shrewsbury	Shrewsbury	Install and upgrade of pedestrian crossing on Belle Vue Road Shrewsbury to a puffin crossing. The crossing is close to Coleham Primary School and pre school nursery on a waking route to both these facilities
Road improvements - Longden Road Shrewsbury	Shrewsbury	Footway widening on grass verge by Meole Brace School and the installation of new pedestrian crossing at Sweet Lake Meadow
Speed reduction measures at Forton Heath, Near Shrewsbury	Shrewsbury	Speed reduction measures at Forton Heath
Upgrade cycling facilities on roundabout at Weeping Cross Shrewsbury	Shrewsbury	Upgrade cycle facilities on Weeping Cross Island - including SSSUE and Shrewsbury Business Park
Upgrade of cycle route in Castlefields Shrewsbury	Shrewsbury	Upgrade of cycle route from Castle Bridge to Newpark Road - removing the paving and replacing with flexible footway
Upgrade of cycle route Underdale Road in Shrewsbury	Shrewsbury	To improve the cycle way from Underdale Road to Castle Bridge
Upgrade of pedestrian route Pritchards Way Shrewsbury	Shrewsbury	Upgrade of pedestrian route Pritchards Way Shrewsbury
5 New classrooms teaching block at Meole Brace Secondary school	Shrewsbury	New 5 classroom teaching block. An new building designed to the Passivhaus standard which will guarantee low energy consumption, high efficiency and very good levels of internal comfort. A first for Shropshire Council and one of only a very few education buildings in the country built to this demanding standard
Haughmond Academy Shrewsbury school safety project	Shrewsbury	Haughmond Academy, Featherbed Lane School Safety Project
Provision of community sports and recreation facilities at Shawbury Utd Community Sports Centre CIC	Wem	Provision of community sports and recreation facilities at Shawbury Utd Community Sports Centre CIC for amateur sports and recreation.

A53 Traffic calming measures on Mytton Estate Shawbury	Wem	Provision of speed control and road safety measures including provision of two traffic speed monitors on roads entering Shawbury
Highway safety improvements on Wem Rd /Harmer Hill	Wem	Measures to reduce speed on the B5476
Purchase of land to create parking and recreational space in the village of Hadnall	Wem	Purchase of land to create parking and recreational space in the village of Hadnall
Provision of additional primary class bases in Whitchurch	Whitchurch	Provision of additional primary class bases, with associated infrastructure. Initial proposals not taken forward due to delays in the proposed housing development in the south of the town. The development for 516 dwellings has now been submitted, which will open up the opportunity for this to be revisited.
Paul's Moss Medical Centre, Whitchurch	Whitchurch	New medical centre, Whitchurch

Part 2 – potential projects currently with no CIL allocations, but may benefit from future CIL funding

Project / Infrastructure need	Place plan area	Description
Health related infrastructure	All	Health related infrastructure to enhance capacity at existing facilities and delivering new facilities, where necessary, to support the needs of new development
Public Transport improvements	All	Public transport improvements to support the needs of new development, including on-demand bus provision as well as other projects included in the emerging Local Transport Plan where this supports the needs of new development.
Local walking and cycling infrastructure	All	Improvements to existing infrastructure, as well as creation of new provision evidenced through the Council's emerging Local Cycling and Walking Improvement Plan (LCWIP)
Improvements linked to Playing Pitch Strategy	All	The Shropshire Playing Pitch Strategy identifies the potential for upgrades to existing facilities. Where upgrades are linked to new development CIL can be used to support.
Improvements to Railway Station access at Albrighton	Albrighton	Disability access improvements to Albrighton Railway Station - including additional crossing point and the necessary drainage work
Infrastructure associated with the proposed Tasley Garden Village strategic site development in Bridgnorth	Bridgnorth	Tasley Garden Village is proposed in the emerging Shropshire Local Plan as a strategic site allocation. It is proposed to include the development of around 1000 house and supporting infrastructure which may include a community centre, medical centre, green infrastructure, employment land, drainage schemes and education provision. These will be identified through a master planning document
Improvements to visitor facilities at Stanmore Country Park Bridgnorth	Bridgnorth	Development of the current site at Stanmore Country Park with improved visitor infrastructure and children's play area.
New one/two form entry primary school - Bridgnorth	Bridgnorth	New one/two form entry primary school linked to Tasley Garden Village development
Strategic improvements to sustainable transport options for Bridgnorth.	Bridgnorth	Strategic improvements to sustainable transport options for the town, including emerging projects relating to the Bridgnorth Forward Group, as well as seeking improvements supporting improved connectivity between low town and high town, potentially through improvements to the Cliff Railway.
Upgrade and replace play equipment on Birch Meadow Park Broseley	Broseley	A number of pieces of equipment are reaching the end of their life, and require replacing in order to support the needs of new development

Road safety works on the A4117 corridor through Cleobury Mortimer	Cleobury Mortimer	To address the safety concerns on the A4117 at Cleobury Mortimer
Road safety measures on the A4117 at Clee Hill Common	Cleobury Mortimer	Addressing the road safety concerns on the A4117 at Doddington on the Common
Extension of pavement near to the medical centre in Cleobury Mortimer	Cleobury Mortimer	Design and build the continuation of the pavement to the medical centre from Vaughan Road development
Development of community and visitor facilities at The Mere in Ellesmere	Ellesmere	To potentially include development of facilities- play area, paths etc; Habitat management; Events and activities delivered.
Highley Health and Wellbeing Centre	Highley	Evidenced in the locally based Joint Strategic Needs Assessment (JSNA) for Highley. Working collaboratively across services and the voluntary sector to develop a Health and Wellbeing Hub in the village at the Severn Centre, partly to support the needs of new development in the area.
External improvements to the Maurice Chandler Sports and Leisure Centre, Market Drayton	Market Drayton	External improvements to the building, access improvements, planting and the installation of a fitness "trim trail" around the building at the Maurice Chandler Sports and Leisure Centre
Clive Barracks strategic site	Market Drayton	The redevelopment of the Clive Barracks site for is outlined in the emerging Shropshire Local Plan as a strategic development site, to include a delivery of 750 dwellings and 6 hectares of employment land. The full infrastructure requirements will be identified through a master plan exercise but are likely to include improvements to the A41 and A53 highways network, a pub, community store and retail units, new education facility, green infrastructure, pedestrian and cycling infrastructure and maintenance of River Tern and RAF Tern Wildlife sites.
Tern Hill roundabout development	Market Drayton	Capacity improvements to the Tern Hill roundabout, associated with the development of the area, including the Clive Barracks redevelopment and wider development at Market Drayton.
Infrastructure associated with the relocation of Greenfields Sports facilities Market Drayton	Market Drayton	Proposed Relocate playing pitches and courts to another site within Market Drayton, with Includes all-weather turf pitch installation
Infrastructure associated with the Former Ironbridge Power Station strategic site	Much Wenlock	The former Ironbridge Power station former site is proposed for development in the emerging Local Plan and has outline permission (19/05560/OUT). The full infrastructure requirements will be identified through a master plan exercise. The site comprises land for around 1000 dwellings, 6 hectares of employment land, a village centre and shops and contributions to education provision and a medical centre, as well as improvements to the strategic and local highways network,

		walking and cycling infrastructure and maintenance of existing playing field and recreational buildings.
Additional Class bases at William Brookes Secondary School, Much Wenlock	Much Wenlock	Expansion for the secondary aged pupils emerging from the development of the former Ironbridge power station site
New one form entry primary school - Buildwas	Much Wenlock	New one form entry primary school on former Ironbridge power station site
Gaskell Corner Traffic Management	Much Wenlock	Additional through traffic is expected from planned housing developments in the area, including from the redevelopment of the former Ironbridge Power Station, Tasley and Much Wenlock. The need for additional traffic management measures at the junction to be considered by WSP.
Provision of additional primary class bases in Oswestry (Oswestry)	Oswestry	Provision of additional primary class bases, with associated infrastructure to support new development.
Infrastructure associated with provision of new Park and Ride facilities in Shrewsbury	Shrewsbury	Potentially to include the delivery of a new Park and Ride facility at Bowbrook (part of the delivery of the Bowbrook SUE) as well as improvements to existing Park and Ride provision
Infrastructure associated with new Sustainable Urban Extension at Bowbrook.	Shrewsbury	The SUE between Mytton Oak Road and Hanwood Road is proposed in the emerging Shropshire Local Plan, currently subject to Examination in Public. If agreed and subject to the grant of planning permission on the site, CIL is likely to be required to support the provision of additional infrastructure provision to mitigate the impacts of development.
Development of swimming and leisure provision in Shrewsbury	Shrewsbury	Development of future swimming and leisure provision in Shrewsbury to meet the needs of different user groups including leisure, schools and competitions
Shrewsbury Academy - capital contribution to Dfe funded project	Shrewsbury	Capital contribution to a DfE funded building programme
Football pitch development at Shrewsbury Sports Village	Shrewsbury	Upgrade 2 x full-size grass pitches at Shrewsbury Sports Village to provide higher level of participation.
Shrewsbury Riverside redevelopment programme	Shrewsbury	The Shrewsbury riverside redevelopment will regenerate around 1.2 hectares of brownfield land in the Smithfield and Riverside area of Shrewsbury, to allow the creation of a mixed use, low carbon development on the site. The programme will also address flood adaptation and promote active travel options
North West Relief Road Shrewsbury	Shrewsbury	The Shrewsbury North West Relief Road (NWRR) will provide a new, single carriageway road linking the northern and western parts of Shrewsbury. It will include a new bridge over the River Severn and its flood plain, and a new bridge over the Shrewsbury-Chester railway line. The NWRR will connect the A5

		at Welshpool Road roundabout in the west to the Ellesmere Road roundabout in the north.
5 New Classrooms teaching block at a Shrewsbury Secondary School	Shrewsbury	New 5 classroom teaching block. A new building designed to the Passivhaus standard which will guarantee low energy consumption, high efficiency and very good levels of internal comfort.
New Secondary School (5 Forms) in Shrewsbury	Shrewsbury	New 4/5 form entry secondary school built in Shrewsbury
Addition of an extra form of entry at Bowbrook primary school	Shrewsbury	Additional form of entry at Bowbrook primary school - linked to the expansion of the new Bowbrook development
Whitchurch Swimming and Fitness centre development	Whitchurch	Replacement of the currently swimming pool at in Whitchurch, to improves and expand provision

Glossary

Administrative fees/expenses (admin fund) - expenses incurred during the implementation and enforcement of CIL

Affordable Housing – as defined by the [Type and Affordability of Housing SPD](#). This refers to social rented, affordable rented, low cost home ownership and other intermediate housing which are provided to eligible households whose needs are not met by the open market. Will also include provisions to remain available at an affordable price for future eligible households

Allocate – a decision has been made by Shropshire Council to commit funds to a particular item of infrastructure or project

Collecting Authority – refers to the authority which collects CIL from new development. In this case, this is Shropshire Council

Community Infrastructure Levy (CIL) – a charge levied by Shropshire Council on new development. Funds are then used to help deliver infrastructure needed to support development

Demand Notice – a document issued to liable parties/developers to confirm when CIL is due for payment on a particular development

‘Entered into’ – refers to S106 planning agreements which were completed by Shropshire Council during the reported year

Infrastructure – defines what CIL can be spent on. This includes roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities and open spaces.

Implementation Plan - forms part of Shropshire’s local development plan. It provides clarity on the main infrastructure requirements for Shropshire's settlements, identifies whether developer contributions will be sought for each requirement, and sets out general principles as to whether these will be addressed through S106 Agreements, CIL or direct developer funding.

Land Payments – method of paying CIL through the provision of land by a developer or interested party which must then be used to deliver infrastructure.

Local Fund – the proportion of CIL used for local infrastructure priorities to meet the infrastructure needs in the area where development takes place, as identified by Town/Parish Councils within their Place Plans.

Neighbourhood Fund – the proportion of CIL provided directly to the local Town/Parish Council to fund locally identified infrastructure projects.

Place Plan – a document which focuses on local infrastructure needs in communities across Shropshire. Further information can be found on the [website](#).

Reported year – the financial year 2022-23. This is between the dates 1st April 2022 and 31st March 2023

Strategic Fund – the proportion of CIL used for strategic infrastructure priorities across Shropshire

Section 106 planning obligations (S106) - legal planning agreements which were entered into to mitigate the impacts of a development. Refers to Section 106 of the Town and Country Planning Act 1990

SUE – stands for sustainable urban extension. A site allocated in the local development plan which forms a major development extending an existing settlement

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Committee and Date

Item

Public



Community Asset Transfer The Old Abattoir, Bishops Castle

Responsible Officer:	Steve Law		
email:	Steve.law@shropshire.gov.uk	Tel:	01743281017
Cabinet Member (Portfolio Holder):	Cllr Dean Carroll –Portfolio Holder Highways& Assets Cecilia Motley –Portfolio Holder for Communities		

1. Synopsis

To seek Cabinet approval for a revised Community Asset Transfer of The Old Abattoir, Bishops Castle to The Bishops Castle & District Community Land Trust for use as a community food bank.

2. Executive Summary

- 2.1. As part of the Council's core objective to strengthen our local towns and villages, the Strategic Asset Management team is working with town and parish councils, as well as the voluntary sector, to enable the transfer of suitable land and buildings to community groups and organisations. [The Community Asset Transfer \(CAT\) policy](#) provides a framework and guidance to assess which transfers are viable and implement their transfer.
- 2.2. A report summarising the assessment of an application made by The Bishops Castle & District Community Land Trust in respect of The Old Abattoir, Bishops Castle has been considered by the Executive Director of Place and the recommendation is to progress the transfer by way of a 90 year lease. In accordance with the CAT policy, this is subject to Cabinet approval.

- 2.3. The transfer would remove the Council's maintenance liabilities and enable the applicants to bring the building into use as a community food bank.

3. Recommendations

- 3.1. Cabinet approves the principle of a 90 year lease.
- 3.2. Cabinet grants delegated authority to the Head of Property and Development to finalise terms of the lease and complete the transaction.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The transfer provides an opportunity for the property to be repaired and improved by the applicants; securing the long-term future of the asset which will remain in the Council's ultimate ownership.
- 4.2. The transfer provides an opportunity to deliver community facilities that will benefit Bishops Castle and surrounding areas.
- 4.3. It is determined that there are no issues of conflict or competition with any local services or other organisations.
- 4.4. The risk in not approving the transfer is that the building may require capital and expenditure to repair and maintain it. Any works will need to be funded from existing corporate landlord budgets that are fully allocated to maintaining sites in active use for service delivery.

5. Financial Implications

- 5.1. The building is currently owned by Shropshire Council as part of its corporate estate. The building has not been used since the 1980s and there has been no spend on it in recent years. Future expenditure may be required to ensure the long-term security and stability of the building. The property has no services connected and would require this investment prior to any use being found for the property. This would have to be managed through existing budgets, and currently the cost of any future works to bring the property into operation or a lettable condition are unbudgeted for.
- 5.2. A nominal rent of £1 from The Bishops Castle & District Community Land Trust is proposed as the organisation will not be operating the facility on a commercial basis. This will enable the building to be kept in good repair and any income from operations to be invested back into the building and its operations.
- 5.3. The potential capital receipt of the site is nominal due to the lack of utility or drainage connections, the extent of any work required for the building to be useable and there being no external land provided. There is also a right of way for an adjoining property passing immediately in front of the entrance.

- 5.4. The potential market rent for the site over the next 90 years is limited with the building in its current form and is likely to be in the region of £1 pa due to the extent of investment required by any tenant to make the building useable. The opportunity for any rental income will be lost if a Community Asset Transfer application is approved.

6. Climate Change Appraisal

- 6.1. Repairs to the building will need to comply with relevant building regulations, which will ensure a level of building sustainability.
- 6.2. The continued operation of a community food bank helps to support a circular economy and the redistribution of local food which will generate significant carbon savings through more efficient use of materials and lower transport emissions;

7. Background

- 7.1. The Community Asset Transfer policy contributes to the Council's objectives as set out in the [Asset Management Strategy](#) Section 5: Commission and work in partnership to empower communities. Release where appropriate through freehold transfer or leasehold transfer, properties to communities reducing revenue or maintenance burdens for non-core assets.
- 7.2. A report summarising the assessment of the Community Asset Transfer application made by The Bishops Castle & District Community Land Trust in respect of The Old Abattoir, Bishops Castle was considered in July 2023 by the Executive Director of Place with the recommendation to progress to transfer by way of a 90 year lease. (Please note when reviewing the Directors Report there is an error in the preliminary section where the proposed transfer duration is noted as 125 years, the correct proposed term is shown in 5.1 which is 90 years.)
- 7.3. The Bishops Castle & District Community Land Trust is a Charitable Trust Registration no EW12300.
- 7.4. The Trust is run by a management board that includes representatives from Bishops Castle Town Council, Shropshire Council, Enterprise House, the Food Bank, and a tenant of the Trust. Anyone living or working in the community of Bishops Castle and its surrounding area is entitled to become a voting member and stand for election to the Board.
- 7.5. The Trust's Board meets monthly. Day-to-day administration is handled by the company secretary, working with the chairman and treasurer. Board members include a chartered surveyor, solicitor, town and country planner, risk assessor and business owner. They have experience of a range of community organisations.
- 7.6. There has been a food bank in Bishops Castle since 2019, aiming to reduce food poverty and to provide opportunities for volunteering. In its first week of operation in April 2019 it received three customers. In 2022 it distributed food to around 110 customers a week. The food bank is already working in partnership with several local organisations including; Bishops Castle Community College, The Community Connectors Group and Connexus's Housing Need Officer.

- 7.7. The present location of the food bank is in the Church Barn, which is shared with other organisations. It has inadequate storage space and no security of tenure. Stocks of food have to be kept on open shelving in the hall itself, in a cleaning cupboard and in a damp, separate shed, involving double handling of the stock. The proposed property would improve service delivery.
- 7.8. The food bank will help and support the growing number people in Bishops Castle and its surrounding areas who cannot afford to feed themselves or their family. They will work to tackle rural health inequalities in South West Shropshire, which was identified as an issue of concern in Healthwatch Shropshire's Shaping Places for Healthier Lives report.
- 7.9. The proposed transfer has been assessed in accordance with the Subsidy Control Act 2022 ("the Act"). The proposed transfer is not considered to be capable of having an effect on either competition or investment within the United Kingdom; trade between the United Kingdom and a country or territory outside the United Kingdom, or investment as between the United Kingdom and a country or territory outside the United Kingdom. The applicant will provide services for the local community and will not be operating as an "enterprise" (as defined by the Act) or using the building for commercial purposes. In view of this, it is the conclusion that the proposed transfer is not a subsidy and is not subject to the Act.
- 7.10. The proposed grant of the lease for a £1 is a sum that is less than market value for a lease of the building. The disposal by way of the grant of the lease at a nominal rent is covered by Circular 6/03 under the Local Government Act 1972 General Disposal Consent 2003. This consent allows for the disposal of a property at less than best consideration where the disposal contributes to the promotion or improvement of one or more of economic, social and environmental wellbeing in the Council's area and where the difference in value is less than £2 million.
- 7.11. The lease will be on a full repairing and insuring basis, with a tenant only break clause of 12-month notice at year 10.

8. Additional Information

- 8.1. None

9. Conclusions

- 9.1. This transfer will contribute to the Council's objectives and would secure the future of the food bank, which will help and support the growing number of people in Bishops Castle and its surrounding areas who cannot afford to feed themselves or their family. This in turn will help to tackle rural health inequalities in South West Shropshire. It will also remove the Council's maintenance liabilities and enable the applicants to bring the building into use as a community food bank.

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

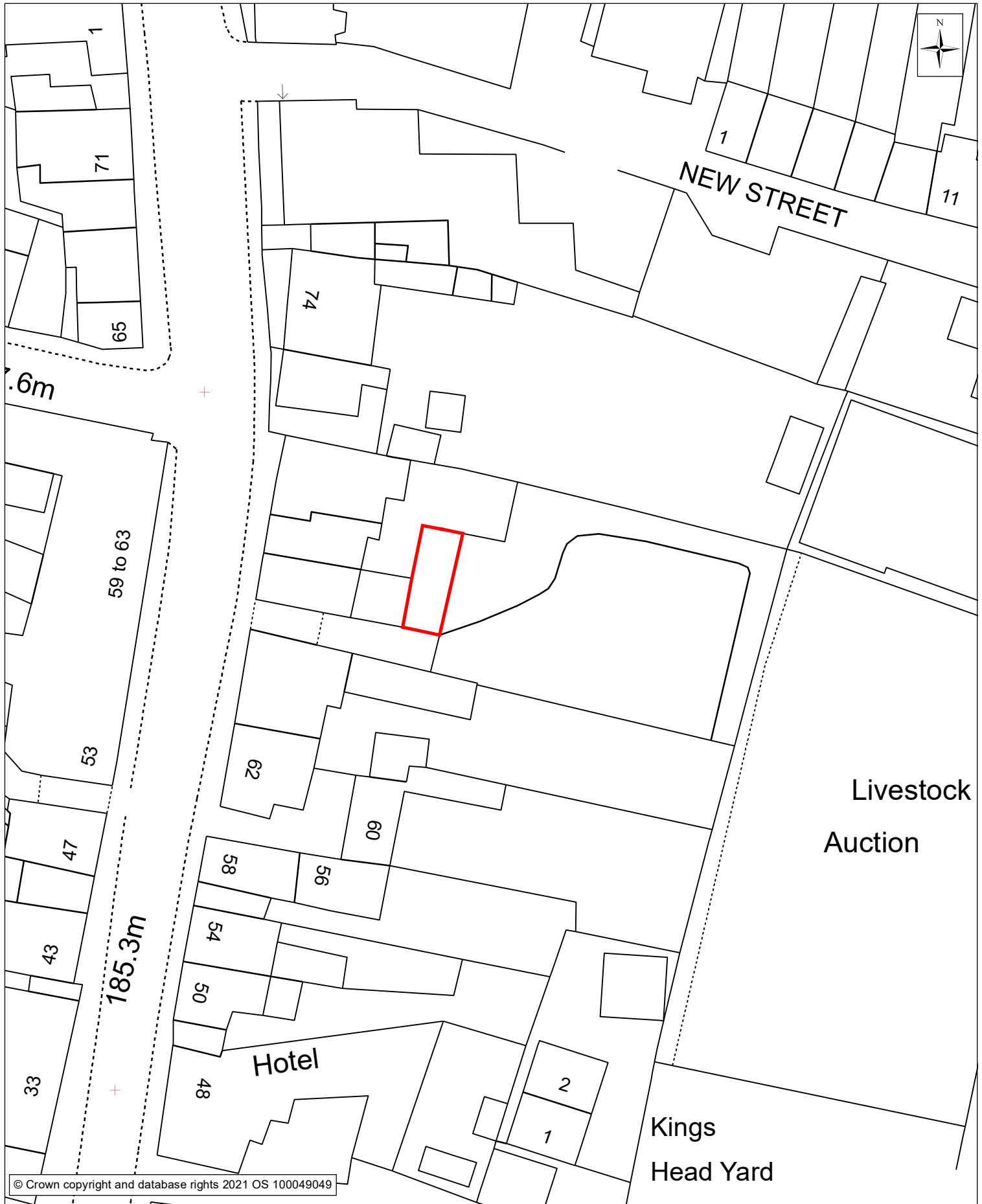
Shropshire Council Community Asset Transfer Policy
CAT Directors Approval Report

Local Member: Ruth Houghton

Appendices

Appendix A - Location Plan
Appendix B – Directors Report

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Business Enterprise and Commercial Services

Shirehall, Abbey Foregate
SHREWSBURY
SY2 6ND

Title:
Old Abattoir, Bishops Castle

Drawing No:	
Scale:	1:509
Date:	May 2021
Drawn by:	Property Strategy and Review

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COMMUNITY ASSET TRANSFER: RECOMMENDATION TO DIRECTORS

SHROPHIRE COUNCIL – Property and Development - Strategic Asset Management

Asset:	The Old Abattoir, rear of 68 Church Street, Bishops Castle
Applying Organisation:	The Bishops Castle & District Community Land Trust
Proposed use:	Food Bank and associated not for profit other activities that benefit the local community.
Proposed transfer duration:	125 years
Estimated annual saving to Council:	No annual running costs as such, but the transfer would remove the Council’s maintenance liabilities and the proposed repairs would enhance the building
Report author and date:	Leela Cottey
Reporting to:	Mark Barrow

Panel

Chair	Leela Cottey	Strategic Asset Manager
Service Representative	n/a	
Assets and Estates	Felicity Allan	Principal Estates Surveyor
Finance	Jim Evans	Finance Officer
Community Action	No rep	

1.0 Purpose of the Report

- 1.1 As part of the Council’s core objective to strengthen our local towns and villages, the Strategic Asset Management team are working with town and parish councils, as well as the voluntary sector, to enable the transfer of suitable land and buildings to community groups and organisations. The Community Asset Transfer (CAT) policy provides a framework and guidance to assess which transfers are viable and implement their transfer.
- 1.2 The policy contributes to the Council’s objectives as set out in the Asset Management Strategy Section 5: *Commission and work in partnership to empower communities. Release where appropriate through freehold transfer or leasehold transfer, properties to communities reducing revenue or maintenance burdens for non-core assets.*
- 1.3 This report summarises the assessment of the application made by The Bishops Castle & District Community Land Trust in respect of the former Abattoir in Bishops Castle. Following



consideration of the report and the supporting information it is requested that the responsible officer determines whether the CAT is approved to go the appropriate formal decision making.

- 1.4 The asset was listed on the Community Asset Register from 23 November 2021 to 05 January 2022.
- 1.5 This report represents an internal briefing for the Executive Director of Place in order for the transfer to be approved to move to the final decision making. Due to the potential transfer being longer than 10 years, the formal decision-making will be taken to formal cabinet, subject to the approval of this report.

2.0 Recommendations and Further Action Required

- 2.1 The panel has determined that the application meets the requirements of the Council's CAT policy. The recommendation is for the Executive Director of Place to approve the transfer to proceed to Cabinet approval, noting that in doing so a potential capital receipt may be forfeited.
- 2.2 If approved it is requested that the Director of Place instructs the relevant officers to undertake the monitoring as specified in section 7, and to permit the panel to terminate the CAT should they determine that the policy requirements are no longer being met.
- 2.3 Upon approval of this report, the panel will proceed to seeking Cabinet approval and progress the transfer accordingly.

3.0 Qualifying Organisation

- 3.1 The panel assessed if the organisation meets the qualifying criteria as set out in the Policy:

Criteria	Panel Assessment
A qualifying organisation	The Bishops Castle & District Community Land Trust is a Charitable Trust Registration no EW12300.
Aims to deliver social, economic or environmental benefits	The proposal is to make the necessary repairs to provide a base for the Land Trusts project partner, the Bishops Castle Community Food Bank (the Food Bank).



Directly benefits the people of Shropshire	There has been a food bank in Bishops Castle since 2019 aiming to reduce food poverty and to provide opportunities for volunteering. The proposed location in the centre of the town, will be within walking distance for local customers with no access to their own transport
Benefits as wide a range of local people as possible within the community in which the asset is located	The Food Bank will help and support the growing number people in Bishops Castle and its surrounding areas who cannot afford to feed themselves or their family. They will work to tackle rural health inequalities in South West Shropshire, which was identified as an issue of concern in Healthwatch Shropshire's <i>Shaping Places for Healthier Lives</i> report.

4.0 Assessment against CAT criteria

4.1 The panel assessed the organisation's business plan against the criteria set out in the Policy:

Criteria	Panel Assessment
A clear community/social demand for the proposed CAT	In its first week of operation in April 2019, the Food Bank received three customers. Now, in early 2022 it distributes food to around 110 customers a week. The Food Bank is already working in partnership with several local organisations including; Bishops Castle Community College, The Community Connectors Group and Connexus's Housing Need Officer. The present temporary location of the Food Bank is in the Church Barn, which is shared with other organisations. It has inadequate storage space and no security of tenure. Stocks of food have to be kept on open shelving in the hall itself, in a cleaning cupboard and in a damp, separate shed, involving double handling of the stock. The proposed property would improve service delivery.
The capacity to manage the asset and have directors or management	<p>The Trust is run by a management board that includes representatives from Bishops Castle Town Council, Shropshire Council, Enterprise House, the Food Bank, and a tenant of the Trust. Anyone living or working in the community of Bishops Castle and its surrounding area is entitled to become a voting member and stand for election to the Board.</p> <p>The building has not been used since the 1980s. On successful transfer the Trust has committed to repairing the building; proposing to spend around £8,000 in their first 3 months of occupation.</p>



Good governance arrangements, robust financial systems	The Trust's Board meets monthly to review progress, make decisions and to approve expenditure. Day to day administration is handled by the company secretary, working with the chairman and treasurer. The Trust is able to draw upon the strong expertise and skills of its board members, whose professions include that of a chartered surveyor, a solicitor, a town and country planner, a risk assessor and a business owner. They have experience of a range of community organisations.
The ability of the VCO to contribute towards the Council's objectives	The application aligns with the Council's Asset Management Strategy Section 5: The Council's Principles and Priorities: Commission and work in partnership to empower communities. To release where appropriate through freehold transfer or leasehold transfer, properties to communities reducing revenue or maintenance burdens for non-core assets. The application also supports Shropshire Council's Health & Wellbeing Strategy in reducing inequality and improving the health of its population.
The proposed use of the asset will not adversely impact on activities of facilities already provided in the community	It is determined that there are no issues of conflict or competition with any local services or organisations.

4.2 The panel identified the following issues which required further discussion and resolution:

Issue	Resolution
The Planning Authority have advised that the land may be suitable for alternative uses including residential or commercial development. Therefore in agreeing to the transfer the council might be foregoing a capital receipt.	The CAT panel considers that there is significant community benefit from the proposal, and that the community benefit of the application outweighs the potential for a capital receipt. Appropriate clauses will be included in the transfer agreement to protect the Council's interests should any other parties seek to progress development of the site.

5.0 Proposed Lease Agreement

5.1 Proposed lease agreement is as follows:

Item	Detail	Reason
Lease type/duration	90 years	At the request of the organisation, to enable the organisation to secure funding and realise long-



		term plans for the building and its use. This longer term agreement is to be subject to a clawback provision whereby Shropshire Council will receive a payment for any change in use of the property (any changes to be subject to SC prior approval, with no warranty given as to approval of any proposed change).
Break Clauses	Year 10 onwards with 12 months notice	To provide flexibility for the Tenant should the community need for a food bank fall away but allowing sufficient time for the Tenant to secure funding and carry out the works so the building would be returned in full repair if they chose to terminate
£ per annum	£1	The organisation does not run on a commercial basis. Any profit is invested back into the building and for the development of appropriate community activities occurring in/from it.
Repairs, maintenance and insurance responsibilities transferred to organisation	Yes	To relieve Shropshire Council of these responsibilities
Associated Service Agreement?	No	

5.2 Rent is proposed below market value, because the organization does not run on a commercial basis. On initial review the proposed transfer complies with the new Subsidy Control regime, However, relevant advice will be sought prior to completion of the transfer to ensure that this is still the case.

5.3 There are special terms proposed in this lease as follows:

Clause	Reason for inclusion
(3) Access & Car parking	<p>The Property has a right of access on foot or by vehicle from the High Street and through the archway as shown on the attached plan in BROWN.</p> <p>The Tenant is able to utilise the public car park shown on the plan highlighted in GREEN when said car park is open for use and available as a public car park but Shropshire Council provides no warranty as to availability of parking spaces or opening hours of the car park.</p> <p>If parking charges are introduced at said car park, the Tenant is to pay the car parking charges in order to utilise spaces at the car park.</p>



	<p>Shropshire Council reserves the right to change the use of the car park including but not limited to redevelopment of the site.</p> <p>No overnight parking is permitted.</p> <p>No skips, bins or other containers are to be placed on areas outside of the areas outlined in RED on the attached plan.</p>
(6) Permitted Use	For the provision of a food bank service to support the community of Bishops Castle and surrounding areas and associated not for profit activities to support the local community. Not to be used for residential purposes.
(8) Tenant's Covenants	<p>a. The tenant will keep detailed records of all users of the Property where the use involves a charge or profit making activity including dates, times and hiring charges and numbers attending each class/event (regardless of who runs the class/event) and these records are to be made available to the landlord upon request.</p> <p>b. All income generated by hiring or subletting the Property is to be re-invested in the future maintenance and improvement of the building and associated facilities that it provides.</p> <p>c. The tenant will keep independently fully audited accounts, unless agreed otherwise by the Landlord, and additional clarification of individual items within the accounts relating to the running of this building will be made available to the landlord upon request (such request to be reasonably justified). A copy of the audited accounts is to be submitted annually to the Landlord within three weeks of being audited.</p> <p>d. To provide access for the Landlord on request for inspection of the Property, and to provide information if requested on the use and activities at the Property.</p> <p>e. Not to make any objection to any application made for the development or change of use of the current public car park area shown in GREEN on the attached plan or any surrounding property owned by Shropshire Council and to ensure that any sub tenancy agreements also include this provision.</p>
(9) Repair & Maintenance	<p>a. The Tenant is to put the Property into Repair and to maintain thereafter.</p> <p>b. During the first year of the lease the Tenant will submit and agree with the Landlord a schedule and timescale of proposed works to cover external and internal refurbishment of the premises. These works will be the responsibility of the tenant. During this period, all items of repair and maintenance will be the responsibility of the Tenant subject to the proviso that the condition of the building shall be maintained in no worse state than that existing at the start of the lease</p> <p>c. For the avoidance of doubt, the Landlord will not be responsible for any repairs and maintenance whatsoever and all responsibility will rest with the Tenant.</p> <p>d. During the first three years of the lease the Tenant will apply for sufficient funding to enable a complete refurbishment of the premises. The external and internal refurbishment works will be completed within the first five years of the lease.</p>



	<p>e. Upon completion of the refurbishment works, the Tenant is to be responsible for keeping the interior and exterior of the Demised Premises in good repair and condition throughout the remainder of the term and to replace any fixtures & fittings, windows, doors or roof coverings etc which may become beyond repair during the term.</p> <p>f. Upon completion of the refurbishment works, the Tenant to be responsible for painting and decorating the interior & exterior of the premises as often as necessary to maintain the premises in a good standard of decorative finish to the satisfaction of the Landlord's Building Surveyor. Within the last three months of the lease (howsoever determined) the tenant shall paint the interior & the exterior of the premises in a proper and work man like manner using appropriate materials of good quality in colours to be agreed by the Landlord's Building Surveyor</p> <p>g. Any structural alterations will be subject to Landlord's consent (which shall not be unreasonably withheld) and the Tenant complying with any reasonable conditions imposed by the Landlord.</p> <p>h. To contribute upon demand to the cost of the maintenance and repair of the access route highlighted in BROWN on the attached plan.</p>
(10) Landlord's covenants	The Landlord (or its successors in title) to maintain the access route highlighted in BROWN on the attached plan, subject to the contribution of the Tenant towards the ongoing cost of maintenance or repair.
(15) Assignment and Subletting	<p>Assignment: a) No assignment of the lease permitted.</p> <p>Subletting: b) Subletting to The Bishops Castle Community Foodbank (Registered Charity number 1190595) only is permitted, provided that no relationship of Landlord and Tenant is created.</p> <p>c. Subletting to other not for profit organisations that provide services to benefit the local community and for a maximum term of three years is also permitted, subject to the approval of Shropshire Council.</p> <p>d. Any such sublettings to be excluded from the provisions of the Landlord and Tenant Act 1954.</p> <p>e. Any rent generated from such a subletting to be reinvested in the maintenance and upkeep of the Property.</p>

6.0 Service Agreement

6.1 A Service Agreement is/is not required.

7.0 Monitoring

7.1 The Panel have considered the monitoring requirements of the asset transfer to ensure that the organisation meets its obligations and that the community benefit is realised. The following monitoring is recommended:



Item	Monitoring Method	Owner	Monitoring Schedule/Frequency	Output / Reporting / Recording Method
e.g. Ensure promised renovation works take place	On-site inspection, ongoing contact with organisation	Strategic Asset Manager	As required until works are complete	Following notification from that work is complete, panel reviews and records satisfactory completion of works
e.g. Check rent level is appropriate to organisation's commercial standing	Review yearly financial accounts	Finance Officer in consultation with Principle Estates Surveyor	Annually	Principal Estates Surveyor writes to panel to confirm assessment; adjustment of rent levels as required.
e.g. Ensure stated community benefit is being realised	Contact with organisation and local community	Assets Officer CRTB & CAT / Finance Officer	Annually	Report issued to CAT panel
e.g. Check appropriate insurance is in place (relevant to Freehold only)	Request copy of insurance certificate from organisation	Principle Estates Surveyor	Annually	Copy of insurance certificate

8.0 Director Response

8.1 Approved

Signed :



Date : 13 July 2023

