

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

Date: 19 June 2024  
My Ref:  
Your Ref:

**Committee:**  
**Audit Committee**

**Date:** Thursday, 27 June 2024  
**Time:** 10.00 am  
**Venue:** Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate,  
Shrewsbury, Shropshire, 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](mailto: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 Audit Committee**

Simon Harris (Vice Chairman)  
Nigel Lumby  
Brian Williams (Chairman)

Roger Evans  
Kate Halliday

Independent Member: Jim Arnold

Your Committee Officer is:

**Michelle Dulson** Committee Officer

Tel: 01743 257719

Email: [michelle.dulson@shropshire.gov.uk](mailto:michelle.dulson@shropshire.gov.uk)

# AGENDA

## 1 Apologies for Absence / Notification of Substitutes

## 2 Disclosable Pecuniary Interests

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

## 3 Minutes of the previous meetings held on the 22 February and 9 May 2024 (Pages 1 - 12)

The Minutes of the meetings held on the 22 February and 9 May 2024 are attached for confirmation.

Contact Michelle Dulson (01743) 257719

## 4 Public Questions

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 5pm on Friday 21 June 2024.

## 5 Member Questions

To receive any questions of which Members of the Council have given notice. The deadline for this meeting is 5pm on Friday 21 June 2024.

## 6 Second line assurance: Strategic Risks Update (Pages 13 - 18)

The report of the Risk and Business Continuity Manager is attached.

Contact: Jane Cooper (01743) 252851

## 7 Overall assurance: Annual Governance Statement and Code of Corporate Governance 2023/24 (Pages 19 - 88)

The report of the Section 151 Officer is attached.

Contact: James Walton (01743) 258915

## 8 Second line assurance: Financial outturn report 2023/24 (Pages 89 - 132)

The report of the Section 151 Officer is attached.

Contact: James Walton (01743) 258915

**9 Second line assurance: Approval of the Council's Draft Statement of Accounts 2023/24 (Pages 133 - 352)**

The report of the Deputy Section 151 Officer is attached.  
Contact: Ben Jay (01743) 250691

**10 Date and Time of Next Meeting**

The next meeting of the Audit Committee will be held on the 17 July 2024 at 10.00am.

**11 Exclusion of Press and Public**

To RESOLVE that in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

**12 Exempt Minutes of the previous meeting held on 22 February 2024 (Pages 353 - 358)**

The Exempt Minutes of the meeting held on the 22 February 2024 are attached for confirmation.  
Contact: Michelle Dulson 01743 257719

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## Committee and Date

Audit Committee

27 June 2024

## **MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22 FEBRUARY 2024 10.00 AM - 12.50 PM**

**Responsible Officer:** Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk      Tel: 01743 257719

### **Present**

Councillor Brian Williams (Chairman)

Councillors Simon Harris (Vice Chairman), Nigel Lumby, Roger Evans and Rosemary Dartnall

### **73 Apologies for Absence / Notification of Substitutes**

No apologies were received.

### **74 Disclosable Pecuniary Interests**

Members were reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

### **75 Minutes of the previous meeting held on the 23 November 2023**

#### **RESOLVED:**

That the Minutes of the meeting of the Audit Committee held on the 23 November 2023 be approved as a true record and signed by the Chairman.

### **76 Public Questions**

There were no questions from members of the public.

### **77 Member Questions**

There were no questions from members.

### **78 Second line assurance: Treasury Strategy 2024/25**

The Committee received the report of the Executive Director of Resources (Section 151 Officer) – copy attached to the signed Minutes – which proposed the Treasury Strategy for 2024/25. It set out the arrangements for how the council would appropriately manage its arrangements for banking, cash flow management,

investments, and borrowing, supporting the delivery of the MTFs and The Shropshire Plan.

In response to a query, the Executive Director of Resources (Section 151 Officer) explained that Link Group Advisers was the name of the advisers used by the Council over many years (in common with other local authorities). They were part of Capita and provided treasury advice, background information around where the economy was and any projections around that and their advice was sought in any treasury decisions undertaken by the Council. They provided daily advice around any organisation on the Council's lenders list, for example, if they felt it was not an organisation that the Council would want to lend with etc, as well as regular, more long-term information and data analysis for use in managing the Council's position.

In response to a further query, the Executive Director of Resources (Section 151 Officer) explained that the Council had an agreed lenders list, which set out those organisations that the Council was willing to invest in, and although the list did not change significantly, if any advice provided gave rise to any questions they could go back and ask for that to be investigated. On the back of that a schedule was then produced which was signed by himself and circulated to those officers who could make those investments, so they did not inadvertently invest in an organisation which the Council had decided it did not wish to invest in.

In response to a query around general reserves and the amount of savings required, the Executive Director of Resources (Section 151 Officer) reported that there was a link between the level of reserves held and the level of cash held, in the same way that there was a link between the level of capital receipts, section 106 monies, debtors and creditors etc which were all cash within the system. There were examples around the country whereby organisations had issued a section 114 notice although their treasury position had not changed. So, although not illiquid, the cash held within the organisation was robust but the amount of cash coming in for services and accounted for within a year was less than the amount going out from an accounting point of view.

The bigger issue for Shropshire was that the amount of cash held by the authority had reduced over a period of time due in part to loans that had matured not being replaced as cash balances were so high. However, over time, as capital receipts and reserves were being spent and long-term loans paid off, cash balances had reduced to £50m which was still quite a healthy amount. The Executive Director of Resources (Section 151 Officer) explained that the management of the cash was not entirely separate but was considerably separate to the accounting position in terms of the services provided by the Council and he gave an example. He explained that the Council's advisors monitor the cash position/money in/out etc constantly and assess whether the Council was in a liquid state, which, he confirmed, it was. He also confirmed that although the Council could not borrow internally to finance revenue, it could borrow against an asset.

A brief discussion ensued and the Executive Director of Resources (Section 151 Officer) answered a number of queries from Members. He confirmed that the Council did not undertake any long-term borrowing to support any revenue deficits however through the year there was always the potential for borrowing cash for eg a day, to fund an unexpected payment, for example. Following concerns raised by Members, the Executive Director of Resources (Section 151 Officer) stated the

reasoning behind investing in local authorities whose cash position was very different to its accounting position, and which could not go bust. He explained that the Council's Advisors were constantly looking across the piste at the investability of all the institutions that the Council worked with so if there was a hint that there may be some issues in terms of the return of its money from a particular institution, that would be flagged and would be built into the borrowing list. It was felt that the return of the Council's money was more important than its return on that money.

In response to a query, the Executive Director of Resources (Section 151 Officer) explained that the Treasury Strategy limited borrowing from local authorities to 12 months however, as far as he could recall, the Council very rarely invested with local authorities over that sort of period but was happy to take the point back and advise that the Audit Committee were reluctant to invest in local authorities or that more due diligence was required. The point would be reviewed and a response brought back.

**RESOLVED:**

To endorse the Treasury Strategy 2024/25.

**79 Governance Assurance: Draft Audit Committee work plan and future training requirements**

The Committee received the report of the Head of Policy and Governance – copy attached to the signed Minutes – which provided a proposed Audit Committee work plan and sought discussion and agreement around a learning and development plan for Members to ensure that they were well informed and appropriately skilled to fulfil their role.

**RESOLVED:**

To approve the Audit Committee work plan for 2024/25, set out at Appendix A; and to approve the learning and development plan for Members of the committee taking into account information in Appendices A and B.

**80 Third line assurance: Internal Audit Performance Report and revised Annual Audit Plan 2023/24**

The Committee received the report of the Head of Policy and Governance – copy attached to the signed Minutes – which provided members with an update of work undertaken by Internal Audit in the three months since the November Audit Committee. 71% of the revised plan had been completed which was in line with previous delivery records and the team was on track to deliver a minimum of 90% of the revised annual plan by year end.

The Head of Policy and Governance informed the Committee that it had been a challenging year with reduced resources available and various recruitment drives having been unsuccessful which although it had impacted on their work, it had not impacted the core work undertaken to enable an opinion to be formed on the Council's internal control environment. He reported that a further recruitment drive was currently underway to hopefully increase capacity.

The Head of Policy and Governance reported that twelve final reports containing 86 recommendations had been issued in the period (set out at Paragraph 8.9 of the report) with the year-to-date position set out in Appendix A, Table 2. He informed that Committee that seven draft reports were awaiting responses and would be reported in the next performance report. The number of lower-level assurance levels was 44%, slightly higher than the previous year (41%). Two fundamental recommendations had been identified and these were set out in the confidential part of the Agenda.

The Head of Policy and Governance drew attention to the unsatisfactory and limited assurance opinions (set out at Appendix A, Table 3) and asked Members whether they wished to receive a further report on Much Wenlock Leisure Centre which had received unsatisfactory opinions on multiple occasions.

In response to a query, the Head of Policy and Governance explained where they were at with the recruitment exercise. A further query was raised as to the plan for achieving the rest of the planned audit work (30%). In response, the Internal Audit Manager assured the Committee that they were comfortable that they had sufficient resources in place to deliver the remainder of the plan by year end.

Concern was raised as to why the North West Relief Road audit was mentioned in Appendix 1 Table 2, but did not appear in the list of unsatisfactory assurance opinions listed in Appendix A Table 3, and was to be discussed in the exempt part of the meeting. In response, the Executive Director of Resources (Section 151 Officer) explained the reasons for it being in the exempt part of the meeting, due to a number of elements that were unable to be discussed in public session. Table 2 set out the number of recommendations for each audit which was public information but it did not disclose the issues as they would be picked up within the exempt session. He assured the Committee that the Agenda was very clear that in the exempt session there were two reports around the North West Relief Road that would be discussed.

Councillor Evans felt that there could have been two reports, one in public and the other in private and he was unhappy that it had not been referred to in Table 3 explaining why it had received an unsatisfactory opinion. He confirmed that he would be voting against this item due to the public interest in a particular subject which was not mentioned in it.

In response, the Internal Audit Manager explained that the process for why the particular subject was not included in the report was consistent with other reports that could not be listed publicly, and which related to commercial contracts and followed the Constitution.

A query was raised as to whether there was anything else that the audit team felt needed further consideration by the Committee. In response it was confirmed that the Committee could consider areas that had previously been looked at if, for example, there was a new emerging issue that the Committee felt it wanted further assurance on. The Internal Audit Manager reassured the meeting that follow up audits were always undertaken for any unsatisfactory opinions or fundamental recommendations, and these would be reported back to Committee.

In response to a query about whether there were any fundamental recommendations that had not been implemented, the Internal Audit Manager confirmed that there



were a few audits classed as 'open' whereby the implementation date had not passed but none that need to come to Committee. However if they were not implemented by the time of the follow up audit they would be brought to the attention of the Audit Committee.

**RESOLVED:**

To note the performance of Internal Audit against the 2023/24 Audit Plan.

Councillor Roger Evans voted against this item.

**81 Third line assurance: Report of the Audit Review of Risk Management**

The Committee received the report of the Internal Audit Manager – copy attached to the signed Minutes – which detailed the results of the recent Internal Audit review of the Risk Management system which had been assessed as Reasonable, with minor control weaknesses identified. The focus of the review had been on user compliance with processes around operational and project risks.

It was explained that the Audit Committee were required to review annually the adequacy of the Council's risk management arrangements. It had last been undertaken in January 2022 when it was assessed as 'Good' however following the most recent review, this had reduced to 'Reasonable'.

The Internal Audit Manager drew attention to paragraph 6.8 of the report which set out the control objectives that were reviewed and whether they had been achieved. She reported that the main reason for the reduction to 'Reasonable' was the quality of the operational risk registers, some of which had not been updated within the 2023 year.

In response to a query about how the objectives would be achieved, it was explained that the risk manager had put in place a new process whereby separate reports were produced for those areas where they hadn't been updating the register, in order to raise the profile. Members expressed their concern about this reduction along with the increased number of unsatisfactory assurances and wondered whether Managers were aware that it was their responsibility to keep these registers up to date and the consequence of not doing so.

In response, the Internal Audit Manager confirmed that the process was well communicated and in addition the risk management team had, this year, undertaken in person training sessions which every manager who was responsible for a risk register had been invited to and given support to ensure that the risk registers were reviewed and updated. However as it was managed through the Executive Directors and Assistant Directors, any area where they were not being updated, would be passed to their service manager or assistant director to manage. Members requested the Risk Manager provide a brief update on risk management at the next meeting.

A query was raised as to Audit Committee's role within risk management. In response the Internal Audit Manager explained that the strategic risk review was in the Terms of Reference to go to Audit Committee twice a year. However, as part of

the Risk Management Policy a strategic risk review was held with Executive Directors to review all of the strategic risks whereby some may be amended, or the scoring adjusted. The role of the Audit Committee was not to set the risks, although it could comment and feedback on them, but it was for the Committee's wider awareness around the risks facing the Council and to ensure that it was receiving the right information to give a complete picture of the control environment.

The Executive Director of Resources (Section 151 Officer) added that the process was considered by the Internal Audit team and that the Audit Committee could take a view in terms of the risk process, but also, consideration of the risks themselves was also within the remit of the Committee who should be asking whether the strategic risks were known and accepted by the authority and whether officers were accountable for them.

In response to a query around project risks, the Executive Director of Resources (Section 151 Officer) explained that the Audit Committee was charged with reviewing the strategic risks of the organisation. The operational and project risks were all part of the risk management process, but they numbered in the thousands so, for this reason, operational risks would never come to the Audit Committee as it would be unmanageable and unhelpful. However, as part of that process, the operational risks were reviewed every year by the Internal Audit team to see that appropriate systems were working but the process by which those operational risks were managed were independently audited. In addition, there was a process within that which looked at any themes that were identified within the operational or project risks which need to be considered as a strategic risk and if so, would be reported to Audit Committee.

**RESOLVED:**

To endorse the findings from the review of Risk Management by Internal Audit.

**82 Third line assurance: Internal Audit Plan 2024/25**

The Committee received the report of the Head of Policy and Governance – copy attached to the signed Minutes – which provided Members with the proposed approach for the risk based Internal Audit Plan for 2024/25.

The Head of Policy and Governance reported that due to an ongoing recruitment campaign any plan produced at this point would require significant revision. It was therefore proposed that a full plan will be brought back to the Audit Committee in July for approval once resources for 2024/25 had been confirmed.

The Head of Policy and Governance explained that the audit risk assessment had been reviewed and that a detailed plan would be developed once resources had been confirmed. The remaining audit work for 2023/24 would be completed between April and June along with outstanding audits from the call up list from 2023/24 and follow up audits of those areas with lower levels of assurance during the year and the previous year.

A query was raised as to whether the Committee should be looking at the role of PWC in advising the Council. In response, the Head of Policy and Governance explained that this would be considered as part of the risk assessment process when

looking at the transformation work and which included any third party engagement that had taken place.

**RESOLVED:**

To note the position as set out in the report.

**83 Third line of assurance: External Audit: Audit Findings Report 2022/23**

The Committee received the report of the Engagement Lead – copy attached to the signed Minutes – which provided the Audit Committee with an update on progress by Grant Thornton in delivering their responsibilities as the Council's External Auditors, and other relevant updates and emerging issues.

The Senior Manager took Members through the report and drew attention to two unadjusted misstatements (set out on page 3 of the report), one relating to pension fund assets and the other relating to Other Land and Buildings, neither of which impacted the general fund balance.

In response to a query, the Engagement Lead confirmed that the 2022/23 audit would be signed off and the opinion issued the following Monday along with that for the pension fund accounts.

In response to a query, the Engagement Lead confirmed that he would be continuing as Engagement Lead for the Pension Fund audit but would be stepping away from the Council audit. His colleague, Avtar ??? who would be taking over, had been introduced to the Executive Director of Resources (Section 151 Officer). The Senior Manager would be picking up the management of the pension fund, part of which was to make the audit more efficient and effective across the team for both the Council and the Pension Fund audits. The planning process for the next set of accounts had begun and it was proposed to bring an audit plan for the Council to the next meeting of the Audit Committee. It was hoped to complete the audit by the end of September and that all outstanding audits would be completed by the end of December assuming no issues arose. It was hoped that future years would see a return to a more normal cycle of audit/sign off.

**RESOLVED:**

That the Audit Committee note the report

**84 Date and Time of Next Meeting**

The next meeting of the Audit Committee would be held on the 27 June 2024 at 10.00am.

**85 Exclusion of Press and Public**

**RESOLVED:**

That in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and

Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

Councillor Rosemary Dartnall voted against the recommendation as she believed that Agenda Items 16 and 17 should be taken in public session.

**86 Exempt minutes of the previous meeting held on the 23 November 2023**

**RESOLVED:**

That the Exempt Minutes of the meeting of the Audit Committee held on the 23 November 2023 be approved as a true record and signed by the Chairman.

**87 First line assurance: Payroll Management Update (Exempted by categories 2, 3 and 7)**

The Committee received the exempt report of the Assistant Director of Workforce – copy attached to the signed Minutes – which provided Audit Committee with the outcome of the recent Payroll Audit for 2023/24.

**RESOLVED:**

To note the contents of the report.

*It was agreed to take Agenda Items 16 (North West Relief Road Audit) and 17 (North West Relief Road Management Update) together.*

**88 Third line assurance: North West Relief Road Audit (Exempted by categories 3 and 5)**

**89 First line assurance: North West Relief Road Management Update (Exempted by category 3)**

The Committee received the exempt report of the Head of Policy and Governance – copy attached to the signed Minutes – which provided Members with an update on the recent unsatisfactory audit of the Northwest Relief Road (NWRR) audit.

The Committee also received the exempt report of the Director of Place – copy attached to the signed Minutes – which provided an update on improvements already made to address the Recommendations contained in the Audit Report and to set out the further measures, managed through the Project governance structure, to address the remaining Recommendations.

**RESOLVED:**

To note the contents of the reports.

**90 Internal Audit: Fraud, Special Investigation and RIPA Update (Exempted by Categories 1, 2, 3 and 7)**

The Committee received the exempt report of the Internal Audit Manager – copy attached to the signed Minutes – which provided a brief update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment, together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.

**RESOLVED:**

To note the contents of the report.

Signed ..... (Chairman)

Date: .....

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**Committee and Date**

Audit Committee

27 June 2024

**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 9 MAY 2024  
11.00 - 11.10 AM**

**Responsible Officer:** Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk      Tel: 01743 257719

**Present**

Councillor Brian Williams (Chairman) Kate Halliday, Nigel Lumby, Roger Evans and Claire Wild (Substitute) (substitute for Simon Harris)

**1 Election of Chairman**

Nominations were received for Councillors Roger Evans and Brian Williams

Following a vote it was **RESOLVED:**

That Councillor Brian Williams be elected Chair of the Audit Committee for the forthcoming municipal year

**2 Apologies for Absence**

An apology for absence had been received from Councillor Simon Harris

Councillor Claire Wild substituted for Councillor Harris

**3 Appointment of Vice-Chairman**

Nominations were received for Councillors Roger Evans and Simon Harris

Following a vote it was **RESOLVED:**

That Councillor Simon Harris be appointed Vice-Chair of the Audit Committee for the forthcoming municipal year

Signed ..... (Chairman)

Date: .....

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## Committee and Date

Audit Committee

27<sup>th</sup> June 2024

Item

Public



# Strategic Risks Report

<b>Responsible Officer:</b>	Jane Cooper
email: <a href="mailto:jane.cooper@shropshire.gov.uk">jane.cooper@shropshire.gov.uk</a>	Tel: 01743 252851
<b>Cabinet Member (Portfolio Holder):</b>	Cllr. Gwilym Butler, Portfolio Holder Resources

## 1. Synopsis

Audit Committee regularly review the Council's underlying risk exposure by considering the Council's Strategic Risks. This report sets out the current strategic risk exposure following the December 2023 bi-annual review and subsequent discussions/ amendments.

## 2. Executive Summary

The management of the strategic risks is a key process which underpins the successful achievement of our priorities and outcomes. Strategic risks are linked, where appropriate, with the Annual Governance Statement Targeted Outcomes.

## 3. Recommendations

Members are asked to accept the position as set out in the report.

# Report

## 4. Risk Assessment and Opportunities Appraisal

- 4.1. The authority has an Opportunity Risk Management Strategy which details the methodology to be followed when identifying and monitoring risks which affect the Council. This is available on the intranet.
- 4.2. The risks identified can either be operational, project or strategic risks. This report refers to the strategic risks, i.e. those risks which affect the Council as a whole (not project or particular service area specific).

## 5. Financial Implications

5.1. If the strategic risks are not well managed, then this could lead to severe financial implications for the council.

5.2. There are two strategic risks specifically financial related, but all the strategic risks will have a financial implication for the whole authority to some degree.

## 6. Climate Change Appraisal

6.1. The importance of Climate Change is recognised within the council and as such it is listed as a strategic risk with a score of Likelihood 4, Impact 4 making it a high scoring risk.

## 7. Background

7.1. Our strategic risks are reviewed on a bi-annual basis ensuring that the level of risk exposure is monitored regularly in our rapidly changing environment.

7.2. The review was undertaken through virtual meetings with the nominated strategic risk leads, assurance providers and Executive Directors.

7.3. An annual workshop also takes place with the Executive Management team to undertake a deep dive of the entire strategic risk exposure. The risks are assessed for ongoing relevancy, whether they need to be redefined or re-allocated and also whether new strategic risks need to be considered for inclusion.

7.4. The Strategic Risks are held within a SharePoint site where controlled access is available for everyone who has controls assigned to them and access is available to the Executive Management Team. The risks are therefore able to be updated in real-time.

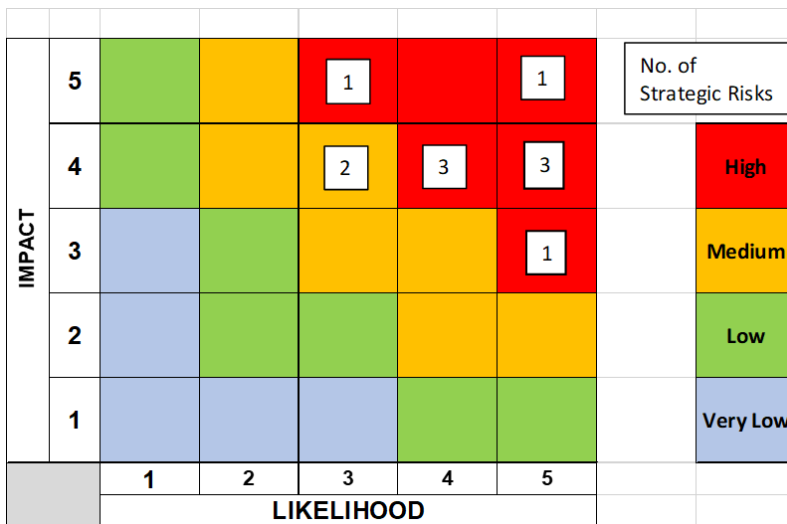
7.5. Following the bi-annual review and workshop, there are currently eleven strategic risks on the risk register, and these are each managed by specific Executive Directors. These are detailed below together with the direction of travel following the review:

Risk	Risk Owner	L	I	Status	Travel
Failure to protect from and manage the impact of a targeted cyber-attack on ICT Systems used by the Authority.	James Walton	5	5	25	=
Failure to proactively manage and mitigate the health & wellbeing of Staff.	James Walton	5	4	20	=
Critical Skills shortage impacting on Recruitment, Retention & Succession Planning	James Walton	5	4	20	=
Impact of extreme pressures upon partners (social car, health, and criminal justice)	Rachel Robinson	5	4	20	New
Inability to set a balanced budget for a given year within the MTFS.	James Walton	4	4	16	Redefined
Responding and Adapting to Climate Change.	Mark Barrow	4	4	16	=

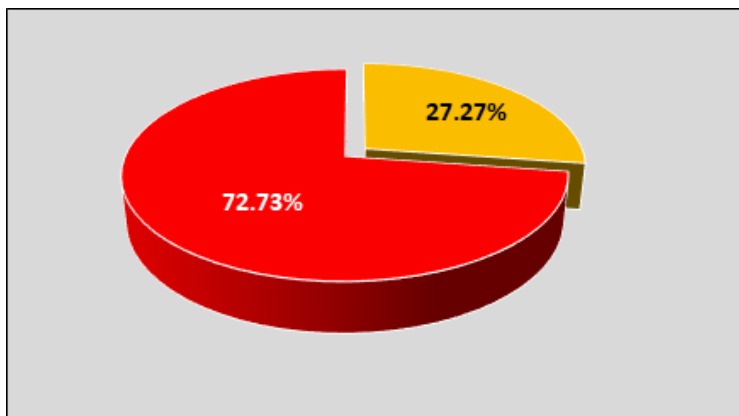
Impact of Increased Waiting Lists in relation to DoLS OT and SI.	Tanya Miles	4	4	16	New
Inability to contain overall committed expenditure within the current available resources within this financial year.	James Walton	3	5	15	Redefined
Failure to deliver the Economic Growth Strategy prevents the Council from meeting the corporate outcomes.	Mark Barrow	3	4	12	=
Failure of Officers and Members to adhere to Governance arrangements.	James Walton	4	3	12	=
Failure to safeguard vulnerable children.	Tanya Miles	3	4	12	Reinstated

7.6 During the detailed review some of the risk titles were redefined to more clearly articulate the actual risk and what we are mitigating.

7.7 Our current exposure plotted on our matrix looks as follows:



7.8 Our overall current risk exposure following the latest review is demonstrated below. This shows that the strategic risk exposure above our tolerance level (i.e. high and medium risks) is currently 100% with all current strategic risks being either high or medium risks.



## 8. Additional Information

- 8.1 The strategic risk profiles which sit behind each strategic risk, incorporate in greater detail the risk description, the current controls and the outstanding actions which are in place.
- 8.2 The Executive Management Team have undertaken to review each strategic risk one by one on a cyclical basis at their regular meetings. A risk is considered and challenged at a high level to ensure it is still relevant and to monitor the controls proposed for mitigation. The score and target score are considered, and future implications considered.

## 9 Conclusions

- 9.1 The report details the changes to the strategic risk profile following the review in December 2023.
- 9.2 Audit Committee can at any time elect to have a more detailed examination of any of the strategic risks and can invite the risk owners to a committee meeting to discuss their risks.
- 9.3 The next review of Strategic Risks takes place in June 2024 and a report will be provided to Audit Committee in September 2024.

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

Opportunity Risk Management Strategy

**Local Member:** N/A

**Appendices**

None

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## Committee and Date

Audit Committee

27<sup>th</sup> June 2024

10:00am

Item

Public



## Annual Governance Statement and Code of Corporate Governance 2023/24

<b>Responsible Officer:</b>	James Walton		
email:	James.Walton@shropshire.gov.uk	Tel:	01743 255011
<b>Cabinet Member (Portfolio Holder):</b>	Lezley Picton, Leader of the Council Brian Williams, Chairman of the Audit Committee Gwilym Butler, Portfolio Holder for Finance, Corporate Resources and Communities		

### 1. Synopsis

The Council is required to produce an Annual Governance Statement to accompany the Accounts, signed off by the CEO and Leader. The AGS is written as an open and honest reflection of the Council's governance challenges. It identifies areas for improvement in an action plan.

### 2. Executive Summary

- 1.1. The Shropshire Plan was approved by Council in May 2022 and sets out the Council's Strategic Objectives underpinning four priorities. The 'Healthy Organisation' priority incorporates five Strategic Objectives that reinforce the principles of good governance across the Council including an enabled workforce, our ability to manage change, communication, alignment of resources and strong Councillors. Shropshire Council is committed to the principles of good corporate governance and furthermore it is a requirement under the Accounts and Audit Regulations 2015, Regulation 6, to produce an Annual Governance Statement (AGS) to accompany the annual statement of

accounts, which must be signed by the Leader of the Council and the Head of Paid Service. This statement should be considered after a review of the effectiveness of the Council's system of internal controls as required by the Accounts and Audit Regulations.

- 1.2. As part of the review of the effectiveness of the Council's system of internal controls, Shropshire Council's Code of Corporate Governance has been examined, the results of which have informed the AGS. The Code is compiled based on guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and identifies how the Council achieved reasonable corporate governance in 2023/24.
- 1.3. Members are asked to consider the Annual Governance Statement and the basis on which it has been compiled, and comment on the process and its contents. This will help ensure that it remains a true reflection of the internal controls of the Council for 2023/24.

### 3. Decisions

- 3.1 The Committee is asked to consider, with appropriate comment, the Annual Governance Statement 2023/24 at **Appendix A**.
- 3.2 The Committee is asked to receive and comment on the Internal Audit conclusion that the Council has reasonable evidence of compliance with the Code of Corporate Governance. The detailed code, incorporating evidence, is contained in **Appendix B**.
- 3.3 The Committee is asked to note the progress made on the actions identified in the 2022/23 Annual Governance Statement contained in **Appendix C**.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. Risk management is part of the overall arrangements for internal control and contributes to the Council's position of strong governance. Corporate Governance is part of the overall internal control framework and contributes to the Council's strong governance arrangements. The AGS has been drafted based on information contained in the risk register alongside data from assurance statements and officer review groups. The strategic risk register is regularly monitored and updated by senior managers and is a useful, up to date tool to identify governance issues. Consequently, this creates a clear link between the AGS, the strategic risk register, business planning and performance.



- 4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015.
- 4.3. There are no environmental consequences of this proposal and consultation has been used to inform the Annual Governance Statement and review of the Code of Corporate Governance by seeking assurances and evidence from senior officers as to the effectiveness of internal controls and governance processes.

## 5. Financial Implications

- 5.1. Currently there are no financial implications. Any which arise when implementing future improvement activities will be reported upon separately in accordance with approved policies.
- 5.2. By maintaining a system of good governance and managing and mitigating risks where practicable Shropshire Council can ensure that it gets the best value from its assets. The AGS also has a focus on value for money outcomes.

## 6. Climate Change Appraisal

- 6.1. The AGS recognises the impact of decisions on the climate and the need to reverse policies to reduce emissions in the climate. There are distinct activities allocated to the Executive Director of Place to consider the impact of key decisions and target management of such issues in line with the Council's Climate Change Strategy.

## 7. Background

- 7.1. Shropshire Council is required to prepare an Annual Governance Statement (AGS), **Appendix A**. The AGS is an accountability statement from the Council to stakeholders setting out how well it has delivered on governance over the course of the previous year. The Council demonstrates how it complies with the principles of corporate governance set out in the CIPFA and Solace governance framework; Delivering Good Governance in Local Government: Framework, April 2016, containing seven governance principles. Whilst CIPFA has not established any 'set text' for authorities to use in acknowledging their responsibility for the governance framework, by adopting the framework, the Council ensures that its governance arrangements accord with best practice.
- 7.2. The framework is a discretionary code against which the Council is judged. In addition to the Council acknowledging its responsibility for ensuring governance is effective, the AGS should:
  - focus on outcomes and value for money;
  - evaluate against the local code and principles;
  - be in an open and readable style;

- include an opinion on whether arrangements are fit for purpose;
- include identification of significant governance issues and an action plan to address them;
- be signed by the chief executive and leading member in a council.

7.3 The framework also requires a section to be included in the AGS that accounts for actions taken in the year to address the significant governance issues identified in the previous year's AGS. This has been integrated within each of the relevant principles and the completed Action Plan is attached as **Appendix C**.

7.4 The Audit Committee play a valuable role in the development of the AGS and in the finished look of the statement. The Committee's terms of reference include a requirement to review and report on the adequacy of the Council's Corporate Governance arrangements. Compliance with the Code helps to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.

7.5 This report looks at those governance arrangements in place for last year to enable the Audit Committee to deliver its year end assurance report. The Committee should also understand the process that has been undertaken to review governance and so should be able to see how the conclusions in the AGS have been arrived at. There should be no real surprises for the Committee allowing it to provide a valuable reality check for the Statement.

7.6 The Committee can send an important message about the value and importance of the AGS, which will assist those providing assurance to support its conclusions. Once the AGS has been received and commented upon, the Committee can review progress in implementing the actions, so helping to ensure that the AGS is meaningful and is an effective tool for governance improvements.

7.7 Shropshire Council's Code of Corporate Governance, which forms part of the Constitution, is based on the seven core principles referred to in the CIPFA framework:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F. Managing risks and performance through robust internal control and strong public financial management.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

7.8 The Monitoring Officer and Section 151 Officer are responsible for ensuring an annual review of compliance with this Code and Internal Audit independently reviews the governance process. In conducting the review, evidence is collated from prime documents and, following discussions with and statements from key officers, this information is compared to known results of Internal Audit reviews. The assurance is then circulated publicly through Audit Committee which allows for further member and officer challenge. The results of this review are included in the Chief Audit Executive's annual report and will form part of the overall assurance for the Annual Governance Statement.

7.9 On a practical basis, the Code contains a corporate governance map defining our framework by reference to key processes, procedures and documents which contribute to our aspiration of excellent corporate governance in Shropshire. This is felt to be a very useful way of illustrating how the Council achieves good corporate governance.

7.10 The Council's formally adopted Code of Corporate Governance is compliant with CIPFA/SOLACE guidance. The Code was reviewed by Internal Audit to determine whether the Council complied with the approved Code of Corporate Governance and is assessed as Reasonable; the evidence in **Appendix B** demonstrates in the areas examined there is generally a sound system of control but there is evidence of non-compliance with some of the controls, these have been escalated to senior management.

7.11 The Annual Governance Statement, **Appendix A**, is meaningful and written as an open and honest reflection of the Council's governance and current challenges. It identifies areas for improvement in an action plan and explains how the Council has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015. It is structured to reflect each of the principles in turn. Compliance with the Council's existing Code of Corporate Governance has been reviewed and assessed and is reported in **Appendix B**. Significant Governance Issues are identified within the AGS for targeted improvement activities with identified lead officers and time frames.

7.12 The Annual Governance Statement is a key corporate document with the Chief Executive (CEO and Head of Paid Service) and the Leader having joint responsibility as signatories for its accuracy and completeness. It is also important that all other senior officers provide assurances to the process. As a corporate document which is owned by all senior officers and members, the preparation of the Annual Governance Statement is coordinated by the Head of Policy and Governance and overseen and approved by executive directors supported by senior management.

7.13 In compiling the Annual Governance Statement, a review of the effectiveness of the Council's systems of internal controls, as required by the Accounts and Audit Regulations 2015 (3), is conducted and information is obtained from a range of sources. As such, the signatories to the statement can assure themselves that it reflects the governance framework for which they are responsible. Annex A of the Annual Governance Statement (AGS) Assurance Framework 2022/23 clearly identifies the areas from which assurance and supporting evidence has been obtained, thereby demonstrating the effectiveness of the Council's systems of internal control. Further key assurances are provided via:

- i) CEO / Head of the Paid Service.
- ii) Executive Directors and senior management.
- iii) Executive Director of Resources, Section 151 Officer and Responsible Financial Officer.
- iv) Monitoring Officer.
- v) Chief Audit Executive (Head of Policy and Governance).
- vi) Performance and risk management officers and
- vii) External Audit and other review agencies.

7.14 To moderate their views and to identify the significant governance issues to be identified in the AGS, Executive Directors consider managers' assurances (first line of assurance), information from their services and across the authority (second line of assurance), and third-party reports such as Ofsted, peer reviews, internal and external audit (third line of assurance).

7.15 The Annual Governance Statement is a key document which identifies the strong systems and processes the Council has in place to continue its high standards of corporate governance. A copy of the Statement is attached as **Appendix A**.

7.16 Satisfactory governance exists but improvements are required to ensure it is fully embedded and integrated across all areas of the Council. To achieve this, the main challenges facing the Council appear in the Appendix below with energy focused on achieving a balanced budget and seeking fairer funding. A structural funding gap was reported in the Medium-Term Financial Strategy (MTFS) of £62m for 2024/25. This includes assumptions made around growth in services such as social care which is expected to increase. Delivering a legal and balanced budget remains the key strategic risk facing the authority in the medium to long term. The Council will strive to achieve the following targeted outcomes:

- To provide a care and support service to adults appropriate to their needs.
- To provide a service to children and adults appropriate to their needs.
- Adults are safe
- To reduce the risks and impact of cyber-attacks and have a clear recovery plan in the event of one.
- A sustainable financial position is achieved over the medium term.

- Council expenditure is in line with budgeted position for 2024/25.
- Establishment of robust co-produced Health and Care system to deliver the desired outcomes.
- IT systems are efficient and effective with strong internal controls.
- Key strategic projects are delivered on time, on budget and meet the desired outcomes.
- All officers and Members understand public sector standards, the Nolan Principles and exhibit appropriate behaviour at all times.
- Securing best value in key areas such as governance, culture, finances and statutory services.

7.17 The associated risks have been identified, remain under close review and will be managed throughout the year given that they are key to ensuring the continued delivery of high-quality services. In all cases, Executive Directors have targeted where the risk appetite is to be directed for the end of the year.

7.18 Action plans and programmes of monitoring and evaluation are in place and are regularly updated to support both issues over the current and future years. An overall outcome report will be made to the Audit Committee at the end of the year.

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

Accounts and Audit Regulations 2015.

International Framework: Good governance in the Public Sector: International Federation of Accountants and CIPFA, July 2014

CIPFA/ SOLACE: Delivering Good Governance in Local Government Framework 2016 edition

CIPFA/ SOLACE: Delivering Good Governance in Local Government Guidance notes for English Authorities 2016 edition

CFGS Governance risk and resilience framework March 2021

**Local Member:** N/A

**Appendices**

**Appendix A** - Annual Governance Statement 2023/24

**Appendix B**– Code of Corporate Governance

**Appendix C** - Annual Governance Statement 2022/23 Action Plan Update

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# Shropshire Council

## Annual Governance Statement

### 2023/24

Good Governance in the Public Sector comprises the arrangements in place to ensure that the intended outcomes for all interested parties are defined and legally achieved. In delivering good governance, both the Council, and individuals working for and with the Council, aim to achieve the Council's objectives while acting in the public interest.

The Council's Code of Corporate Governance, located in the Constitution<sup>1</sup>, summarises the Council's good governance principles and details the actions and behaviours required to demonstrate good governance. Senior managers have provided assurances that the seven core principles have been applied throughout the 2023/24 financial year.

In July 2023, 252 of the Council's most Senior Managers (including the Chief Executive, all Executive and Assistant Directors) completed a Leadership Development course across 19 cohorts each involving seven full day workshops, lasting eight months entitled Getting Leadership Right (GLR). This included the embedding of 'Getting it Right' principles and four Council values that underpin good governance:

- Authentic Relationships
- Professional Excellence
- Belief in Potential
- Agile Leadership

A second programme of GLR training was commenced during the summer of 2023, which was concluded in March 2024 with a further 89 council officers completing the course. The Shropshire Plan launched in October 2022, and the GLR programme was introduced to provide leaders with the tools, techniques and support they need to deliver it effectively.

While continued cascading of these values and approach throughout the Council is planned for 2024/25, a revised Personal Development Plan (PDP) Process to replace staff appraisals was implemented throughout 2023.

Any significant instances of non-compliance are identified and escalated to the top of the Council for action. Assurances have been provided by Assistant Directors and above who demonstrate that the Council is doing the right things in the right way for the right people, in a timely, inclusive, open and accountable manner. These arrangements take into consideration the systems, processes, culture and values which direct and control the way the Council works; through which it is accountable to, engages with and leads its communities. **Appendix 2 demonstrates the overall Assurance Framework.**

This statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit Regulations. This is supported by a 2023/24 Code of Governance Internal Audit review which provides a Reasonable level of assurance.

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<sup>1</sup> <https://shropshire.gov.uk/committee-services/documents/s36830/Part5CodesandProtocols.doc.pdf>

## **A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Members and officers recognise the importance of compliance with the Constitution, specifically the Rules; Regulations, Scheme of Delegation and Codes of Conduct; all of which are regularly reviewed and updated. Instances of non-compliance or areas of concern are identified, reported through appropriate channels and managed effectively under established policies and processes and where necessary escalated for further action.

Officers comply with their professional organisations' codes of conduct in delivering services (E.g. HCPC<sup>2</sup>, AMGPs<sup>3</sup>, EHORB<sup>4</sup>, SRA, CILEX<sup>5</sup>), against which assessments are conducted to confirm compliance and identify any improvements required. Adult Social Care (ASC) receive regular focused audits which monitor their compliance with the law e.g. Mental Capacity Act, Deprivation of Liberty Safeguards, Care Act and the Mental Health Act. Emergency Planning undertake all duties expected under the Civil Contingencies Act with integrity and work closely with multi-agency partners within the Local Resilience Forum (LRF).

Statutory responsibilities across the Council are discharged openly and proactively, key statutory officers are in place (Monitoring Officer<sup>6</sup>, Section 151<sup>7</sup> Officer, Head of Paid Service and the Senior Information Risk Owner (SIRO)). Examples of statutory responsibilities delivered include, LGPS<sup>8</sup> Regulations, CIPFA<sup>9</sup> Code of Practice, Freedom of Information (FOI), Elections, Treasury Management, Coroner and Registrars' Services. Statutory responsibilities for duties under the Care Act; Special Educational Needs, Education Access, Early Years and place planning, sufficiency and admissions are discharged openly, proactively and in full compliance with Admission Codes.

Throughout 2023/24 Policy Forum and EJCC<sup>10</sup> have taken place to agree new employment policies.

In April 2023 the Council received an enforcement notice from the ICO<sup>11</sup> in relation to FOI response times. Action is being taken to improve information governance arrangements and legislative compliance rates. The Council has responded positively and in November 2023 the Council was found to have fully complied with the requirements of notice which was confirmed by the ICO.

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<sup>2</sup> Health Care and Professions Council

<sup>3</sup> Approved Mental Health Act Professionals

<sup>4</sup> Environmental Health Registration Board

<sup>5</sup> Solicitors Regulation Authority/ Chartered Institute of Legal Executives

<sup>6</sup> The Monitoring Officer has three main roles: 1. To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration; 2. To be responsible for matters relating to the conduct of members and officers; and 3. To be responsible for the operation of the Council's Constitution.

<sup>7</sup> Every local authority shall plan for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs, this is the Section 151 Officer

<sup>8</sup> Local Government Pension Scheme

<sup>9</sup> Chartered Institute of Public Finance Managers

<sup>10</sup> Employees Joint Consultative Committees

<sup>11</sup> Information Commissioners Office



## **A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Recording and reporting key information about transformation projects in a consistent, accurate and timely fashion enables Programme Managers and Sponsors (Executive Management Team) to make decisions in an objective, unbiased, professional and ethical manner. Communications comply with the Code of Practice on Local Authority publicity and give due consideration to equality issues affecting the Council. GLR has provided an organisational wide expectation and standards in terms of behaviours and culture.

There are many clear legal obligations that affect the work of Resources and staff in the Directorate are aware of how to support these requirements as part of their professional training and experience. Teams are structured to reinforce this and all are compliant with this requirement. Ongoing training and development across many of the teams help ensure flexibility in meeting changing demands going forwards.

ILACS<sup>12</sup> through Ofsted provide Review and Feedback to our Early Help, Statutory Safeguarding and Services to Children. The Council's last full inspection was February 2022 which judged our services to children as Good and more recently in November 2023 Children Services was subject of a Focussed Visit. As part of our ILACS the Council produced a self-evaluation (SEF). This is submitted to Ofsted prior to an inspection and our service offer and outcomes for children will then be scrutinised against our SEF.

We were already well aware of the main challenge around Case Management primarily due to the difficulty of recruiting staff which has increased our reliance on agency social workers, and also because there had been a lot of changes in social workers, resulting in some delays, impacting on children.

We had also flagged this as a potential issue with Ofsted in the summer, and a plan was in place to address this. We were struggling to make the changes needed due to the difficulties of recruitment combined with some structural changes which saw many new managers just come into post.

Therefore, it was no surprise that inspectors confirmed many of the things that we had already highlighted and their report identifies a number of areas of practice that have impacted negatively on children and that we must quickly improve.

This includes families having a high turnover of social workers, difficulties around the use of agency staff and a lack of stability in the workforce, in part following a new structure – all issue linked to recruitment challenges. While the Ofsted report is in places a difficult read, inspectors have found areas of good practice and said that we are bringing most children into care at the right time.

The Ofsted report also highlights other areas of good practice such as Stepping Stones, our Together Reducing and Ending Exploitation in Shropshire (TREES) service to tackle exploitation in all its forms, and the work of our Early Help model and parenting hubs.

<sup>12</sup> Inspection of Local Authority Children's Services

**A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

We are already working hard to address the issues raised by inspectors as identified in our draft council-wide implementation plan. This has been submitted to Ofsted. There is a quality and improvement board in place to manage the delivery of a plan of Improvement for Children's Services Chaired by Chief Executive Andy Begley, with cross-party and LGA members on this, ensuring that there will be strong oversight of its work.

The Council has 5 Children's Homes which are also subject to regulatory visits every six months. Two of our homes have been judged to be Outstanding and three are judged to be Good. All Services to Children are statutory and therefore we must abide by legislation e.g. Children Act 1989, 2004, Children and Families Act 2014, Adoption and Children Act 2002 etc. as well as Guidance Working Together (updated 2023). All Social Workers are registered with Social Work England and therefore must comply with Professional Standards.

Staff within Health Wellbeing and Prevention (Public Health, Health Protection and Environmental Health) are registered with the professional body that regulates their service area for example UKPHR and EHORB. Those staff who are not registered will be line managed by staff with appropriate qualifications. Each professional body incorporates regulations that include demonstrating a strong commitment to ethical values and respecting the rule of law.

Regulatory Services are required to operate within the legal powers and requirements and best practice guidance, completing relevant statutory returns and liaising with the Investigatory Powers.

The Statutory Director of Public Health Role, whose role is to oversee the work of the whole department (Executive Director of Health), requires an annual CPD submission subject to audit by professional bodies and individuals and annual assurance and accreditation.

The teams embed ethical values and the rule of law into their standard operating principles and values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. Quality in public health: a shared responsibility, is a new framework for England brought in 2019, that aims to raise quality in public health services and functions. This provides a range of mechanisms to help set direction, support delivery, manage risk, monitor and review practice and outcomes for adults and carers with care and support needs and ensure our stated priorities are being met and ensure that the population and those in more vulnerable groups are met. Practice has been reviewed informally against this routinely and was formally audited through the LGA in 2023.

The first formal peer review audit against quality improvement standards (Quality in Public Health), took place in November 2023. The DPH has proactively invited the

**A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

team in to give an independent assessment during 2023 in addition to the self-assessment to support CPD<sup>13</sup> within the directorate.

Human Resource (HR) and recruitment policies and processes help ensure that the Council complies with employment law and avoids discrimination, these are refreshed regularly and agreed with the recognised trade unions. Employees are well supported, receive training and development opportunities. Directorate workforce boards have been implemented in 2023/24 as an additional layer of constructive challenge to workforce decision making. These are chaired by the Executive Director for each directorate.

Within the Place Directorate respecting the rule of law is regularly evidenced in quasi-judicial services such as the preparation of planning reports and enforcement services such as trading standards and registration services. Furthermore, the climate change team reviews the content of the climate change appraisal section for every Cabinet and Council decision report to ensure that a firm commitment to ethical and environmental values are considered.

In 2023 The Housing Client and Commissioning Manager self-referred the Council to the Regulator of Social Housing due to a concern that the Council's performance on compliance with standards might not fully reach the necessary level. This was done with full disclosure of detailed information, actions, and full reflection on how the Council had found itself in this position, as well as planned steps to avoid a repeat scenario. Legal advice was taken to ensure this was done thoroughly.

Internal Audit produce a risk-based plan, working closely with Executive Directors and reports provide independent assurance that appropriate governance and internal control standards are maintained, or areas of concern highlighted for action.

The Council has a zero tolerance to fraud and corruption and raised the profile of its intentions to counter fraud with various communications during International Fraud Awareness week. Identified concerns are acted upon and can lead to specific outcomes, learning points and improvements.

The Council undertakes a self-assessment of its fraud risks, to identify and understand them which has continued in 2023/24. It acknowledges issues and plans to demonstrate that action is taken, and outcomes are visible. This process is transparent, reports are taken to senior management and those charged with governance. Guidance on 'Speaking up about Wrongdoing' which incorporates whistle blowing is available to employees, members, the public and contractors. Any irregularities identified will be investigated by Internal Audit or the appropriate officers within services. Audit Committee are responsible for the monitoring and overview of the "Speaking up about Wrongdoing Policy" and receive regular outcome reports including an annual report.

Key developments consider green and environmental issues to ensure

<sup>13</sup> Continuing professional development

**A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

mitigations are in place; such as noise reductions for tourism venues and acoustic fencing. Equality and Social Inclusion Impact Assessments (ESIIA) are undertaken.

**B: Ensuring openness and comprehensive stakeholder engagement**

Openness and transparency are demonstrated throughout Council activity. Members represent local people in decision making; reporting processes are transparent, internally through officer and executive director groups, and publicly through Council committee meetings. All public meetings are face to face and open to the public and are live streamed, increasing accessibility to a wider audience. Compliance has been demonstrated in the elections process for members, delivered in an open and fair way in accordance with electoral law and extensive engagement with the public and other bodies. In recent years the Council's response to the Covid pandemic has provided learning for responses to other major events in the last year, including flooding. This includes communications across several media channels at an unprecedented frequency level, daily at peak times and to a variety of clientele, including regular updates from the Chief Executive informing members officers and the general public of responses to other major events.

The Council has a strong Transparency agenda. Key decisions are reported and tested where necessary, through the senior team and then to members via Party Leads, Groups, Cabinet and Executive Director meetings. Examples include Cabinet and Council reports, policy approvals and published minutes of meetings (e.g. Information Governance Leadership and Oversight Group (IGLOO) and the Commissioning and Assurance Board). IGLOO and the Information Governance and Information Security Group (ISG) provide a clear process for the consideration and escalation of information governance and security risks. The groups have been in operation since January 2022, attendance is from across the Council and terms of reference have been refreshed during 2023/24. IGLOO focusses on decisions, compliance and oversight and improvements have been evidenced in response to ICT security and infrastructure concerns.

The Council engages positively and sets out to work in a collaborative open partnership approach with several strategic partners including Central Government departments (Cities and Local Growth Unit, Homes and Communities Agency) and neighbouring local authorities. It is a non-constituent member of the West Midlands Combined Authority; has a proactive Business Board which it services and engages with on key initiatives and policies, which in turn has informed the Local Economic Growth Strategy. The management of One Public Estate continues with other public-sector partners. A multi-agency high-cost placement funding panel with Children's Services, Education Services and the Clinical Commissioning Group (CCG) is established to manage high cost placements efficiently.

There is a Local Resilience Forum (LRF) supported throughout the Council, with the Chief Executive attending Gold Command meetings where work is undertaken with community and multi-agency partners ensuring a robust response to emergencies,

## B: Ensuring openness and comprehensive stakeholder engagement

this has remained key. Use of emergency planning arrangements for internal and external gold and silver meetings have increased efficiencies and knowledge sharing.

Project managers are encouraged to clearly capture their stakeholders and how they will be involved in the project (RACI<sup>14</sup>) from the outset - e.g. Invest to Save Business Case.

Openness and stakeholder engagement are core to developing policies and strategic direction within the Health and Wellbeing directorate. During the past 12 months there have been several examples of this engagement from the work around the emergency planning, to the continued role out of the JSNA<sup>15</sup>, the development of the healthy weight strategy engagement around Highley and joint work around the STW Integrated Care Partnership Strategy. In addition, officers work in a collaborative way with stakeholders, often over a considerable period of time to deliver improved outcomes. Across the Directorate officers are members of multiple partnerships including the Local Resilience Forum, Community Safeguarding, and Health and Wellbeing Partnerships.

During 2023 the Health and Wellbeing continued to lead the Countywide response to the Cost-of-Living Crisis with key stakeholders including voluntary sector leaders to deliver a targeted and proactive response. We recognise the importance of appropriate engagement with our residents and particularly vulnerable groups to design and deliver our public health interventions. We meet monthly with PACC<sup>16</sup> to support our work to improve outcomes for children and young people with special educational needs, and we have sought wide engagement to aid the development of resources for professionals, parents and young people regarding vaping.

All Cabinet and Scrutiny Reports are completed in a timely manner using the standard corporate format. Furthermore all elements relating to equality, risk and health impact will be clearly referenced and responded to where necessary. All opportunities are exhausted to engage with customers and stakeholders via our websites, Newsroom and also our Departmental Customer Relations Team which provides an excellent customer experience and resolution service. The Teams work very closely with businesses from a regulatory perspective and adopt a collaborative supportive approach to compliance with a strong focus on transparency and proportionality.

Many Council services are delivered in partnership with other organisations such as the Local Strategic Partnership, STaR<sup>17</sup> Housing, West Mercia Energy, Shropshire County Pension Fund, town and parish councils, voluntary bodies and trusts. The Safeguarding Executive Board comprises of NHS, police and the third sector creating a strategic forum for planning and delivering services.

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<sup>14</sup> Responsible, Accountable, Consulted, and Informed

<sup>15</sup> Joint Strategic Needs Assessment

<sup>16</sup> Parent and Carer Council

<sup>17</sup> Shropshire Towns and Rural Housing

## B: Ensuring openness and comprehensive stakeholder engagement

The Pension Board has oversight of key decisions by the Pensions Committee this year including review of the investment strategy, equity protection and adoption of a climate change strategy.

Internally, stakeholder engagement with staff at all levels is demonstrated through the New Ways of Working Group, Employee Reference Group and Trade Union engagement. Externally, this is demonstrated through supplier engagement, procurement processes and employer relationships.

The Finance Team produce public reports including detailed budget monitoring and variances, the annual Statement of Accounts delivered to statutory deadlines and in year data to increase transparency of service delivery for stakeholders.

Our commissioning, procurement and contract activity includes early market engagement exercises and a full feedback process to unsuccessful bidders. Alongside comprehensive stakeholder engagement in the commissioning of existing and new services and internal stakeholder engagement in management of procurement projects, such as colleagues in Risk Management, Audit, Insurance, Legal Services, Finance and Human Resources (HR). The officer-led Commissioning and Assurance Board allows for strategic stakeholder engagement and the Council also works with local partnerships.

Council services are open by nature in that they involve stakeholders and the public in their decision making e.g. planning. A new Economic Partnership has been developed and implemented that involves over 20 external business, public and VCS organisations. The Highways Service has introduced the 'Fix My Street' application to give openness and visibility to highways related repairs and maintenance.

The Council has committed to a process of consultation on the future provision of swimming facilities in Shrewsbury, which is a matter of significant public concern and interest. A major consultation process has been initiated which is allowing a wide range of views to be secured before final decisions are made on the plans for new pool provision. The full list of consultations undertaken is available on the Council website which is well utilised and where required consultations are extended to allow for any local concern that is raised.

Adult Social Care holds regular stakeholder forums and partnership boards, where users of services are represented. We have a local Making it Real board with an independent chair I. We have recently held a Practice review led by our PSW<sup>18</sup> and CQC<sup>19</sup> readiness review. Experts by experience are involved in co-producing strategies and delivery models.

Increased direct engagement opportunities have taken place during 2023/24, building on those started during the previous year. These have included whole sector briefings around the implications of academisation, Headteacher/senior leader specific sessions on key topics, such as SEND<sup>20</sup>, Admissions and Fair Access

<sup>18</sup> Principal Social Worker

<sup>19</sup>

<sup>20</sup> Special Educational Needs and Disability

## **B: Ensuring openness and comprehensive stakeholder engagement**

Protocols, Alternative Provision and external updates from the DfE and Ofsted. Internally, we have continued to embed the Learning and Skills Staff Conferences to promote effective joint working, transparency and engagement across teams. All of these activities have been used to shape strategic direction and strategy/policy development.

There is representation on a range of Stakeholder Boards who work together to improve outcomes for children, including Early Help Partnership Board, SHIPP, SEND Partnership Board, Corporate Parenting Board, Children's Improvement Board, ICB, there are experts by experience sitting on a number of these Boards.

Several boards are in place such as Carers, Direct payments, LD/Autism Board, Safeguarding, Provider forums, system partner boards, SEND. Included in this we have a Making it Real Board which are experts by experience who we are working with to ensure service improvement and co-production is embedded across all our practice. We have recently strengthened the Commissioning team with dedicated officers for mental health and autism work programmes which will strengthen the stakeholder engagement within these areas. We have recently developed a self-assessment to our impending CQC assurance visit and have shared with key stakeholders.

Regular dialogue with the recognised trade unions takes place and formal changes to policies and terms and conditions are through the recognised collective bargaining process (Policy Forum, Employees Joint Consultative Committee, Association Secretaries Group (Schools), Health, Safety & Welfare Committee, Audit Committee).

The New Ways of Working Group, made up of senior managers from across the organisation, as well as an Employee Reference Group made up of a wide range of staff across all service areas. These two groups are engaged in discussions around the new Hybrid Working Strategy and ways of working and new challenges this brings.

In response to business continuity arrangements, officers lead the Business Continuity/Service Recovery groups ensuring that services are supported through emergency situations. Service Recovery Plans and Tactical Plans have been reviewed during 23/24. A business continuity exercise relating to Cyber Security took place during 2023.

Strategic, Operational and Project Risks are regularly reviewed and challenge provided to service areas to provide assurance for the organisation that it is actively managing its risks. An annual workshop takes place with EMT to review strategic risks. Some risks were archived and amended during the year as well as creation of new strategic risks reflective of current challenges.

When drafting new or updating policies or developing information and insights we engage with a wide range of staff to ensure that stakeholders views are taken into account, as well as Equality, Social Inclusion and Health Impact Assessments being carried out.

## **B: Ensuring openness and comprehensive stakeholder engagement**

Officers respond to Freedom of Information (FOI) requests and Subject Access Requests in a timely manner providing information as appropriate, however the year did see delays to responses due to increased demand on all services. Effort was focused on clearing backlogs and requests/responses are now up to date.

Officers engage with other Local Authorities, Regional Organisations (West Midlands Employers) and professional bodies (CIPD, PPMA, CIRM, DBCI, ALARM, CFSG).

During 2023/24, additional support and training has been provided to all line managers across the organisation to assist them with navigating the ERP system and ensuring they understand their role and duties as a line manager in relation to their people. Improvements have been made to the ERP via the Line Manager Dashboard to support as well as Power BI dashboards with key information to enable effective management.

Communications are made with customers and stakeholders via our websites, Newsroom and Departmental Customer Relations Team, providing an excellent customer experience and resolution service. The Team works closely with businesses from a regulatory perspective and adopts a collaborative supportive approach to compliance with a strong focus on transparency and proportionality.

Stakeholder engagement through communications is a key part in supporting the understanding of the Council's financial position and the effectiveness of its communications and engagement functions with a range of stakeholders. During 2023/24 the Communications and Feedback and Insight teams have led on promoting greater openness and engagement with the community and stakeholders on a range of issues.

Public views on a very broad range of subjects are captured, providing guidance to services on how to conduct such activity to meet best practice. Officers work closely with the voluntary sector to embed strong partnership working and open dialogue, involving them in any discussion on changes to services, policies or future direction.

The use of SharePoint for all Cabinet Reports provides a level of transparency in decision making across senior officers of the Council never available previously. A clear sign-off process for key professionals in Resources and Place Directorates ensures clarity and strong governance in the creation of reports before they are finalised. These reports are then signed off by Executive Management Team with the Monitoring Officer in attendance in advance of send out to Members.

## **C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

In providing services to the Council we support services to have the right staff with the right skills, at the right time, at the right cost and in the right places. This helps to support the organisation to provide efficient and effective services to the community and realise sustainable, economic, social and environmental benefits. From a compliance perspective, we also ensure that services are not putting the health and safety of employees at risk which could lead to costly repercussions.



## **C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

The Workforce Strategy sets the direction for the organisation in terms of its workforce, which then translates into team plans and individual's objectives so that all actions are related to the Shropshire Plan, the council's vision, values and strategic objectives. During the year we have implemented a new approach to Service Plans - Service Improvement Planning and utilised Microsoft co-pilot technology to capture plans for 24/25 and assess these against the Shropshire Plan and the MTFS<sup>21</sup>.

Upskill Shropshire is the brand name for our approach to the use of the Apprenticeship Levy at Shropshire Council. We partner with Training Providers across Shropshire (and beyond) to provide high quality apprenticeship training to our staff. We have and continue to support a number of our Looked After Children in apprenticeships across the council. We have also transferred levy monies, in line with funding rules, to organisations across Shropshire to support apprenticeship training.

Shropshire HR provides HR Advice to both private and public sector businesses across Shropshire on a not-for-profit basis, which reduces the cost of the internal HR service to the organisation.

An agile approach to leadership and delivery of the service has to be adopted. Where emergency situations arise, resources have to be flexed and adapted to meet needs and support where required, however Officers will always challenge that outcomes are providing economic, social and environmental benefits when providing support.

The independent review of Overview & Scrutiny during 2022/23 recommended changes to current arrangements which were implemented. A review of the effectiveness has since been undertaken and makes recommendations for the role of O&S for the coming 12 months, aligned to the Shropshire Plan and MTFS.

During 2023/24 we have initiated a project to maximise social value from contractors. Project bids have been put forward for consideration and will form part of procurement processes during 24/25.

A Social Value framework for the Council and Social Value Charter for the Council and other partner organisations is in place. The drafting of Social Value Policy is due to be completed and approved by Members during 2024. The MTFS was approved with an expectation that Third Party Spend would be reviewed to consider carbon free supply chains.

The Workforce Development Strategy defines the approach taken by the organisation to meet defined outcomes and helps translate TSP and define the approach, that in turn feeds the culture of the organisation. Many areas support the outcomes defined here in more indirect ways or have to be reactive to the wishes of clients, but never contradict the defined outcomes, so is considered to comply.

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<sup>21</sup> Medium Term Financial Strategy

## **C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

The new communications and engagement programme is under constant review, efficacy of cascade and dissemination process is measured, and ultimately measured against the successful delivery of the MTFS.

The Place Directorate has been leading the Council's work in applying the higher levels of social value in procurement evaluation. The approach to procurement and commissioning encourages a balance of social, economic and environmental issues. Standards are being set across the council in terms of climate change and carbon reduction, flood alleviation and water quality, habitat restoration, increasing employment and skills development and housing.

All Homes and Communities reporting and policy development in 2023/24 has shown its relevance to the delivery of The Shropshire Plan, which connects to these key themes. Climate Change continues to be a priority and all Cabinet and Council reports are reviewed to ensure that outcomes consider environmental and climate change benefits, the Climate Change Task force leads and coordinates delivery of the Climate Change Strategy which is targeted to achieve net zero carbon emissions by 2030. A delivery plan underpins the strategy to assist with the various programmes of work to achieve this target.

Responses to the Cost-of-Living crisis have been prioritised and support made available. All Programmes and projects are approved based on Cost/benefit Analysis.

There is a continued reduction in demand for office space and the need for travel, some of the Council's traditional approaches to service delivery and learning from this is informing the Target Operating Model (TOM) which is underpinning The Shropshire Plan. The Shropshire Plan hold all the SDP<sup>22</sup> priorities and targets with clear evidence links and positive impacts relating to safer and stronger economies and enhancing our environmental and sustainability priorities.

Employees and members are encouraged to consider their environmental footprint especially in relation to printing, mileage claims and use of equipment. Sustainability advancements have been delivered with Shropshire Council increasingly using technology with improvements in communications; increased home working, electronic signatures on documents; better secure sharing of documents, virtual member and officer meetings and cybersecurity.

Health and Wellbeing Directorate whilst primarily focused on the social and economic benefits of improving the well-being of individuals that we support and the communities within Shropshire through its health and wellbeing programmes, environmental health and antisocial behaviour. In addition, the service area also assists Shropshire economically and environmentally in areas such as ecology and access to green space, air pollution, support to local businesses; prevention activities; resilient communities and healthy lives; performance reporting and monitoring; the right interventions and promoting the use of innovative technology. All these fit within and support these ambitions through the delivery of the

<sup>22</sup> Service Design Partnership for health and social care

## **C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

Shropshire Plan and is outlined in each service areas Service Delivery Plan. For example:

Work around air pollution is being championed through the directorate with the monitoring and statutory local air quality management duties under the Environment Act 1995;

The Health and Wellbeing in all Policies (HiAP) approach has been approved for all Shropshire Council policies and associated training continues to be rolled out. Formal Health Impact Assessments for work programmes and strategies consider the economic, social and environmental issues, alongside responding to emerging challenges such as the ongoing cost of living crisis and work to support the Social Task Force;

The Council has been successful in securing additional funding from OHID, our national public health body, to establish an IPS (Individual Placement & Support) employment service for people with drug and alcohol needs a year ahead of schedule. Health and Wellbeing also led the development of the Equalities Social & Health Impact Assessment of the MTFs on behalf of the Council during January 2024, and will be working with colleagues on further ESHIAs undertaken in light of the budget position to aid robust monitoring and mitigation where we can of economic, social and environmental risks due to the budget.

The people directorate has a comprehensive transformation programme in place that that delivered £22m savings during 2023/24. The transformation programme is achieving better outcomes for people (less older adults in long term care, children supported to live in family homes and no in residential placements) which is helping the council to achieve outcome based sustainable models of care.

All Children's Services Improvement plans are aligned to the Shropshire Plan, the focus of our work is to keep children at home with their families, within their communities and with the right resources to enable them to live there best life where it is safe to do so. Where children need to be looked after we aim to keep them in Shropshire living in a family environment.

The social benefits of the services provided are well articulated in law and have been increasingly clear during the Covid pandemic period with the partial closure of schools and settings. Expected outcomes for some aspects of the service are outlined in national inspection frameworks and other legislation. Economic benefits of increasing attendance, achievement, and positive activity post 16 are well documented nationally and contribute to the delivery of the Shropshire Plan.

A local outcomes framework identifies the key indicators of success for each service area within the People Directorate. This will enable a far clearer evaluation of the effectiveness and efficiency of the services, whilst supporting preparation for inspection, and the changing role of authorities around education services.

## **C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

Commissioning of supported living services considers the economic benefits to the individuals who will be moving into these schemes, that rents are affordable, the care and support provided is of a good quality and a cost that is reasonable and affordable. Accommodation commissioned is chosen with the individual who will be moving in to ensure that they like the area; it enables opportunities for social interaction in the community and independence building; it is adaptable to changing needs to establish a home for life.

The Council aims to comply with the principles of the Chartered Institute of Public Finance Accountancy (CIPFA), Financial Management Code 2019 (FM Code) and where there are outstanding matters or areas for improvement aims to address these. The longer-term impact of Covid has continued to test financial resilience and will continue to do so in coming years. The medium and long-term planning elements of the FM Code remain challenging.

Shropshire Council is the administering authority for Shropshire County Pension fund. The Local Government Pension Scheme company (LGPS Central Limited) manages nine Local Pension Funds of which the Shropshire County Pension fund is one. Governance arrangements are led by the Company's Board and the Council contributes to the Shareholder Forum.

Sustainable development principles are fundamental to the determination of all new development proposals across Shropshire embedded in both the locally adopted development plan policies and national guidance.

Waste and Transport Services are clear in their outcomes regarding economic, social and environmental benefits and benchmark themselves against others on this basis. Funding pressures in Highways has led to a focus on delivering the most amount of improvement to the highway network within the confines of funding constraints. The service trialled a programme of works that considered the carbon impact of activity and the social value that could be delivered alongside it resulting in the first carbon neutral programme of maintenance to be delivered in the country.

Activities at both STAR Housing and Cornovii Development Limited (CDL) are focussed fully across economic, social, and environmental benefits. The development of homes that are affordable to buy or rent and the development of homes that perform to a high environmental standard, whilst maintaining affordability for delivery and occupation are key to both companies.

The Culture, Leisure, Theatre (CLT) service continues to operate with a commercial approach.

## **D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**

All decisions are taken correctly by Cabinet, Council or delegation to committees or appropriate officers. Reports are considered by Legal, Finance, Risk Management

## **D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**

and lead service areas before decisions are made to ensure they present the information required to fully inform reasoned decision making.

Implications for delivery of services or increases in resources are reported throughout the Council and with the support of Finance Business Partners. Services generally do not overspend without appropriate action being taken and where this is not possible, appropriate justification provided. Support is also provided to maximise income generation.

Recently introduced financial systems have attracted low internal audit assurances and regular management reporting to improve the control environment is in place.

Decision makers are provided with information, options and advice to ensure outcomes are achieved. Challenge and support is provided across the authority to secure benefits, operating within agreed delegations to minimise steps in decision making and improve efficiency. Information is improving, better quality, easier access and greater adoption. PowerBI dashboards abound and are utilised more regularly in real-time decision making. The Council's risk management approach is embedded and used effectively.

The Workforce Strategy was approved in 2022 and aligns with the Shropshire Plan and strategic objectives. Service Plans are directly related to the strategic objectives, the majority falling under 'Healthy Organisation' but many also having an indirect impact on the other Healthy priorities. The Service Improvement Plan (SIP) for 24/25 has been completed reflecting the challenges the organisation faces, particularly from a financial perspective.

Management Information has been enhanced through the Power BI Dashboards for Senior Managers (Directors Gateway, SLT Gateway) and support is provided to Directorate Management Teams in interpreting the data.

Operational risks are formally reviewed twice a year with subsequent reporting to Assistant Directors and then Executive Directors. Project risks are in place and challenged at Project Board Meetings to ensure they are kept up to date as the project moves forward. Strategic risks are reviewed quarterly with reporting to Executive Directors and Informal Cabinet. Strategic risks are reported twice a year to Audit Committee and an annual Risk Report is issued to Audit Committee.

The Getting Leadership Right Programme was extended further during the year for a further cohort of 100 employees, taking the total completing the programme to approximately 350. The approach to Personal Development Planning (PDPs) has been rolled out. GLR related initiatives have also been rolled out to the organisation. The Manager Essentials Handbook and associated training programme has been rebranded to align to GLR.

There is a continued development and expansion of the learning and development offer through the online learning platform, Leap into Learning.

## **D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**

Information & Insight provide data, intelligence and analytics to service areas to assist in decision making. Dashboards have been created utilising Power BI to support the interpretation of information and inform decision making and are being developed as access to data becomes more readily available. The Corporate Performance Management Framework was developed, and reporting took place each quarter via the online dashboard. The Shropshire Knowledge Bank has been developed to pull together all reporting, data and insights into one place accessible via the Intranet - plans are in place to share appropriate data on the council's website.

The use of clear identified outcomes, business cases and performance measures is used within Commissioning and re-commissioning activity to ensure optimal results. The use of thorough and robust tender processes, evaluation criteria and evaluation to ensure intended outcomes are achieved and optimised. The achievement of 'social value' outcomes are achieved through procurement, contracting and commissioning activities.

Work to develop the TOM has continued, the model has now been defined, and will be subject to ongoing challenge and refinement. The TOM sits at the core of the transformation work as resources are now aligned to ensure successful execution. A Strategic Transformation Partner has been in place during the 2023/24 financial year supporting the delivery of the Shropshire Plan.

The Council is striving to work as a single organisation working in an outcomes focussed way to encourage integrated approaches with relevant services across the council. This includes recent work to support the recruitment of foster carers where Place Directorate staff worked with children's services colleagues to help address a priority service for the council as a whole. The fast moving position of the Council's finances has necessitated some changes of direction in plans for the services in Homes and Communities. This is therefore work in progress, as services adjust to accommodate savings and the need to generate additional revenue.

All major contracts have performance metrics that are actively considered and require action plans to be developed where failing. The highways and transport services continue to use computer modelling to optimise the outcomes able to be achieved from available budgets.

Business continuity plans and teams have mobilised quickly to respond to continuing emergencies, including flooding, refugee pressures, cost of living crisis and cyber security attacks.

Within Public Health, the service always ensures that outcomes and outputs link to the Corporate Performance Management Framework and scrutiny processes. All interventions are identified through statutory duties, local intelligence, and capacity to deliver in a focussed and targeted way. All interventions are included in Team and Service SIPs with a clearly defined link to the Shropshire Plan Priorities and MTFS. Work and interventions are intelligence led, data driven in relation to need and based on reviews of the evidence of best practice, at both strategic and operational levels.

## **D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**

This is a formal part of good public health practice and, as such, performance is regularly reviewed during supervision and formal appraisal and revalidation processes. The team undertake a confirm and challenge approach with commissioned providers to ensure the evidence base, data and needs are driving performance and choice of interventions as part of our contract management and quality assurance processes, and operating procedures for internal delivery are informed by the evidence of best practice and assessment of local needs and data.

The golden thread from the Shropshire plan to the People plan to service delivery plans are clear. We achieved 100% of supporting families claims, reduced waiting times in adult social care. We are supporting more people to live in their own homes and now working with many more families in Early help.

Following Ofsted focus visit in November 2023 the Childrens Improvement Board (CIB) was created. This board is chaired by the Chief Executive.

## **E: Developing the Council's capacity, including the capability of its leadership and the individuals within it.**

This has been the third full year of activity under the current Chief Executive (CEO) who completed the recruitment to all the Executive Director posts allowing structures to be aligned and new leadership teams at Assistant Director level formulated and recruited, leading to an increasingly stable structure and reduction of temporary and interim posts.

A High-level Resources Directorate restructure was completed in 2022/23 and embedded further during 2023/24. Strengthened governance has been achieved with the appointment of an Assistant Director for Finance and Technology (Deputy s151 Officer), Head of Technology and Automation, and a Head of Policy and Governance as part of the Legal and Governance Team with a focus on continuous improvement by aligning performance, personnel data and approaches.

The Getting Leadership Right Programme was extended further during the year for a further cohort of 100 employees, taking the total completing the programme to approximately 350. The approach to Personal Development Planning (PDPs) has been rolled out. GLR related initiatives have also been rolled out to the organisation. The Manager Essentials Handbook and associated training programme has been rebranded to align to GLR.

Section 151 update meetings and Governance meetings with the Monitoring Officer, s151 Officer and Chief Audit Executive are established and undertaken regularly to consider governance issues as they arise. The frequency of these meetings increased during 2023/24.

Officers and members understand their respective roles, these are set out in job descriptions and the Constitution. These responsibilities and accountabilities are understood and reviewed on a regular basis. Members continued to receive training

## **E: Developing the Council's capacity, including the capability of its leadership and the individuals within it.**

throughout the year and Personal Development Plans are in place for officers. Members are briefed on new and emerging local government initiatives and the e-learning portal provides other pieces of helpful training alongside information. Both employees and members have mandatory training in cybersecurity, data protection and those with budget responsibilities, financial management.

Employees in the main receive regular supervision, attend team meetings and Executive Management Team information is cascaded for action through Directorate Management Teams, Team meetings and individual one to one catch ups. Risks and key issues are escalated upwards through the same processes and shared electronically.

Investment is evident in wellbeing initiatives including Access to Work, supporting employees struggling with their mental health, providing a coaching programme and provision of a mental health professional to help devise support plans. Benefits for employees from health and wellbeing partners designed to improve physical, financial and mental health have been delivered alongside a financial wellbeing surgery for employees experiencing difficulties, especially with the impact of increased cost of living.

Digital Champion training has continued throughout 2023/24 to improve the use of ICT and support the exploration of embedding ICT into practices and processes to maximise efficiencies. There is a continued development and expansion of the learning and development offer through the online learning platform, Leap into Learning, and employees are encouraged to take part in Apprenticeship schemes, their profession's Continuous Professional Development schemes.

Officers engage with other Local Authorities, Regional Organisations (West Midlands Employers) and professional bodies (CIPD<sup>23</sup>, PPMA<sup>24</sup>, CIRM<sup>25</sup>, BCI<sup>26</sup>) to improve and seek external assurances. Collaborative procurement activity with other Local Authorities. West Midlands Heads of Procurement Group is helping to deliver efficiencies.

Part of the remit of the Strategic Transformation Partner is to review our capacity and capability to deliver transformation. Gaps identified will be met by the partner initially, with skills transfer to Council staff over time alongside the development of a strong corporate narrative around The Shropshire Plan and associated transformation programme.

The People Directorate has undertaken several service reviews during 2023/24 to ensure the Council is meeting statutory duties in the most cost effective and efficient way. Examples include the virtual school, Early help, START, SLS, and Learning and skills.

<sup>23</sup> Chartered Institute of Personnel and Development

<sup>24</sup> Public Services People Managers Association

<sup>25</sup> Certified International Risk Management

<sup>26</sup> Business Continuity Institute



## **F: Managing risks and performance through robust internal control and strong public financial management**

Services report routinely and regularly through to Council Committees such as Cabinet, Audit, Pension and Scrutiny Committees. They pro-actively input into the annual audit programme, strategic, operational and project risk reviews. Strategic and operational risks are reviewed regularly by senior managers and Executive Directors for learning points and action and are reported through to Informal Cabinet and Audit Committee. Risks are identified, recorded and managed for projects and in service and team plans. There is promotion of the Opportunity Risk Management Strategy across the Council and, through its application, a positive approach to managing risk is delivered when focusing on achieving the required outcomes and objectives.

Risk registers for key projects involve all relevant parties including external partners to ensure all risks are captured and mitigated. Major projects include the Northwest Relief Road, Shrewsbury Schools Programme, Whitchurch Leisure Centre, Shrewsbury Redevelopment Programme and the Wider Oswestry Economic Project. All have clear governance arrangements in place with project boards established.

During 2023/24 the creation of Executive Review Board (ERB), further programme and project management controls and governance ensures compliance and creates a robust culture of accountability.

Transformation and TOM Programme Risks are captured and tracked via a 'Project Control' SharePoint and are regularly reviewed. Creation of monthly dashboards to identify success and baseline activity norms is in development alongside use of data and insight to help drive corporate channel shift.

Software improvements provide control systems to protect assets; examples include, access control to public buildings; roll out of an electronic signing system; adjustments to the ERP and other finance systems.

Despite overall internal control framework resilience, there remains a number of areas for which assurance levels are not strong, as a result of shortcomings in the ERP system and associated practices. A review of the ERP system and potential alternatives is now being explored in earnest.

The development of the Office of the Chief Executive (OCE) is aimed at reducing risk in delivering major projects and programmes with support from the Strategic Transformation Partner PwC<sup>27</sup>. Financial monitoring reports and key risks associated with strategies and projects are regularly reviewed with a strong focus on improving service backlogs. Opportunities for mentoring, coaching, and developing cross-departmental work are being explored to assist colleagues to expand their knowledge and experience. Staff are being supported to put in place their new leadership and organisational change thinking, supported by the Office of the Chief Executive.

Each Council Directorate has robust processes in place with monthly Directorate and

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<sup>27</sup> Price Waterhouse Coopers

## **F: Managing risks and performance through robust internal control and strong public financial management**

Senior Management Team Meetings finance and performance focussed meetings as well as MTFS savings delivery meetings with actions to remedy any concerns and escalate.

Regular reporting to Schools' Forum on financial matters related to the Dedicated Schools Grant and funding blocks included within the grant covering central services, early years, schools and high needs. Consultation with schools and academies is completed via a central forum. The risk registers for the Local Area SEND partnership is held by the SEND Partnership Board and reviewed by key partners. A three-year forecast for the DSG High Needs Block has been developed and reported to Schools Forum for the first time in January 23 which has been updated and informs our strategic priorities in this area. A recent review of the Education transport service has been completed by PwC (January to April 2024) and the recommendations will be used to directly deliver the 2024/25 MTFS savings proposals approved by Full Council in February 24.

Commissioning decisions are based on robust case studies based on data and performance information. Risk registers are reviewed regularly. Joint commissioning delivery group is across all ages with representation from procurement, legal and officers to ensure robust challenge on decision making. Continual bench marking is undertaken and action plans on areas which need more focus such as younger adults.

Most financial decisions are reported through to Cabinet, Council and Scrutiny Committee in an appropriate and transparent basis and challenge welcomed from members and officers. All budgets, actuals and variances are reported regularly with supporting information trails. The Financial Strategy identifies a short-term budget plan and a long-term aspirational plan aligned to the outcomes identified in The Shropshire Plan. A full risk assessment is undertaken in support of this. Final Accounts are produced on time and in-line with statutory deadlines and best practice.

The Council approves the Robustness of Estimates and Adequacy of Reserves paper each year. This report demonstrates the financial resilience of the Council, for example: the need to hold a General Fund Balance with a target level and explanations for variance, details and categorisation of all earmarked reserves and provisions and details of previous year outturn variances.

All managers have an allocated member of the Finance Business Partner Team who takes them through monthly forecasting procedures and budget management expectations when they start in post. A dashboard of financial performance is shared and discussed at each management team meeting. This includes a RAG<sup>28</sup> rating for each of the primary codes within the service. Budget forecasting is completed on the Finance system each period.

A financial management framework is operating to ensure public monies are managed appropriately for both revenue and capital funds. A Financial Accountabilities Framework was launched to ensure all budget holders are aware of their responsibilities in managing budgets. Robust financial internal controls are

<sup>28</sup> Red; Amber; Green

## **F: Managing risks and performance through robust internal control and strong public financial management**

managed and maintained across financial processes and systems. Where issues are identified in the control environment, risks are considered, and action plans put in place to improve control. Responsibility for managing strategic financial risks are identified and regularly reviewed.

Internal Audit sets a risk assessed programme, identifying the key areas for review and assurance, this is agile and adjusts in response to changing risks throughout the year. Audit plans were regularly revisited, and resources redeployed to help design and deliver processes and activity in response to exceptional situations. High risk areas not subject to audit continued to be identified to enable senior management and members to gather and seek direct assurance as necessary. Audit Committee undertakes a regular self-assessment, challenged by officers and External Audit, and regular training sessions based on the identification of areas for improvement and key risks and fundamental knowledge-based needs. Over the year service managers have been required to attend Audit Committee to provide assurance not otherwise secured on their governance, control and risk management environment. The year has continued to be challenging with the embedding of key fundamental line of business systems (financial and human resources), changes of key managerial posts, alongside a challenge to deliver savings.

Information management training is compulsory for all employees and compliance is reported through to the SIRO. All data has assigned owners which is regularly reviewed. Information Asset Owners complete annual Information Governance Assurance Statements. Data is held across many systems by different teams. It is stored on secure drives and databases that are protected in accordance with approved policies. Flowz, an information management system, provides a more consistent approach to the management of data assets.

OFSTED's<sup>29</sup> focus visit in November 2023 resulted in the creation of the Childrens Improvement Board. This is chaired by the Chief Executive.

The allocation of the ring-fence Public Health Grant is scrutinised by OHID<sup>30</sup> and Council committees. The team participate in formal audit processes. Employees will develop information sharing agreements as required, with identified information asset owners and regularly review and update the Business Continuity Plan for the service.

## **G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

As a public body, the Council has a high level of transparency in its activities and reporting and complies with the relevant legislation. Information is reported and shared through various routes including Council, Cabinet, Scrutiny Committees and with partners, via for example the Neighbourhood Plans, Place Plans, Local Plan Review, Planning Applications and local Economic Growth Strategies. The Place Plans have also been the subject of a Shropshire Association of Local Councils working group. The Members' Gateway (webpage) has provided greater access to

<sup>29</sup> OFSTED: Office for Standards in Education, Children's Services and Skills.

<sup>30</sup> Office of Health Improvement and Disparities

## **G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

information and regular briefings are held with portfolio holders and ward members are engaged on local matters.

The relationship with the Council's strategic transformation partner continues to mature, working alongside internal resources, the OCE and other specialist contractors, this combined function continues to improve our organisational capability around transformation and sustainable development.

Within the Resources Directorate, responses to internal and external audit requirements are strong and timely. Significant progress made in year to improve reporting transparency and accountability. Delivery of savings, visible through savings trackers and Power BI dashboards have proved robust with year-end Outturn positions aligning closely to those projected through the year. 2021/22 and 2022/23 Statement of Accounts were signed off during 2023/24 by External Auditors.

The Health and Wellbeing Directorate regularly reports to Council Committees, including: Cabinet, Scrutiny, partnership boards including Health and Wellbeing and Shropshire Integrated Place Partnership. Strategic and Operational risks are regularly reviewed by Executive Management Team, senior managers and leadership teams, and these consider issues across both internal delivery and commissioned provision. Audit and review processes are participated in and delivery against KPIs and relevant outcomes and evaluation frameworks is monitored. Reporting also takes place through regulators who oversee the Statutory Requirements of teams within the Directorate.

The Place Directorate reports to groups such as SALC<sup>31</sup> and regularly publish performance data from various services. Scrutiny Committee has given a deep dive focus to areas such as highways maintenance during 2023/24. Homes and Communities has undertaken regular reporting to Cabinet and Council, presented to Communities Overview Committee, and meets with Cabinet Portfolio Holders to provide insights into the service.

The People Directorate routinely reviews and evaluates performance across the directorate which informs the annual self-evaluations for Ofsted and CQC including the annual Ofsted conversation and the SEND AP six monthly DFE<sup>32</sup> monitor meetings. The DASS<sup>33</sup>/DCS undertakes quarterly assurance meetings.

Children Services has a Quality Assurance Framework which sets a clear expectation around monthly auditing by all Managers across Children's Services alongside the allocated worker. Part of the auditing process seeks feedback from children, young people and their carers. This informs how well we know ourselves in relation to our practice standards and delivering good outcomes for children and feeds into our self-evaluation for Ofsted Inspection readiness. Learning from audits is reported quarterly and shared with all staff. Multi agency and themed audits are also undertaken in particular areas. Audit activity identifies areas where improvement is required as well as areas where our practice is strong.

<sup>31</sup> Shropshire Association of Local Councils

<sup>32</sup> Department for Education

<sup>33</sup> Domestic Abuse Support Service

## **G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Regular reporting of the Dedicated Schools Grant takes place to Schools' Forum throughout the year. This included a three-year High Needs Block forecast shared in January 23 and updated during the 2023/24 financial year. Council budget is monitored monthly and follows the regular reporting pattern. Further controls and review of high cost SEND placements have been introduced since September 2023 through the Commissioning and Assurance Panel (CAP). This enables robust scrutiny and review of the state funded education placement options considered before a high-cost independent placement is considered or agreed.

Reporting continues to Executive Directors through the Commissioning and Assurance Board which seeks contract assurance information and evidence of managing small and medium enterprises, local procurement expenditure, contract signature authorisation and progress of contracts. The Commissioning and Assurance Board allows for stakeholder engagement, integral in managing key decisions. It reviews the top 200 contracts (by spend) to consider engagement, client relationship and contract management risks; it has oversight of agency arrangements (value, emerging issues, risks, direction of travel, spend within and without preferred provider and associated recruitment issues).

There is wide advertising of procurement opportunities (Website, Twitter, UK Contract Finder, UK tender finder, Delta e-sourcing) Contracts awarded and procurement information is updated monthly on our websites and full, detailed and timely feedback is available to all unsuccessful bidders.

The Information Governance Leadership and Organisational Oversight Group oversees the implementation of Information Security policies based on best practice, its terms of reference and practices have been reviewed and refined during 2023/24.

All directorates hold regular meetings and cascade information up and down the organisation including financial and performance statistics.

Statutory returns including grants, are targeted for completion in an accurate and timely fashion. Survey, customer complaints and compliments are reported openly and used to improve service delivery.

All service areas are subject to internal audit review based on risk. Internal Audit recommendations are considered by the senior team on a regular basis for good housekeeping and to identify additional learning. The information also provides a position statement on the risk appetite of the control environment and its resilience to any challenges.

Annually the Statement of Accounts is published on the Council's website and financial transparency data provided aligned to the Open Data and Transparency Code and all External Audit recommendations are addressed.

### **Significant governance issues**

Satisfactory governance exists but improvements are required to ensure it is fully embedded and integrated across all areas of the Council. To achieve this, the main challenges facing the Council appear in the **Appendix** below with energy focused on achieving a balanced budget and seeking fairer funding. A structural funding gap was reported in the Medium Term Financial Strategy of £62m for 2024-25. This includes assumptions made around growth in services such as social care which is expected to increase. Delivering a legal and balanced budget remains the key strategic risk facing the authority in the medium to long term.

## Leader

## CEO



## Appendix 1 : Significant Governance Issues<sup>34</sup> 2023/24

An assessment has identified potential governance risks, aligned to the Council's strategic risks. To ensure services are delivered to acceptable standards whilst achieving the budget savings and managing strategic risks, the Council will strive to achieve the following targeted outcomes.

	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
1.  Page 51	<p><b>Potential Governance Issue:</b></p> <p>The Council will be unable to deliver a safe service to children and adults without further intervention.</p> <p><b>Targeted Outcome:</b></p> <p>To provide a service to children and adults appropriate to their needs.</p>	Impact of Increased Waiting Lists in relation to DoLs, OT and SI.	Development and delivery of early intervention strategy and the review and redesign of pathways.	ExDir <sup>35</sup> People	December 2024

<sup>34</sup> This action plan includes significant governance issues identified in the above statements and also includes high risks identified in review against the Best Value Framework.

<sup>35</sup> Executive Director

	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
2.	<p><b>Governance Issue:</b> The Council does not have a grip on Children’s demand into the future.</p> <p><b>Governance Issue:</b> The Council will be unable to deliver a safe service to children without further intervention.</p> <p><b>Targeted Outcome:</b> To provide a care and support service to children appropriate to their needs.</p>	Safeguarding Children.	Demand Management model is in development with a first draft delivered and now under review and development. Demographic data alongside Transformational Project outcomes are feeding into the assumption to continue to develop a robust demand model for children. Impact of early Help transformation and stepping stones projects currently form basis of this model.	ExDir People	December 2024
			Children’s Improvement Board (CIB) in place. Series of working groups that feed into the CIB to support the implementation of the recommendations made by OFSTED. CQC rating for 2024 not yet received but plans in place through the People Directorate.	ExDir People	March 2025



	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
3.	<p><b>Potential Governance Issue:</b></p> <p>The Council will be unable to protect IT systems from external attack.</p> <p><b>Targeted Outcome:</b></p> <p>To reduce the risks and impact of cyber-attacks and have a clear recovery plan in the event of one.</p>	<p>Failure to protect from and manage the impact of a targeted cyber-attack on ICT Systems used by the Authority.</p>	<p>Work with the Local Digital Cyber team on remediation activities to improve our cyber position.</p> <p>We have worked hard on the 23 recommendations with the Local Digital Cyber Support team. As of the 15<sup>th</sup> March 2024, 13 of the recommendations have been implemented, and four of these recommendations are now ongoing BAU activity. The 10 remaining recommendations are underway with work progressing well, all recommendations will be completed by Q3/2024. The Local Digital Cyber Support team were very impressed with the exercise we ran in October and are more than happy with progress to date and our plans for the remainder of the work.</p> <p>The fundamental recommendations identified in relation to the IT infrastructure made within Internal Audits report will be followed up as</p>	ExDir Resources	December 2024

	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
			part of the 2024/25 Internal Audit plan.		
4.  Page 54	<p><b>Potential Governance Issue:</b></p> <p>The Council will be unable to deliver strategic objectives as set out in The Shropshire Plan due to financial constraints.</p> <p><b>Targeted Outcome:</b></p> <p>A sustainable financial position is achieved over the medium term.</p>	Inability to Set a Balanced Budget for a given year within the MTFS.	<p>With support from the Strategic Transformation Partner (PwC), delivering the approved spending reductions in 2024/25 and a sustainable position into the medium term.</p> <p>Delivery Plans for all spending reductions in 2024/25 have been completed. Service Improvement Plans (SIPs) for every area of the Council are being completed. Development and alignment of SIPs and Delivery Plans to The Shropshire Plan (TSP) and Personal Delivery Plans (PDPs) is a development over 2024/25 creating a sustainable model for the future.</p> <p>SIPs and associated KPIs to be documented and used to monitor delivery of outcomes.</p>	ExDir Resources	March 2025

	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
Page 55	<p><b>Potential Governance Issue:</b></p> <p>The Council will be unable to contain its costs within the available financial envelope for the year.</p> <p><b>Targeted Outcome:</b></p> <p>Council expenditure is in line with budgeted position for 2024/25.</p>	<p>Inability to Contain overall committed Expenditure within the Current Available Resources within this Financial Year.</p>	<p>Service Improvement Plans and associated KPIs to be documented and used to monitor delivery of outcomes.</p> <p>Activity for 2024/25 with Strategic Partner centred around three key workstreams – Revised Customer journey and digitisation, a new Target Operating Model and review of Third Party Spend.</p>	ExDir Resources	March 2025
			<p>OCE defined outcomes, programme management office and transformation plans. PwC strategic partner delivery. Governance structure around the PwC contract. Performance mechanisms around delivery.</p>	CEO	March 2025
		<p><b>Potential Governance Issue:</b></p> <p>The Council, alongside partners, will be unable to ensure the safety</p>	<p>Impact of extreme pressures upon partners (social care, health, and criminal justice).</p>	<p>We continue to work with the ICS regarding partnership work at a place (HWBB and SHIPP Shropshire level) and at an ICB and ICP system level. Bringing all key partners into the conversations and planning with an</p>	ExDir Health, Wellbeing and Prevention, Public Health and General Management

	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
Page 56	<p>and health of people and communities.</p> <p><b>Targeted Outcome:</b></p> <p>Establishment of robust co-produced Health and Care system to deliver the desired outcomes.</p>		<p>equal role. The last ICP (January 2024) reflected the partnership working with an agreement to collectively look at key topics in development sessions.</p> <p>Prevention Framework and Action Plan approved by HWBB in January 2024. Ongoing work to deliver the actions</p> <p>JSNA continues to be rolled out across the County with a plan to complete by the Autumn. Regular updates are shared with HWBB <a href="#">Place-based Joint Strategic Needs Assessment   Shropshire Council</a></p>		
7.	<p><b>Potential Governance Issue:</b></p> <p>The Council has key IT systems that are unfit for purpose.</p> <p><b>Targeted Outcome:</b></p>	<p>Failure of Officers and Members to adhere to Governance arrangements.</p>	<p>Review and improve functionality and reporting from the ERP system.</p> <p>An options appraisal on the future of our ERP system is underway, in particular looking at the HR and Payroll elements. We want to ensure that our system is fit for purpose and meets our current and future needs. Additionally, we are looking at the feasibility of implementing a</p>	ExDir Resources	March 2025

	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
	IT systems are efficient and effective with strong internal controls.		financial planning and analysis solution that is available in our ERP system. This would enable us to streamline our budgeting and forecasting processes, as well as improve our financial reporting and analysis capabilities. We are exploring the technical and functional requirements, as well as the potential impact and value of this solution.		
Page 57	<p><b>Potential Governance Issue:</b></p> <p>The Council fails to deliver key strategic projects as needed.</p> <p><b>Targeted Outcome:</b></p> <p>Key strategic projects are delivered on time, on budget and meet the desired outcomes.</p>	Failure of Officers and Members to adhere to Governance arrangements.	<p>It is essential through the current procurement process, to establish a robust and deliverable cost estimate for the full completion of the NWRR.</p> <p>The project is subject to some 63 Planning Conditions, which it fully supports, to ensure and evidence that the NWRR is constructed responsibly, and with robust mitigation and management of any environmental impacts.</p> <p>The process of open market procurement is intended by design to drive efficiencies and competition in the market to give best value for the</p>	ExDir Place	March 2025

	Governance Risk Considered and Targeted Outcome	Strategic Risk	Activity	Sponsor	Completion date
Page 58			<p>public purse. There will be the publication of a market tested figure at the completion of procurement, within the full business case. No contract award or mobilisation on the Main Works will take place until FBC approval is in place with DfT and Council.</p> <p>The fundamental / significant recommendations identified in the NWRR Internal Audit report will be followed up as part of the 2024/25 Internal Audit plan.</p>		
9.	<p><b>Potential Governance Issue:</b></p> <p>The Council has weak or inappropriate systems of governance in place.</p> <p><b>Targeted Outcome:</b></p> <p>All officers and Members understand public sector standards,</p>	Failure of Officers and Members to adhere to Governance arrangements	The Council's Code of Corporate Governance, located in the Constitution, summarises the Council's good governance principles and details the actions and behaviours required to demonstrate good governance. Failure of officers and members to adhere to governance arrangements, increases the risk of ineffective day to day decision making, fraud, corruption, reputational damage, inappropriate use of resources and an inability to	CEO	March 2025

	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
Page 59	the Nolan Principles and exhibit appropriate behaviour at all times.		<p>achieve the objectives as set out in The Shropshire Plan.</p> <p>Induction, continuous PDP and performance management. Formal acceptance of the code of conduct, policies and legislative requirements. Review mandatory and discretionary training. Defining the leadership and management roles and responsibilities. Declarations of interest system to be defined.</p> <p>The fundamental recommendations relating to governance and contract management made within Internal Audit reports will be followed up as part of the 2024/25 Internal Audit plan.</p>		

	<b>Governance Risk Considered and Targeted Outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
10.	<p><b>Potential Governance Issue:</b></p> <p>Failure to deliver best value.</p> <p><b>Targeted Outcome:</b></p> <p>Securing best value in key areas such as governance, culture, finances and statutory services.</p>	Failure of Officers and Members to adhere to Governance arrangements	<p>The Council must demonstrate it is securing best value in key areas such as governance, culture, finances and statutory services.</p> <p>The seven best value themes will be monitored throughout 2024/25 to ensure that any risks to delivery have appropriate mitigations in place. Where actions are required to meet the key characteristics of a well-functioning Council, these will be addressed on an ongoing basis.</p>	CEO	March 2025

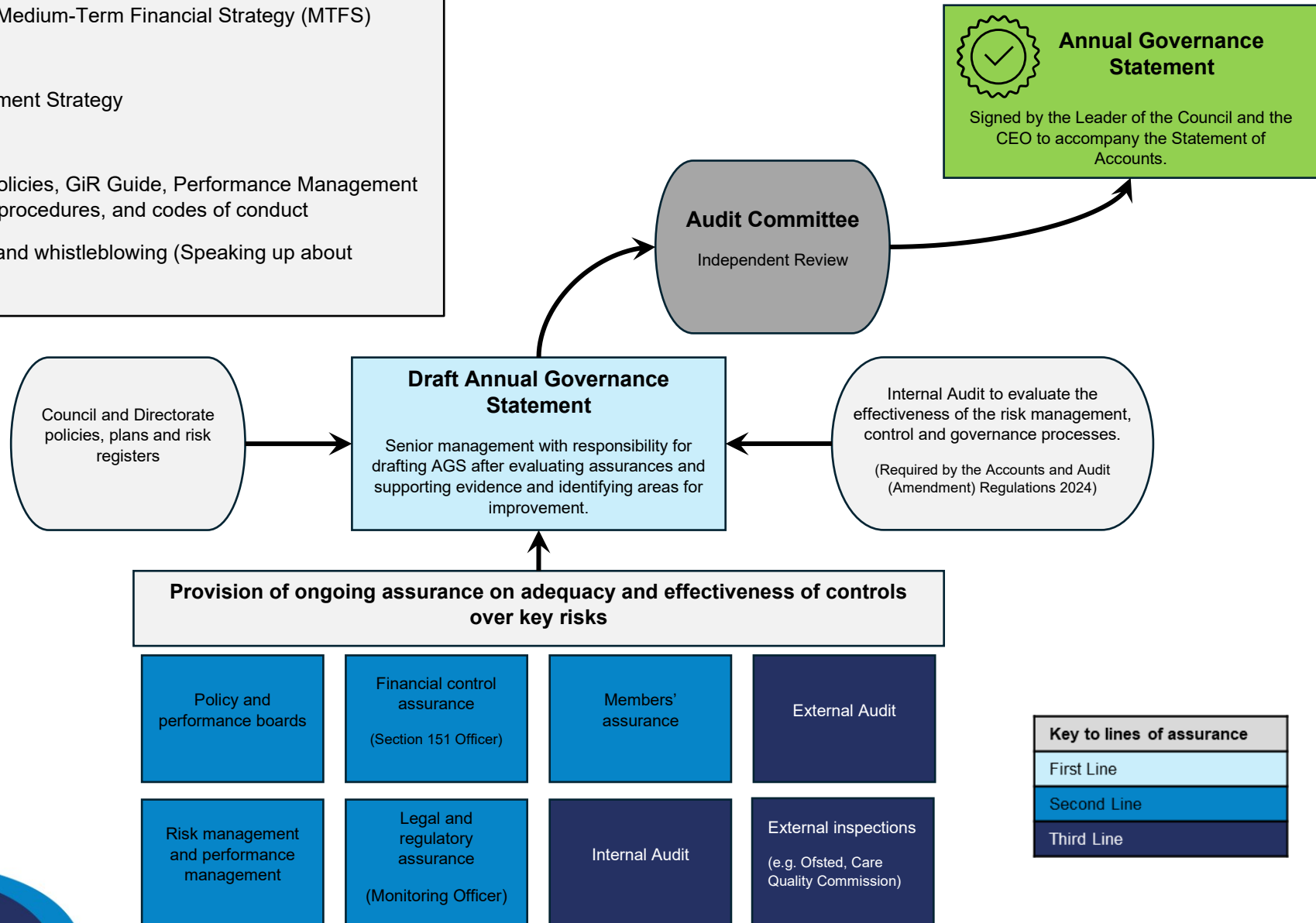


# ANNUAL GOVERNANCE STATEMENT (AGS) ASSURANCE FRAMEWORK

**Key documents and functions/process guidance:**

- Local code of corporate governance
- The Shropshire Plan and Medium-Term Financial Strategy (MTFS)
- Council constitution
- Opportunity Risk Management Strategy
- Commissioning Strategy
- Workforce Strategy, HR policies, GiR Guide, Performance Management Framework, PDP Process, procedures, and codes of conduct
- Anti-fraud and corruption and whistleblowing (Speaking up about wrongdoing) policies

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## Appendix B

### Shropshire Council Local Code of Corporate Governance

#### INTRODUCTION

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance as follows:

*“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”.*

The International Framework also states that:

*“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times”.*

*“Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.*

#### GOOD CORPORATE GOVERNANCE

Shropshire Council is committed to achieving good corporate governance and this Local Code describes how the Council intends to achieve this in an open and explicit way. The local code is based upon the CIPFA SOLACE framework “Delivering Good Governance in Local Government” (April 2016). As laid out in the guidance it *“is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities”.* Consequently, the local Code has been written to reflect the Council’s own structure, functions, and the governance arrangements in existence.

*The local code is based on the following seven principles, the first two of which underpin the remaining five with the overall aim of “Achieving the intended outcomes while acting in the public interest at all times”.*

The principles are as follows:

Acting in the public interest requires a commitment to and effective arrangements for:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Many of the requirements of the code are included in the Council's constitution and the Council's key strategies and policies.

Library folder - Shropshire Council Constitution — Shropshire Council

## **MONITORING AND REVIEW**

The Code of Corporate Governance is subject to annual review by Internal Audit and used to inform the Annual Governance Statement (AGS). This review includes an assessment as to the effectiveness of the processes contained within the Code. This includes annual assessments such as:

- Annual review of the Constitution
- Annual reports of portfolio holders
- Annual reports of the Scrutiny Committees
- Head of Internal Audit Annual Report
- Audit Committee Annual Report
- Council Customer Feedback Report – Complaints, Compliments and Comments
- External Audit Annual Letter

The outcome of this review is reported in the Annual Governance Statement.

The following details how the Council meets the core principles and the systems, policies and procedures it has in place to support this.

**Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

**Rational:** Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to

**Shropshire Council’s commitment to achieving good governance is demonstrated below:**

**Behaving with integrity**

- Code of Conduct for members to ensure that high standards of conduct are maintained.
- The Monitoring Officer will review any breaches of the Member Code of Conduct.
- The Localism Act 2011 abolished the requirement for the Council to have a statutory Standards committee though the Council has retained a non-statutory committee that can meet if required. Both the Standards Committee and Standards Sub Committee have met in 2023/24.
- An Employee Code of Conduct sets down standards of behaviour and conduct the Council expects of its employees.
- Standard decision-making reporting format and access to drafts ensures that all those responsible for taking decisions have the necessary information on which to do so.
- An Anti-Fraud and Corruption Strategy supported by a Counter Fraud, Bribery and Anti-Corruption Policy which includes a Fraud Response Plan and a Speaking Up About Wrongdoing Policy “Whistleblowing Policy”. The strategy is supported by a Whistleblowing hotline for use by employees, stakeholders or the public to report irregularity and fraud. The Audit Committee receive an annual report of whistleblowing activity.
- Code of Conduct in relation to the acceptance of gifts and hospitality and all instances must be recorded. Advice and guidance provided to staff and members on the intranet.
- In accordance with the Localism Act 2011 Registers of Members’ pecuniary interests are recorded and published on the Council’s website.
- Members’ declaration of interests, a standing item on all agendas. Minutes show declarations of interest were sought, and appropriate declarations made.
- Protocols for members on Council Representation on various outside bodies.
- A Corporate Feedback Policy that is published on the Council’s website and is supported by a Complaints, Compliments and Suggestion on-line form.
- A Policy for raising a concern “Speaking Up About Wrong-Doing” (Incorporating the Whistleblowing Policy) is in place to protect individuals.

**Demonstrating strong commitment to ethical values**

- A Constitution which sets out delegations of the executive, committees and senior officers, and the decision-making process to be applied. It also emphasises that the Council will act within the law.

respect the rule of law.

- Terms of Reference exist for all committees.
- The Council have both Contract Procedure Rules defining the Council’s process for all contracts and Financial Rules defining the safeguards and controls in place for managing public money and assets, these are reviewed on a regular basis.
- The Council consults with stakeholders and other interested parties to seek feedback before developing key operational documents.
- The Council has a clear, well publicised complaints procedure which requires complaints to be dealt with rigorously and promptly. Complaints are monitored by management and Cabinet, together with improvement actions arising from them.
- Employee surveys are conducted and employees are consulted on workforce changes to identify actions for improvement.

**Respecting the rule of law**

- The Constitution identifies the Chief Legal Officer as the Council’s Monitoring Officer and sets out the role of the Monitoring Officer.
- An Anti-Fraud and Corruption Strategy supported by a Counter Fraud, Bribery and Anti-Corruption Policy which includes a Fraud Response Plan and a Speaking Up About Wrongdoing Policy “Whistleblowing Policy”. The strategy is supported by a Whistleblowing hotline for use by employees, stakeholders or the public to report irregularity and fraud. The Audit Committee receive an annual report of whistleblowing activity.
- Officers in Legal and Democratic Services play a key role in ensuring that the principles enshrined in the Constitution, sustainable decision making, robust scrutiny, rules of natural justice, standards of conduct, efficiency, transparency, legality and high standards of corporate governance are delivered in practice through the Council’s decision-making process. The Service provides advice and guidance on the interpretation of legal developments and has legal officers who are experts in specific areas of Council activities.
- Where there have been instances of non-compliance with Contract Rules, and where the recognised approval process has been circumvented these have been identified and escalated to the top of the Council for action.
- Where there have been breaches in Health and Safety Legislation these have been immediately actioned upon discovery.
- All Committee reports require their authors to address the impact of the recommendations with respect to human rights and wider legislation.

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement.**

**Rational:** Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

**Shropshire Council’s commitment to achieving good governance is demonstrated below:**

**Openness**

- Adoption of a Publication Scheme that describes the kinds of information available and provides guidance about how to access personal information and submit a Freedom of Information request.
- The Council has a small Information Governance team committed to ensuring the principles of Data Protection, Freedom of Information and Transparency are followed and all staff are required to undertake data protection training on an annual basis.
- Adoption of a standard reporting format in relation to committee reports. The format includes a risk assessment and opportunities appraisal together with the financial implications attached to any recommendations, and appropriate background papers are cited to ensure full transparency.
- Council and Cabinet meetings are webcast. Agendas, reports and minutes are published on the Council’s website. Meetings are open to the public except in the case of exempt items.
- Dates for submitting, publishing and distributing timely reports are set and adhered to.
- The Shropshire Plan and Financial Strategy set out the Council’s mission and priorities, these have been revisited alongside delivery of a programme of transformation.
- The Shropshire Compact has been effective in supporting the relationships between Shropshire Council, other public sector bodies and the voluntary and community sector. It acts as an aid to problem solving by clearly setting out roles, responsibilities and commitments.

**Engaging comprehensively with institutional stakeholders**

- The Council recognises the importance of communicating its vision and uses several channels to this effect.
- The Council aims for a consistent approach to communication, reaching and targeting the key customers, stakeholders and partners in the most appropriate way.
- The Council aims to improve engagement through consistent branding, so that our stakeholders know what we do and who to contact. This ensures compliance with the Code of Recommended Practice on Local Authority Publicity March 2011. This requires all Council publicity aimed at the public to be clearly and unambiguously identified as being produced by the Council. Material produced should make this evident.
- Our website can help residents understand the Council’s vision and purpose and how to access services on a day-to-day level.

- The Shropshire Newsroom hosts all the latest Council news stories with podcasts, videos and photographs available from the corporate Flickr account.
- The Council works with colleagues in the local, regional and national media to complement Shropshire Newsroom and ensure people have access to information about the Council.
- The Council uses relevant social media, as a method of disseminating our information and listening to feedback on issues as they arise.
- Customer Services are available virtually, digitally and through access points around the County supported by mobile hubs in the more remote areas. Customer Services are the main first point of contact enabling people to be more efficiently directed to the services they need.
- The Council uses the Voluntary and Community Sector (VCS) Assembly weekly news bulletin to promote consultations, policy news, engagement opportunities and partnership working opportunities across the voluntary and community sector.
- The Council engages positively and sets out to work in a collaborative open partnership approach with several strategic partners including Central Government departments (Cities and Local Growth Unit, Homes and Communities Agency) and neighbouring local authorities. It is a non-constituent member of the West Midlands Combined Authority; has a proactive Business Board which it services and engages with on key initiatives and policies, which in turn has informed the Local Economic Growth Strategy. The management of One Public Estate continues with other public sector partners. A multi-agency high-cost placement funding panel with Children's Services, Education Services and the Clinical Commissioning Group (CCG) is established to manage high-cost placements efficiently.

**Engaging stakeholders effectively including individual citizens and service users.**

- The Council seeks the views from individuals, organisations and businesses on several areas. All Council surveys are delivered online using the corporate approved consultation portal. Links to current consultations are published on the website. Some recent examples of consultations undertaken include Shrewsbury Moves, Active Travel Quarter, Taxi Fees, 2024/25 budget and Dog Fouling Public Space Protection Order, the full list of consultations undertaken is available on the Council website.
- Shropshire's Making It Real partnership was set up by Shropshire Council in response to the national 'Think Local Act Personal' initiative and Making it Real Framework. The aim of 'Making it Real' is for personalisation to be a reality for people who use adult social care services. This approach is driven through a series of 'I' statements outlining how adult social care should best meet people's needs; enabling people to live full and independent lives. The partnership works with the local authority to ensure this approach is adopted locally, through influencing and shaping adult social care services in Shropshire.



- Local consultation continues for specific consultation and engagement activity for services and service areas. Locality commissioning activity involves engagement with communities and service user groups. These have helped to identify the needs and priorities of our citizens and make these our key areas for service delivery. Feedback from such events is used to develop strategic plans, priorities and targets. Widespread local consultation has taken place via service user and customer feedback surveys, public meetings and local partnerships to identify the needs and priorities of our citizens and make these our key areas for service delivery.
- The Council has a regular update from the Chief Executive to keep individuals abreast of corporate initiatives and major events. Details are also included on the Shropshire Council website through the Newsroom.
- The Council has a clear, well publicised complaints procedure which requires complaints to be dealt with rigorously and promptly. Complaints are monitored by management and Cabinet, together with improvement actions arising from them.

**Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

**Rationale:** The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and

**Shropshire Council’s commitment to achieving good governance is demonstrated below:**

**Defining Outcomes**

- The Shropshire Plan and Medium Term Financial Strategy set out the Council’s vision and priorities together with its aims and actions.
- Core strategic plans (such as the Economic Growth, Commercial, Commissioning, and Climate Change Strategies) set out specific aims in detail and compliment the overall Corporate Plan.
- There is a clear reporting mechanism for performance information which is presented alongside the financial information for the corresponding period to the Transformation and Improvement Overview and Scrutiny Committee. Areas of concern are identified and reported quarterly, and exceptions are monitored more frequently, e.g. monthly, providing greater detail and explanation of the issues and actions being taken. The reports are presented to senior managers and Cabinet. The underlying detailed dashboards are also available to Scrutiny members who can identify specific issues they may want to consider. Cabinet may ask Scrutiny to look at specific issues of on-going concern. Performance reporting against the Shropshire Plan is managed by the Business Improvement Team through Power BI dashboards.
- The Council have established robust programme management function within the Office of the Chief Executive to oversee the transformation programme.

**Sustainable economic, social and environmental benefits**

- The Council has; a Climate Change Strategy, highlighting its commitment to sustainable

<p>institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>environment; an Economic Growth Strategy which lays out its approach to sustainable development; a Commercial Strategy which lays out its approach to becoming a more commercially focused organisation embracing commercial culture in terms of how the Council acts to ensure the delivery of High Quality Services as efficiently and effectively as possible and a Social Value Charter, designed to assist commissioners and procurers to maximise opportunities to improve the social, economic and environment condition of our local area through effective commissioning and procurement.</p> <ul style="list-style-type: none"> <li>• Environmental Equality Impact Assessment considered in all reports which have a recommendation for a decision.</li> <li>• Resources are employed to assist commissioners and procurers to demonstrate the range and amount of social value generated or the financial value to society because of the added social value.</li> </ul>
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**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**

<p><b>Rationale:</b> Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be</p>	<p><b>Shropshire Council’s commitment to achieving good governance is demonstrated below:</b></p> <p><b>Determining interventions</b></p> <ul style="list-style-type: none"> <li>• A standardised format of decision-making reports is used to ensure that all relevant information is considered such as analysis of options, resource implications, and outcomes of Equality and Social Inclusion Impact Assessment, etc. Options are clearly defined and analysed to ensure decisions are based on the best possible information.</li> <li>• The Commissioning Strategy is applied to ensure clear alignment to need and improving outcomes.</li> <li>• An Annual Governance Statement signed by the Leader of the Council and the Chief Executive Officer/Head of Paid Service includes an action plan identifying areas for improvement.</li> </ul> <p><b>Planning interventions</b></p> <ul style="list-style-type: none"> <li>• The Council sought opinions on future budget proposals. They set out what the issues were and invited the public to engage on them. As detailed earlier, there is a clear reporting mechanism for performance information which is presented alongside the financial information for the corresponding period and subject to scrutiny at all levels.</li> <li>• The Council’s performance framework links directly to the Council’s outcomes through the Shropshire Plan. Performance is reported quarterly to members through Cabinet, and in more detail to Scrutiny Committees. (</li> </ul>
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achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

**Optimising achievement of intended outcomes**

- The annual budget is prepared in line with agreed priorities. The Council publishes its Financial Strategy annually to set an indicative three-year financial plan to fit the longer-term strategic vision as well as a detailed one-year budget. This is intended to include realistic estimates of revenue and capital expenditure.
- Resources are employed to assist commissioners and procurers to demonstrate the range and amount of social value generated or the financial value to society because of the added social value.
- Risk management arrangements that are embedded across all service areas and help inform decision making.

**Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it.**

**Rationale:** Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to

**Shropshire Council’s commitment to achieving good governance is demonstrated below:**

**Developing the entity’s capacity**

- There is a member induction programme in place, supporting and developing newly elected members. Development interventions are designed in the context of what individual members say they require during their one-to-one development reviews, and what their roles and responsibilities dictate they need. Member secretaries provide support, and the Member and Officer Protocol clearly stipulates officers’ duties to provide professional and technical advice. The Local Member Protocol guides members and officers to behave in a way that promotes excellent communication.
- A Workforce Strategy was adopted to ensure the Council has the right people with the right skills in the right place, at the right level and cost to enable the Council to meet its strategic objectives.
- The Council actively promotes the use of Leap into Learning, an online learning and training platform that allows courses to be tailored to individual officers. This has been extensively used to deliver e learning to a wide variety of employees and to support more conventional training methods by providing a booking and attendance system.
- The Council actively promotes the development of staff through work-based apprenticeship schemes.
- A Strategic Transformation Partner (PwC) has been appointed to help deliver the approved spending reductions in 2024/25 and a sustainable position into the medium term.

guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

**Developing the capability of the entity’s leadership and other individuals**

- Protocol on Member/Officer Relations that assists both members and officers achieve good working relationships in the conduct of Council business.
- Scheme of Delegation that is reviewed annually considering legal and organisational changes.
- Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules.
- Member Development is managed via the Group Leaders and training is provided as needed. Members are updated on legal and policy changes etc. as required.
- Induction programmes for all members and employees.
- Training for employees is made available through Leap into Learning which provides all employees with access to online training courses that can be tailored to the individual, dependent upon role undertaken.
- Staff are regularly appraised through the annual Personal Development Planning) PDP Process which includes the identification of training and development needs and drawing up of training action plans to address these.
- In July 2023, 252 of the Council’s most Senior Managers (including the Chief Executive, all Executive and Assistant Directors) completed a Leadership Development course across 19 cohorts each involving seven full day workshops, lasting eight months entitled Getting Leadership Right (GLR). This included the embedding of ‘Getting it Right’ principles and four Council values that underpin good governance. A second programme of GLR training was commenced during the summer of 2023, which was concluded in March 2024 with a further 89 council officers completing the course. The Shropshire Plan launched in October 2022, and the GLR programme was introduced to provide leaders with the tools, techniques and support they need to deliver it effectively.
- Apprenticeship Programme offering training, skills and experience in local government.
- Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.
- A coaching connections network group has been established to build a pool of people who are skilled in facilitating personal development tools and to develop internal coaching capacity. This network provides group and individual personal development and coaching support to help people through change.

**Core Principle F: Managing risks and performance through robust internal control and strong public financial management.**

**Rationale:** Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.

Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.

A strong system of financial management is essential for the implementation of

**Shropshire Council’s commitment to achieving good governance is demonstrated below:**

**Managing risk**

- Risk management arrangements that are embedded across all service areas and help inform decision making. A new approach to service recovery planning was implemented in 2023.
- Risk and Opportunity Management Framework that is subject to annual review and reported to the Audit Committee on an annual basis.
- Responsibilities for managing individual risks are contained within the Opportunity Risk Management Strategy.
- The Senior Management Team regularly reviews the strategic risk register and seeks assurances that it is kept up to date and actions to mitigate risks are implemented.
- Operational risks are reviewed by risk owners on a regular basis.
- Council strategic risks have been identified, aligned to the Annual Governance Action Plan and a member of the Senior Management Team assigned as the risk owner. Risk profile and actions plans have been put in place to ensure the risks are mitigated effectively and are reviewed monthly.
- Business Continuity processes have continued to operate thorough the year to manage the risks caused by flooding.

**Managing performance**

- The Council has four overview and scrutiny committees which operate under clear terms of reference and rules of procedures laid down in the Constitution. Scrutiny Committee chairs and members have clearly laid down accountabilities in the Constitution. Members may not participate in the scrutiny of decisions they were involved in.
- The Council is part of a long standing and effective Joint Health Overview and Scrutiny Committee with Telford and Wrekin Council. This reflects the reality that most substantial changes to services covered by the statutory duties for Health Scrutiny affect services across both local authority areas and as such would need to be looked at jointly, in line with regulatory direction.
- There is a standardised format for all committee reports which includes background to the report, any recommendations that decisions need to be made upon together with reasons behind those recommendations. A SharePoint site facilitates approval of draft reports prior to Cabinet by key officers.

policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

- Reports, minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request.
- Contract Procedure Rules and Financial Regulations set out the Council's arrangements and ensure that processes continue to operate consistently.
- An effective internal audit service is resourced and maintained as evidenced by an External Quality Assurance review 2021/22. Internal Audit prepares and delivers a risk-based audit plan in line with Public Sector Internal Auditing Standards which is kept under review to reflect changing priorities and emerging risks.
- The Council continues to benchmark some services to assist in identifying areas for review and to ensure that as many performance indicators as possible are performing to the standards that the Council sets. This includes the use of peer reviews to ensure efficiency of operations and learning from External statutory reviews, i.e. Ofsted, Local Government Association Finance and Overview and Scrutiny reviews.
- Most financial decisions are reported through to Cabinet, Council and Scrutiny Committee in an appropriate and transparent basis and challenge welcomed from members and officers. All budgets, actuals and variances are reported regularly with supporting information trails. The Financial Strategy identifies a short-term budget plan and a long-term aspirational plan aligned to the outcomes identified in The Shropshire Plan. A full risk assessment is undertaken in support of this. Final Accounts are produced on time and in-line with statutory deadlines and best practice.
- A new approach to budget monitoring and reporting has been introduced.
- The Corporate Performance Management Framework including new Service planning and PDP process was developed and implemented in early 2023, and reporting takes place each quarter via the online dashboard.

**Robust internal control**

- Strengthened governance has been achieved with the appointment of an Assistant Director for Finance and Technology (Deputy s151 Officer), Head of Technology and Automation, and a Head of Policy and Governance (Chief Audit Executive) as part of the Legal and Governance Team with a focus on continuous improvement by aligning performance, personnel data and approaches.
- There is an effective apolitical Audit Committee with clear terms of reference which are reviewed annually and based on the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Guidance.
- The Audit Committee, which is independent of Cabinet, oversees the management of governance issues, risk management framework, internal control environment, financial

- reporting and Treasury Management. Its performance is subject to annual self-assessment.
- An independent Audit Committee member was appointed in early 2023.
- There is a formally agreed Audit Committee work plan and training schedule.
- An annual report is produced by Internal Audit which provides an opinion on the Council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.
- Anti-Fraud and Corruption Strategy which is subject to annual review and is approved by the Audit Committee.
- Quarterly fraud reports to the Audit Committee summarise anti-fraud activity in the year.
- An Annual Governance Statement (AGS) that is subject to review by the Audit Committee.
- Training is provided to Audit Committee members on areas relevant to their role.
- There are frameworks in place in relation to child and adult safeguarding.

**Managing data**

- The Council has a small Information Governance team committed to ensuring the principles of Data Protection, Freedom of Information and Transparency are followed.
- Information Governance Leadership and Oversight Group (IGLOO) and the Information Governance and Information Security Group (ISG) provide a clear process for the consideration and escalation of information governance and security risks. The groups have been in operation since January 2022, attendance is from across the Council and terms of reference have been refreshed during 2023/24. IGLOO focusses on decisions, compliance and oversight and improvements have been evidenced in response to ICT security and infrastructure concerns.
- Where staff do not complete the mandatory Cyber security and Data Protection training their IT access is restricted until complete.
- Information governance and security awareness including individual responsibilities and good practice is raised and embedded with officers and elected members through the mandatory information governance and cybersecurity training. This is reinforced via targeted communications and more recently phishing simulations.
- In April 2023 the Council received an enforcement notice from the ICO in relation to FOI response times. Action is being taken to improve information governance arrangements and legislative compliance rates. The Council has responded positively and in November 2023 the Council was found to have fully complied with the requirements of notice which was confirmed by the ICO.
- The Council's Information Security Policy provides guidance on the arrangements that must be in place to ensure personal data is kept protected and secure. This was fully reviewed and

updated throughout 2023.

- Effective information sharing is undertaken in accordance with the Data Protection Act and the Council’s Data Protection Policy.
- Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council’s overall Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc.
- A formal Data Sharing Framework Protocol between Shropshire and Telford and Wrekin Partnership in respect of jointly delivered health services.

**Strong public financial management**

- An audited and signed Statement of Accounts is published on an annual basis containing:
  - A statement of responsibilities for the Statement of Accounts.
  - A statement of the Council’s accounting policies.
- An Annual Governance Statement signed by the Leader of the Council and the Chief Executive Officer/Head of Paid Service.
- Compliance with CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015), is reviewed annually.
- Financial procedures are documented in the Financial Regulations.
- Financial Strategy in place.
- The financial position is reported quarterly to Cabinet.
- A new Treasury Management Strategy for 2024/25 has been documented and approved.
- Most financial decisions are reported through to Cabinet, Council and Scrutiny Committee in an appropriate and transparent basis and challenge welcomed from members and officers. All budgets, actuals and variances are reported regularly with supporting information trails. The Financial Strategy identifies a short-term budget plan and a long-term aspirational plan aligned to the outcomes identified in The Shropshire Plan. A full risk assessment is undertaken in support of this. Final Accounts are produced on time and in-line with statutory deadlines and best practice.
- A new approach to budget monitoring and reporting has been introduced.

**Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**

**Rationale:**  
Accountability is about ensuring that those

**Shropshire Council’s commitment to achieving good governance is demonstrated below:**  
**Implementing good practice in transparency**



making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

- Agendas, reports and minutes are published on the Council’s website.
- Adoption of a style guide document that outlines how to communicate more effectively and to ensure communications are consistent and clear.
- Adoption of and implementation against the National Transparency Code.
- The Cabinet is the Council’s key decision-making body and makes decisions within the policy framework approved by Full Council. It is made up of the Leader, who is elected by the Council, and up to nine members. When key decisions are to be discussed or made, these are published in the Cabinet forward plan in so far as they can be anticipated. If these key decisions are to be discussed with Council officers at a meeting of the Cabinet, this will be open for the public to attend except where personal or confidential matters are being discussed. The Cabinet must make decisions which are in line with the Council’s overall policies and budget. If it wishes to decide which is outside the budget or policy framework, this must be referred to the Council to decide.

**Implementing good practices in reporting**

- Annual Financial Statements are compiled, published to timetable and included on the Council’s website.
- The Corporate Performance Management Framework including new Service planning and PDP process was developed and implemented in early 2023, and reporting takes place each quarter via the online dashboard.
- An annual report from each of the scrutiny committees is presented to Council alongside reports from the portfolio holders; the scrutiny reports detail the past work of the Committees, the present work and future.
- Completion of an Annual Governance Statement (AGS).
- A Business Plan and Financial Strategy setting out the Council’s mission and priorities.

**Assurance and effective accountability**

- The AGS sets out the Council’s governance framework and the results of the annual review of the effectiveness of the Council’s arrangements. The AGS includes areas for improvement.
- An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the Council’s internal control arrangements.
- External Audit provides an annual opinion on the Council’s financial statements and arrangements for securing Value for money.
- The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies.
- The Shropshire Compact is a set of shared principles and guidelines for effective partnership

	working between Shropshire's public sector bodies and the Voluntary and Community Sector (VCS). It acts as guidance to ensure shared understanding of responsibilities and obligations and works towards best practice in partnership.
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## Appendix B – Shropshire Council’s Corporate Governance Framework

‘The International Framework: Good Governance in the Public Sector’ defines ‘governance’ as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must always try to achieve the Council’s objectives while acting in the public interest.							
Core Principles	(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	(B) Ensuring openness and comprehensive stakeholder engagement	(C) Defining outcomes in terms of sustainable economic, social, and environmental benefits	(D) Determining the interventions necessary to optimise the achievement of the intended outcomes	(E) Developing the Council’s capacity, including the capability of its leadership and the individuals within it	(F) Managing risks and performance through robust internal control and strong public financial management	(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	<u>Members and Employees Codes of Conduct</u>	<u>FOI Publication Scheme</u>	<u>Medium Term Financial Strategy</u>	<u>Councillors and Decision Making</u>	<u>Member Induction Programme</u> <u>Members Protocol</u>	<u>Opportunity Risk Management Strategy.</u>  <u>Service recovery planning arrangements</u>	<u>Committee Framework</u>
	<u>Councillors and Decision Making</u>	<u>Information Governance</u>	<u>Shropshire Plan</u>	<u>Commissioning Strategy</u>	<u>Workforce Strategy</u>	<u>Strategic and Operational Risk Registers</u>	<u>Forward Plan</u>
	<u>Members / Officers Register of Interests / Register of Gifts and Hospitality</u>	<u>Councillors and Decision Making</u>	<u>Transformation and Improvement Overview and Scrutiny Committee</u>	<u>Annual Governance Statement and Action Plan</u>	<u>Member and staff development</u>	<u>Annual Governance Statement and Action Plan</u>	<u>Annual Statement of Accounts</u>
	<u>Members Protocol</u>  <u>Members Role and Expectations</u>	<u>Public Meetings and Decisions Recorded</u>	<u>Workforce Strategy</u>	<u>Budget Consultation</u>	<u>Leap into Learning</u>	<u>Emergency / Business Continuity Management</u>	<u>Annual Governance Statement and Action Plan</u>
	<u>Customer feedback / Complaints Policy</u>	<u>Shropshire Plan</u>	<u>Procurement Strategy</u>	<u>Transformation and Improvement Overview and Scrutiny Committee</u>	<u>Apprenticeship Scheme</u>	<u>Overview and Scrutiny Committees</u>	<u>Shropshire Plan</u>
	<u>Whistleblowing Policy and hotline</u>	<u>Medium Term Financial Strategy</u>	<u>Public Sector Social Value Act 2012</u>	<u>Medium Term Financial Strategy</u>	<u>Strategic Transformation Partner</u>	<u>Councillors and Decision Making</u>	<u>Medium Term Financial Strategy</u> <a href="http://shropshire.gov.uk/access-to-information/">http://shropshire.gov.uk/access-to-information/</a>
	<u>The Constitution</u>	<u>Shropshire Compact</u>	<u>Commissioning Strategy</u>	<u>Social Value</u>	<u>Members Protocol</u>  <u>Members Role and Expectations</u>	<u>Financial Procedure Rules</u> <u>Contract Procedure Rules</u>	<u>Internal Audit QAIP</u>  <u>CAE Year end Opinion</u>
	<u>Financial Procedure Rules</u> <u>Contract Procedure Rules</u>	<u>Customer Services</u>	<u>Climate Strategy and Action Plan</u>	<u>Opportunity Risk Management Strategy</u>	<u>Scheme of Delegation</u>	<u>Internal Audit QAIP</u>	<u>External audit of accounts and Value for money opinion</u>
	<u>Consultations</u>	<u>Voluntary and Community Sector Assembly</u>	<u>Economic Growth Strategy</u>	<u>Shropshire Plan</u>	<u>The Constitution</u>	<u>Internally led reviews</u>  <u>Peer reviews</u>  <u>Benchmarking</u>	<u>Peer reviews</u> - <u>Finance</u> - <u>Scrutiny</u>  <u>Ofsted Childrens Services and SEND inspections</u>
	<u>Statutory Officers Roles: Chief Executive, Chief Financial Officer, Monitoring Officer, Head of Paid Service. HR policies.</u>	<u>Public Consultations</u>	<u>Commercial Strategy</u>		<u>Staff PDP Process</u>	<u>2024/25 Budget</u>	<u>Shropshire Compact</u>

‘The International Framework: Good Governance in the Public Sector’ defines ‘governance’ as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must always try to achieve the Council’s objectives while acting in the public interest.							
Core Principles	(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	(B) Ensuring openness and comprehensive stakeholder engagement	(C) Defining outcomes in terms of sustainable economic, social, and environmental benefits	(D) Determining the interventions necessary to optimise the achievement of the intended outcomes	(E) Developing the Council’s capacity, including the capability of its leadership and the individuals within it	(F) Managing risks and performance through robust internal control and strong public financial management	(G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability
	<u>Counter Fraud, Bribery and Anti-Corruption Policy and Strategy</u>  <u>Annual Whistleblowing Policy</u>	<u>Social Value</u>	Programme Management arrangements by Office of the Chief Executive (OCE)		Getting Leadership Right Leadership Development Training Programme	<u>Audit Committee</u>  <u>Audit Committee Terms of Reference</u>  <u>CAE Year end Opinion</u>  <u>Independent Audit Committee Member</u>  <u>Annual Audit Committee Work Plan and Training</u>	
		<u>Newsroom</u>	<u>Social Value</u>		Health and safety policies	<u>Counter Fraud, Bribery and Anti-Corruption Policy and Strategy</u>	
		<u>Customer feedback / Complaints Policy</u>	<u>Councillors and Decision Making</u>			<u>Information Governance</u>  <u>Information Security Policy</u>  <u>ICO Compliance</u>	
		Corporate performance, financial and risk reporting framework				<u>Annual Statement of Accounts</u>	
						<u>Medium Term Financial Strategy</u>  <u>Treasury Management Strategy</u>	

# Annual Governance Statement 2022/23 Action Plan Update March 2024 follow up.

	Targeted outcome	Strategic Risk <sup>1</sup>	Sponsor	Activity	Completion Date	Delivered	March 2024 Update
1.	To provide a care and support service to adults appropriate to their needs.	Ability to fund Adult Services	ExDir <sup>2</sup> People	Development and delivery of early intervention strategy and the review and redesign of pathways.	Sept 2023	December 2024	Prevention framework still in development, Adults engaged with Public Health to support this development. Redesign of front door being developed with support of OCE and will be implemented Dec 2024.
			ExDir People	Implement improvement plan for strengthening families claims criteria.	March 2024	Yes	<p>Early Help Transformation Programme has driven improvement. Performance has been driven by the management team to increase the number of families being worked with by the service.</p> <p>Significant work has been taken with the data team to improve the performance data.</p> <p>Better quality assurance has taken place, resulting in a higher rate of conversion to outcomes.</p> <p>Data Governance board has been set up. Revised Processes have been developed and changes made or in train for EHM case management system to improve cla100% claims completed for 23/24 QA Lead is a new post in the EH staffing structure.</p>
2.	To ensure compliance with legislative requirements in relation to information governance.	Governance	ExDir Resources	Implement agreed action plan to improve FOI response times.	Dec 2023	October 2023	The FOI action plan published in June 2023 in response to the ICO enforcement notice was fully implemented by October 2023. FOI response rates improved during 2023 and the ICO confirmed that the Council had fully complied with its

<sup>1</sup> As at March 2023  
<sup>2</sup> Executive Director

	Targeted outcome	Strategic Risk <sup>1</sup>	Sponsor	Activity	Completion Date	Delivered	March 2024 Update
							<p>requirements at the end of the enforcement notice period in November 2023.</p> <p>Subsequently, internal process reviews have been undertaken to improve efficiency including engagement with service areas in regards to responding to requests within the statutory timescales.</p> <p>Ongoing improvement programme and monitoring via the Information Governance Leadership and Oversight Group (IGLOO) will ensure that the statutory requirements are met going forwards.</p>
3.	To provide a care and support service to children appropriate to their needs.	Ability to fund Children's Services	ExDir People	Development of a growth model.	June 2023	First draft delivered and now under review and development. Next review date is end of July 2024	Demand Management model is in development. Demographic data alongside Transformational Project outcomes are feeding into the assumption to continue to develop a robust demand model for children. Impact of early Help transformation and stepping stones projects currently form basis of model
			ExDir People	Review of contract and commissioning arrangements for children and adult services. Further work with transformation partner to inform the model and approach.	Dec 2023	Review complete January 2024	Review complete and investment of additional resource into commissioning agreed by ERB in January. Team restructure taking place end of March.  This can be closed – restructure completed and team in place and delivering against agreed commissioning savings
4.	To reduce the risks and impact of cyber attacks and have a clear recovery plan in the event of one.	ICT Infrastructure resilience	ExDir Resources	Work with the Local Digital Cyber team on remediation activities to improve our cyber position.	March 2024	No	Progress on the 23 recommendations in collaboration with the Local Digital Cyber Support team is on track. As of 17th June, 2024, we have successfully implemented 13 recommendations, with 4 transitioning into regular

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	Targeted outcome	Strategic Risk <sup>1</sup>	Sponsor	Activity	Completion Date	Delivered	March 2024 Update
							business-as-usual activities. The remaining 10 recommendations are advancing steadily and are expected to be completed by the third quarter of 2024.
5.	To reduce and mitigate the impact of increased demands on Council Services from the impact of climate change and therefore to life.	The effects of climate change	ExDir Place	Replace street light lanterns with energy efficient LED.	October 2024	No	Approximately 13,000 street lanterns have been replaced by newer LED types lanterns. The SALIX grant ends at the end of March 2024, there were 900 lanterns that we were unable to replace due to logistical issues and timescales. We will be looking into delivering these lantern replacements through internal funding.
			ExDir Place	Fit electric vehicle chargers at park and ride sites; Council buildings and car park sites.	October 2024	No	<p>We are currently delivering EV chargers through the ORCS Phase 2 project, we have installed ~40% of the 270 chargers, with the remaining chargers on track to be installed over the next few months. EV Infrastructure will then be delivered through the governments LEVI funding, the timescales of which are being determined.</p> <p>Chargers have been installed at all SC depots (Whittington, Craven Arms and Longden Road). Chargers have also been installed in the Shirehall overflow carpark and will be finalised and 'turned on' for use imminently.</p> <p>Currently no SC park and ride sites have EV chargers installed, but we are considering all park and ride sites in our current Local Electric Vehicle Infrastructure (LEVI) fund application.</p>

Targeted outcome	Strategic Risk <sup>1</sup>	Sponsor	Activity	Completion Date	Delivered	March 2024 Update
		ExDir Place	Delivery of scheme assisting staff to reduce their carbon footprint.	Ongoing – To achieve Silver Carbon Literacy status requires 10% of workforce to be trained	No	Carbon Literacy Training - 9 cabinet members and 70 officers have completed the training to date. A short e-learning climate module has also been launched. To aid much needed spend reductions, Facilities Management in conjunction with the Climate Task Force will roll out the Climate Challenge annually (Summer/Autumn) together with a site manager checklist.
		ExDir Place	Establishment of Carbon credits opportunities for carbon reduction.	Anticipated September 2024	No	Shropshire Council is developing a biochar manufacturing plant using a process called pyrolysis (heating organic materials such as wood in the absence of oxygen). This will generate carbon offset credits, which the council can use or sell for additional revenue.
		ExDir Place	Shire Services will work with the Climate Change task force to develop information that can be shared in tenders and with clients regarding carbon reduction and environmental activities.	Dec 2023	No	Carbon Literacy Training Completed by Project Officer to understand climate change.  Exploring electric vans for all Shire Services fleet. Unable to source currently for the electric charging points at FEC. To Eliminate requirements two vans are going to be removed from the fleet, so Shire Services will only have one van moving forward. The remaining van will stay as a diesel until funding can be obtained for a charging point installation at FEC.  Working with food suppliers to reduce carbon footprint with ingredients and delivery methods of produce to sites.  New tenders are in process of going out with questions around carbon footprint reductions and locations of



	Targeted outcome	Strategic Risk <sup>1</sup>	Sponsor	Activity	Completion Date	Delivered	March 2024 Update
							warehouse distribution sites. To support reduction in carbon footprint.
6.	Deliver Projects that achieve savings targets and brings in sustainable income for the Council whilst maintaining a healthy commercial portfolio.	Failure to deliver the Commercial Strategy within agreed timescales and to levels approved by Council within the Financial Strategy prevents the Council from meeting savings targets and corporate outcomes.	ExDir Place	Recruitment of project managers to lead the delivery of the capital programme.	June 2023	Yes	<p>We have been developing a PMO within the Economic Growth team to ensure that we deliver the capital programme and track progress of major projects. Posts have been recruited to.</p> <p>There are several commercial projects which form part of the council's commercial transformation programme. Delivery plans and resourcing requirements which include those from the respective service areas, the OCE, corporate/ resources teams and from PWC where applicable are being drafted and shall be agreed at by the commercial transformation board.</p>
7.	A balanced budget is delivered.	Inability to deliver a balanced budget.	ExDir Resources	Working with Strategic Transformation Partner to set direction and deliver the spending reductions in 2023/24.	June 2023	<p>Strategic Transformation Partner spending reductions proposals developed by June 2023, with some in-year benefit.</p> <p>March 2025</p>	<p>Spending reduction plans prepared during the year supporting ongoing savings delivery, some within 23/24 and some for 24/25.</p> <p>£41m of spending reductions delivered in 2023/24 and budget contained within overall financial envelope with projected £4.6m remaining in General Fund Balance.</p> <p>Activity Complete</p> <p>Activity for 2024/25 with Strategic Partner centred around three key workstreams – Digital Customer, TOM and Third Party Spend.</p> <p>Delivery Plans for all spending reductions in 2024/25 have been</p>

Targeted outcome	Strategic Risk <sup>1</sup>	Sponsor	Activity	Completion Date	Delivered	March 2024 Update
			Service Delivery Plans and associated KPIs to be documented.		March 2025	completed. Service Improvement Plans for every area of the Council are being completed. Development and alignment of SIPs and Delivery Plans to TSP and PDPs is a development over 2024/25. Aspirational date is to have this completed, alongside a re-sized workforce, by March 2025. Regardless of delivery, that remains a review point for this work.
		ExDir Resources	Review and improve functionality and reporting from the ERP system.	Dec 2023	Partially by March 2024 Slippage in deliver based on development of business case to change supplier i.e. reluctance to invest in processes that may be terminated. Contract renewal date (date???) drives this behaviour.	We have made some significant improvements in the reporting from our ERP system, including the creation of managers dashboards that provide real-time insights and performance indicators. An options appraisal on the future of our ERP system is underway, in particular looking at the HR and Payroll elements. We want to ensure that our system is fit for purpose and meets our current and future needs. Additionally, we are looking at the feasibility of implementing a financial planning and analysis solution that is available in our ERP system. This would enable us to streamline our budgeting and forecasting processes, as well as improve our financial reporting and analysis capabilities. We are exploring the technical and functional requirements, as well as the potential impact and value of this solution.  Activity for 2024/25:  Development of ERP for remaining processes (e.g. General Ledger).  Development of Business Case for potential movement of systems for HR/Payroll.

	Targeted outcome	Strategic Risk <sup>1</sup>	Sponsor	Activity	Completion Date	Delivered	March 2024 Update
8.	Staff are healthy and happy.	Failure to manage and mitigate the mental health and well-being of staff	CEO	Extension of programme GLR for existing managers.  Define and implement service delivery plans.  Rollout of Personal Development Plans for all staff.	July 2023	July 2023	Phase 2(a) of GLR started September 2023 and due for completion March 2024. Total of 340 employees now completed the programme. Service Improvement Plans for 24/25 being drafted aligned to the MTFS. PDPs in place.  Activity Closed
9.	Adults are safe.	Failure to safeguard vulnerable adults	ExDir People	Work with transformation partner to review operating models.	Sept 2023	Yes	Operational changes have led to no waiting list in safeguarding. We work closely with partners to understand and embed the learning from SARs and we continue to monitor internally and through the SSCP.  This can be closed. Continue to have no waiting lists in safeguarding and so far in 2024 no SARs
			ExDir Place	Peer review in the field of housing and homelessness.	Dec 2023	Dec 2023	The Social Housing Regulator was invited to undertake a pilot inspection of the Council's housing provision, resulting in a positive report with recommendations for improvement which are now being implemented.  A review of homelessness services was undertaken by the consultancy Homeless Link in 2023, with its findings and recommendations now drafted into a new Homelessness Strategy which is going out to consultation.  Activity Closed
			ExDir Place	Second Tenants Voice conference where social housing tenants can find out more about the way in which their landlords, including Shropshire Council, can support them.	Dec 2023	Dec 2023	A survey of tenants to confirm their preferred communication showed that the conference approach was not favoured.  Instead, the Council and its ALMO have worked with local Registered Providers

	Targeted outcome	Strategic Risk <sup>1</sup>	Sponsor	Activity	Completion Date	Delivered	March 2024 Update
							to run a 'Together with Customers' forum for engaged tenants who wish to share insights with their landlords to shape and improve services. The first of these took place in 2023, the second is planned in April 2024 and will be picked up as part of ongoing work.  Activity Closed
10	Establishment of robust co-produced Health and Care system to deliver the desired outcomes.	Impact of pressures in the wider Health and Care system	ExDir Health, Wellbeing and Prevention	<p>Influence the governance of the new ICS to ensure all partners are equal within the system.</p> <p>Shropshire prevention strategy to highlight the role of communities in delivery of better outcomes and key actions.</p> <p>Increase delegation of responsibilities to place to allow more local leadership.</p> <p>Continue to build evidence in JSNA to reflect community level needs.</p>	March 2024	<p>March 2025</p> <p>Complete Jan 2024</p> <p>Dec 2025</p>	<p>We continue to work with the ICS regarding partnership work at a place (HWBB and SHIPP Shropshire level) and at an ICB and ICP system level. Bringing all key partners into the conversations and planning with an equal role. The last ICP (January 2024) reflected the partnership working with an agreement to collectively look at key topics in development sessions.</p> <p>Prevention Framework and Action Plan approved by HWBB in January 2024. Ongoing work to deliver the actions</p> <p>JSNA continues to be rolled out across the County with a plan to complete by the Autumn. Regular updates are shared with HWBB <a href="#">Place-based Joint Strategic Needs Assessment   Shropshire Council</a></p>

	<b>Committee and Date</b> Transformation & Improvement Scrutiny 3 <sup>rd</sup> June 2024	Item
	Cabinet 5 <sup>th</sup> June 2024	Public
	Audit Committee 27 <sup>th</sup> June 2024	



## Financial Outturn 2023/24

<b>Responsible Officer:</b>	James Walton
email: <a href="mailto:james.walton@shropshire.gov.uk">james.walton@shropshire.gov.uk</a>	Tel: 01743 258915
<b>Cabinet Member (Portfolio Holder):</b>	Cllr Gwilym Butler, Finance, Corporate Resources and Communities

### 1. Synopsis

Shropshire Council ended an exceptionally challenging financial year better than expected, with spending £7.877m outside of budget (an improvement of £6.7m compared to Quarter 3 estimates) this representing a 3.1% variance to net budget.

### 2. Executive Summary

2.1. This report provides a detailed review of Shropshire Council 2023/24 financial performance for revenue and capital.

2.2. The year just ended was, financially, exceptionally challenging for the Council. The budget agreed in March 2023 set the highest savings target in the Council's history and it became clear early in the year that significant demand pressures (emerging after the budget position was finalised) were persisting into the year. The previous quarterly reports have consistently set out this position, with substantial social care demand pressures and ongoing inflationary pressures juxtaposed with the most success in savings delivery yet seen.

2.3. Further success was seen between the last report (quarter 3) and this report, with a material movement in the position between forecast and final outturn, moving from

an £14.533m overspend estimated as at 31 December to a £7.877m actual overspend at 31 March within the space of only three months.

- 2.4. Despite ongoing pressures set out in the budget for the new financial year (2024/25) in the February 2024 Council papers, the results from the last financial year place the Council as well as can be expected to tackle what will undoubtedly be another highly challenging year requiring significant savings, careful management of demand pressures and reduction in overall spending.
- 2.5. The improved outturn position for the general fund balance will be carried forward to the new year. The MTFS approved by Council allowed for a further contribution of £30m to be made in 2024/25, creating a total general fund balance as at 1 April of £38m (reflected in the Period 1 report, also on this agenda). This is an improvement on the position for 2023/24 but remains below the risk-adjusted estimate for the target balance (£49m – as set out in the February 2024 MTFS) and also below the levels of balances held by similar authorities elsewhere in the country. In this sense, the levels of reserves cannot yet be considered as safe. It will be a priority in the 2024/25 year to safeguard that balance as far as possible to ensure that an adequate level of funding is held against any costs and pressures not covered in the budget estimates.
- 2.6. The key issues for the Council's financial performance in 2023/24 highlighted by this report are summarised below, **delivered within the requirements of The Shropshire Plan. The Council has:**
- a) **Substantially contained revenue expenditure within the available budget** (a variance of **£7.302m against net spending** representing 1.21% on the gross budget or 2.85% of net budget)
  - b) **Delivered £41.818m savings** (81% of the target, and by both value and percentage the highest ever achieved by the Council)
  - c) **Improved the overall financial variance when compared to that projected at Quarter 3** by £6.656m (£14.533m compared to £7.877m)
  - d) **Delivered a smaller overall overspend than delivered in the previous financial year** (£7.877m compared to £8.499m)
  - e) **Ensured the General Fund Balance has increased compared to the previous year** (£8.237m compared to £7.093m, with plans to improve this position again in 2024/25)
  - f) **Reprofiled the capital programme over the year**, aligning with revised delivery expectations, to £100.012m. Outturn capital expenditure for 2023/24 is £92.339m, representing 92.3% of the re-profiled budget. All £7.673m of the underspend has been carried forward to the 2024/25 programme.

**Table 1: 2023/24 Budget Variations by Service Area (£'000)**

Directorate	Revised Budget (£'000)	Controllable Outturn (£'000)	(Under)/Overspend (£'000)	(Under)/Overspend (%)	RAGY Classification
Health & Wellbeing	1,878	1,398	(480)		Y
People	198,118	206,497	8,379		R
Place	75,749	77,677	1,928		R
Resources	2,764	4,161	1,397		R
Strategic Management Board	163	303	140		R
<b>Service Delivery Budgets</b>	<b>278,672</b>	<b>290,035</b>	<b>11,364</b>	<b>3.83%</b>	
Corporate	(22,758)	(26,819)	(4,061)		Y
<b>Total Net Expenditure</b>	<b>255,914</b>	<b>263,216</b>	<b>7,302</b>	<b>2.85%</b>	
<b>Funded By:</b>					
Council Tax	(193,577)	(193,577)	0		
Business Rates	(39,424)	(39,424)	0		
Top Up Grant	(11,120)	(10,545)	575	5.17%	
Revenue Support Grant	(7,479)	(7,479)	0		
Collection Fund (Surplus)/Deficit	(4,314)	(4,314)	0		
<b>Total Funding</b>	<b>(255,914)</b>	<b>(255,339)</b>	<b>575</b>		
<b>Net Total Expenditure</b>	<b>0</b>	<b>7,877</b>	<b>7,877</b>	<b>3.1%</b>	

2.7. The key factors affecting the year end position for overall service delivery were:

- Activity in Children's Services was higher than anticipated when setting the budget. The increase in costs was partially offset by a contribution from the General Fund Balance.
- The service is bringing forward plans over the short to medium term to manage demand pressures. This includes the overhaul of Early Help, ensuring families get the support they need at the earliest possible stage. A new children's home, the fourth since 2020, reducing the use of private providers. Investment has provided support to children to return home from care, with lasting changes in place to keep families safely together. Work with schools and transport partners, enables more children to attend schools close to their homes.
- Activity in Adults' services increased when compared to budgeted levels, with costs of placements also increasing resulting in a significant cost pressure. Again, this was partially offset by a contribution from the General Fund Balance
- The service continues to implement demand management plans including a new joined-up partnership approach to help people recover more quickly after a stay in hospital and a virtual care project using assistive technology to connect residents to a virtual care team to aid independence.

2.8. Corporate budgets (including pensions costs, cost of finance, and other non-operational costs) returned an £4.061m surplus, which helped reduce the overall outturn variance to £7.877m (3.10%). This was driven by the following factors:

- Additional interest received on cash balances during 2023/24 and savings against the MRP budget as a result of managed slippage in the capital programme and higher interest rates
- Additional government grants reconciled and received at year end (£1.727m)
- Confirmed savings resulting from upfront payment of employers pension contributions

### 3. Recommendations

- 3.1. It is recommended that Transformation and Improvement Overview and Scrutiny Committee Members:
- a. Consider, with appropriate comment, this report and the recommendations made to Cabinet below.

- 3.2. It is recommended that Cabinet Members:

**In respect of the revenue budget:**

- a. Note that the outturn for overall variance in the year is £7.877m above budget.
- b. Note the consequent level of the General Fund balance is £8.237m.
- c. Note the service-related use of £19.424m of Earmarked Reserves & Provisions and the resulting level of earmarked reserves of £35.407m (£26.551m if the balances held by schools are excluded).
- d. Note the level of savings delivery achieved over the year
- e. Note that the combination of earmarked and un-earmarked (General) reserves of £43.644m is below a level that would be regarded as safe, taking into account local circumstances. The MTFs sets out an agreed plan to restore these balances to safer levels.

**Relating to ringfenced funding:**

- f. Note the performance of the Housing Revenue Account (HRA) – £0.623m (3%) deficit outturn for 2023/24 on £20.532m turnover, and the resulting level of the HRA reserve of £11.737m.
- g. Note the outturn for the DSG and the consequent level of the DSG reserve.
- h. Note that the level of school balances has decreased by £0.451m, from £7.791m in 2022/23 to £7.340m, in the financial year.

**In respect of the capital programme:**

- i. Approve net budget variations of £16.156m to the 2023/24 capital programme (in Appendix 10) and the re-profiled 2023/24 capital budget of £100.012m.
- j. Approve the re-profiled capital budgets of £117.776m for 2024/25, including slippage of £7.673m from 2023/24, £92.339m for 2025/26 and £48.873m for 2026/27 as detailed in Appendix 13.
- k. Accept the outturn expenditure set out in Appendices 11 and 12 of £92.339m, representing 92.3% of the revised capital budget for 2023/24.
- l. Approve retaining a balance of capital receipts set aside of £15.175m as at 31st March 2024 to generate a one-off Minimum Revenue Provision saving of £0.420m in 2024/25.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. The management of the Council's Budget is a key process in ensuring the strategic risks are mitigated and the Council can carry out the business as intended and planned for within the Financial Strategy.



- 4.2. When the Council set the Financial Strategy in March 2023, which underpins this report, it took into account the requirements of the relevant legislation and any necessary service user consultation.
- 4.3. The financial results for 2023/24 are better than anticipated, but remain significantly adverse. This highlights an ongoing risk that effective action to address and improve the forecast was not able to be delivered within the year.
- 4.4. The financial position of the Council will be significantly challenged through the new year, 2024/25, as the Council must reduce planned spending from c£771m to c£709m in order to remain within available resources. This £62m spending reduction exceeds the previous year as the largest savings programme the Council has ever undertaken. Delivery will ensure that the Council is in good financial health across the coming years.
- 4.5. Several measures are being undertaken to ensure that the Council has the best chance of success in facing the challenge and to learn from performance in 2023/24, including (for the new year):
- a. More frequent and regularised reporting to Cabinet
  - b. Reporting the projected financial position from the earliest possible point of the year
  - c. Clearer processes for identifying budget variations and appropriate corrective actions
  - d. Greater visibility of financial results and projections for budget managers and Directors
  - e. Closer alignment between performance and financial reporting

<i>Risk</i>	<i>Mitigation</i>
Revenue budget risks – the issues underlying the outturn position remain into the next financial year	<p>The budget for 2024/25 included growth for known demand pressures and inflationary pressures. Also, any known pressures were included as growth items.</p> <p>Additional funding has been built into the General Fund for 2024/25 and so can provide some resilience for any unforeseen pressures, however it is recognised that the General Fund Balance is not at a sufficient level to provide for all potential financial risks that could occur.</p>
Capital budget risks - inflationary pressures as the construction sector in particular is often highly exposed to price increases, and programme slippages as schemes are delivered slower (or faster) than anticipated. Also risks around generation of capital receipts for funding capital schemes, and transformation costs.	<p>The capital programme is reviewed quarterly and any updates or revisions to the capital programme are included within the review. A working group is set up to track delivery against capital receipts and progress for the year is detailed within the quarterly financial report.</p>

## 5. Financial Implications

- 5.1. This is the subject of the report. Failure to constrain spending within budgets leads to overspending, which must then be funded from un-earmarked reserves. The Council should carry un-earmarked reserves at a level of 5%-15% of turnover – or, £15m- £30m. The Council's Medium Term Financial Strategy, approved by Full Council in February 2024, includes provision to increase the general fund balance (our un-earmarked reserves) to these levels, provided that all spending for the year is constrained within the budgeted levels.
- 5.2. The MTFs also included an assessment of the level of risk being faced by the authority, across all areas of financial management. This concluded that the prudent level of reserves should be £50m based on that assessment. The council is moving towards a higher level of reserves, but this in itself must be risk-assessed and balanced against the impact on revenue budgets (a contribution to reserves is an expense, which will therefore increase required savings).

## 6. Climate Change Appraisal

- 6.1. The Council's Financial Strategy supports its strategies for Climate Change and Carbon Reduction in a number of ways. The future programme includes programmes to support a range of initiatives such as moving to LED street lighting; enabling agile and mobile working (including a move to hybrid working at the Council with officers predominantly working from home which has also helped to reduce officer travel); and support for Park and Ride schemes to reduce car emissions within the town centres. A specific climate change revenue budget is held in 2023/24 and further details about spend in this area is included in Appendix 1 to this report. Several areas of spend in the climate change budget are invest-to-save or future income generating schemes such as energy generation with solar PV or building energy efficiency measures. The climate change schemes involving the Council's assets or infrastructure are included within the capital programme of which further detail can be found within Appendix 16.

## 7. Background

- 7.1. Budget monitoring reports are produced regularly for Executive Directors, and quarterly for Cabinet, highlighting the anticipated year end projection. The outturn report confirms the actual year end position compared to those earlier projections.
- 7.2. The monitoring reports track progress against agreed budget decisions, consider any budget changes (including re-profiling on Capital), forecast any significant variances to the budget, and enable corrective action to be taken to ensure a balanced budget at year end. Capital schemes are similarly reported on an exception basis.

## 8. Additional Information

- 8.1. The Council approved a gross budget of £645.741m (net £255.914m) on 22<sup>nd</sup> March 2023. This included savings of £51.390m. The final outturn for 2023/24 shows controllable net revenue expenditure of £263.216m and a variance to net spending of £7.302m.

8.2. In addition, there has been a reduction in the value of the Top Up Grant received from the Government which makes up part of the Council's funding (£0.575m).

8.3. Therefore the overall financial variance, or total overspend, for the 2023/24 financial year was £7.877m.

## 9. Update on Savings Delivery

9.1. 81% of the 2023/24 savings required have been delivered. There was £9.572m of savings that have not been achieved in 2023/24. Some of these have been offset by growth in 2024/25, but any remaining will be carried forward to 2024/25 to be delivered as soon as possible. The savings outturn in 2023/24 are presented in Appendix 3. The impact on the outturn position of the savings that have not been delivered can be seen in Appendix 4.

## 10. Analysis of Outturn Projections including Ongoing Budget Pressures

10.1. The variance to net spending position in the revenue budget of £7.302m overspend (see paragraph 8.1 above) includes ongoing and new budget pressures identified. Appendix 4 reconciles the monitoring position to savings delivery.

## 11. General Fund Balance

11.1. A breakdown of transactions impacting on the General Fund in 2023/24 are detailed in Appendix 5 and this shows an increase in the balance held of £1.144m to £8.237m. The MTFS approved in March 2024 includes provision to increase this to safe levels, provided that spending is held within budgeted levels in the new financial year.

## 12. Housing Revenue Account

12.1. The Housing Revenue Account (HRA) outturn for 2023/24 shows a deficit of £0.623m against a budgeted deficit of £0.274m, giving a £0.349m variance against the approved budget. This was mainly due to a higher than budgeted contribution to the capital programme coupled with increased costs of supplies and services with dwelling depreciation. The was partially offset by a larger than expected interest receipt due to higher interest rates. As at 31 March 2024 the HRA reserve stood at £11.737m. A breakdown of the HRA is provided at Appendix 7.

## 13. Dedicated Schools Grant

13.1. There was a £4.771m in-year deficit reported against the Central Dedicated Schools Grant (DSG), leaving a cumulative DSG deficit of £2.590m at the end of the financial year. This in year-deficit was largely due to an in-year overspend reported on the High Needs Block of DSG totalling £4.015m. There was also an overspend of £0.351m against the Council's Schools Growth funding allocation of £0.303m, a £0.087m overspend on the Council's Early Years Block DSG allocation, as well as a £0.265m overspend reported against the Council's Central Schools Services Block DSG allocation.

13.2. The forecast overspend on High Needs Blocks of £4.015m is due to a significant increase in expenditure against the budget for Independent Special School placements in 2023-24. An overspend of £3.905m is reported on this budget line. There are several explanations for this. Firstly, the Council has experienced a sharp increase in demand for Independent Special School placements as evidenced by the number of new placements. This is a trend that was identified in 2022-23 but the increase has been even more pronounced in 2023-24 and particularly from the start of the 2023-24 academic year. Another trend that came to light in 2022-23 financial year, was the much more frequent use of independent alternative providers, particularly in relation to children who are post 16. Also, the average termly cost of a placement has increased in 2023-24 reflecting price inflationary pressures. The other trend which explains the overspend is that the value of, and number of contributions to complex, joint funded placements with social care and the Health has increased in 2023-24 relative to 2022-23 levels reflecting an increase in complexity. The Council has also seen a sharp increase in expenditure in 2023-24 relating to SEN Support Services.

13.3. A High Needs Block DSG 3 year forecast will be presented to Schools Forum in June 2024 with potential mitigations set out against the High Need Block DSG to bring the DSG financial position back into balance.

## 14. Reserves and Provisions

14.1. The overall position for reserves and provisions is set out in the Statement of Accounts 2023/24, however a detailed breakdown of the balances is contained at Appendix 8 and shows an overall reduction of £19.424m in reserves and provision (excl. delegated schools balances).

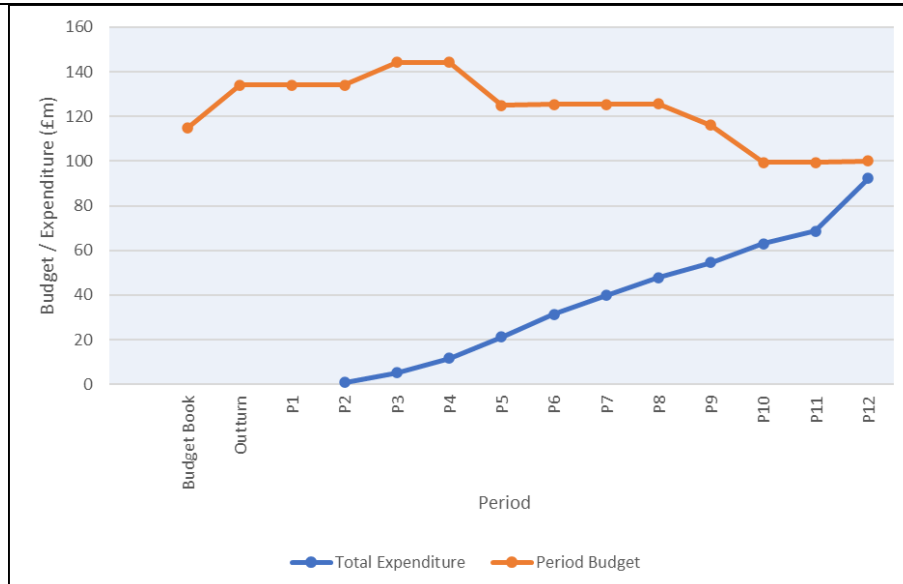
## 15. Original & Final Capital Programme for 2023/24

15.1. The capital budget for 2023/24 was subject to a review of all projects at Quarter 3 and re-profiling where required into future years with no further re-profiling into future years being anticipated during Quarter 4. However, in Quarter 4 it has been necessary to undertake further re-profiling of £20.442m. Additionally, in Quarter 4 there has been a net budget increase of £4.286m for 2023/24. In total, during Quarter 4 there has been a net budget decrease of £16.156m compared to the position reported at Quarter 3 2023/24. Appendix 9 summarises the overall movement, between that already approved and changes for Quarter 4 that require approval.

## 16. Capital Outturn Position

16.1. Outturn projections are incorporated into the capital monitor to enhance the monitoring information provided and allow the early identification where schemes are deviating from budget. Appendix 10 summarises the outturn position for 2023/24.

16.2. Total capital expenditure for 2023/24 was £92.339m, which equated to 92.3% of the re-profiled capital programme of £100.012m. The graph below shows actual expenditure by period and tracks the period-on-period changes to the budget.



16.3. There was a total variance of £7.673m between the revised Outturn Budget and the Outturn Expenditure. This underspend will be slipped to future years to facilitate completion of projects in delivery during in 2024-25 and beyond as required following a review of expected profiles. A summary of significant variances by directorate and service area are provided In Appendix 11.

## 17. Projected Future Capital Programme

17.1. Appendix 12 summarises the financing of the 2023/24 capital programme, changes made to Quarter 3 and to be approved to Quarter 4.

17.2. Within the financing of the Capital Programme £3.446m is funded from revenue contributions. The major areas of revenue contributions to capital are in ringfenced HRA monies to undertake new build schemes (£2.188m), essential repairs in relation to the Corporate Landlord estate (£0.992m) and Schools revenue contributions to various capital schemes (0.209m).

## 18. Projected Future Capital Programme

18.1. The updated capital programme and the financing of the programme is summarised by year in Appendix 13.

## 19. Capital Receipts Position

19.1. Appendix 14 summarises the current allocated and projected capital receipt position across 2023/24 to 2026/27.

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

Financial Strategy 2023/24 – 2027/28

Financial Rules

Financial Monitoring Report – Quarter 1 2023/24

Financial Monitoring Report – Quarter 2 2023/24

Financial Monitoring Report – Quarter 3 2023/24

**Local Member:** All

**Appendices** [Please list the titles of Appendices]

Appendix 1 – 2023/24 Budget Variations by Service

Appendix 2 – Movement in Projections Between Q3 and Outturn

Appendix 3 – Update on Delivery of 2023/24 Savings Proposals

Appendix 4 – Reconciliation of Monitoring Projections to Savings Delivery

Appendix 5 – General Fund Balance

Appendix 6 – Amendments to Original Budget

Appendix 7 – Housing Revenue Account

Appendix 8 – Reserves and Provision 2023/24

Appendix 9 – Revised Capital Programme

Appendix 10 – Capital Programme Outturn Position by Directorate 2023/24

Appendix 11 – Summary of Significant Variances Between Revised Capital Budget & Outturn Expenditure by Directorate and Service Area For 2023-24

Appendix 12 – Revised Capital Programme Financing 2023/24

Appendix 13 – Capital Programme 2024/25 To 2026/27

Appendix 14 – Projected Capital Receipts Position

Appendix 15 – Capital Programme Summary Outturn 2023/24

## APPENDIX 1

### 2023/24 BUDGET VARIATIONS BY SERVICE

#### 1.1 Summary

Revenue variances are reported on an exception basis depending on the total variance from budget, and the percentage change in projection in any one period.

- Green - variance +/- 1% (or £0.05m if budget less than £5m)
- Amber - overspend between 1%-2% (or £0.05m-£0.1m if budget less than £5m)
- Red - variance over 2% (or £0.1m if budget less than £5m)
- Yellow - underspend more than 1% (or £0.05m if budget less than £5m)

Directorate	Full Year			RAGY	FOR INFORMATION ONLY		
	Revised Budget £	Controllable Outturn £	Controllable Variation £		Outturn (inc. Non Controllable* Items) £	Non Controllable* Variation £	Total Variation £
Health & Wellbeing	1,878,200	1,398,308	(479,892)	Y	1,331,258	(736,170)	(1,216,062)
People	198,117,500	206,496,416	8,378,916	R	205,352,556	(11,397,540)	(3,018,564)
Place	75,749,590	77,677,251	1,927,661	R	77,125,622	(6,261,519)	(4,333,918)
Resources	2,763,930	4,160,647	1,396,717	R	4,104,466	(805,820)	590,897
Strategic Management Board	162,730	302,428	139,698	R	296,768	(21,330)	118,368
<b>Service Delivery Budgets</b>	<b>278,671,950</b>	<b>290,035,050</b>	<b>11,363,100</b>		<b>288,210,670</b>	<b>(19,222,379)</b>	<b>(7,859,280)</b>
Corporate Budgets	(22,758,300)	(26,819,301)	(4,061,001)	Y	(24,990,481)	19,226,820	15,165,819
<b>Total</b>	<b>255,913,650</b>	<b>263,215,748</b>	<b>7,302,098</b>		<b>263,220,189</b>	<b>4,441</b>	<b>7,306,539</b>

\*The non-controllable items included in the table above include items such as depreciation, impairment of assets, other capital charges and IAS19 (pension costs) that are not included within service projections throughout the year. These charges are produced at the year-end as they are calculated as part of the closedown procedures. The budgets for the year are set in the February of the preceding financial year, and rather than reallocate these budgets at the year end to match where the accounting entries are processed, we allow variations from budget to be reported instead. With the exception of insurance costs, the net effect of these variations across the Council will always be nil, as any overspends within non-controllable budgets for service areas will be offset by a Corporate underspend which reflects the statutory requirement that any variations in these budgets should not impact on the council tax payer and ultimately the Council Tax that we charge.

## 1.2 Detail Of Controllable Outturn And Variations By Service Area

### Directorate Summary

PEOPLE		Budget	Controllable Outturn	Controllable Variance	RAGY
<b>Total</b>		<b>198,117,500</b>	<b>206,496,415</b>	<b>8,378,916</b>	<b>R</b>
<b>Adult Social Care Business Support and Development</b>	<b>Adult Social Care and Public Health</b>	<b>3,765,430</b>	<b>3,449,266</b>	<b>-316,164</b>	<b>Y</b>
Controllable variance equates to; (£0.290m) of capitalisation of posts to support transformational activity (£0.069m) Implementation of Supported Accommodation Reforms Grant received Increase in the provision of Bad Debt £0.040m Enable additional receipts (£0.052m) Joint Training under achievement of income £0.019 and additional expenditure on PDU £0.013m Care Cap Charging Reform £0.010m					
<b>Adult Social Care Management</b>	<b>Adult Social Care and Public Health</b>	<b>1,117,730</b>	<b>748,730</b>	<b>-369,000</b>	<b>Y</b>
Controllable variance equates to; (£0.290m) of capitalisation of posts to support transformational activity Savings as a results of vacancy management (£0.087m) £0.024m relates to low-level efficiency savings unachieved.					
<b>Adult Social Care Provider Services</b>	<b>Adult Social Care and Public Health</b>	<b>3,933,720</b>	<b>4,140,665</b>	<b>206,945</b>	<b>R</b>
External Day Service Providers, Shared Lives Contract £0.025m under achievement of Housing Benefit Income and an increase of £0.040m in payments to Private Contractors. Adults Prevention Service £0.087m being payments for British Red Cross and CUBE made to Public Health. Internal Day Services (£0.088m) and Internal Nursing Services (£0.081m) underspend due to vacancies within the service START Winter Pressure £0.262m relating to additional staffing not budgeted for.					
<b>Adult Social Care Operations</b>	<b>Adult Social Care and Public Health</b>	<b>118,141,330</b>	<b>120,508,706</b>	<b>2,367,376</b>	<b>R</b>
Transport Services £0.608m additional spend, this is made up of £0.337m Taxi Costs, Additional Agency Staff costs of £0.144m and Employee Recharge costs of £0.145m. A reduction of £0.014m in the Hire of Transport Recharges Supported Living expenditure of £0.166m relating to void properties. £15.702m gross purchasing pressure is split across base budget, where numbers of service users and cost of placements are higher than anticipated at budget setting, but lower than they were as at 1st April 2023. We have seen an increase in nursing care, highlighting a complexity in people's needs from the community and through the hospital discharge routes. We have also seen more packages of care commissioned within peoples' homes, reducing the waiting lists but costs have increased. Work is on-going with the market to manage the increased costs of care. Finally, we have seen further pressures due to the continued need to support hospital discharges and short-term care provision which has resulted in higher costs. One-off funding has been applied to offset these pressures. • (£4.277m) anticipated over achievement of client contributions to care costs. As per the pressure on expenditure, due to greater number of individuals being supported than budgeted for, we received a greater amount of contributions being collected. Non-purchasing: • (£9.500m) contribution from the General Fund. Short term funding to address demand-led pressures. • (£0.521m) Staff capitalisation as a result of undertaking transformational activity • £0.261m increase in the provision of Bad Debt					
<b>Children's Social Care and Safeguarding</b>	<b>Children &amp; Education</b>	<b>49,240,040</b>	<b>52,582,108</b>	<b>3,342,068</b>	<b>R</b>
• £0.270m relates to low-level efficiency savings unachieved. The service used "one-off" savings in other areas to achieve this savings target this year, however further work is required to determine how to achieve this on an ongoing basis. • £1.772m overspend on staffing due to agency social workers covering staff vacancies, sickness leave and maternity leave (recruitment and retention in children's social work staffing is a nationally recognised issue). This figure includes a £0.335m one-off budget pressure from an additional capacity Social Work Team/Court Team that was brought in temporarily to cope with increased demand. It also includes £1.166m of posts capitalised as working on transformational projects e.g. Stepping Stones Project. • £6.867m overspend on external residential placement costs reflecting 57 external residential spot/framework placements as at the end of March 2024. The sharp increase in the number of residential spot/framework placements in 2022/23 means that the number of children in this type of placement far exceeds the budgeted number in 2023/24 (although this has been addressed in the 2024/25 budget). Although the increase in external residential spot/framework placements did stabilise in quarter 1, the service experienced an increase of 14 new external residential spot/framework					



placements in quarter 2 which included 2 large sibling groups. In Quarters 3 and 4, the numbers have remained fairly flat, although a lack of fostering capacity has meant that the service has experienced delays in moving children on from residential to fostering placements which has had an adverse effect on the monitoring position. In spite of a number of challenges, the Stepping Stones Project achieved cost reductions totalling £1.551m exceeding the savings target of £1.000m. This was achieved through the successful step down of 39 children to lower cost fostering placements or home. 17 of these step downs were from high-cost residential placements. In addition to that, the project avoided 75 placements which would have resulted in £2.770m of additional expenditure in 2023/24.

- £2.421m overspend on Fostering. The majority relates to External Fostering (£1.028m), partly explained by unachieved saving of £0.493m. The remaining £0.898m relates to Internal Fostering fees and allowances. There was also an overspend of £0.495m on Supported Accommodation.
- £1.018m overspend in the Disabled Children's Team (excluding staffing). £0.665m of this overspend relates to bespoke, short term care packages of prevention and support for disabled children and £0.330m relates to direct payments for disabled children. There has been a significant increase in demand, evidenced by a 300% increase in referrals. As well as an increase in the numbers of children requiring support, there has been an increase in the number of support hours per child, which indicates an increase in complexity.
- £0.309m overspend in the Leaving Care Team (excluding staffing). £0.239m of this overspend relates to accommodation costs for care leavers and allowances paid to care leavers, reflecting an increase in the number of children staying in relatively high cost supported accommodation placements beyond their 18th birthday. The remaining £0.070m relates to discretionary Council Tax relief for care leavers.
- £0.293m overspend in Adoption Services. £0.202m relates to Adoption Allowances, where there has been a significant increase in 2022/23 and 2023/24. £0.036m overspend was against the budget for intra agency adoption placements reflecting the trend across the region of more children being placed with voluntary adoption agencies.
- £0.428m overspend relates to the Public Law Outline (PLO) Support Packages budget where demand for expenditure relating to court-ordered items such as legal costs and medical assessments has increased.
- £1.059m overspend relating to other costs such as transport recharges and taxi costs, childcare payments, parenting assessments and interpreting fees. These costs have increased in line with the increase in demand.
- A contribution of £11.000m from the General Fund was built in in 2023/24 as one-off funding to address demand-led pressures. The service is adopting a number of strategies to address the recurrent budget pressures, particularly around residential placements e.g. the Stepping Stones Project and increasing internal foster care capacity. There is acknowledgement that demand has increased significantly over the last few years so there is emphasis on preventing demand in to the social care system early through family support. This is being progressed through the "Best Start in Life", "Integration" and "Early Help Transformation" projects.

<b>Children's Early Help, Partnerships and Commissioning</b>	<b>Children &amp; Education</b>	<b>3,268,140</b>	<b>2,852,401</b>	<b>-415,739</b>	<b>Y</b>
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- The majority of the underspend (£0.241m) is due to delays in recruiting staff to vacancies within the Early Help Family Hubs. The service is undergoing a major restructure to be implemented in the Summer of 2024 so these posts will be filled on an ongoing basis.
- £0.020m of underspend relates to premises related costs such as Rates and building rental charges and other supplies and services.
- In 2023/24, the service used a £0.161m one-off contribution from Supporting Families Grant to fund staff within the Early Help Family Hubs. This measure was taken to achieve a 5% staff turnover savings target in 2023/24 until the saving is achieved on an ongoing basis through the Early Help restructure. The £0.161m savings target line sits within the People Directorate Management although it relates to Early Help.

<b>Learning and Skills</b>	<b>Children &amp; Education</b>	<b>18,190,420</b>	<b>19,229,547</b>	<b>1,039,127</b>	<b>R</b>
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- £1.022m of overspend relates to Home to School Transport budget where the budget is £13.676m. The service achieved savings totalling £0.202m against TMBSS transport through a network review and the value of this saving will be higher for 2024/25 when the full year effect of the saving is realised. A £0.100m savings target on SEND Transport was also delivered. Despite this, the service has experienced a large increase in the number of routes/journeys paid for, particularly in the SEND Transport budget areas where the Council has seen a large increase in the number of pupils with SEND being placed at Independent Special Schools. £0.717m of the £1.022m overspend related to Special home to school transport, £0.214m relates to Mainstream school transport and £0.091m to the Children's transport fleet. This financial year has seen an acceleration of the trend experienced in 2022/23.
- £0.082m overspend relates to the Council's Fully Traded Schools Library Service as the income from schools did not cover the expenditure of running the service. The outturn position was negatively impacted by some one-off staffing costs, without which the deficit would have been £0.058m.
- £0.100m overspend relates to ongoing cost commitments that the service has in relation to former Teacher's Pension payments. These cost commitments were entered into many years ago and have increased in line with inflation.
- Partially offsetting these overspends, an underspend of £0.055m is reported within Learning & Skills Business Support relating to the use of capital receipts funding against a post on the basis that this post has been identified as working on a transformational project, one-off in this financial year.
- There was a £0.090m underspend on staffing within several Schools Support Services due to temporary vacancies. Some of this underspend relates to a vacant post within the Council's NEETs data tracking team.

<b>People Directorate Management</b>	<b>Adult Social Care and Public Health</b>	<b>460,690</b>	<b>2,984,994</b>	<b>2,524,304</b>	<b>R</b>
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The forecast overspend relates to unachieved local shares of organisation wide savings targets.

PLACE		Budget	Controllable Outturn	Controllable Variance	RAGY
<b>Total</b>		<b>75,749,590</b>	<b>77,677,251</b>	<b>1,927,661</b>	<b>R</b>
<b>Housing Services</b>	<b>Housing and Assets</b>	<b>4,269,970</b>	<b>4,707,740</b>	<b>437,770</b>	<b>R</b>
Housing Services have worked hard to reduce the numbers in B&B currently 125, as well as driving down accommodation costs for each placement. This work is ongoing alongside a number of temporary accommodation projects in the pipeline. Further to this, costs have been reduced for a range of support services, and a restructure is now planned to deliver staffing efficiencies. Overspend on Housing Service of £0.438m due to additional costs on Care Management and Temporary accommodation.					
<b>Bereavement Services</b>	<b>Planning and Regulatory Services</b>	<b>-242,040</b>	<b>-257,935</b>	<b>-15,895</b>	<b>Y</b>
Minor Variance from Budget at outturn					
<b>Business and Consumer Protection</b>	<b>Planning and Regulatory Services</b>	<b>1,989,670</b>	<b>1,671,416</b>	<b>-318,254</b>	<b>Y</b>
Additional income from Licences and Blue Badges and some staffing vacancy savings					
<b>Registrars and Coroners</b>	<b>Planning and Regulatory Services</b>	<b>565,950</b>	<b>406,325</b>	<b>-159,625</b>	<b>Y</b>
Large increase in advance bookings and service delivery offset in part by additional costs					
<b>Assistant Director Commercial Services</b>	<b>Housing and Assets</b>	<b>50,080</b>	<b>162,975</b>	<b>112,895</b>	<b>R</b>
Overspend of £0.111m relating to undelivered Getting Leadership Right savings					
<b>Corporate Landlord, Property and Development</b>	<b>Housing and Assets</b>	<b>3,431,290</b>	<b>1,987,472</b>	<b>-1,443,818</b>	<b>Y</b>
Reserves used to offset some unachievable savings targets in-year. £1.400m rates rebate received in-year due to revaluation of a number of properties plus savings and additional income achieved by Darwin Shopping Centre.					
<b>Shire Services</b>	<b>Housing and Assets</b>	<b>0</b>	<b>62,245</b>	<b>62,245</b>	<b>A</b>
Overspend of £0.062m resulting from 'one off' staff restructuring costs					
<b>Director of Place</b>	<b>Housing and Assets</b>	<b>-752,141</b>	<b>591,860</b>	<b>1,344,001</b>	<b>R</b>
Unachieved savings targets which were Council Wide, some have been partly achieved across the service areas					
<b>Assistant Director Economy &amp; Place</b>	<b>Growth and Regeneration</b>	<b>164,630</b>	<b>311,170</b>	<b>146,540</b>	<b>R</b>
Overspend relating to undelivered Getting Leadership Right savings and cost of office alterations in the Darwin Centre.					
<b>Planning Services</b>	<b>Planning and Regulatory Services</b>	<b>701,200</b>	<b>1,198,896</b>	<b>497,696</b>	<b>R</b>
Reduced income from planning applications (mainly major applications) and land charges (search) income, this has been offset by staffing savings, reduced expenditure on contractors and use of reserves.					
<b>Economic Growth</b>	<b>Growth and Regeneration</b>	<b>1,320,700</b>	<b>1,190,544</b>	<b>-130,156</b>	<b>Y</b>
Underspend from staff vacancies, grant income received and use of reserves					
<b>Broadband</b>	<b>Culture and Digital</b>	<b>174,190</b>	<b>130,287</b>	<b>-43,903</b>	<b>Y</b>
Staffing savings resulting from a reduction in hours and vacancy, and capitalisation of some costs					
<b>Policy and Environment</b>	<b>Planning and Regulatory Services</b>	<b>1,919,870</b>	<b>1,845,672</b>	<b>-74,198</b>	<b>Y</b>
Savings on vacancy management and use of reserves					
<b>Shrewsbury Shopping Centres (Commercial)</b>	<b>Growth and Regeneration</b>	<b>100</b>	<b>-</b>	<b>-100</b>	<b>Y</b>
Minor variance from budget at outturn					
<b>Culture, Leisure &amp; Tourism Development</b>	<b>Culture and Digital</b>	<b>19,320</b>	<b>3,420</b>	<b>-15,900</b>	<b>Y</b>
Minor variance from budget at outturn					

PLACE		Budget	Controllable Outturn	Controllable Variance	RAGY
<b>Highways &amp; Transport</b>	<b>Highways</b>	<b>17,567,760</b>	<b>17,124,577</b>	<b>-443,183</b>	<b>Y</b>
Use of transport grants, release of transport provision (no-longer required) and managing the programme of works to maximise savings					
<b>Shropshire Hills National Landscape</b>	<b>Culture and Digital</b>	<b>38,710</b>	<b>38,709</b>	<b>-1</b>	<b>G</b>
Minor variance from budget at outturn					
<b>Outdoor Partnerships</b>	<b>Culture and Digital</b>	<b>1,245,121</b>	<b>1,301,422</b>	<b>56,301</b>	<b>A</b>
Reduction in parking income and variances against employee related expenditure.					
<b>Leisure</b>	<b>Culture and Digital</b>	<b>1,801,910</b>	<b>2,391,684</b>	<b>589,774</b>	<b>R</b>
Large variances due to closures and maintenance of centres, resulting in compensation charges and utilising casual staff, without which centres could not open					
<b>Libraries</b>	<b>Culture and Digital</b>	<b>3,362,630</b>	<b>3,393,947</b>	<b>31,317</b>	<b>G</b>
Libraries overspend £0.031m multiple smaller variances across various sites, but largely attributable to lower income than expected and redundancy costs					
<b>Museums and Archives</b>	<b>Culture and Digital</b>	<b>1,233,450</b>	<b>1,111,537</b>	<b>-121,913</b>	<b>Y</b>
Museums and archives -£0.122m largely due to the Invest to Save project to support the transfer of Acton Scott Historic Working Farm.					
<b>Theatre Services</b>	<b>Culture and Digital</b>	<b>228,810</b>	<b>-310,539</b>	<b>-539,349</b>	<b>Y</b>
Overall services generated additional (net) income (excellent levels of admissions and lettings, combined with a lower proportion of production costs).					
<b>Waste Management</b>	<b>Deputy Leader, Climate Change, Environment and Transport</b>	<b>33,843,980</b>	<b>35,841,882</b>	<b>1,997,902</b>	<b>R</b>
Includes £4.125m outstanding Waste PFI saving, some of which has been found in-year and partly offset by £400k contribution from Energy Share					
<b>Assistant Director Highways and Transport</b>	<b>Highways</b>	<b>101,180</b>	<b>272,839</b>	<b>171,659</b>	<b>R</b>
Overspend relating to undelivered low-level efficiency savings.					
<b>Commercial Services Business Development</b>	<b>Housing and Assets</b>	<b>94,290</b>	<b>149,521</b>	<b>55,231</b>	<b>A</b>
Shortfall on Sponsorship income budget offset by salary contribution from capital					
<b>Head of Culture, Leisure &amp; Tourism</b>	<b>Culture and Digital</b>	<b>682,640</b>	<b>305,729</b>	<b>-376,911</b>	<b>Y</b>
Restructure and reduction of Senior Management Team with fewer posts, supplemented by used of Reserves to support some leisure activities.					
<b>Climate Change</b>	<b>Deputy Leader, Climate Change, Environment and Transport</b>	<b>-30,700</b>	<b>-7,440</b>	<b>23,260</b>	<b>G</b>
Minor variance from budget at outturn.					
<b>Highway Policy &amp; Strategic Infrastructure</b>	<b>Deputy Leader, Climate Change, Environment and Transport</b>	<b>2,097,710</b>	<b>1,845,909</b>	<b>-251,801</b>	<b>Y</b>
Reduction achieved through grant received and use of reserves.					
<b>Assistant Director Homes and Communities</b>	<b>Housing and Assets</b>	<b>-181,720</b>	<b>160,029</b>	<b>341,749</b>	<b>R</b>
Overspend on AD Homes & Communities £0.341m (£0.135m of which is unachieved GLR savings, £0.112m reduced capital recharges, £0.079m unachieved savings achieved elsewhere in Place directorate and £0.015m overspend on Shropshire Local)					
<b>Housing Development and HRA</b>	<b>Housing and Assets</b>	<b>51,030</b>	<b>45,359</b>	<b>-5,671</b>	<b>Y</b>
Minor variance from budget at outturn.					

RESOURCES		Budget	YTD Actuals	Controllable Variance	RAGY
<b>Total</b>		<b>2,763,930</b>	<b>4,160,657</b>	<b>1,396,717</b>	<b>R</b>
<b>Automation and Technology</b>	<b>Culture and Digital</b>	<b>211,950</b>	<b>-489,903</b>	<b>-701,853</b>	<b>Y</b>
Savings were delivered in year from a combination of contract management, efficiencies across supplies and services, and vacancy management alongside capitalisation of posts undertaking transformational activities.					
<b>Communications &amp; Engagement</b>	<b>Leader, Policy and Strategy, Improvement and Communications</b>	<b>626,180</b>	<b>-142,531</b>	<b>-768,711</b>	<b>Y</b>
Unachieved savings relating to CCTV Partnership funding and getting leadership right have been offset by additional turnover within the service area and capitalisation of posts undertaking transformational activities					
<b>Business Improvement: Data, Analysis and Intelligence</b>	<b>Culture and Digital</b>	<b>-18,300</b>	<b>-46,431</b>	<b>-28,131</b>	<b>Y</b>
Minor variance from budget at outturn which relates to vacancy management savings.					
<b>Human Resources and Organisational Development</b>	<b>Finance, Corporate Resources and Communities</b>	<b>-84,950</b>	<b>-8,991</b>	<b>75,958</b>	<b>A</b>
Unachieved savings targets of £0.118m regarding de-prioritised efficiency savings. SLA income pressures identified within the service of £0.135m have been partly offset by savings from planned vacancy management and anticipated additional income generated from training courses within Health and Safety on a one-off basis.					
<b>Finance</b>	<b>Finance, Corporate Resources and Communities</b>	<b>2,146,050</b>	<b>2,560,926</b>	<b>414,876</b>	<b>R</b>
There were unachieved savings targets relating to efficiency review targets, these were partly offset by savings efficiencies across supplies and services, and vacancy management.					
<b>Pensions</b>	<b>Finance, Corporate Resources and Communities</b>	<b>-3,930</b>	<b>132,282</b>	<b>136,212</b>	<b>R</b>
It had been anticipated that all costs would be rechargeable to the Shropshire County Pension Fund (SCPF), however, some staff time was allocated to supporting Shropshire Council treasury management tasks in year and was not chargeable to SCPF as anticipated.					
<b>Commissioning Development and Procurement</b>	<b>Finance, Corporate Resources and Communities</b>	<b>-213,520</b>	<b>-253,973</b>	<b>-40,453</b>	<b>Y</b>
Savings were delivered in year from a combination of contract management, efficiencies across supplies and services, and vacancy management.					
<b>Risk Management</b>	<b>Finance, Corporate Resources and Communities</b>	<b>-14,130</b>	<b>-14,175</b>	<b>-45</b>	<b>Y</b>
Minor variance from budget at outturn.					
<b>Democratic Services</b>	<b>Finance, Corporate Resources and Communities</b>	<b>231,850</b>	<b>99,931</b>	<b>-131,919</b>	<b>Y</b>
Savings within Democratic Services across supplies and services budgets of (£0.130m).					
<b>Elections</b>	<b>Finance, Corporate Resources and Communities</b>	<b>560,220</b>	<b>533,915</b>	<b>-26,305</b>	<b>Y</b>
In year savings relating to vacancy management and across supplies and services budgets totalling (£0.049m).					
<b>Legal Services</b>	<b>Finance, Corporate Resources and Communities</b>	<b>-219,250</b>	<b>182,508</b>	<b>401,758</b>	<b>R</b>
Vacancy management savings within legal services budget and savings against Legal disbursement charges have been offset by spend on locum costs, and counsel fees in relation to covering a very significant rise in the number and complexity of legal childcare cases.					

RESOURCES		Budget	YTD Actuals	Controllable Variance	RAGY
<b>Policy and Governance</b>	<b>Finance, Corporate Resources and Communities</b>	-69,650	-144,092	-74,442	Y
Savings have been delivered in year from budgets held for brought in service support, supplies and services and additional income generation.					
<b>Resources Management Team</b>	<b>Finance, Corporate Resources and Communities</b>	-971,470	-74,622	896,848	R
There were unachieved savings targets of £0.979m, these were partly offset by the receipt of additional grant and income at year end.					
<b>Housing Benefits</b>	<b>Finance, Corporate Resources and Communities</b>	512,130	1,728,166	1,216,036	R
There were unachieved savings targets of £1.000m from a reduction in housing benefit subsidy loss from accommodating people in B&B accommodation to prevent homelessness, this saving has been undeliverable in-year, however solutions are being investigated as to how this can be moved forwards by housing in future years.					
<b>Scrutiny</b>	<b>Finance, Corporate Resources and Communities</b>	70,750	97,637	26,887	G
Minor variance from budget at outturn.					

CORPORATE		Budget	Controllable Outturn	Controllable Variance	RAGY
<b>Total</b>		-22,758,300	-26,819,301	-4,061,001	Y
<b>Corporate Budgets</b>	<b>Finance, Corporate Resources and Communities</b>	-22,758,300	-26,819,301	-4,061,001	Y
At year end £2.303m of Organisation Wide savings were unachieved, and £0.214m unachieved PFI savings, these have been offset by combined savings of (£0.013m) against non-distributable costs and corporate subscriptions, (£3.594m) from interest receivable and payable, MRP one off savings of (£0.592m), and (£0.572m) capital receipts set aside saving (one-off) for 23/24. Additionally at year end additional Section 31 as a result of an additional multiplier payment was received of £1.167m, as well as additional Levy Surplus Grant (£0.428m) and Business Rates Green Plant & Machinery Grant (£0.127m), and realisation of the benefit from paying the pension contributions upfront of £0.465m. There were additional savings realised in year from a reduction in the contribution to the costs of Transformation due to the ability to utilise capital funding towards the costs.					

HEALTH & WELLBEING		Budget	Controllable Outturn	Controllable Variance	RAGY
<b>Total</b>		1,878,200	1,398,308	-479,892	Y
<b>Regulatory Services</b>	<b>Planning and Regulatory Services</b>	1,878,200	1,403,308	-474,892	Y
Controllable variance £0.475m - The Director of Public health agreed that a further £0.461m of the Public Health Grant should be used to fund activities delivering public health outcomes within Regulatory Services including Community Safety. The balance of favourable variances is due to prudent use of discretionary budgets.					
<b>Ring Fenced Public Health Services</b>	<b>Adult Social Care and Public Health</b>	0	-5,000	-5,000	Y
Minor variance to budget at year end. However, the directorate has been able to identify £0.946m of its expenditure as transformational and this has enabled it to use this amount to embed prevention and wellbeing into services provided by other directorates, improving outcomes and reducing the corporate overspend by £0.426m in Regulatory services and by £0.407m in the Resources (customer) directorate, through a monitored and managed process of substitutions in line with the grant Terms and Conditions. The Directorate also has been able to access £1.329m of additional grant funding for its work with people involved with substance misuse. The Public Health Grant reserve balance was £4.215m at the start of the year and £1.127m has been utilised in 23/24. There is a clear plan for the utilisation of the balance of £3.088m over the coming two years aligned to Public Health Outcomes and OHID priorities and conditions. The directorate has been able to invest over £3m more than the Public Health Grant in Public Health outcomes in the year through the mechanisms outlined above.					

STRATEGIC MANAGEMENT BOARD		Budget	YTD Actuals	Controllable Variance	RAGY
<b>Total</b>		<b>162,730</b>	<b>318,098</b>	<b>139,698</b>	<b>R</b>
<b>Chief Executive &amp; PAs</b>	<b>Leader, Policy and Strategy, Improvement and Communications</b>	<b>145,770</b>	<b>149,439</b>	<b>3,669</b>	<b>G</b>
Minor variance from budget at outturn.					
<b>Programme Management</b>	<b>Leader, Policy and Strategy, Improvement and Communications</b>	<b>16,960</b>	<b>152,990</b>	<b>136,030</b>	<b>R</b>
The programme management office is focused on delivering transformation across the organisation, it had initially been anticipated that all costs would be able to be capitalised, however following a detailed review of transactions it was determined that some would not be eligible under the capitalisation direction.					

### 1.3 2023/24 REVENUE OUTTURN BY PORTFOLIO HOLDER

Portfolio Holder	Full Year		
	Revised Budget £'000	Controllable Outturn £'000	Controllable Variance £'000
Portfolio Holder Adult Social Care and Public Health	131,071	135,480	4,409
Portfolio Holder Children and Education	77,688	81,653	3,965
Deputy Leader and Portfolio Holder Climate Change, Environment and Transport	36,032	37,801	1,769
Portfolio Holder Housing and Assets	9,379	10,276	898
Portfolio Holder Growth and Regeneration	1,690	1,707	16
Portfolio Holder Highways	18,408	18,136	(272)
Portfolio Holder Planning and Regulatory Services	8,363	7,818	(545)
Leader and Portfolio Holder Policy and Strategy, Improvement and Communications	896	267	(629)
Portfolio Holder Culture and Digital	9,993	8,849	(1,144)
Portfolio Holder Finance, Corporate Resources and Communities	(37,607)	(38,772)	(1,165)
<b>Total</b>	<b>255,914</b>	<b>263,216</b>	<b>7,302</b>

## APPENDIX 2

### MOVEMENT IN PROJECTIONS BETWEEN Q3 AND OUTTURN

Directorate	Q3 Controllable Variance £'000	Outturn Controllable Variance £'000	Movement £'000	Key Reasons for Movement
Health & Wellbeing	(12)	(480)	(467)	The Director of Public health agreed that a further £0.461m of the Public Health Grant should be used to fund activities within Regulatory Services that deliver public health outcomes. The balance of favourable variances is due to prudent use of discretionary budgets.
People	7,955	8,379	424	<ul style="list-style-type: none"> <li>•£0.261m to increase Bad Debt provision across Adult Social Care.</li> <li>•£0.336m Increase in Short Term back dated contracts</li> <li>•(£0.933m) Contribution received Hospital Discharge Gap</li> <li>• (£0.069m) Implementation of Supported Accommodation Reforms Grant received</li> <li>• (£0.076m) decrease relates to a release of Bad Debt provision</li> <li>• (£0.048m) net decrease relates to staffing including; an increase in the value of the credit received from the capitalisation of posts working on transformational projects; and an increase in staffing costs across Social Work Teams, including further Social Worker retention payments.</li> <li>• £0.173m increase relates to Internal Residential Homes</li> <li>• £0.125m increase in overspend on Disabled Children's Team; DCT Prevention and Support payments (£0.081m) and DCT Direct Payments (£0.080m)</li> <li>• £0.138m increase in overspend on 16-18 Supported Accommodation</li> <li>• (£0.089m) decrease in Leaving Care accommodation/allowances</li> <li>• (£0.083m) decrease in overall expenditure on External Residential Placements</li> <li>• £0.568m increase in Home to School Transport due to an increase in demand particularly on SEND Transport</li> <li>• £0.100m increase against former Teacher's Pension compensation payments</li> </ul>
Place	3,545	1,928	(1,617)	<p>Rates rebates on multiple properties for multiple years across Corporate Landlord.</p> <p>Additional unplanned spend within Property Services Group and Corporate Landlord (inc. £0.052m RAC in Whitchurch and various other one off's) plus additional income received at Darwin Shopping Centre.</p> <p>Shire Services £0.060m due to one-off costs associated with staffing re-structure.</p> <p>Application of additional grant income received and use of reserves across Economy and Place.</p> <p>Greater projections in relation to staff capitalisation across Highways.</p>



				£0.177m variance to Q3 in Housing due to increased costs on Care Management and Temporary accommodation, and £0.101m adverse variance on Assistant Director of Homes & Communities due to reduction in staff capitalisation assumptions, savings achieved elsewhere in place and overspend on Shropshire Local. Business Consumer Protection generated greater income from PCNs, taxi badges and private hire vehicles than anticipated by -£0.170m, Theatre Services improvement due to lower production costs and lettings -£0.0401m, Leisure Services position improved by -£0.283m due to capitalisation of staff undertaking transformational activities.
Resources	2,877	1,397	(1,481)	Assumed capitalisation of ICT staffing built in (£0.637m) of which (£0.300m) is attributable to the customer programme, and additional Household Support Fund grant drawdown in Revenues & Benefits. Not all cost for Treasury Management able to be recharged to the Pension Fund as originally forecast. At P10 Public Health grant substitution of (£608k) was applied on a one-off basis across appropriate areas of customer journey savings. Review of staff capitalisation across the service, application of grant income and additional income alongside prudent review of discretionary budgets across Communications and Engagement. Additional grant income of (£0.111m) relating to Apprenticeship Levy applied at year end.
Strategic Management Board	(2)	140	142	Staff capitalisation on transformation projects has been applied 2023/24 (£0.117m) - capped at 80% of staff time – some initial projections were based on 100% staff time being capitalised.
Corporate Budgets	(404)	(4,061)	(3,657)	Additional government grant income of (£1.693m), (£1.156m) of additional interest receivable/payment, and reduced contribution to transformation costs as a result of utilisation of capital funding for transformation costs.
<b>Total</b>	<b>13,959</b>	<b>7,302</b>	<b>(6,657)</b>	

## APPENDIX 3

### UPDATE ON DELIVERY OF 2023/24 SAVINGS PROPOSALS

#### Summary

The savings delivered for 2023/24 are detailed in the table below:

Directorate	Delivered £'000	Savings not delivered £'000	Total £'000
Health & Wellbeing	653	0	653
People	22,005	(700)*	21,304
Place	12,391	4,551	16,942
Resources	4,070	1,957	6,027
Strategic Management Board	0	0	0
Corporate Budgets	2,700	3,764	6,464
<b>Total</b>	<b>41,818</b>	<b>9,572</b>	<b>51,390</b>

\*Note: Overall the People directorate overachieved their savings target in 23/24, some of this delivery has been met one-off during the year and as a result will be a target rolled over into 24/25 to achieve on an ongoing basis. More detail is provided below.

Detail of the savings not delivered are provided below:

Saving Reference and Description	Savings not delivered £'000	Comments
<p><b>Health &amp; Wellbeing</b> Savings of £0.160m were delivered as one-off savings in 23/24 and will therefore need to be delivered in 24/25. These are as follows:</p> <ul style="list-style-type: none"> <li>EFF03 - Removal of budgets for vacant posts (£0.062m)</li> <li>EFF105 -Target Operating Model/Workforce Strategy – Getting Leadership Right – cashable benefit of improved organisation-wide performance management (£0.087m)</li> <li>EFF101 - Target Operating Model – staffing budget turnover and wastage increase by 5% (£0.011m)</li> </ul>	0	<ul style="list-style-type: none"> <li>Carried forward to 2024/25 for delivery</li> <li>Carried forward to 2024/25 for delivery</li> <li>Carried forward to 2024/25 for delivery</li> </ul>
<p><b>People</b></p> <ul style="list-style-type: none"> <li>EFF09 – Removal of budgets for vacant posts (avg. 3%)</li> <li>EFF14 - Prevent the need for residential care</li> <li>EFF20 – Reduce transport costs through improved efficiencies</li> <li>EFF27 – Review arrangements for personal budgets</li> <li>EFF40 – Contract review for supported living</li> <li>EFF101 – Target Operating Model – staffing budget turnover and wastage increase by 5% (year-end review).</li> <li>EFF105 – Target Operating Model/Workforce Strategy – Getting Leadership Right – cashable</li> </ul>	(700)*	<ul style="list-style-type: none"> <li>25 Carried forward to 2024/25 for delivery</li> <li>522 Carried forward to 2024/25 for delivery</li> <li>274 Carried forward to 2024/25 for delivery</li> <li>54 Carried forward to 2024/25 for delivery</li> <li>7 Carried forward to 2024/25 for delivery</li> <li>316 Carried forward to 2024/25 for delivery</li> <li>138 Carried forward to 2024/25 for delivery</li> </ul>

Saving Reference and Description	Savings not delivered £'000	Comments
benefit of improved organisation-wide performance management		
Overachievement against other savings targets within People	(2,036)	Overachievement in 23/24 **
<b>Place</b>	<b>4,551</b>	
EFF44 - Review PFI contract costs to secure greater efficiency	2,128	Revised saving proposals built into budget to offset this saving in 24/25
EFF59 - Review of youth centres and other accommodation used for youth activities	36	Growth built into 2024/25 to remove unachievable saving.
EFF18 - Decreased use of B&B accommodation as temporary accommodation for 2022/23 (including associated costs) in view of current action to reduce or divert demand.	344	Growth built into 2024/25 to remove proportion of unachievable saving. Remainder will be carried forward to 2024/25 for delivery
EFF101 - Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end review).	1,448	Carried forward to 2024/25 for delivery
EFF105 - Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	595	Growth built into 2024/25 to remove proportion of unachievable saving. Remainder will be carried forward to 2024/25 for delivery
<b>Resources</b>	<b>1,957</b>	
EFF79 - Reduce housing benefit subsidy loss arising from use of expensive bed and breakfast accommodation	1,000	Growth built into 2024/25 to remove unachievable saving.
EFF82 - Legal and Governance restructure to include deletion of some vacant posts and the movement of others into transformation	67	Carried forward to 2024/25 for delivery
EFF86 - Contract rebates and spending reductions	28	Carried forward to 2024/25 for delivery
EFF87 - Operating Model - Digital County - Reduce/remove uneconomical Service Delivery	100	Carried forward to 2024/25 for delivery
EFF88 - Review of single person discount and housing benefit applications against data warehouse to reduce error and fraud.	100	Carried forward to 2024/25 for delivery
EFF89 - CCTV provision and management - Seek partner funding contributions	75	
EFF105 - Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	587	Carried forward to 2024/25 for delivery
<b>Strategic Management Board</b>	<b>0</b>	
<b>Corporate Budgets</b>	<b>3,764</b>	
EFF100 - Review PFI contract costs to secure greater efficiency	214	Growth built into 2024/25 to remove unachievable saving.
EFF103 - Target Operating Model - Transformation partner delivers 4 x end-to-end process reviews yielding £0.5m per project.	2,000	Carried forward to 2024/25 for delivery
EFF107 - Contract Spend Analysis and Contract Management Review	50	Carried forward to 2024/25 for delivery
EFF108 - Application of corporate grants	1,500	Carried forward to 2024/25 for delivery
<b>Total</b>	<b>9,572</b>	

## APPENDIX 4

### RECONCILIATION OF OUTTURN POSITION TO SAVINGS DELIVERY AND PRESSURES IDENTIFIED

	Outturn Variance (Controllable) £000	Savings Pressure in 2023/24 £000	Ongoing Monitoring Pressures Identified £000	Ongoing Monitoring Savings Identified £000	One Off Monitoring Pressures Identified £000	One Off Monitoring Savings Identified £000
<b>Corporate Budgets</b>						
Corporate Budgets	(4,061)	3,764	0	0	189	(8,014)
	(4,061)	3,764	0	0	189	(8,014)
<b>Health and Wellbeing</b>						
Regulatory Services	(475)	0	0	0	489	(964)
Ring Fenced Public Health Services	(5)	0	0	0	3,551	(3,556)
	(480)	0	0	0	4,040	(4,520)
<b>People</b>						
Adult Social Care Business Support and Development	(316)	0	83	0	14	(413)
Adult Social Care Management	(369)	0	24	0	0	(393)
Adult Social Care Provider Services	207	0	0	0	396	(189)
Adult Social Care Operations	2,367	(1,081)	12,517	0	775	(9,843)
Children's Social Care and Safeguarding	3,343	0	8,165	0	9,678	(14,500)
Children's Early Help, Partnerships and Commissioning	(416)	0	0	0	70	(487)
Learning and Skills	1,039	0	0	0	1,229	(190)
People Directorate Management	2,524	381	0	0	2,186	(43)
	8,379	(700)	20,789	0	14,348	(26,058)
<b>Place</b>						
Housing Services	438	344	520	0	419	(845)
Bereavement Services	(16)	0	0	0	0	(16)
Business and Consumer Protection	(318)	0	0	0	0	(318)
Registrars and Coroners	(160)	0	0	0	0	(160)
Assistant Director Commercial Services	113	111	0	0	2	
Corporate Landlord, Property and Development	(1,451)	36	0	0	0	(1,487)
Shire Services	62	0	0	0	8	54
Director of Place	1,344	1,459	0	0	0	(115)
Assistant Director Economy & Place	146	103	0	0	43	0
Planning Services	498	0	0	0	498	0
Economic Growth	(130)	0	0	0	0	(130)
Broadband	(44)	0	0	0	0	(44)
Policy and Environment	(74)	0	0	0	0	(74)
Shrewsbury Shopping Centres (Commercial)	0	0	0	0	0	0
Culture, Leisure & Tourism Development	(16)	0	0	0	0	(16)

	Outturn Variance (Controllable) £000	Savings Pressure in 2023/24 £000	Ongoing Monitoring Pressures Identified £000	Ongoing Monitoring Savings Identified £000	One Off Monitoring Pressures Identified £000	One Off Monitoring Savings Identified £000
Highways & Transport	(443)	0	0	0	0	(443)
Shropshire Hills AONB	0	0	0	0	0	0
Outdoor Partnerships	63	0	0	0	47	16
Leisure	590	0	195		395	0
Libraries	31	0	0	0	0	31
Museums and Archives	(122)	0	0	0	0	(122)
Theatre Services	(539)	0	0	0	0	(539)
Waste Management	1,998	2,128	0	0	178	(308)
Assistant Director Highway and Transport	172	175	0	0	0	(3)
Commercial Services Business Development	55	0	0	0	0	55
Head of Culture, Leisure & Tourism	(377)	0	0	0	0	(377)
Climate Change	23	0	0	0	0	23
Highway Policy & Strategic Infrastructure	(252)	0	0	0	0	(252)
Assistant Director Homes and Communities	342	195	0	0	204	(57)
Housing Development and HRA	(6)	0	0	0	0	(6)
	<b>1,926</b>	<b>4,551</b>	<b>715</b>	<b>0</b>	<b>1,794</b>	<b>(5,133)</b>

#### Resources

Automation and Technology	-702	0	0	0	183	(885)
Communications & Engagement	-769	123	0	0	54	(946)
Business Improvement: Data, Analysis and Intelligence	-28	0	0	0	5	(33)
Human Resources and Organisational Development	76	117	0	0	141	(182)
Finance	380	579	0	0	139	(338)
Pensions	171	0	0	0	171	0
Commissioning Development and Procurement	-40	0	0	0	0	(40)
Risk Management	0	0	0	0	0	0
Democratic Services	-132	0	0	0	0	(132)
Elections	-26	0	0	0	62	(88)
Legal Services	402	76	0	0	508	(182)
Policy & Governance	-74	82	0	0	115	(271)
Resources Management Team	897	(20)	1,000	0	65	(148)
Housing Benefits	1,216	1,000	341	0	0	(125)
Scrutiny	27	0	0	0	27	0
	<b>1,398</b>	<b>1,957</b>	<b>1,341</b>	<b>0</b>	<b>1,470</b>	<b>(3,370)</b>

#### Strategic Management Board

Chief Executive & PAs	4	0	0	0	0	4
Programme Management	136	0	0	0	136	0
	<b>140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>136</b>	<b>4</b>

<b>TOTAL</b>	<b>7,302</b>	<b>9,572</b>	<b>22,845</b>	<b>0</b>	<b>21,977</b>	<b>(47,091)</b>
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## APPENDIX 5

### GENERAL FUND BALANCE

- 5.1 The General Fund reserve at 31st March 2023 stood at £7.093m, below the target level which is £15m-£30m as a minimum. The 2023/24 budget strategy included a contribution of £19.868m to the General Fund balance which would then reach £26.961m.
- 5.2 It is essential that the Council retains the General Fund Balance in order to be able to mitigate any unforeseen shocks (such as ongoing inflationary increases, climate events such as flooding and drought, or rapid reductions in available resources due to changed national policy). Independent advice is that General Fund un-earmarked reserves should equate to 5%- 10% of net spending.
- 5.3 At Quarter 3 it was agreed that £20.5m of the General Fund Balance would be released to the People directorate to fund demand pressures within Social Care, whilst the directorate implements demand management plans that will help to control demand for these services in the future.
- 5.4 It was also agreed that a detailed review of earmarked reserves would be performed to see if these could be released to the General Fund to offset this demand pressure in year. This exercise is now complete and £9.658m has been released from earmarked reserves, resulting in a net contribution to the General Fund of £10.842m for demand pressures to release funding to the General Fund.
- 5.5 The outturn of £7.877m has also been a cost pressure against the General Fund.
- 5.6 In 2019/20 – 2022/23, the General Fund was used to offset Shire Services' deficit outturn position, as the Shire Services' earmarked reserve had been fully utilised in 2019/20. This use of the General Fund effectively represents a loan to Shire Services which must be repaid. The General Fund has been used again in 2023/24 to offset Shire Services' unfunded deficit (£0.121m), following a further year in which the service has been unable to repay the General Fund contribution made in the last 4 years. Therefore, the total loan now stands at £1.463m, and it is still intended that this will be repaid within a reasonable time frame.

General Fund	£'000	£'000
Balance at 1 <sup>st</sup> April 2023		7,093
Budgeted Contribution to GF		19,868
Demand Pressure	(20,500)	
Release of earmarked reserves	9,658	
Net release to fund demand pressure		(10,842)
Controllable Overspend*		(7,877)
Non controllable Insurance overspend		(5)
<b>Balance at 31 March 2024</b>		<b>8,237</b>

\* The unfunded deficit for Shire Services referred to in para. 5.6 is included within the controllable overspend of £7.877m.

## APPENDIX 6

### AMENDMENTS TO ORIGINAL BUDGET 2023/24

	Total £'000	Health & Wellbeing £'000	People £'000	Place £'000	Resources £'000	Strategic Management Board £'000	Corporate Budgets £'000
<b>Original Budget as Agreed by Council</b>	<b>255,914</b>	<b>2,038</b>	<b>200,478</b>	<b>77,124</b>	<b>3,827</b>	<b>39</b>	<b>(27,593)</b>
<b><u>Quarter 1</u></b>							
Structure Changes	0	(199)	(3,332)	(1,932)	(1,269)	105	6,627
Virements	0	0	(85)	85	0	0	0
<b><u>Quarter 2</u></b>							
Structure Changes	0	0	0	0	0	0	0
Virements	0	0	450	(104)	(212)	5	(139)
<b><u>Quarter 3</u></b>							
Structure Changes	0	0	0	0	0	0	0
Virements	0	39	604	578	418	13	(1,651)
<b><u>Quarter 4</u></b>							
Structure Changes:	0	0	0	0	0	0	0
Virements:	0	0	0	0	0	0	0
<b>Revised Budget</b>	<b>255,914</b>	<b>1,878</b>	<b>198,115</b>	<b>75,751</b>	<b>2,764</b>	<b>162</b>	<b>(22,756)</b>

## APPENDIX 7

### HOUSING REVENUE ACCOUNT 2023/24

As at 31 March 2024	Original Budget £	Outturn £	Variance Adverse/ (Favourable) £
<b>Income</b>			
Dwellings Rent	(19,547,030)	(19,356,453)	190,577
Garage Rent	(95,300)	(97,499)	(2,199)
Other Rent	(30,000)	(27,740)	2,260
Charges for Services	(735,380)	(1,050,415)	(315,035)
<b>Total Income</b>	<b>(20,407,710)</b>	<b>(20,532,107)</b>	<b>(124,397)</b>
<b>Expenditure</b>			
ALMO Management Fee	9,663,160	9,663,160	0
Supplies and Services	683,600	942,163	258,563
Capital Charges – Dwelling Depreciation	4,471,690	4,889,368	417,678
Capital Charges – Depreciation Other	261,670	245,300	(16,370)
Repairs charged to revenue	625,000	600,760	(24,240)
Revenue Financing Capital Expenditure	1,013,410	2,188,432	1,175,022
New Development Feasibility	250,000	48,528	(201,472)
Increase in Bad Debt Provision	50,000	45,000	(5,000)
Corporate & Democratic Core	357,520	419,521	62,001
<b>Total Expenditure</b>	<b>17,376,050</b>	<b>19,042,232</b>	<b>1,666,182</b>
<b>Net Cost of Services</b>	<b>(3,031,660)</b>	<b>(1,489,875)</b>	<b>1,541,785</b>
Interest Paid	3,305,270	2,112,571	(1,192,699)
<b>Net Operating Expenditure</b>	<b>273,610</b>	<b>622,696</b>	<b>349,086</b>
<b>Net Cost of Service/(Surplus) for Year</b>	<b>273,610</b>	<b>622,696</b>	<b>349,086</b>
<b>HRA Reserve</b>			
B/Fwd 1 April	(12,359,314)	(12,359,314)	0
(Surplus)/Deficit for year	273,610	622,696	349,086
C/Fwd 31 March	<b>(12,085,704)</b>	<b>(11,736,618)</b>	<b>349,086</b>



## APPENDIX 8

### EARMARKED RESERVES

8.1 The change in revenue reserves and provisions are detailed in the table below and shows a reduction in the overall reserves and provisions held.

#### Movement in Reserves and Provisions 2023/24

	Reserves £'000	Provisions £'000	Bad Debt Provisions £'000	Total Reserves and Provisions £'000
As at 31 March 2023	52,579	12,240	21,044	85,863
As at 31 March 2024	35,407	8,955	22,077	66,439
<b>Increase/(Decrease)</b>	<b>(17,172)</b>	<b>(3,285)</b>	<b>1,033</b>	<b>(19,424)</b>
Delegated School Balances Movement	(3,147)	0	0	(3,147)
<b>Increase/(Decrease) (excluding Delegated School Balances)</b>	<b>(14,025)</b>	<b>(3,285)</b>	<b>1,033</b>	<b>(16,277)</b>

#### Schedule of Earmarked Reserves and Provisions:

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2023/24 (£'000)	Income in 2023/24 (£'000)	Balance Carried Forward (£'000)
<b>Reserves</b>					
<b>Sums set aside for major schemes, such as capital developments, or to fund major reorganisation</b>					
Redundancy	Required to meet one-off costs arising from approved staffing reductions, allowing the full approved savings in salaries or wages to reach the revenue account.	0	-55	2,055	2,000
Revenue Commitments for Future Capital Expenditure	Comprises of underspends against budgeted revenue contributions available for capital schemes. The underspends have arisen due to slippage in capital schemes or because other funding streams were utilised during the year so as to maximise time limited grants.	3,815	-654	37	3,199
Development Reserve	Required to fund development projects or training that will deliver efficiency savings.	8,862	-10,099	6,933	5,696
Invest to save Reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	2,070	-1,400	709	1,379
		<b>14,747</b>	<b>-12,208</b>	<b>9,735</b>	<b>12,274</b>
<b>Insurance Reserves</b>					
Fire Liability	Required to meet the cost of excesses on all council properties.	2,216	-1,528	362	1,051

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2023/24 (£'000)	Income in 2023/24 (£'000)	Balance Carried Forward (£'000)
Motor Insurance	An internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.	1,420	-1,054	168	533
		<b>3,636</b>	<b>-2,582</b>	<b>529</b>	<b>1,584</b>
<b>Reserves of trading and business units</b>					
Shire Catering and Cleaning Efficiency	Built up from trading surpluses to invest in new initiatives, to meet exceptional unbudgeted costs or cover any trading deficits.	0	-5	5	0
		<b>0</b>	<b>-5</b>	<b>5</b>	<b>0</b>
<b>Reserves retained for service departmental use</b>					
Building Control	Required to manage the position regarding building control charges.	424	-113	0	311
Care Act & IBCF Reserve	Required to fund the costs of implementing the Care Act requirements within the Council. This will be committed to the costs of one off posts required to implement the changes and training costs for staff within Adult Services. Plus unspent IBCF monies required to fund the IBCF programme in future years.	1,968	-1,426	480	1,022
Economic Development Workshops Major Maintenance	Established to meet the costs of major maintenance of Economic Development Workshops.	149	0	0	149
External Fund Reserve	Reserves held where the Council is the administering body for trust funds or partnership working.	2,698	-700	127	2,125
Financial Strategy Reserve	Established specifically to provide one off funding for savings proposals in the Financial Strategy	0	0	0	0
COVID Government Funding Reserve	Established to hold funds advanced by Government to respond to the COVID 19 pandemic which require to be applied in future years	391	-391	0	0
Savings Management - Highways	Established specifically to provide one off funding for highways savings proposals in the Financial Strategy	0	0	0	0
Highways Development & Innovation Fund	Set aside funds for pump priming the Development and Innovation programme.	1,500	-900	0	600
New Homes Bonus	Established from unapplied New Homes Bonus Grant balances.	1,177	-342	0	834
Public Health Reserve	This reserve includes balances committed to specific public health projects.	4,323	-1,127	23	3,220
Repairs & Maintenance Reserve	Set aside for known repairs and maintenance required to Council owned properties.	333	-87	0	246
Resources Efficiency	Established for investment in new developments, particularly information technology, that service area would not be expected to meet from their internal service level agreements for support services.	1,217	-838	116	495
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2023/24	4,328	-1,871	884	3,341
Severe Weather	Required to meet unbudgeted costs arising from the damage caused by severe weather. The policy of the Council is to budget for an average year's expenditure in the revenue accounts and transfer any underspend to the reserve or fund any overspend from the reserve.	3,009	-2,694	0	315

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2023/24 (£'000)	Income in 2023/24 (£'000)	Balance Carried Forward (£'000)
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	67	-30	0	37
		<b>21,583</b>	<b>-10,521</b>	<b>1,631</b>	<b>12,693</b>
<b>School Balances</b>					
Balances held by schools under a scheme of delegation	Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion.	10,487	-10,919	7,772	7,340
Schools Building Maintenance Insurance	The schools building maintenance insurance scheme is a service provided by Property Services for schools. In return for an annual sum all structural repairs and maintenance responsibilities previously identified as the "authority's responsibility" are carried out at no additional charge to the school.	2,126	-616	6	1,516
		<b>12,612</b>	<b>-11,534</b>	<b>7,778</b>	<b>8,856</b>

<b>Total Reserves</b>	<b>52,579</b>	<b>-36,850</b>	<b>19,678</b>	<b>35,407</b>
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<b>Provisions</b>					
Accumulated Absences Account	Provision to cover potential future payments of employee benefits not taken as at the end of the year. This is required under IFRS accounting regulations.	3,055	2,545	-3,055	2,545
Other Provisions - Short Term	Includes a number of small provisions including Environmental Maintenance contract commitments and Shopping Centre rental payments	708	5	-552	161
Other Provisions - Long Term	Includes a number of small provisions including S106 Accrued Interest, profit share agreements and Shopping Centre rental payments.	73	0	0	73
Tenancy Deposit Clawbacks	This represents deposits held for the economic development workshops that may be repaid at some point in the future.	234	36	-28	243
Liability Insurance	Provision to meet the estimated actuarial valuation of claims for public liability and employers' liability	4,096	847	-965	3,978
NDR Appeals	Represents the Council's share of the provision held for successful appeals against business rates.	4,074	2,342	-4,461	1,955
Council Tax Bad Debt	Held for potential write offs of Council tax debtor balances.	10,717	1,929	-294	12,352
NNDR Bad Debt	Held for potential write offs of NNDR debtor balances.	2,520	-43	0	2,477
General Fund Bad Debts	Held for potential write offs of debtor balances for General Fund Services including Housing Benefits.	7,414	524	-1,076	6,862
HRA Bad Debts	Held for potential write offs of debtor balances for Housing Revenue Account rents and other debtor balances.	394	0	-53	341
<b>Total Provisions</b>		<b>33,284</b>	<b>8,231</b>	<b>-10,483</b>	<b>31,032</b>

<b>Total Reserves &amp; Provisions</b>	<b>85,863</b>	<b>-28,619</b>	<b>9,195</b>	<b>66,439</b>
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## Delegated School Balances

8.2 The movement in delegated schools' balances are detailed in the table below.

### Movement in delegated school balances 2023/24

	2022/23 £'000	2023/24 £'000	Increase/ (Decrease) £'000
Schools:			
- Revenue Balances	6,486	6,083	(403)
- Invested Balances	470	459	(11)
- Extended Schools Activities Balance	834	797	(37)
<b>Sub Total within Schools</b>	<b>7,791</b>	<b>7,340</b>	<b>(451)</b>
DSG (Deficit)/Surplus	2,695	0	(2,695)
<b>Total Delegated School Balances</b>	<b>10,486</b>	<b>7,340</b>	<b>(3,146)</b>

8.3 Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion. Of the 85 schools with balances, 8 have deficit balances.

8.4 The Extended Schools activities allocations for schools have decreased marginally during 2023/24. These balances are ringfenced to each individual school within School Balances.

8.5 In 2020, new reporting requirements were introduced to establish a new reserve for Dedicated Schools Grant (DSG) balances. For those local authorities with a DSG balance surplus, the requirement is that the surplus is held in a earmarked useable reserve, and so for 2022/23 the Council held a surplus of £2.695m which was held in School Balances within Earmarked Reserves. During 2023/24 the Council had an overspend against DSG and so now holds a DSG deficit of £2.304m. The reporting requirements require that any DSG deficit is instead held in an unusable reserve named the DSG Adjustment Account.

## APPENDIX 9

### REVISED CAPITAL PROGRAMME

Detail	Agreed Capital Programme - Council 02/03/24	Slippage & Budget Changes Approved To Quarter 3 2023/24	Quarter 4 Budget Changes to be Approved	Revised 2023/24 Capital Programme Quarter 4
	£m	£m	£m	£m
<b>General Fund</b>				
Adult Services	-	-	-	-
Childrens Services	16.190	(5.634)	(1.175)	9.381
Place	77.054	(4.410)	1.264	73.908
Resources	1.000	(0.858)	0.379	0.521
<b>Total General Fund</b>	<b>94.244</b>	<b>(10.902)</b>	<b>0.468</b>	<b>83.810</b>
Housing Revenue Account	20.475	12.351	(16.624)	16.202
<b>Total Approved Budget</b>	<b>114.719</b>	<b>1.448</b>	<b>(16.156)</b>	<b>100.012</b>

## APPENDIX 10

### CAPITAL PROGRAMME OUTTURN POSITION BY DIRECTORATE 2023/24

Detail	Revised Capital Programme - Outturn 2023/24 £m	Actual Expenditure 31/03/2024 £m	Variance £m	Spend To Budget %
<b>General Fund</b>				
Health & Wellbeing	-	-	-	-
People	9.381	6.823	2.558	72.7%
Place	73.908	69.662	4.246	94.3%
Resources	0.521	0.794	(0.273)	152.4%
<b>Total General Fund</b>	<b>83.810</b>	<b>77.279</b>	<b>6.531</b>	<b>92.2%</b>
<b>Housing Revenue Account</b>	<b>16.202</b>	<b>15.060</b>	<b>1.142</b>	<b>92.9%</b>
<b>Total Approved Budget</b>	<b>100.012</b>	<b>92.339</b>	<b>7.673</b>	<b>92.3%</b>

## APPENDIX 11

### SUMMARY OF SIGNIFICANT VARIANCES BETWEEN REVISED OUTTURN BUDGET AND OUTTURN EXPENDITURE BY DIRECTORATE AND SERVICE AREAS FOR 2023/24

11.1 The overall capital programme, both General Fund and HRA, outturned at £92.3m expenditure against a budget profile of £100m for the 2023/24 financial year, a £7.7m underspend against expected profile or 92% expenditure against budget.

11.2 **People** - Total underspend against People capital programme was £1.5m against profile.

- £0.4m underspend against Adult Social Care Operations to support Technology Equipment and Adaptation requirements for supported living, this funding will continue in the 2024/25 financial to support further initiatives.
- £1.0m against Learning and Skills for various school-controlled grants such as Devolved Formula Capital and Energy Efficiency Grants. These grants have a three year spend period and will be rolled into the 2024/25 financial year for continued expenditure.

11.3 **Place** – Total underspend against the Place capital programme was £5.3m, which was comprised of the following areas of main underspends and overspends against profiles:

- **Place – Homes and Communities** - £0.175k above budget profile as a result of expenditure incurred on the Whitchurch Leisure Centre project varying against budget profile for the year. The project overall remains within budget and the 2024/25 budget profile has been reduced to reflect.
- **Place – Infrastructure** – Overall financial outturn position for 2023/24 is £3.9m underspend against budget. Place Infrastructure contains a number of Highways related projects and the main areas of outturn variation are:
  - £0.7m underspend on the £1.54m OZEV residential charging points grant project. The project is in mid delivery with many installs completed with the remaining elements being finalised early 2024/25.
  - £1.4m underspend on the overall Integrated Transport Plan Grant. This is mainly due to timing delays on the delivery of a number of identified projects. The grant is fully committed against prioritised identified schemes, and these will continue to full delivery in the 2024/25 financial year.
  - £1.8m underspend on Highways Maintenance Block. The government announced additional funding of £2.6m towards the end of the scheduled Highways Maintenance works calendar and not all of this additional funding could be incorporated into a deliverable programme. This underspend will be utilised in the 2024/25 financial year alongside further Department for Transport Highways Maintenance Grant.

- **Place - Housing Services** - £1.0m underspend against profile. Disabled Facilities Grants (DFG) finalised at £1.0m overspend against profiled budget. Previous delays in delivery resulting from Covid are now rapidly being progressed with unspent grant funding previously profiled over a three-year period. This overspend against profile will be financed from previous years unspent grant. The second element of Housing relates to an underspend of £2.0m on a number of Energy Efficiency Grant projects against profiles. A number of these have now been extended into the 2024/25 financial year.
- 11.4 **Housing Revenue Account** - Total underspend against the HRA programme was £1m, of which £0.5m was on the Major Repairs Programme against an overall budget allocation of £7.418m so significant expenditure has been invested with just a slight underspend. £0.5m was on the New Build Programme which was mainly due to profiling of contractor payments and costs which will continue into 2024-25, with the overall programme still on schedule.



## APPENDIX 12

### REVISED CAPITAL PROGRAMME FINANCING 2023/24

Detail	Agreed Capital Programme - Council 02/03/24	Slippage & Budget Changes Approved To Quarter 3 2023/24	Quarter 4 Budget Changes to be Approved	Revised 2023/24 Capital Programme Quarter 4
	£m	£m	£m	£m
<b>Financing</b>				
Self Financed Prudential Borrowing *	39.169	(14.743)	(7.785)	16.640
SALIX Loan	1.910	(1.000)	-	0.910
Government Grants	48.690	5.5959	(4.420)	49.866
Other Grants	0.118	2.157	(0.624)	1.650
Other Contributions	7.175	1.916	(1.6147)	7.476
Revenue Contributions to Capital	0.749	3.440	(0.743)	3.446
Major Repairs Allowance	4.828	3.488	(1.218)	7.098
Corporate Resources (expectation - Capital Receipts only)	12.080	0.596	0.250	12.925
<b>Total Confirmed Funding</b>	<b>114.719</b>	<b>1.448</b>	<b>(16.156)</b>	<b>100.012</b>

\* Borrowing for which on-going revenue costs are financed by the Service, usually from revenue savings generated from the schemes.

## APPENDIX 13

### CAPITAL PROGRAMME 2024/25 TO 2026/27

Detail	2024/25 £m	2025/26 £m	2026/27 £m
<b>General Fund</b>			
Health & Wellbeing	-	-	-
People	9.025	9.280	3.950
Place & Enterprise	79.397	95.617	35.923
Resources	0.100	-	-
<b>Total General Fund</b>	<b>88.523</b>	<b>104.897</b>	<b>39.873</b>
<b>Housing Revenue Account</b>	29.253	14.232	9.000
<b>Total Approved Budget</b>	<b>117.776</b>	<b>119.129</b>	<b>48.873</b>
<b>Financing</b>			
Self Financed Prudential Borrowing *	40.024	19.352	9.336
SALIX Loan	-	-	-
Government Grants	57.267	79.420	29.591
Other Grants	0.192	0.044	-
Other Contributions	5.461	6.173	0.500
Revenue Contributions to Capital	0.231	0.747	0.347
Major Repairs Allowance	4.828	5.000	5.000
Corporate Resources (expectation - Capital Receipts only)	9.772	8.393	4.100
<b>Total Confirmed Funding</b>	<b>117.776</b>	<b>119.129</b>	<b>48.873</b>

## APPENDIX 14

### PROJECTED CAPITAL RECEIPTS POSITION

- 14.1 The current capital programme is heavily reliant on the Council generating capital receipts to finance the capital programme. There is a high level of risk in these projections as they are subject to changes in property and land values, the actions of potential buyers and being granted planning permission on sites. Appendix 14 summarises the current allocated and projected capital receipt position across 2023-24 to 2026-27. A RAG analysis has been applied for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Those marked as green are highly likely to be completed by the end of the financial year, amber achievable but challenging and thus there is a risk of slippage, and red are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in this financial year as there may be delays between exchanging contracts and completing.
- 14.2 During the 2023-24 financial year, there has been an unprecedented requirement for capital receipts to fund expenditure in addition to that required by schemes detailed in the approved capital programme. This additional requirement has primarily arisen due to the Council's ambitious transformation programme. As reported throughout the year, the intention has been to utilise the statutory flexible use of capital receipts to finance this transformation programme and so deliver revenue budget savings. Expenditure incurred in the year in relation to the transformation programme totalled £10.062m. Capital receipts were also required for the approved capital programme (£11.501m), to finance ongoing redundancy costs under the flexibilities around the use of capital receipts for transformation revenue purposes (£2.444m) and for third party loans (£0.684m). The requirement for capital receipts in 2023-24 was £24.692m. By following Council policy of applying un-ringfenced capital grants in place of capital receipts where they are not required in full due to scheme underspends, this requirement was reduced by £3.133m to £21.559m.
- 14.3 Capital receipts of £11.042m were realised in year, resulting in an unmet requirement of £10.517m. To further mitigate this requirement, capital receipts required to fund the approved capital programme were replaced by borrowing of £8.227m, resulting in a final unmet requirement position of £2.290m in year. This requirement has been resolved by a draw down from the capital receipts set aside.
- 14.4 Replacement of capital receipts funding with borrowing results in an additional Minimum Revenue Provision (MRP) liability of £0.584m and so impact on the revenue budget.
- 14.5 The table below summarises the capital receipts requirement and availability in 2023-24.

	General Fund £m	HRA £m	Total £m
<b>2023-24 Capital Receipts Requirement</b>			
Approved Capital Programme	11.330	0.171	11.501
Ongoing Redundancies	2.444		2.444
Third Party Loans	0.684		0.684
Council Transformation Programme			
- Transformation Projects	6.702		6.702
- Strategic Transformation Partner	3.360		3.360
	<b>24.520</b>	<b>0.171</b>	<b>24.692</b>
<b>2023-24 Capital Receipts Available</b>			
Capital Receipts Replaced With Grant	(3.133)		(3.133)
Capital Receipts Replaced By Borrowing	(8.197)	(0.030)	(8.227)
Capital Receipts Realised	(9.212)	(1.830)	(11.042)
	<b>(20.541)</b>	<b>(1.860)</b>	<b>(22.402)</b>
<b>2023-24 Capital Receipts Surplus / (Deficit)</b>	<b>(3.979)</b>	<b>1.689</b>	<b>(2.290)</b>

- 14.6 Capital receipts of £17.465m were brought forward from 2022-23 and following the utilisation of £2.290m to fund the capital receipts requirement in 2023-24, the Council has £15.175m in capital receipts in hand at 31/03/24. These will be set-aside, enabling the Council to achieve an additional MRP saving of £0.420m in 2024/25. These capital receipts are required to finance schemes they are allocated to in the future years' capital programme.
- 14.7 Based on the current approved position, across the life of the programme there are significant shortfalls in capital receipt projections of £29.050m, £60.303m and £64.338m in 2024/25, 2025/26 and 2026/27 respectively based on receipts rated green in the RAG analysis to fund the required budget in the capital programme, further transformation programme commitments and the current Voluntary Redundancy (VR) Programme initiated to achieve significant revenue budget savings. There is, therefore, the requirement to progress the disposals rated amber and red, which over the period 2024-25 to 2027-28 total £57.896m, to ensure they are realised, together with realising the revenue running cost savings from some of the properties. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals. In addition to the current expenditure commitments, the programme will also grow as new schemes are approved. Officers are currently exploring the potential to accelerate the realisation of capital receipts and to identify additional opportunities to achieve further capital receipts.
- 14.8 It is important that work progresses, to avoid funding shortfalls in 2024/25, 2025/26 and 2026/27 and minimise any shortfall in future years. Failure to generate the required level of capital receipts will result in the need to further reduce or re-profile the capital programme, some of which will occur naturally as part of the review of the delivery of schemes; or undertake prudential borrowing, which will incur future year's revenue costs that are not budgeted in the revenue financial strategy.
- 14.9 The projected shortfall in capital receipts is purely based on the currently approved capital programme for the period 2024-25 to 2026-27. The current Capital Strategy 2023-24 to 2028-29, approved by Council in February 2024, identifies potential future

priority capital schemes with estimated costs of £239.223m. It is prudent for schemes which are not anticipated to generate additional income to be funded from capital receipts. This will further increase the future pressure on capital receipts generation.

Detail	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Corporate Resources Allocated in Capital Programme	- 1.465	14.182	8.393	4.100
Capital Receipts used to finance redundancy costs	2.444	-	-	-
Capital Receipts used to finance Transformation costs	10.062	12.097	-	-
Capital Receipts used to finance VR costs	-	11.000	-	-
To be allocated from Ring Fenced Receipts	-	8.983	22.925	-
<b>Total Commitments</b>	<b>11.042</b>	<b>46.263</b>	<b>31.319</b>	<b>4.100</b>
<b>Capital Receipts in hand/projected:</b>				
Brought Forward in hand	17.465	15.175	(29.050)	(60.303)
Generated 2020/21 YTD	11.042	-	-	-
Projected - 'Green'	-	2.038	0.065	0.065
<b>Total in hand/projected</b>	<b>28.507</b>	<b>17.213</b>	<b>(28.985)</b>	<b>(60.238)</b>
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(17.465)	29.050	60.303	64.338
Further Assets Being Considered for Disposal	-	30.824	9.463	7.001

Shropshire Council - Capital Programme 2023/24 - 2026/27

Appendix 15

Capital Programme Summary Outturn 2023/24

Directorate	Revised Budget Quarter 3 2023/24 £	Budget Virements Quarter 4 £	Revised Budget Quarter 4 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	2024/25 Revised Budget £	2025/26 Revised Budget £	2026/27 Revised Budget £
<b>General Fund</b>										
Health & Wellbeing	0	0	0	0	0	0.00%	0	0	0	0
People	10,555,524	(1,174,860)	9,380,664	6,823,052	2,557,612	72.74%	9,380,664	9,025,290	9,280,231	3,950,000
Place	72,643,595	1,264,253	73,907,848	69,661,959	4,245,889	94.26%	73,907,848	79,397,344	100,617,104	40,923,256
Resources	142,361	378,712	521,073	793,965	(272,892)	152.37%	521,073	100,000	0	0
<b>Total General Fund</b>	<b>83,341,480</b>	<b>468,105</b>	<b>83,809,585</b>	<b>77,278,975</b>	<b>6,530,610</b>	<b>92.21%</b>	<b>83,809,585</b>	<b>88,522,634</b>	<b>109,897,335</b>	<b>44,873,256</b>
<b>Housing Revenue Account</b>	<b>32,826,053</b>	<b>(16,624,117)</b>	<b>16,201,936</b>	<b>15,059,646</b>	<b>1,142,290</b>	<b>92.95%</b>	<b>16,201,936</b>	<b>29,252,974</b>	<b>9,231,781</b>	<b>4,000,000</b>
<b>Total Approved Budget</b>	<b>116,167,533</b>	<b>(16,156,012)</b>	<b>100,011,521</b>	<b>92,338,621</b>	<b>7,672,900</b>	<b>92.33%</b>	<b>100,011,521</b>	<b>117,775,608</b>	<b>119,129,116</b>	<b>48,873,256</b>

Shropshire Council - Capital Programme Portfolio Holder Summary Outturn 2023/24

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Portfolio Holder	Revised Budget Quarter 3 2023/24 £	Budget Virements Quarter 4 £	Revised Budget Quarter 4 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	2024/25 Revised Budget £	2025/26 Revised Budget £	2026/27 Revised Budget £
<b>General Fund</b>										
Adult Social Care, Public Health & Communities	4,551,343	317,752	4,869,095	5,409,839	-540,744	111.11%	4,869,095	300,000	0	0
Growth & Regeneration	6,312,761	884,076	7,196,837	8,519,579	-1,322,742	118.38%	7,196,837	12,403,520	6,643,408	0
Climate Change, Environment & Transport	438,156	0	438,156	697,632	-259,476	159.22%	438,156	0	0	0
Children & Education	8,998,879	-1,174,860	7,824,019	6,745,657	1,078,362	86.22%	7,824,019	8,725,290	9,280,231	3,950,000
Finance & Corporate Resources	0	0	0	0	0	0.00%	0	0	0	0
Housing & Assets	50,431,601	-18,441,399	31,990,202	26,941,511	5,048,691	84.22%	31,990,202	20,352,884	24,379,873	11,100,000
Culture & Digital	5,061,570	75,005	5,136,575	5,677,913	-541,338	110.54%	5,136,575	8,813,964	3,670,943	2,133,261
Highways & Infrastructure	7,547,170	18,807,531	26,354,701	23,286,845	3,067,856	88.36%	26,354,701	37,926,976	65,922,880	23,689,995
Policy & Strategy, Improvement & Communications	0	0	0	0	0	0.00%	0	0	0	0
<b>Total General Fund</b>	<b>83,341,480</b>	<b>468,105</b>	<b>83,809,585</b>	<b>77,278,975</b>	<b>6,530,610</b>	<b>92.21%</b>	<b>83,809,585</b>	<b>88,522,634</b>	<b>109,897,335</b>	<b>40,873,256</b>
<b>Housing Revenue Account</b>										
Housing & Assets (HRA)	32,826,053	-16,624,117	16,201,936	15,059,646	1,142,290	92.95%	16,201,936	29,252,974	9,231,781	4,000,000
<b>Total Approved Budget</b>	<b>116,167,533</b>	<b>(16,156,012)</b>	<b>100,011,521</b>	<b>92,338,621</b>	<b>7,672,900</b>	<b>92.33%</b>	<b>100,011,521</b>	<b>117,775,608</b>	<b>119,129,116</b>	<b>44,873,256</b>

Shropshire Council - Capital Programme Budget Outturn Report 2023/24

Appendix 15

Directorate Service Area	Revised Budget 2023/24 £	Budget Virements Quarter 4 £	Revised Budget Quarter 4 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	2024/25 Revised Budget £	2025/26 Revised Budget £	2026/27 Revised Budget £
<b>General Fund</b>										
Health & Wellbeing	0	0	0	0	0	0.00%	0	0	0	0
Public Health Capital	0	0	0	0	0	0.00%	0	0	0	0
Regulatory Services Capital	0	0	0	0	0	0.00%	0	0	0	0
<b>People</b>	<b>10,555,524</b>	<b>(1,174,860)</b>	<b>9,380,664</b>	<b>6,823,052</b>	<b>2,557,612</b>	<b>72.74%</b>	<b>9,380,664</b>	<b>9,025,290</b>	<b>9,280,231</b>	<b>3,950,000</b>
Adult Social Care Contracts & Provider Capital	0	0	0	0	0	0.00%	0	0	0	0
Adult Social Care Operations Capital	1,556,645	0	1,556,645	77,395	1,479,250	4.97%	1,556,645	300,000	0	0
Children's Residential Care Capital	385,075	0	385,075	385,649	(574)	100.15%	385,075	300,000	0	0
Non Maintained Schools Capital	1,495,672	45	1,495,717	1,496,808	(1,091)	100.07%	1,495,717	782,689	2,000,000	0
Primary School Capital	7,028,906	(1,020,934)	6,007,972	4,561,295	1,446,677	75.92%	6,007,972	2,075,996	0	0
Secondary School Capital	657,111	(29,667)	627,444	247,138	380,306	39.39%	627,444	27,250	0	0
Special Schools Capital	55,951	0	55,951	54,768	1,183	97.89%	55,951	0	0	0
Unallocated School Capital	-623,836	(124,304)	-748,140	0	(748,140)	0.00%	(748,140)	5,539,355	7,280,231	3,950,000
<b>Place Capital - Commercial Services</b>	<b>8,821,308</b>	<b>(526,583)</b>	<b>8,294,725</b>	<b>6,322,202</b>	<b>1,972,523</b>	<b>76.22%</b>	<b>8,294,725</b>	<b>15,844,144</b>	<b>19,001,000</b>	<b>6,100,000</b>
Corporate Landlord Capital	8,821,308	(526,583)	8,294,725	6,322,202	1,972,523	76.22%	8,294,725	15,844,144	19,001,000	6,100,000
<b>Place Capital - Economic Growth</b>	<b>8,415,335</b>	<b>330,545</b>	<b>8,745,880</b>	<b>10,161,983</b>	<b>(1,416,103)</b>	<b>116.19%</b>	<b>8,745,880</b>	<b>13,672,892</b>	<b>8,602,226</b>	<b>1,500,000</b>
Broadband Capital	1,611,088	(162,045)	1,449,043	1,542,404	(93,361)	106.44%	1,449,043	909,632	1,579,945	1,500,000
Development Management Capital	529,324	(176,046)	353,278	427,746	(74,468)	121.08%	353,278	157,500	40,500	0
Economic Growth Capital	5,650,343	824,214	6,474,557	7,670,473	(1,195,916)	118.47%	6,474,557	12,246,020	6,602,908	0
Planning Policy Capital	624,580	(155,578)	469,002	521,359	(52,357)	111.16%	469,002	359,740	378,873	0
<b>Place Capital - Homes &amp; Communities</b>	<b>3,308,121</b>	<b>(141,662)</b>	<b>3,166,459</b>	<b>3,341,544</b>	<b>(175,085)</b>	<b>105.53%</b>	<b>3,166,459</b>	<b>7,804,332</b>	<b>2,090,998</b>	<b>633,261</b>
Leisure Capital	2,773,508	26,749	2,800,257	3,070,332	(270,075)	109.64%	2,800,257	7,269,718	2,067,303	633,261
Libraries Capital	118,475	0	118,475	77,970	40,505	65.81%	118,475	94,780	23,695	0
Outdoor Partnerships Capital	439,038	(168,411)	270,627	185,609	85,018	68.58%	270,627	439,834	0	0
Visitor Economy Capital	-22,900	0	-22,900	7,633	(30,533)	-33.33%	(22,900)	0	0	0
<b>Place Capital - Infrastructure</b>	<b>40,811,379</b>	<b>2,183,414</b>	<b>42,994,793</b>	<b>39,084,702</b>	<b>3,960,091</b>	<b>90.79%</b>	<b>42,994,793</b>	<b>37,926,976</b>	<b>65,373,880</b>	<b>25,837,000</b>
Environment & Transport Capital	438,156	0	438,156	438,157	(1)	100.00%	438,156	0	0	0
Highways Capital	40,373,223	2,183,414	42,556,637	38,596,546	3,960,091	90.69%	42,556,637	37,926,976	65,373,880	25,837,000
Waste Capital	0	0	0	0	0	0.00%	0	0	0	0
<b>Place Capital - Housing Services</b>	<b>11,287,452</b>	<b>(581,461)</b>	<b>10,705,991</b>	<b>10,801,527</b>	<b>-95,536</b>	<b>100.89%</b>	<b>10,705,991</b>	<b>4,149,000</b>	<b>5,549,000</b>	<b>6,852,995</b>
Housing Services	11,287,452	(581,461)	10,705,991	10,801,527	-95,536	100.89%	10,705,991	4,149,000	5,549,000	6,852,995
<b>Resources</b>	<b>142,361</b>	<b>378,712</b>	<b>521,073</b>	<b>793,965</b>	<b>(272,892)</b>	<b>152.37%</b>	<b>521,073</b>	<b>100,000</b>	<b>0</b>	<b>0</b>
ICT Digital Transformation - CRM Capital	576	316,143	316,719	427,112	(110,393)	134.86%	316,719	0	0	0
ICT Digital Transformation - ERP Capital	0	0	0	0	0	0.00%	0	0	0	0
ICT Digital Transformation - Infrastructure & Archit	0	182,084	182,084	282,082	(99,998)	154.92%	182,084	100,000	0	0
ICT Digital Transformation - Social Care Capital	0	22,270	22,270	84,770	(62,500)	380.65%	22,270	0	0	0
ICT Digital Transformation - Unallocated Capital	141,785	(141,785)	0	0	0	0.00%	0	0	0	0
<b>Total General Fund</b>	<b>83,341,480</b>	<b>468,105</b>	<b>83,809,585</b>	<b>77,278,975</b>	<b>6,530,610</b>	<b>92.21%</b>	<b>83,809,585</b>	<b>88,522,634</b>	<b>109,897,335</b>	<b>44,873,256</b>
<b>Housing Revenue Account</b>	<b>32,826,053</b>	<b>(16,624,117)</b>	<b>16,201,936</b>	<b>15,059,646</b>	<b>1,142,290</b>	<b>92.95%</b>	<b>16,201,936</b>	<b>29,252,974</b>	<b>9,231,781</b>	<b>4,000,000</b>
HRA Dwellings Capital	32,826,053	(16,624,117)	16,201,936	15,059,646	1,142,290	92.95%	16,201,936	29,252,974	9,231,781	4,000,000
<b>Total Approved Budget</b>	<b>116,167,533</b>	<b>(16,156,012)</b>	<b>100,011,521</b>	<b>92,338,621</b>	<b>7,672,900</b>	<b>92.33%</b>	<b>100,011,521</b>	<b>117,775,608</b>	<b>119,129,116</b>	<b>48,873,256</b>

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## Committee and Date

Audit Committee  
27<sup>th</sup> June 2024

Item

Public



## Approval of the Council's Draft Statement of Accounts 2023/24

<b>Responsible Officer:</b>	James Walton		
email:	<a href="mailto:james.walton@shropshire.gov.uk">james.walton@shropshire.gov.uk</a>	Tel:	01743 258915
<b>Cabinet Member</b> (Portfolio Holder):			

### 1. Synopsis

*The Council has produced the pre-audit accounts by the statutory deadline of 31<sup>st</sup> May 2024 and confirmed the financial position at the end of 2023/24.*

### 2. Executive Summary

2.1. The Accounts and Audit (amendment Regulations 2022) came into force on 22<sup>nd</sup> July 2022 and stated the statutory deadline for publishing the final audited accounts to 30<sup>th</sup> September. Therefore the deadline for publishing unaudited accounts is the 31<sup>st</sup> May for the 2023/24 accounts. The table below summarises the key deadlines with regards to preparing and approval of the Statement of Accounts:

Task	Statutory Deadline	Planned Timeline
Year end	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2024
Produce and approve Draft Statement of Account	31 <sup>st</sup> May 2024 <b>Achieved</b>	31 <sup>st</sup> May 2024 <b>Achieved</b>

Approve and publish Audited Statement of Accounts	30 <sup>th</sup> September 2024	30 <sup>th</sup> November 2024
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- 2.2. The Draft Statement of Accounts for 2023/24 is appended to this report. This report provides an overview of the Accounts and provides details of the reasons for the most significant changes between the 2022/23 Accounts and the 2023/24 Accounts.
- 2.3. The final revenue outturn for 2023/24 is an overspend of £7.877m, a 3.1% variance on the net budget. The final capital outturn shows a spend of £92.339m, representing 90.3% of the revised budget. The authority's Earmarked Reserves and Provisions have decreased by £19.424m and the general fund balance has increased by £1.144m. Delegated Schools' balances have decreased by £3.146m. Full details of the revenue and capital outturn position and the reserves, provisions and balances held by the authority are set out in a separate report on the agenda for this meeting.

### 3. Recommendations

- 3.1. Members are asked to:
- a. Receive and comment on the 2023/24 Draft Statement of Accounts.
  - b. Note that no changes have been made to the accounting policies used within the Statement of Accounts for 2023/24.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. The review by an independent external auditor of the Council's statements of accounts is a vital part of the overall governance of the Council, providing as it does a review of both the accuracy of the reported financial position and the adequacy of the Council's governance and oversight of it.
- 4.2. Risk table

<i>Risk</i>	<i>Mitigation</i>
Inability to prepare and publish the Statement of Accounts within statutory deadlines.	The Statement of Accounts preparation is carefully managed each year with a detailed closedown timetable produced to ensure that all relevant tasks are completed in a timely fashion to ensure the statutory deadlines can be met. Dialogue is held with any external parties to ensure key deadlines are met.
Material errors within the Statement of Accounts comprising the true and fair view of the Council's financial position	The Finance team undertaken annual training on the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom to ensure that any relevant accounting practices are adhered to in preparing the Statement of Accounts.

<i>Risk</i>	<i>Mitigation</i>
	A full analytical review is performed on the Statement of Accounts to consider any material variations from the previous year's accounts, and ensure that the accounts have been prepared correctly.

## 5. Financial Implications

- 5.1. This report considers the outturn position for the 2023/24 revenue budget and the implications on the level of general fund balances of any underspend or known spending pressures.
- 5.2. The outturn reported internally to managers for the purposes of decision making is fully aligned to the statement of accounts. This is set out in note 7, the expenditure and funding analysis (p54). This shows the net expenditure reported for resource management purposes as £263.216m, which aligns to the outturn as reported to Cabinet (5 June). The key table from that report is shown below.

Directorate	Revised Budget (£'000)	Controllable Outturn (£'000)	(Under)/Overspend (£'000)
Health & Wellbeing	1,878	1,398	(480)
People	198,118	206,497	8,379
Place	75,749	77,677	1,928
Resources	2,764	4,161	1,397
Strategic Management Board	163	303	140
<b>Service Delivery Budgets</b>	<b>278,672</b>	<b>290,035</b>	<b>11,364</b>
Corporate	(22,758)	(26,819)	(4,061)
<b>Total Net Expenditure</b>	<b>255,914</b>	<b>263,216</b>	<b>7,302</b>

Figure 1 – Outturn for management decision making

The corresponding values in note 7 (Appendix 1, Draft Statement of Accounts Page 54) are shown below.

	2023/24 Net expenditure reported for resource management £000
Health and Wellbeing	1,399
Local Authority Housing	0
People	206,496
Place	77,677

	2023/24
	Net expenditure reported for resource management
	£000
Resources	4,161
Strategic Management Board	302
Corporate	(26,819)
<b>Net Cost of Services</b>	<b>263,216</b>

Figure 2 – Extract from Note 7 to the 2023/24 Draft Statement of Accounts

## 6. Climate Change Appraisal

6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting and mitigation; or on climate change adaption. Therefore, no effect to report.

## 7. Background

7.1. The external audit by Grant Thornton is due to start on 1<sup>st</sup> July 2024 and the bulk of the fieldwork is due to be complete in late November, after which the Statement of Accounts will be formally published, and a final report brought back to Audit Committee for approval. The report will detail any material changes required as a result of the audit which have been agreed with the External Auditor.

## 8. Statement of Accounts

8.1. The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Authority, employees and other interested parties clear information about the Authority’s finances. The format of the Statement of Accounts is governed by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (“the Code”) issued by the Chartered Institute of Public Finance and Accountancy. To make the account as useful as possible to its audience and to make meaningful comparisons between authorities possible the Code requires:

- All Statement of Accounts to reflect a common pattern of presentation, although at the same time not requiring them to be identical.
- Interpretation and explanation of the Statement of Accounts to be provided.
- The Statement of Accounts and supporting notes to be written in plain language.

8.2. The Code is updated each year to reflect the latest accounting standards issued by the International Public Sector Accounting Standards Board and the UK

Financial Reporting Council. For 2023/24, there have only been minor changes to some of the requirements within the standards.

- 8.3. All of the above has been taken into consideration when producing the authority's Draft Statement of Accounts. These accounts comprise various sections and statements, these are all briefly explained below:

**Narrative Report** – this provides an explanation of the authority's financial position for 2023/24 and details the performance of the Council during the financial year.

**The Statement of Responsibilities** – this details the responsibilities of the authority and the Section 151 Officer concerning the authority's financial affairs and the actual Statement of Accounts.

**The Audit Opinion and Certificate** – this is provided by the External Auditor following the completion of the annual audit, this document is therefore awaiting completion pending the outcome of the audit.

**The Core Financial Statements**, which comprises:

- **The Comprehensive Income and Expenditure Statement** – this is fundamental to the understanding of a Council's activities. It brings together all the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and for the ability to divert particular expenditure to be met from capital resources. The 2023/24 Comprehensive Income and Expenditure Statement reports a surplus for the year of £88.057m, however, this is not cash as this takes into account a number of significant theoretical amounts for matters relating to pensions and use of assets. The actual movement on the General Fund Balance was an increase of £1.144m.
- **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the authority which is analysed into 'usable reserves' and other reserves.
- **The Balance Sheet** – this is fundamental to the understanding of the authority's financial position as at the 31 March 2024. It shows the balances and reserves at the authority's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held. The authority's total equity amounts to £792.045m, an increase of £88.057m which is analysed in the Movement in Reserves Statement. The major swing on the balance sheet has been a reduction in the Pension Reserve/Liability by £104.9m due to an increase in plan assets as a result of positive returns on investments.
- **The Cash Flow Statement** - this consolidated statement summarises the authority's inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. Cash is

defined for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash.

- **The Notes to the Core Financial Statements**, which provides supporting and explanatory information on the Core Financial Statements and includes the Council's accounting policies.
- **The Group Accounts** – these are prepared to account for the Council's share in Shropshire Towns & Rural Housing, West Mercia Energy, West Mercia Supplies Pension and Cornovii Developments Limited.
- **The Housing Revenue Account (HRA)** – the authority is required to account separately for local authority housing provision, as defined in the Local Government and Housing Act 1989 (Amended). The account details the income and expenditure relating to the local authority housing provision and details of the movement on the HRA Balance for the year.
- **The Collection Fund Account** – this account shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates how these have been distributed to preceptors and the General Fund.
- **The Pension Fund Accounts** – the Shropshire County Pension Fund is administered by this Authority, however, the pension fund has to be completely separate from the Authority's own finances. The statement and supporting notes are an extract from the pension fund annual report and summarises the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2023/24 and assets and liabilities as at 31 March 2024.

- 8.4. The Draft Statement of Accounts for the year ended 31 March 2024 has been prepared in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy.

## 9. Accounting Policies

- 9.1. The accounting policies that the Council uses to determine the treatment of items within the Statement of Accounts are detailed in Note 1 to the Core Financial Statements. There have been no significant changes to the Council's accounting policies in 2023/24 to those used in the 2022/23 Statement of Accounts.

## 10. Analytical Review

- 10.1. An analytical review has been carried out on each element of the Draft Statement of Accounts, this is a final check that provides assurance that the Statement of Accounts is free of material errors and misstatements. The analytical review focuses on figures within the Statement of Accounts that have changed materially when compared with the previous year's accounts. For 2023/24 the materiality

threshold (i.e. the level of change between 2022/23 and 2023/24) used was 10% or £8m, which is used to ensure that all questions that the external auditors are likely to raise have been reviewed and explanations are readily available. Details of the significant changes between the two years are shown in Appendix 2.

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

Financial Outturn 2023-24 – Cabinet, 5 June 2024

**Local Member:** All

**Appendices**

1. Draft Statement of Accounts 2023/24 (Unaudited)
2. Analytical Review of Statement of Accounts

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# Draft Statement of Accounts

2023-2024



The Statement of Accounts is the formal financial report on the Council's activities as required by the Accounts and Audit Regulations 2015, and other statutory provisions.

The statement includes:

1. Narrative Report (pages 1 to 12)
2. The Statement of Responsibilities (page 13)
3. The Audit Opinion and Certificate (pages 14 to 20)
4. The Core Financial Statements comprising:-
  - The Comprehensive Income and Expenditure Statement (page 21)
  - The Movement in Reserves Statement (pages 22 to 23)
  - The Balance Sheet (page 24)
  - The Cash Flow Statement (page 25)
5. The Notes to the Core Financial Statements (pages 26 to 111)
6. Group Accounts:
  - Introduction (pages 112 to 113)
  - The Group Comprehensive Income and Expenditure Statement (page 114)
  - The Group Movement in Reserves Statement (pages 115 to 116)
  - The Group Balance Sheet (page 117)
  - The Group Cash Flow Statement (page 118)
  - The Group Account Notes (pages 119 to 125)
7. The Housing Revenue Account (pages 126 to 129)
8. The Collection Fund (pages 130 to 131)
9. The Pension Fund Accounts (pages 132 to 187)
10. Glossary (pages 188 to 201)

Further information about the Council's Accounts can be obtained from the Finance Department.

For details please contact James Walton on (01743) 258915.

James Walton  
Executive Director of Resources

## Section 1

# Narrative Report



Market Hall  
The Quarry  
Swimming Centre

Victoria Quay  
Mardol Gardens Arcade

Museum & Art Gallery  
Tourist Information  
Music Hall

Station  
Castle/Regimental Museum

Barker St. **P** / Bridge St. **P**  
Toilets ♀♂♿

Pride Hill Shopping Centre  
and Riverside Mall  
Darwin Shopping Centre

Toilets ♀♂♿  
Police Station  
Municipal Court

## Introduction

### About Shropshire Council

Shropshire Council is a unitary authority which was formed on 1 April 2009. The area covered by the Council is rural with an area of 3,197 square kilometres and a population of just 327,200. The Council represents 91.7% of the county of Shropshire with the remainder of the county being covered by Telford and Wrekin Council.

In 2022/23, the Council has adopted the Shropshire Plan which outlines a new vision and priorities for the Council for the following 3 years, in addition to a new performance approach.

### Our Services

In 2023/24 the Council was organised around four directorates:

- **Health and Wellbeing** (including public health, regulatory services and community safety).
- **People** (including the support of and assistance to people with learning or physical disabilities or sensory impairment and older people, and the homeless or mental health services; children's social care and safeguarding; mainstream schools and education; early years and pre-school; special schools and special educational needs provision; education improvement and home to school transport).
- **Place** (including economic growth, broadband, planning services and policy, property services and facilities management, Shire Catering and Cleaning, waste management, highways, public transport, parking, street cleansing, arts, AONB, outdoor partnerships, climate change leisure, libraries, museums, archives, theatre services, bereavement services, registrars and coroners, housing development and housing stock).
- **Resources** (including technology, information intelligence and insight, human resources and organisational development, finance, audit, emergency planning, risk management and insurance, revenues and benefits, pensions, treasury, legal services, democratic services to support elected members, communications and engagement).

## Vision for Shropshire

The Shropshire Plan for 2022 to 2025 was agreed by Full Council on 12<sup>th</sup> May 2022. The Shropshire Plan is the key strategic document for the Council and sets out the vision, purpose and priorities of the Council and for its people, communities, businesses and organisations.

The Shropshire Plan (see link here: [The Shropshire Plan 2022-2025 | Shropshire Council](#)) is informed by the following key objectives which sit at the heart of everything the Council does:

- Healthy people,
- Healthy economy,
- Healthy environment, and a
- Healthy organisation.

# Narrative Report

Figure 1: Priorities within the Shropshire Plan



Alongside the Shropshire Plan, the Workforce Strategy sets out the key values of 'Getting It Right' (GiR) which is our overarching approach for the long term future of Shropshire.



Figure 2: Getting It Right – core values agreed by staff

## Performance

The delivery of the outcomes for Shropshire is monitored on a quarterly basis. It is presented using a performance portal, which enables a drill down into each performance measure. The information is reported to Cabinet with the report identifying specific measures by exception. The full information for each measure is published on the performance portal when the report is presented to Cabinet and this provides Overview and Scrutiny the opportunity to identify any measures which stand

# Narrative Report

out that they would like to understand in greater detail. They can request additional information and receive it to inform whether they would want to add it to their work programme. A summary of the performance for each priority in 2023/24 is detailed below:



## Healthy People

63% of the performance targets relating to Health People have been achieved during the financial year, against the backdrop of increased demand for services, particularly within Adults and Children's Social Care during the financial year.

There are 5 targets where action is required and these relate to the following indicators:

- Percentage of adults who are overweight or obese
- Excess under 75 mortality rate in adults with Severe Mental Illness
- Assessment timeliness – within 45 working days (Children's Social Care)
- Stability of placements of looked after children
- Percentage of Education Health Care Plans issued within 20 weeks

Delivery plans are in place to address performance for these areas, however it is acknowledged that some of the measures planned to improve the first two measures may only see an improvement over the medium to long term.

## Healthy Economy

2023/24 has seen a net increase in the number of jobs for Shropshire and the level of investment for the county was above the target set out in the Economic Growth Strategy. There has also been an increase in the number of new homes developed, alongside a reduction in the level of households in B&B accommodation.

## Healthy Environment

During the course of 2023/24 the Council has made good progress in improving the level of household waste sent for re-use, recycling and composting. Also the Council

## Narrative Report

has invested in a programme of installing public electric vehicle charging point in a bid to deliver against the Climate Change Strategy for the Council.

### Healthy Organisation

In 2023/24 the strategic objective of delivering the best workforce has seen an improvement in staff turnover rates, and an increase in the number of employees enrolled in apprenticeships programmes, in order to improve continuing professional development for our staff. However, the average number of days lost to sickness has increased during the course of the year, and particularly over the winter months. The financial outturn position improved during the course of the year, as outlined below however this is a key focus for the Council in order to deliver a sustainable budget.

### Revenue Spending Plans for 2023/24

The Council's budget for the provision of services in 2023/24 and the Medium Term Financial Plan to 2027/28 was agreed by Council in March 2023. The budget was set against a backdrop of increasing demand pressures for statutory services, such as Children's Social Care and Adult's Services.

In total, the Council planned to spend £645.7m (gross) on council services in 2023/24 and planned to deliver new savings of £51.390m.

The gross budget was financed through Government Grants (£259.0m), Service Income (£130.8m), Council Tax (£193.6m), Business Rates (£39.4m) Top Up Grant (£11.1m), Revenue Support Grant (£7.5m) and a Collection Fund Surplus (£4.3m).

### Revenue Outturn Position for 2023/24

As set out in the table below the 2023/24 outturn was a £7.877m spend variation from budget, representing a 1.2% variance on the gross budget. Further details of the outturn position for each directorate is shown in the Financial Outturn report which is presented to Cabinet and Council in June and July.

	Final Budget £000	Actual Outturn £000	Controllable Over/ (Under) £000
<b>Service Expenditure</b>			
Corporate	(22,758)	(26,245)	(3,487)
Health and Wellbeing	1,878	1,398	(480)
People	198,118	206,496	8,379
Place	75,750	77,677	1,928
Resources	2,764	4,161	1,397
Strategic Management Board	163	302	140
<b>Net Budget</b>	<b>255,914</b>	<b>263,791</b>	<b>7,877</b>

The outturn position marginally improved from the projected outturn reported during the course of the year as management action was taken to try to reduce the overall spend variation, however demand pressures could not be fully mitigated.

# Narrative Report

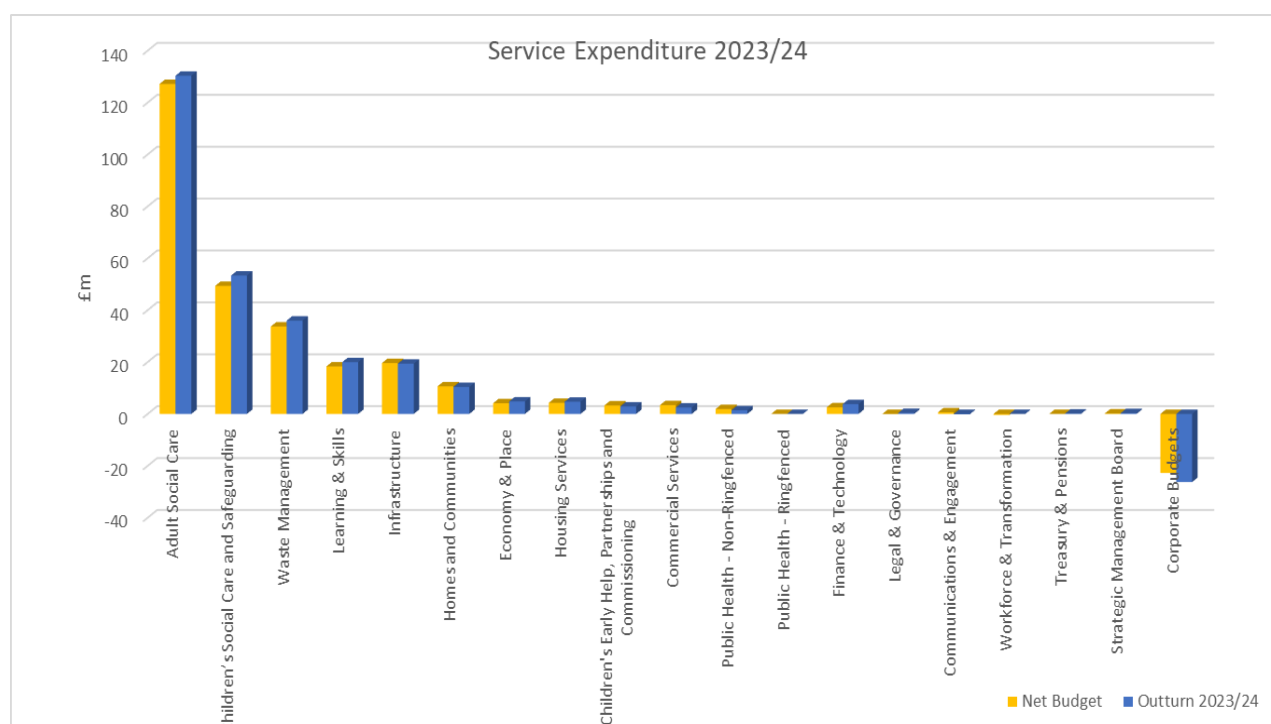
Year End Projected Over/(Under)spend	Quarter 1* £000	Quarter 2 £000	Quarter 3 £000	Outturn £000
Corporate	727	(455)	(404)	(3,487)
Health and Wellbeing	63	(2)	(12)	(480)
People	24,859	25,377	7,955	8,379
Place	8,475	4,289	3,545	1,928
Resources	3,452	3,201	2,877	1,397
Strategic Management Board	14	(17)	(2)	140
<b>TOTAL</b>	<b>37,590</b>	<b>32,393</b>	<b>13,959</b>	<b>7,877</b>

During the year the Council experienced increased activity for Children's Social Care resulting in additional cost pressures. Activity in Adults Services also increased, with more costly care packages contributed to increased cost pressures within the service during the year.

It was agreed during the year that a contribution from the General Fund Balance would be used to offset the demand pressures experienced within Adult Social Care and Children's Social Care in the interim whilst those services implemented demand management plans that would help to curtail the cost pressures being experienced. A contribution of £20.5m was released from the General Fund to reduce the overspend pressure in Q3.

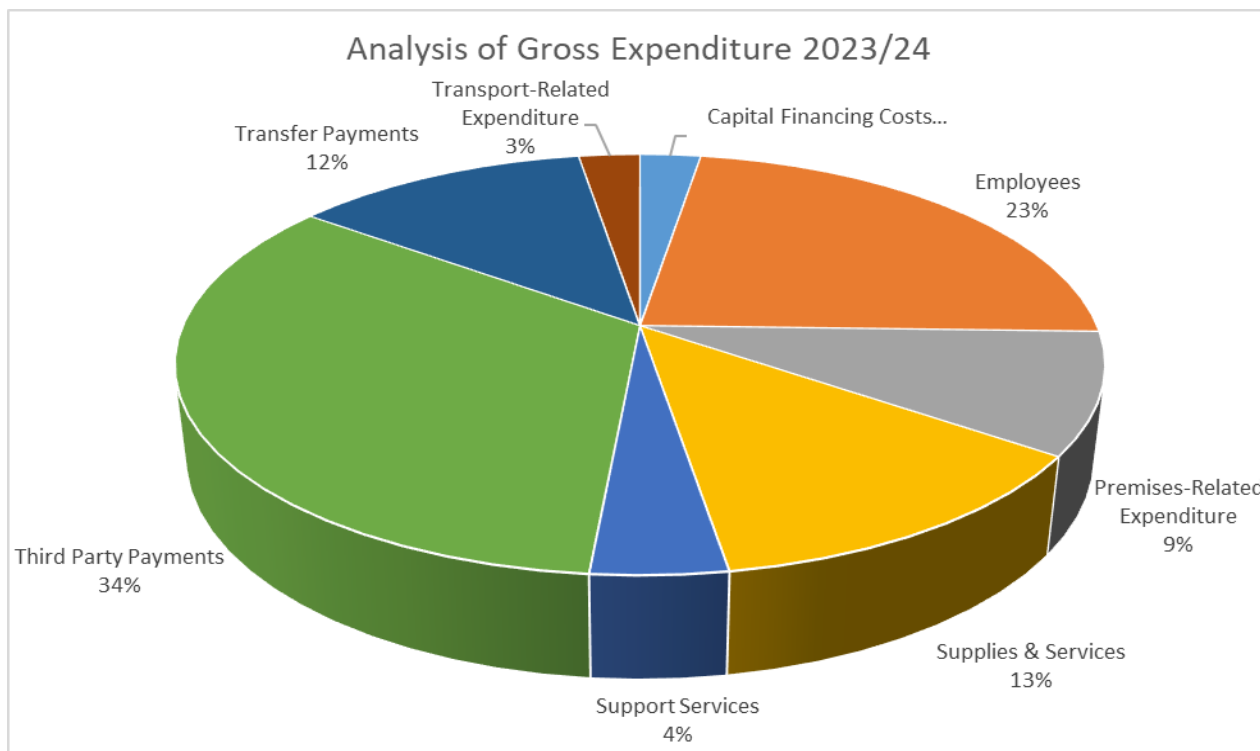
Further detail on the Council's service expenditure can be found within the Comprehensive Income & Expenditure Statement and Notes 7, 8, 9 and 10 to the Accounts.

The chart below demonstrates which services the Council has spent its net budget on. It should be noted that this excludes any expenditure on schools which is funded separately through the Dedicated Schools Grant.



The gross expenditure for the Council, including expenditure for schools was £906.960m and this was spent on the following types of expenditure:





## **Reserves**

The Council holds a number of revenue reserves in order to provide some resilience for the Council to cope with unforeseen financial pressures, implementation costs of long term projects or long term contractual commitments.

In 2023/24 the Council had planned to increase the general fund balance by £19.868m to a balance of £26.961m. However, as outlined above, it has been necessary to release £20.5m to offset demand pressures experienced within Adults and Children's Social Care. A review of earmarked reserves was carried out during the course of 2023/24, and this highlighted that £9.658m could be released into the General Fund to offset the demand pressures funded from the General Fund. Also, the impact of the revenue outturn of £7.877m, has reduced the general fund balance further to £8.237m as at the 31 March 2024. . This balance lies below the risk assessed level of balances calculated for 2023/24. As a result of this anticipated position, The Council has again budgeted to increase reserves in 2024/25, however this is dependent on the Council delivering fully on their planned spending reductions.

Earmarked reserves have decreased by £17.172m during 2023/24, which includes an decrease in schools delegated balances of £3.147m. Earmarked reserves have been utilised in 2023/24 to offset saving plans where there has been slippage in delivery. As outlined above the reduction in earmarked reserves includes the release of balances to the General Fund Balance. Total earmarked reserves are held at £35.407m including delegated school balances of £7.340m.

## **Capital Outturn Position for 2023/24**

The Capital Budget is monitored throughout the year to identify any pressures and re-profile budgets based on revised expenditure projections. The budget changes as a

## Narrative Report

result of slippage from the previous financial years capital programme, new capital allocations received or reductions in existing allocations and re-profiling of capital allocations between financial years.

The table below provides a summary of the revised capital budget and expenditure for 2023/24 as at outturn and slippage into the next financial year. Further details of the outturn position are provided in the Financial Outturn report presented to Cabinet and Full Council.

Service Area	Revised Budget 2023/24 £000	Actual Spend 2023/24 £000	Variance 2023/24 £000
<b>General Fund</b>			
People	9,381	6,823	(2,558)
Place	73,908	69,662	(4,246)
Resources	521	794	273
<b>Total General Fund</b>	<b>83,810</b>	<b>77,279</b>	<b>(6,531)</b>
<b>Housing Revenue Account</b>	<b>16,202</b>	<b>15,060</b>	<b>(1,142)</b>
<b>Total Capital Programme</b>	<b>100,012</b>	<b>92,339</b>	<b>(7,673)</b>

The table below provides a summary of the capital financing for the actual capital expenditure for 2023/24.

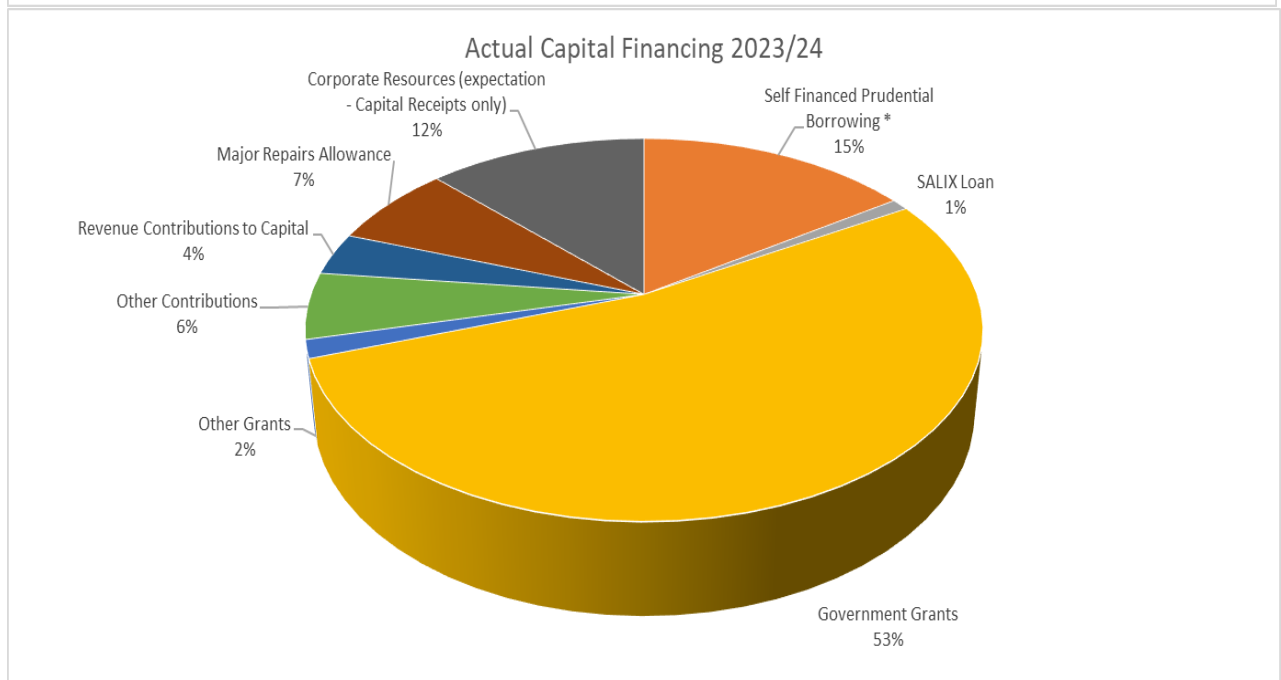
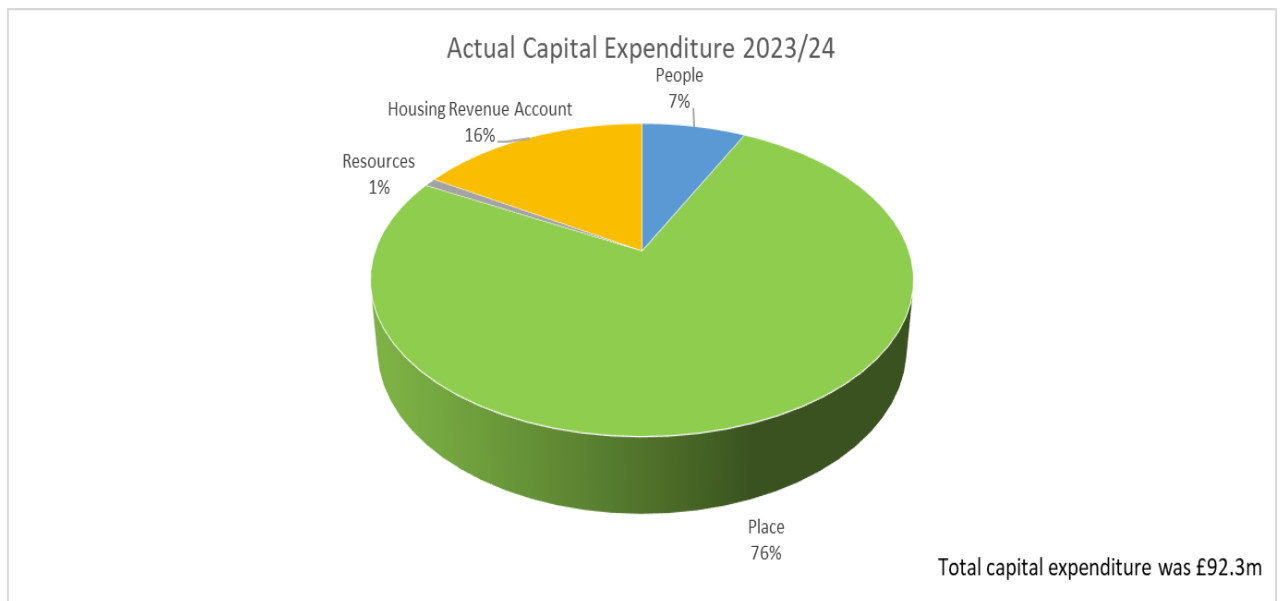
Financing	2023/24 £000
Capital Grants & Contributions	55,713
Revenue Contributions	3,338
Major Repairs Allowance	6,526
Self Financing Prudential Borrowing	14,351
Corporate Resources	11,501
SALIX Loan	910
	<b>92,339</b>

The areas of most significant expenditure for schemes undertaken in 2023/24 are as follows:

	Expenditure 2023/24 £000
<b>People</b>	
Disabled Facilities Grants	4,395
Carbon Reduction – Warm Homes	5,469
Children’s Residential Care	386
Schools Condition Schemes	1,925
Devolved Formula Capital	1,101
School Future Place Planning	3,109
<b>Place</b>	
Highways and Transport	28,503
North West Relief Road	5,544
Street Lighting Replacement	3,728

# Narrative Report

	Expenditure 2023/24 £000
Flood Defences and Water Management	388
Electronic Vehicle Charging Points	872
Broadband	1,542
Economic Development	7,670
Commercial Investments	2,172
Corporate Landlord	3,954
<b>Housing Revenue Account</b>	
Housing Major Repairs Programme	6,845
Local Authority Housing Fund	1,163
Temporary Accommodation	462
New Build Programme	6,302



## **Cash Flow Management**

Cashflow forecasts are prepared for the current and future financial years and are monitored on a daily basis. The cashflow forecast is regularly updated to take account of future changes so the cash position of the Council can be managed appropriately.

The Council undertakes long-term borrowing, for periods in excess of one year, in order to finance capital spending. The Council satisfies its borrowing requirement for this purpose by securing external loans. However, the Council is able to temporarily defer the need to borrow externally by using the cash it has set aside for longer term purposes; this practice means that there is no immediate link between the need to borrow to pay for capital spend and the level of external borrowing. The effect of using the cash set aside for longer term purposes to temporarily defer external borrowing is to reduce the level of cash that the Council has available for investment.

The Council has used cash to offset external borrowing for a number of years and this has generated significant savings for the Council in borrowing costs. Cash balances held by the Council had reduced in 2022/23 and have continued to reduce due to the reduction of reserve balances in 2023/24. As a result, for cashflow purposes, the Council secured a new loan for £30million. Further details are provided in the Statement of Accounts.

The Council is satisfied that cashflow levels are sustainable in the short to medium term, although recognises a full review of borrowing levels is required in 2024/25.

## **The Statement of Accounts**

The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties clear information about the Council's finances. The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom, published by CIPFA (the Code). To make the document as useful as possible to its audience and so as to make meaningful comparisons between authorities possible the Code requires:

- All Statement of Accounts to reflect a common pattern of presentation, although this does not necessarily require them to be in an identical format.
- Interpretation and explanation of the Statement of Accounts to be provided.
- The Statement of Accounts and supporting notes to be written in plain language.

The section on accounting policies describes the basis on which the financial information within the statements is prepared. The accounts have been prepared to give a true and fair view of the financial position of the Council and with the underlying assumption of the going concern concept. Information is included within the statements having regard to the concepts of relevance, reliability, comparability and understandability together with a consideration of materiality.

This statement of accounts comprises various sections and statements, which are briefly explained below:

## Narrative Report

- **A Narrative Report** – this provides an effective guide to the most significant matters reported in the accounts, including an explanation of the Council’s financial position and details the performance of the Council during the financial year.
- **The Statement of Responsibilities** – this details the responsibilities of the Council and the Chief Financial Officer concerning the Council’s financial affairs and the actual Statement of Accounts.
- **The Audit Opinion and Certificate** – this is provided by the external auditor following the completion of the annual audit.
- **The Core Financial Statements**, comprising:
  - **The Comprehensive Income and Expenditure Statement** – this is fundamental to the understanding of a Council’s activities. It brings together all of the functions of the Council and summarises all of the resources the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and for the ability to divert particular expenditure to be met from capital resources.
  - **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the Council which is analysed into ‘usable reserves’ and other reserves.
  - **The Balance Sheet** – like the Income and Expenditure Statement this is also fundamental to the understanding of the Council’s financial position as at 31 March 2024. It shows the balances and reserves at the Council’s disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the non current assets held.
  - **The Cash Flow Statement** – this consolidated statement summarises the Council’s inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and cash equivalents.
- **The Notes to the Core Financial Statements** provide supporting and explanatory information on the Core Financial Statements and include the Council’s accounting policies.
- **Group Accounts** – group financial statements are required in order to reflect the variety of undertakings that local authorities conduct under the ultimate control of the parent undertaking of that group. The group accounts should also include any interests where the Council is partly accountable for the activities because of the closeness of its involvements i.e. in associates and joint ventures. The transactions involved are not considered material to the Council’s accounts however the Council has decided to provide a full disclosure in terms of bodies that it has a relationship with.
- **The Housing Revenue Account** – There is a statutory duty to account separately for local authority housing provision.

- **The Collection Fund** – This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.
- **The Pension Fund Accounts and Disclosure Notes** – the Shropshire County Pension Fund is administered by this Council, however, the pension fund has to be completely separate from the Council's own finances. The accounts summarise the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2023/24 and assets and liabilities as at 31 March 2024.

A glossary to the Statement of Accounts is also included to help to make, what is ultimately a very technical accounting document, more understandable to the reader.

## Outlook for the Council

The Council produced a Medium Term Financial Strategy (MTFS) for the period 2024/25 – 2028/29, and the plan sets out a clear route to securing long term financial sustainability for the Council, whilst aligning the Council's resources to the Shropshire Plan.

It was anticipated that proposals delivered in 2023/24 would put the Council on a stable financial footing over the medium term. The dual challenges of increasing inflation and rising demand for social care (in common with all upper-tier councils) have prevented the Council from achieving that in full. The specific factors affecting the budget for 2024/25 are:

- Low/no change to funding levels in real terms of the last 7 years, despite rebalancing between funding sources.
- Increased population, particularly amongst older adults
- Increasing demand for services such as:
  - children needing support or protection, and
  - adults with learning difficulties or autism;
  - older adults who often have care needs more complex than in the pre-COVID period
  - demand for Temporary Accommodation and housing support
  - cost of living support
  - the challenge of delivering services across a large rural area with a sparse population

The impact of these factors are that demand for services outstrips the resources available to the Council within the current operating model. The 2024/25 budget therefore proposed a reduction to the overall size and scope of the council, and to secure efficiency and transformational improvements to continue to provide services the greatest extent possible within the available resources. The Council is also developing broader approaches to demand management, enabling us to better meet the challenges of demand increases.

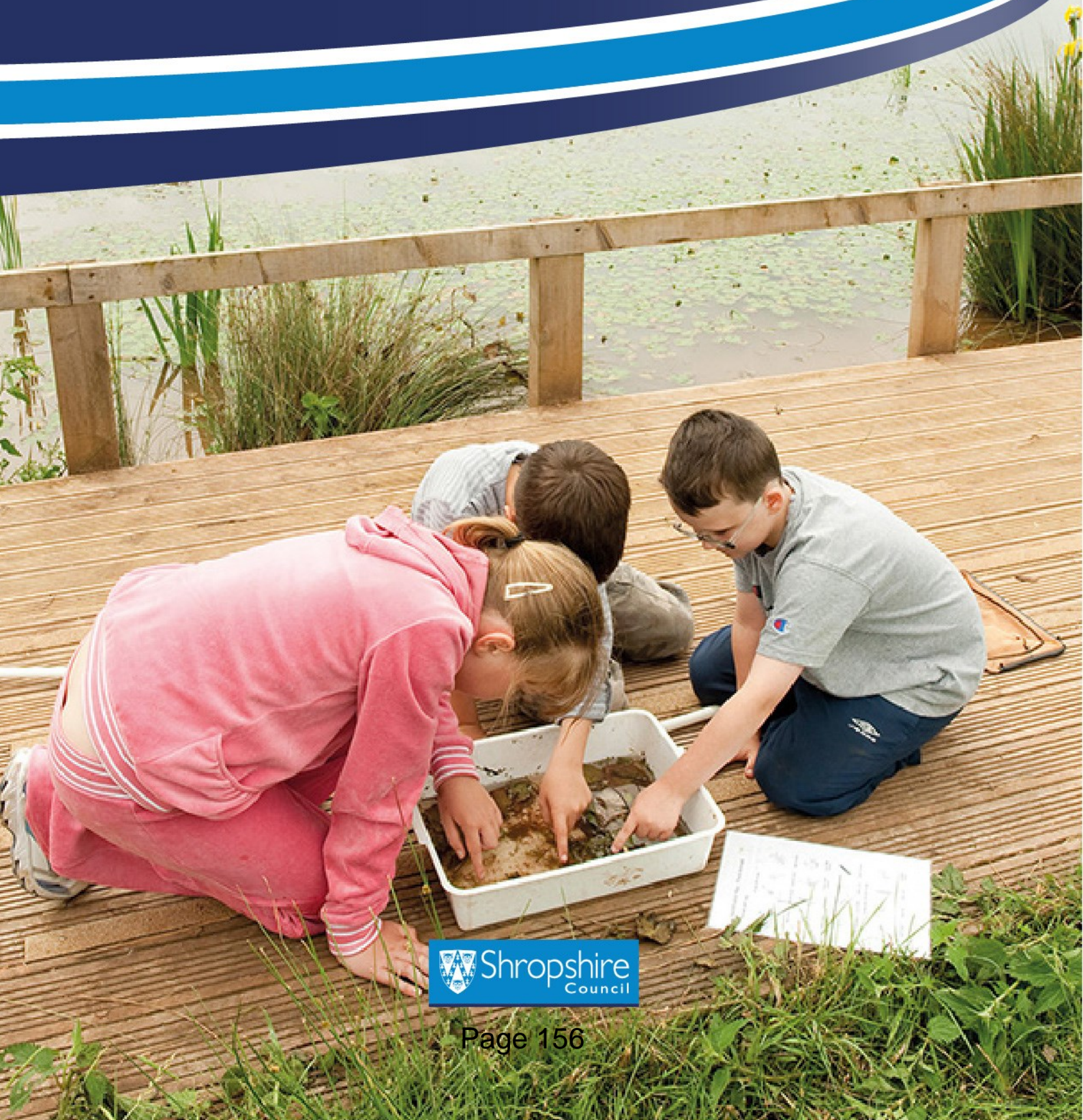
Despite the challenges encountered through the year, the objectives and overarching vision of The Shropshire Plan remain a clear guide to the priorities for the 2024/25 budget and the MTFS period following to 2028/29.

The Council identified spending reduction plans of £62.480m and this was consulted on and then agreed by Full Council in February 2024. As a result of the work of officers to identify these spending reductions, this produced a balanced budget for 2024/25, and produce a more sustainable footing for the Council over the remaining life of the Medium term Financial Strategy.

Next year we will be investing over £117 million of capital funding into local projects. The capital programme remains priority led, reflecting the need for growth in the Shropshire economy, significant investment in infrastructure and roads, investment in the current housing stock and continuing a new build programme for housing, and funding to deliver superfast broadband across much of Shropshire in the coming years.

## Section 2

# Statement of Responsibilities





# Statement of Responsibilities

## **The Council's Responsibilities**

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director of Resources;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

## **Approved by Council**

The Council's Statement of Accounts for 2023/24 was formally approved at a meeting of the Audit Committee on **xx xxxxxxxxxxx xxx**

Brian Williams  
Chair of the Audit Committee  
**xx xxxxxxxxxxx xxx**

## **Responsibilities of Executive Director of Resources**

The Executive Director of Resources is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing this Statement of Accounts, the Executive Director of Resources has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Executive Director of Resources has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## **Certificate of the Executive Director of Resources**

I hereby certify that the Statement of Accounts present a true and fair view of the financial position and the income and expenditure of the Council for the year ended 31 March 2024.

James Walton  
Executive Director of Resources  
31 May 2024

## Section 3

# Audit Opinion and Certificate



## **Audit Opinion and Certificate**

**WILL BE UPDATED FOLLOWING AUDIT OF ACCOUNTS**















Section 4

# Core Financial Statements



## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23 Restated			2023/24			
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
			<b>Expenditure on Continuing Services (Notes 7, 8, 9 and 10)</b>			
18,542	(15,559)	2,983	Health and Wellbeing	17,735	(16,987)	748
3,386	(19,162)	(15,776)	Local Authority Housing	22,731	(20,399)	2,332
432,380	(203,555)	228,825	People	455,576	(217,839)	237,737
184,020	(62,955)	121,065	Place	189,866	(70,649)	119,217
60,240	(52,474)	7,766	Resources	63,094	(53,220)	9,874
716	0	716	Strategic Management Board	4,008	(1)	4,007
10,307	(27,410)	(17,103)	Corporate	10,327	(38,148)	(27,821)
<b>709,591</b>	<b>(381,115)</b>	<b>328,476</b>	<b>Net Cost of Services</b>	<b>763,337</b>	<b>(417,243)</b>	<b>346,094</b>
		10,532	Other Operating Expenditure (Note 13)			15,205
		48,301	Financing and Investment Income and Expenditure (Note 14)			29,195
		(316,145)	Taxation and Non Specific Grant Income (Note 15)			(342,574)
		<b>71,164</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>47,920</b>
		(41,074)	(Surplus) or Deficit on Revaluation of Non-Current Assets			(28,387)
		197	Impairment Losses on Non-Current Assets Charged to the Revaluation Reserve			2,928
		(449,181)	Remeasurement of the Net Defined Benefit Liability			(110,518)
		<b>(490,058)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(135,977)</b>
		<b>(418,894)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(88,057)</b>

## Movement In Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

2023/24										
	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2023</b>	<b>7,093</b>	<b>52,579</b>	<b>59,672</b>	<b>12,359</b>	<b>7,400</b>	<b>52,395</b>	<b>131,826</b>	<b>572,162</b>	<b>703,988</b>	
<b><u>Movement in reserves during 2023/24</u></b>										
Surplus or (deficit) on the provision of services	(45,881)	0	(45,881)	(2,039)	0	0	(47,920)	0	(47,920)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	135,977	135,977	
<b>Total Comprehensive Income and Expenditure</b>	<b>(45,881)</b>	<b>0</b>	<b>(45,881)</b>	<b>(2,039)</b>	<b>0</b>	<b>0</b>	<b>(47,920)</b>	<b>135,977</b>	<b>88,057</b>	
Adjustments between accounting basis & funding basis under regulations (Note 11)	29,821	0	29,821	1,449	(1,392)	2,668	32,546	(32,546)	0	
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(16,060)</b>	<b>0</b>	<b>(16,060)</b>	<b>(590)</b>	<b>(1,392)</b>	<b>2,668</b>	<b>(15,374)</b>	<b>103,431</b>	<b>88,057</b>	
Transfers to/(from) Earmarked Reserves (Note 12)	17,204	(17,172)	32	(32)	0	0	0	0	0	
<b>Increase/(Decrease) in 2023/24</b>	<b>1,144</b>	<b>(17,172)</b>	<b>(16,028)</b>	<b>(622)</b>	<b>(1,392)</b>	<b>2,668</b>	<b>(15,374)</b>	<b>103,431</b>	<b>88,057</b>	
<b>Balance at 31 March 2024</b>	<b>8,237</b>	<b>35,407</b>	<b>43,644</b>	<b>11,737</b>	<b>6,008</b>	<b>55,063</b>	<b>116,452</b>	<b>675,593</b>	<b>792,045</b>	

## Movement In Reserves Statement

2022/23	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2022</b>	11,522	89,638	101,160	11,592	6,918	47,082	166,752	118,342	285,094
<b><u>Movement in reserves during 2022/23</u></b>									
Surplus or (deficit) on the provision of services	(87,632)	0	(87,632)	16,468	0	0	(71,164)	0	(71,164)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	490,058	490,058
<b>Total Comprehensive Income and Expenditure</b>	<b>(87,632)</b>	<b>0</b>	<b>(87,632)</b>	<b>16,468</b>	<b>0</b>	<b>0</b>	<b>(71,164)</b>	<b>490,058</b>	<b>418,894</b>
Adjustments between accounting basis & funding basis under regulations (Note 11)	46,112	0	46,112	(15,669)	482	5,313	36,238	(36,238)	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(41,520)</b>	<b>0</b>	<b>(41,520)</b>	<b>799</b>	<b>482</b>	<b>5,313</b>	<b>(34,926)</b>	<b>453,820</b>	<b>418,894</b>
Transfers to/(from) Earmarked Reserves (Note 12)	37,091	(37,059)	32	(32)	0	0	0	0	0
<b>Increase/(Decrease) in 2022/23</b>	<b>(4,429)</b>	<b>(37,059)</b>	<b>(41,488)</b>	<b>767</b>	<b>482</b>	<b>5,313</b>	<b>(34,926)</b>	<b>453,820</b>	<b>418,894</b>
<b>Balance at 31 March 2023</b>	<b>7,093</b>	<b>52,579</b>	<b>59,672</b>	<b>12,359</b>	<b>7,400</b>	<b>52,395</b>	<b>131,826</b>	<b>572,161</b>	<b>703,988</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

2022/23		2023/24	
£000		£000	£000
1,115,889	Property, Plant & Equipment (Note 16)	1,138,504	
2,096	Heritage Assets	2,119	
60,736	Investment Property (Note 17)	43,029	
3,907	Intangible Assets	2,603	
<b>1,182,628</b>	<b>Total Non Current Assets</b>		<b>1,186,255</b>
970	Long Term Investment (Note 21)	971	
16,074	Long Term Debtors (Note 21)	15,259	
<b>1,199,672</b>	<b>Total Long Term Assets</b>		<b>1,202,485</b>
	Current Assets		
	Current Held for Sale Investment Properties (Note 17)	18,283	
5,906	Assets Held for Sale	3,904	
1,627	Short Term Investments (Note 21)	0	
58,000	Inventories	729	
786	Short Term Debtors (Notes 21, 23 & 24)	123,805	
89,160	Cash & Cash Equivalents (Notes 21 & 25)	37,293	
27,584			
<b>183,063</b>	<b>Total Current Assets</b>		<b>184,014</b>
<b>1,382,735</b>	<b>Total Assets</b>		<b>1,386,499</b>
	Current Liabilities		
(21,640)	Bank Overdraft (Notes 21 & 25)	(35,933)	
(7,606)	Short Term Borrowing (Note 21)	(32,802)	
(100,676)	Short Term Creditors (Notes 21 & 26)	(86,156)	
(3,763)	Provisions (Note 27)	(2,707)	
(8,217)	Grants Receipts in Advance - Revenue (Note 38)	(8,622)	
(16,938)	Grants Receipts in Advance - Capital (Note 38)	(25,145)	
<b>(158,840)</b>	<b>Total Current Liabilities</b>		<b>(191,365)</b>
<b>1,223,895</b>	<b>Total Assets Less Current Liabilities</b>		<b>1,195,134</b>
	Long Term Liabilities		
(614)	Long Term Creditors (Note 21)	(603)	
(286,998)	Long Term Borrowing (Note 21)	(281,527)	
(97,459)	Other Long Term Liabilities (Note 19)	(93,313)	
(126,359)	Pensions Liability (Note 41)	(21,397)	
(8,477)	Provisions (Note 27)	(6,249)	
<b>(519,907)</b>	<b>Total Long Term Liabilities</b>		<b>(403,089)</b>
<b>703,988</b>	<b>Net Assets</b>		<b>792,045</b>
	Financed by:		
131,826	Usable Reserves (Note 28)	116,452	
572,162	Unusable Reserves (Note 29)	675,593	
<b>703,988</b>	<b>Total Reserves</b>		<b>792,045</b>

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

2022/23 £000	Revenue Activities	2023/24	
		£000	£000
71,164	Net (surplus) or deficit on the provision of services	47,920	
(64,296)	Adjust net surplus or deficit on the provision of services for non cash movements	(53,168)	
62,703	Adjust for items in the net surplus or deficit on the provision of services that are investing and financing activities	71,912	
<b>69,571</b>	<b>Net cash flows from Operating Activities (Note 30)</b>		<b>66,664</b>
(39,580)	Investing Activities (Note 31)	(50,197)	
(8,347)	Financing Activities (Note 32)	(11,883)	
<b>21,644</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>4,584</b>
27,588	Cash and cash equivalents at the beginning of the reporting period		5,944
<b>5,944</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 25)</b>		<b>1,360</b>

## Section 5

# Notes to the Core Financial Statements





## 1. Accounting Policies

### 1.1 General

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require them to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted by the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on the assumption that the Council will continue to operate for the foreseeable future. This assumption is made because the Council carries out functions essential to the local community and are themselves revenue-raising bodies. If the Council were in financial difficulty alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

### 1.2 Accruals of Expenditure and Income

Revenue transactions are recorded in the year that the activity takes place, not simply when cash payment are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

### 1.3. Cash and Cash Equivalents

Cash is defined for the purpose of this statement, as cash in hand and deposits with financial institutions repayable on demand without penalty on notice. Cash equivalents

are short term, highly liquid investments, normally with a maturity of 90 days or less from the date of investment, that are readily convertible to known amounts of cash.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **1.5. Non-Current Assets - Intangible**

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Council as a result of past events, and future economic or service benefits must be expected to flow from the intangible asset to the Council (e.g. computer software licences).

Intangible assets are recognised based on cost and are amortised over the economic life of the intangible asset to reflect the pattern of consumption of benefits. Only intangible assets included in the capital programme are capitalised. Each intangible asset is assessed in terms of economic life, usually between five and seven years.

### **1.6. Non-Current Assets – Property, Plant and Equipment**

Property, plant and equipment are assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year.

#### Recognition

The cost of an item of property, plant and equipment shall only be recognised (and hence capitalised) as an asset on the balance sheet if, and only if:

- It is probable that the future economic benefits or service potential associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

## Notes to the Core Financial Statements

Costs that meet the recognition principle include initial costs of acquisition, production or construction of assets for use by, or disposal to, a person other than the local authority; and costs incurred subsequently to enhance, replace part of, or service the asset. Subsequent costs arising from day-to-day servicing of an asset (i.e. labour costs and consumables), commonly referred to as 'repairs and maintenance', should not be capitalised if they do not meet the recognition principle because the expenditure does not add to the future economic benefits or service potential of the asset and are charged to revenue.

### Initial Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost and capitalised on an accruals basis. Accruals are made for capital works with a value of £75,000 or more undertaken but not paid for by the end of the financial year.

### Measurement after recognition

Property, plant and equipment assets are subsequently valued at current value on the basis recommended by the Code of Practice on Local Authority Accounting and in accordance with The Royal Institution of Chartered Surveyors (RICS) Valuation Standards. Property, plant and equipment assets are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following bases:

Category	Valuation Method (Current Value definition)
<u>Operational</u>	
Council Dwellings	Existing Use Value – Social Housing (EUV-SH)
Land & Buildings	Existing Use Value (EUV) – determined as the amount that would be paid for the asset in its existing use.
	Depreciated Replacement Cost (DRC) – for specialist properties where there is no market-based evidence of current value because of the specialist nature of the asset and the asset is rarely sold.
Vehicles, Plant & Equipment	Depreciated Historic Cost (HC) - as a proxy for current value where they are of short life or low value.
Infrastructure	Depreciated Historic Cost (HC)
Community Assets	Depreciated Historic Cost (HC)
<u>Non-operational</u>	
Surplus Assets	Market Value (MV) fair value measurement estimated at highest and best use from a market participant's perspective.
Assets Under Construction	Historic Cost (HC)

Land and buildings used for Council services are valued at fair value based on their existing use. Fair value is defined as the value that an asset would be purchased for by a willing buyer. Where sufficient market evidence of the value is not available, for example schools and leisure centres, depreciated replacement cost, using the modern equivalent asset method is used for valuation purposes. This is an estimate of how much it would cost to build the asset using the latest building methods which therefore takes into account the current cost of building materials. This value is then adjusted to take into account the age of the building.

## Notes to the Core Financial Statements

Assets included in the Balance Sheet at current value are subject to a full revaluation with sufficient regularity to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. In the intervening years the valuations are subject to an annual desktop review to update the valuation to the balance sheet date. Where the valuation is calculated to be below £10,000 the valuation is recorded as de-minimus in the balance sheet.

When new material assets are acquired/constructed or assets substantially enhanced or there is a change in use of the asset; the asset will be valued in the financial year in which the asset becomes operational. Where there is a change in use of the asset, the impact of this will be considered to determine if a revaluation is required.

The Housing Revenue Account Council Dwellings are subject a full valuation every five years and to an annual desktop review to update the valuation to the balance sheet date; undertaken by the Valuation Office Agency.

When an asset is revalued, any accumulated depreciation and impairment at the date of valuation shall be eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Where the carrying amount of property, plant and equipment is increased as a result of a revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to an impairment, see 1.10), the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter in the Surplus or Deficit on the Provision of Services.

### Componentisation

Where components of an asset are significant in value in relation to the total value of the asset and they have substantially different economic lives, they are recognised and depreciated separately. The requirement for componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure and revaluations carried out from 1 April 2010. Significant assets for this purpose are properties with a value in excess of £2.5m.

### Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- On disposal, or
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an asset shall be the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss arising from derecognition of an asset shall be included in the Surplus or Deficit on the Provision of Services when the item is derecognised.

If the asset derecognised was carried at a revalued amount, an additional entry is required; the balance on the Revaluation Reserve in respect of the asset derecognised is written off to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

A proportion (based on Agreement – Section 11(6) of the Local Government Act 2003) of receipts relating to dwellings disposed of under the Right to Buy Scheme are payable to the Government through the pooling system. The proportion that is required to be paid over to central government as a 'housing pooled capital receipt' is charged to Surplus or Deficit on the Provision of Services and the same amount appropriated from the Capital Receipts Reserve and credited to the General Fund Balance in the Movement in Reserves Statement. For the two financial years, 2022-23 and 2023-24, local authorities were permitted to retain the share of Right to Buy receipts that had been previously returned to the Government and so retain 100% of these receipts.

Where a component of an asset is replaced or restored, the carrying amount of the old component is derecognised, based on the cost of the new component indexed back to the last valuation date, as a proxy for the deemed carrying amount of the replaced part. Where the new expenditure is deemed to also enhance the component of the original asset e.g. energy efficiency schemes the carrying amount of the old component is derecognised at a lower value, reflecting it is not a like for like replacement and a further enhancement has been made to the asset.

### **1.7. Non-Current Assets – Property, Plant and Equipment – Highways Network Infrastructure Assets**

Highways network infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

#### Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

#### Measurement

Highways network infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost - opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the accounts do not disclose the gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant

## Notes to the Core Financial Statements

information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

### Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over the useful lives of the capital expenditure incurred based on the type of works. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year from year of acquisition.

Useful lives of the various types of works on the highways network are assessed by the Asset Manager in Highways using industry standards where applicable as follows:

Part of Highways Network	Life
Carriageways	5 - 20 years (dependant on works)
Footways & Cycle Tracks	20 years
Fences, Walls & Barriers	10 years
Traffic Signals and Pedestrian crossings	15 years
Streetlighting	20 years - Conversions 40 years - New
Bridgeguard, Drainage Structures, Structures	40 - 100 years (dependant on works)
New bridges and structures	100 years

### Disposals and derecognition

When a component of the Network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil. This is because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

## **1.8. Investment Properties**

An investment property is a property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of operations.

Investment properties shall be initially measured at cost and thereafter at fair value, which is interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value (MV).

Investment properties held at fair value are not depreciated. The fair value of investment properties shall reflect market conditions at the Balance Sheet date; this means the periodic (5-yearly) revaluation approach may only be used where the carrying amount does not differ materially from that which would be determined using fair value at Balance Sheet date. As such Investment Properties are subject to an annual review to ensure their valuation reflects fair value at the balance sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

### **1.9. Non-Current Assets Held for Sale**

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use. The following criteria have to be met before an asset can be classified as held for sale under this section of the Code:

- The asset must be available for immediate sale in its present condition.
- The sale must be highly probable; with an active programme to dispose of the asset.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to complete within one year of the date of classification.

Assets Held for Sale are valued at the lower of their carrying amount and fair value (market value) less costs to sell at initial reclassification and at the end of each reporting date, and are not subject to depreciation. Investment Properties that are to be disposed of are not reclassified as an Asset Held for Sale and remain as Investment Properties until disposed of, reclassified to short terms investment properties where they are expected to be disposed of within a year of the balance sheet date.

### **1.10. Impairment**

At the end of each reporting period an assessment takes place as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate an impairment may have incurred include:

- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; or
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

An impairment loss on a revalued asset is recognised in the Revaluation Reserve (to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset) and thereafter in the Surplus or Deficit on the Provision of Services.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## 1.11. Depreciation

Land and buildings are separate assets and are accounted for separately, even when they are acquired together. Depreciation applies to all property, plant and equipment, whether held at historical cost or revalued amount, with the exception of:

- Investment properties carried at fair value;
- Assets Held for Sale; and
- Land where it can be demonstrated that the asset has an unlimited useful life (excluding land subject to depletion, i.e. quarries and landfill sites).

An asset is not depreciated until it is available for use and depreciation ceases at the earlier of: the date the asset is classified as held for sale and the date the asset is derecognised.

The finite useful life of an asset is determined at the time of acquisition or revaluation. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is calculated using the straight-line method. For Council Dwellings the depreciation charge is calculated on a componentised depreciation basis, using the Planned Programme Approach. The depreciation charge is calculated based on the stock data at 1st April, using the stock data of the major components at that date, from the housing condition data. The components are depreciated on a straightline basis over their useful life (10-80 years) for Decent Homes Standard; with the residual amount (excluding land) depreciated over 150 years.

On a revalued asset, a transfer between the Revaluation Reserve and Capital Adjustment Account shall be carried out which represents the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's historical cost.

## 1.12. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and Impairment losses used on assets used by the service in excess of any balance on the Revaluation Reserve for the asset.
- Amortisation of intangible assets attributable to the service.

Depreciation, amortisation, impairments, revaluation gains or losses charged to the Surplus or Deficit on the Provision of Services are not proper charges to the General Fund or Housing Revenue Account. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement. The only exception is



depreciation charges for HRA dwellings and other properties, which are real charges to the HRA.

This ensures the Council is not required to raise Council Tax to cover depreciation, amortisation or revaluation/impairment losses. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement; further details are provided at Accounting Policy 1.16 (The Redemption of Debt). Depreciation, amortisation and revaluation/impairment losses are therefore replaced by revenue provision transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Interest payable is reported within Net Operating cost within the Income and Expenditure Account and depreciation, calculated in accordance with Accounting Policy 1.11 (Depreciation), is charged directly to service revenue accounts.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately on the Movement in Reserves Statement.

### **1.13. Revenue Expenditure Funded from Capital under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the Council, and amounts directed under section 16(2) of Part 1 of the Local Government Act 2003.

Such expenditure is charged to the Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure shall be accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance and shown as a reconciling item in the Movement in Reserves Statement.

### **1.14. Heritage Assets**

Tangible Heritage Assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture. Intangible heritage assets are intangible assets with cultural, environmental, or historical significance.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Councils accounting policies on property, plant and equipment. However, due to the unique nature of Heritage Assets, some of the measurement rules are relaxed in relation to the categories of Heritage Assets held.

### **1.15. Capital Receipts**

Capital receipts from the disposal of assets are held in the Usable Capital Receipts Reserve until such time as they are used to finance capital expenditure, used to finance expenditure under the flexibilities around the use of Capital Receipts for transformational

revenue purposes currently extended to 2024/25 or are used to repay debt. At the balance sheet date, the Council may opt to set aside capital receipts in-hand within the Capital Adjustment Account to reduce the Capital Financing Requirement and the Minimum Revenue Provision (MRP) charge for the following financial year.

### 1.16. The Redemption of Debt

The Council makes provision for the repayment of debt in accordance with the statutory "Minimum Revenue Provision" (MRP) requirements. For supported borrowing MRP is calculated based on a 45 year annuity basis and utilises Adjustment A (the variance between the credit ceiling and the Capital Financing Requirement (CFR) as at 1<sup>st</sup> April 2004) to reduce the supported borrowing CFR for MRP purposes. For unsupported borrowing MRP is calculated based on an annuity basis over the expected life of the asset for which the borrowing was undertaken. These amounts are transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

For HRA debt there is no mandatory requirement to make provision in the HRA for annual MRP payments. However, the Council will make annual voluntary provision for debt repayment in the HRA based on affordable levels in the HRA against the need for investment and delivering services in the HRA.

For assets under on-balance sheet PFI contracts and finance leases, the annual principal payment amount in the PFI or finance lease model is used as the MRP payment amount, with no additional charges above those within the contract.

Where the Council has made capital loans to third parties financed from the Council's balances, the annual repayments of principal amounts are treated as capital receipts and set aside in the Capital Adjustment Account in place of a revenue MRP charge.

### 1.17. Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- 1) the lease transfers ownership of the asset to the lessee by the end of the lease term;
- 2) the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised;
- 3) the lease term is for the major part of the economic life of the asset;
- 4) the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and

## Notes to the Core Financial Statements

- 5) the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Should a yes response be given to two or more of the above questions, then consideration is given to treating the lease as a finance lease.

### The Council as Lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in calculating the Council's Revenue Account balance.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land and buildings are assessed as to whether they are operating or finance leases.

### The Council as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the council's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## **1.18. Government Grants and Contributions**

### Revenue Grants

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution and there is reasonable assurance that the monies will be received. If there are outstanding conditions on the grant income the income is held on the Balance Sheet as a Government creditor. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant and New Homes Bonus) are credited to the foot of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure.

## Capital Grants

Grants and contributions relating to capital expenditure shall be accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the Council has not satisfied.

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund (or Housing Revenue Account) to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure it is posted to the capital grants unapplied reserve.

## Community Infrastructure Levy

The Council has elected to charge Community Infrastructure Levy (CIL) with effect from 1 January 2012. The levy applies to planning applications for the following types of development:

- The formation of one or more new dwellings, (including holiday lets), either through conversion or new build, regardless of size (unless it is 'affordable housing'); or
- The establishment of new residential floor space (including extensions and replacements) of 100sqm or above.

The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund infrastructure projects. This will largely be capital expenditure and includes roads and other transport schemes, flood defences, schools and other education facilities, medical facilities, sporting and recreation facilities and open spaces. Five percent of CIL charges will be used to meet the administrative costs of operating the levy.

CIL is received without outstanding conditions; it is therefore recognised in the Comprehensive Income and Expenditure Statement in accordance with the Council CIL instalment policy, following commencement date of the chargeable development in accordance with the accounting policy for government grants and contributions set out above.

The only exception for this is CIL monies received on developments where the CIL Liability Notice has been issued after 25th April 2013. On these receipts 15% of gross receipt or 25% in areas with a statutory Neighbourhood Plan in place; is treated as the Neighbourhood Fund element. The Neighbourhood Fund is the portion of CIL provided directly to Town and Parish Councils to be used for the provision, improvement, replacement, operation or maintenance of infrastructure or anything else which is concerned with addressing the demands that development places on an area.

## **1.19. Financial Assets**

## Notes to the Core Financial Statements

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest i.e. where the cash flows do not take the form of a basic debt instrument.

### **Financial Assets Measured at amortised cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provision of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council,, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, adjusted for accrued interest receivable at the year end. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to individuals at less than market rates (soft loans). Ordinarily when soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest would then be credited at a marginally higher effective rate of interest than the rate receivable from the individual, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance would be managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. However, the soft loans that the Council has made are not material to the accounts so the impact has not been incorporated into the Core Financial Statements, instead Note 21 to the Core Financial Statements provides details about these soft loans.

### **Financial Assets Measured at Fair Value through Profit of Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price

## Notes to the Core Financial Statements

- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **1.20. Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings that the Council has, this means the amount presented in the Balance Sheet is the outstanding principal repayable, adjusted for accrued interest payable at the year end. Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **1.21. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

### **1.22. Provisions, Contingent Liabilities and Contingent Assets**

#### Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the Council a legal or constructive obligation that probably requires settlement by the transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes apparent that a transfer of economic benefits is not required, the provision is reversed and credited back to the relevant service.

#### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but any material liabilities will be disclosed in a separate note to the accounts.

#### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts if it is probable that there will be an inflow of economic benefits or service potential and the sum is material to the accounts.

### 1.23. Inventories

Inventories and stock are included on the Balance Sheet at the lower of cost price or net realisable value.

### 1.24. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2023/24. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

### 1.25. Group Accounts

The Council has financial relationships with a number of entities and partnerships and, therefore, is required to prepare Group Accounts, in addition to its main financial statements. All of the financial relationships within the scope of Group Accounts have been assessed.

The Council has accounted for Group Accounts in accordance with IFRS 3 - Business Combination, IFRS10 – Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS12 – Disclosure of Interest in Other Entities, IAS 27 - Separate Financial Statements, IAS28 - Investments in Associates and Joint Ventures except where interpretations or adaptations to fit the public sector have been detailed in the Code of Practice on Local Authority Accounting. Subsidiaries have been consolidated within the Council's accounts on a line by line by line basis and joint ventures have been consolidated using the equity method. Accounting policies have been aligned between the Council and the companies consolidated in the Group. Intragroup transactions relating to Subsidiaries are eliminated on consolidation.

### 1.26. Value Added Tax (VAT)

Only irrecoverable VAT is included in revenue and capital expenditure. All VAT receivable is excluded from income.

### 1.27. Employee Benefits

The Council accounts for employee benefits in accordance with the requirements of IAS 19 – Employee Benefits. This covers short-term employee benefits such as salaries, annual leave and flexi leave, termination benefits and post-employment benefits such as pension costs.



## Notes to the Core Financial Statements

In accounting for annual leave the Council has categorised the staff into teachers and other staff. Teaching staff have been accounted for on the basis that working during term time entitles them to paid leave during the holidays e.g. working the Spring Term entitles them to paid Easter holidays. An accrual has been calculated based on the untaken holiday entitlement relating to the Spring Term. An accrual has been calculated for other staff based on the amount of untaken leave as at 31 March.

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. The cost of these are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure statement.

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The NHS Pensions Scheme, administered by NHS Pensions;
- The Local Government Pensions Scheme, administered by Shropshire Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However, the arrangements for the Teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to the two schemes in the year.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Shropshire County Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.8% (based on the indicative rate of return on high quality corporate bonds of appropriate duration)
- The assets of the Shropshire County Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unlisted securities – current bid price
  - property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

## Notes to the Core Financial Statements

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Shropshire County Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### 1.28. Foreign Currency Transactions

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transaction, by applying the spot exchange rate at the date of the transaction.

### 1.29. Private Finance Initiative (PFI) Schemes

PFI contracts are agreements to receive services, where the PFI contractor has responsibility for making available the assets needed to provide the services. The Council pays the contractor a payment, which is called a unitary charge, for the services delivered under the contract.

The Council has two PFI projects: the Quality in Community Services (QICS) PFI and the Waste Services PFI. Further details of these PFI projects are set out later in the document. The Council is deemed to control the services provided under these two PFI schemes, and as ownership of property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the operational assets used under the contracts on its balance sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the QICS scheme, the liability was written down by an initial capital contribution of £2.5m. At the commencement of the Waste contract the Council made various existing waste infrastructure assets available to the contractor. Under the Waste scheme, not all property, plant and equipment scheduled to be provided in the initial years of the contract has been provided and as a result part of the payments made to the scheme operator have been accounted for as a prepayment, with a corresponding entry also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **Finance cost** – an interest charge as a percentage (based on the Internal Rate of Return of the scheme) of the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **Lifecycle replacement costs** – proportion of amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out. On recognising the prepayment for lifecycle replacement costs a corresponding entry is also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account. Where works are carried out earlier than planned they are recognised as additions to Property, Plant and Equipment balanced by a temporary increase in the finance lease liability. When the programmed payment takes place the liability is written down.

### 1.30. Accounting for Council Tax and Non Domestic Rates

The Council Tax income included in the Comprehensive Income & Expenditure Statement is the accrued income for the year, and not the amount required under regulation to be transferred from the Collection Fund to the General Fund (the Collection Fund Demand). The difference is taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

As the collection of Council Tax for preceptors (the West Mercia Police and Crime Commissioner, and Shropshire & Wrekin Fire & Rescue Authority) is an agency arrangement, the cash collected belongs proportionately to Shropshire Council as the billing authority and to the preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts and prepayments.

In relation to Non-Domestic Rates, Shropshire Council collects income due as an agency arrangement. As with council tax, the cash collected belongs proportionately to Shropshire Council as the billing authority, and to Central Government and Shropshire & Wrekin Fire & Rescue Authority as preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts, appeals and prepayments.

### 1.31. Accounting for Local Authority Maintained Schools

All Local Authority Maintained Schools in the Council area are considered to be entities controlled by the Council. In order to simplify the consolidation process and avoid consolidating in Group Accounts a considerable number of separate, relatively small entities; the Council's single entity financial statements include all the transactions of Local Authority Maintained Schools i.e. income, expenditure, assets, liabilities, reserves and cash flows of the schools.

The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

The Council recognises on balance sheet the non-current assets of schools where the Council legally owns the assets or where the school is in the legal ownership of a non religious body, on the basis that they are the assets of the school and need to be consolidated into the Council's accounts.

Community schools are owned by the Council and therefore recognised on the balance sheet.

The majority of Voluntary Aided and Voluntary Controlled schools in the Council area are owned by the respective Diocese. There is currently no legal arrangement in place for

the School/Council to use the Diocese owned schools. The School/Council uses the school building to provide education under the provisions of the School Standards and Framework Act 1998. On this basis the school assets are used under "mere" licences and the assets are not recognised on the Council's balance sheet. The only exception to this is there are a small number of schools/part of schools that should have transferred to Diocese under Education Legislation; but the legal transfer has not been completed. These are still recognised in the Council balance sheet with an additional note disclosing that they are due to transfer.

Foundation schools owned by the Diocese are not recognised on the Council balance sheet as the position is the same as Voluntary Aided and Voluntary Controlled. Where ownership lies with the school or the school's Governing Body the School is recognised on the Council's Balance Sheet. There are a small number of schools who have recently changed their status to Foundation as part of local area Education Trusts. As yet no legal transfers have taken place of school land and buildings. On the assumption that these trusts will constitute the Governing Bodies of these schools, the schools are to remain on-balance sheet. This will be reviewed when the legal transfers are agreed in case the position is different.

Academy schools are not maintained schools controlled by the Council and as such are not accounted for in the Council's Accounts. Schools in Council ownership (Community Schools) which become Academies are provided to the Academy on a 125 year peppercorn lease. When schools transfer to Academy status the assets are written out of the balance sheet as at the date that the asset transfers. Additional notes are included in the accounts disclosing details of any schools where approval by the Department for Education to transfer the School to Academy has been granted, but the school has not transferred by the balance sheet date.

### **1.32. Fair Value Measurement**

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## Notes to the Core Financial Statements

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

## 2. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been made to the Council's 2022/23 financial statements as a result of a change to the Council's reporting structure.

The impact of the change to the Council's reporting structure on the Comprehensive Income and Expenditure Statement is detailed below:

Directorates per 2022/23 statement of accounts	As reported in the CI&ES 2022/23	Movement between Directorates	As restated 2022/23
	£000	£000	£000
<b>Gross Expenditure</b>			
Health & Wellbeing	18,542	0	18,542
Housing Revenue Account	3,386	0	3,386
People	454,576	(22,196)	432,380
Place	161,824	22,196	184,020
Resources	60,240	0	60,240
Strategic Management Board	716	0	716
Corporate	10,307	0	10,307
<b>Cost of services</b>	<b>709,591</b>	<b>0</b>	<b>709,591</b>

Directorates per 2022/23 statement of accounts	As reported in the CI&ES 2022/23	Movement between Directorates	As restated 2022/23
	£000	£000	£000
<b>Gross Income</b>			
Health & Wellbeing	(15,559)	0	(15,559)
Housing Revenue Account	(19,162)	0	(19,162)
People	(216,908)	13,353	(203,555)
Place	(49,602)	(13,353)	(62,955)
Resources	(52,474)	0	(52,474)
Strategic Management Board	0	0	0
Corporate	(27,410)	0	(27,410)

## Notes to the Core Financial Statements

<b>Cost of services</b>	<b>(381,115)</b>	<b>0</b>	<b>(381,115)</b>
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Directorates per 2022/23 statement of accounts	As reported in the CI&ES 2022/23	Movement between Directorates	As restated 2022/23
Net Expenditure	£000	£000	£000
Health & Wellbeing	2,983	0	2,983
Housing Revenue Account	(15,776)	0	(15,776)
People	237,668	(8,843)	228,825
Place	112,222	8,843	121,065
Resources	7,766	0	7,766
Strategic Management Board	716	0	716
Corporate	(17,103)	0	(17,103)

<b>Cost of services</b>	<b>328,476</b>	<b>0</b>	<b>328,476</b>
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### 3. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2024/25 Code:

- IFRS 16 Leases issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

## Notes to the Core Financial Statements

- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

These changes, excluding IFRS 16 Leases, are not expected to have a material impact on the Council's accounts.

IFRS 16 Leases changes the way leases are accounted for in the financial statements with the main impact being to remove the traditional distinction between finance leases and operating leases for lessees. From 2024/25 the majority of leases will be accounted for on the Balance Sheet as a Right of Use asset with a corresponding liability. The code requires implementation from 1<sup>st</sup> April 2024. An impact assessment has been carried out in 2023/24 and it has been estimated that as of 1<sup>st</sup> April 2024 there will be a Right of Use asset of £5.406m, a corresponding liability of £1.088m (current) and £4.318m (non-current) along with a £0.173 charge to the I&E. These totals exclude short term leases (less than 12 months) and any leases which are below the de-minimis of £10,000.

#### **4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council takes judgements over the element of control in terms of deciding which assets should be on our balance sheet. The Council considers both the legal ownership of the asset and the circumstances under which schools occupy them, including rights and obligations.

A judgement is taken around Local Authority Maintained schools and particularly Voluntary Aided, Voluntary Controlled and Foundation schools that are not owned by the Council. The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by local authority maintained schools should be recognised in accordance with the asset



## Notes to the Core Financial Statements

recognition tests relevant to the arrangements that prevail for the property. The substance of the arrangement in addition to the legal form are considered including any rights to take back the school buildings.

The Council makes an assessment on whether it is probable that economic benefits or service potential associated with the asset will flow to the authority. Where assets are owned by the Council and used by maintained schools, the economic benefits and service potential of the asset is considered to be within the control of the Council and therefore the assets are recognised on the Council's balance sheet. Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body and provided to the school under "mere licences" which pass no interest to the school and are always revokable they are not recognised as assets of the school. Therefore they are not included on the Council's Balance Sheet.

The Council has completed an assessment of the different types of schools it controls within the Shropshire Council area to determine how these should be accounted for. The accounting treatment is detailed in the accounting policies (see 1.31).

- The Council receives a number of grants which require a judgment to be made as to whether it is acting as an agent for the Government in relation to the distribution of these grants or as the principal based on the criteria of each grant. Where the Council are deemed to be acting as an agent transactions are not reflected in the Council's accounts with the exception of a debtor, creditor and net cash position on the Balance Sheet. Details of the material grants where the Council has deemed it is acting as an agent are included in Note 38.
- The Council is part of the Marches Local Enterprise Partnership (LEP) along with Herefordshire and Telford & Wrekin. It was agreed on 12 March 2024 that the Marches Local Enterprise Partnership Limited would be voluntarily wound up following a decision by the Government earlier this year to devolve LEP responsibilities back to local councils. Shropshire Council, Herefordshire Council and Telford & Wrekin Council have set up a Joint Committee that will oversee the transition of the assets, resources and responsibilities of the Marches LEP to the three councils by the end of March 2024. The Council acts as accountable body for the LEP and therefore receives grant income on behalf of the LEP and processes expenditure in line with the grant schemes. The Council has concluded that the role of accountable body is to be deemed as an agent as the decisions in relation to the allocation of the funding is made by the LEP Joint Committee, and therefore only the net grant held and corresponding creditor is included within the Council's accounts. Further details are provided at Note 44.

### **5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

## Notes to the Core Financial Statements

There is a risk of material adjustment in the forthcoming financial year for the following items in the council's Balance Sheet at 31 March 2024:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment (PPE)	Full valuation is carried out a minimum of every 5 years. Where a full valuation is not carried out in year, a desktop valuation review is carried out to update all valuations annually to the Balance Sheet date.	There is a risk of material adjustment in the year when the property is revalued. Note 16 details the carrying value for each class of PPE asset. A 1% increase in property valuations would result in a £2.441m increase in the valuation of Council dwellings and a £4.314m increase in the value of other land and buildings.
	Estimates of remaining useful economic life are provided as part of the valuation and are used to calculate the depreciation charge on a straightline basis.	There is a risk that annual depreciation charges are over or under stated and also correspondingly the NBV of the asset. This could also result in a risk of material adjustment in the year when the property is revalued.
Property, Plant & Equipment - Infrastructure	Infrastructure assets are measured at historic cost and depreciated over the useful lives of the various types of works on the highways network as assessed by the Asset Manager in Highways using industry standards. Highways assets are assumed to have been fully consumed once the useful life applied has expired.	If the useful life of assets is different to the life applied, depreciation is over or under charged in year and the carrying amounts of the assets are misstated.  If previous expenditure has not been fully depreciated (carrying amount not nil) at the point replacement expenditure is incurred, the carrying amounts for assets will be overstated.
	The carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is considered to be nil. This is because parts of infrastructure assets are rarely replaced before the part has been fully consumed.	
Investment Properties	Valued on a fair value basis reflecting market conditions at the balance sheet date and thus annual valuation reviews are required. This ensures the carrying amount reflects fair value at the Balance Sheet date.	Note 17 details the carrying value of Investment Properties. A 1% movement in Investment Property valuations would result in a £0.613m movement in the valuation of Investment Properties.
NDR Appeals Provision	The provision set aside for Non Domestic Rate appeals is estimated based on the number of outstanding appeals as per the Valuation Office and then these are assessed to establish the likelihood of the appeal being successful	There is a risk that successful appeals will be significantly more than the estimate leading to an increased demand on the NDR collection fund in the year. Note 27 provides details on the NDR Appeals Provision. A 10%

## Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	and the potential reduction in rateable value.	movement in the losses from appeals would result in a £0.196m movement in the value of the NDR Appeals Provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Further information on the assumptions and sensitivity is detailed in Note 41.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £79.264m.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured or based on quoted prices in active markets (i.e. level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 17 and 21.	The authority uses the discounted cash flow model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Accruals	Estimates of known future expenses or income where amounts are not yet certain are accrued in the year that they relate to. The proportion of estimates within the accruals processed for debtors and creditors are: <ul style="list-style-type: none"> <li>• Debtors 26%</li> <li>• Creditors 18%</li> </ul>	The expense or the income could be either higher or lower than expected. A 10% increase in the estimates for debtors would result in an additional debtor of £0.400m. A 10% increase from the estimate for creditors would result in an additional creditor of £0.268m.

## Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Debt Impairment	The balance of outstanding debtors, including Council Tax and Business Rates debtors, is assessed annually and a bad debt provision calculated to estimate the potential liability from non collection of the outstanding debts. The impact of the cost of living increases has created uncertainty around future collection rates. The estimated impact of this has been included in the calculation however the long-term impact of this is currently unknown.	There is a risk that if collection rates were to deteriorate then the allowance for the impairment of bad debts would need to increase. Note 22 provides details on outstanding debtors and the allowance for impairment.

### 6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Executive Director of Resources on 31<sup>st</sup> May 2024. Events taking place after this date are not reflected in the financial statement or notes.

## Notes to the Core Financial Statements

### 7. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2022/23					2023/24					
	Net expenditure reported for resource management £000	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net expenditure reported for resource management £000	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	
	2,025	168	2,193	790	2,983	Health and Wellbeing	1,399	(1,521)	(122)	870	748
	0	(3,725)	(3,725)	(12,051)	(15,776)	Local Authority Housing	0	(1,542)	(1,542)	3,874	2,332
	209,655	(2,926)	206,729	22,096	228,825	People	206,496	25,951	232,447	5,290	237,737
	75,263	1,384	76,647	44,418	121,065	Place	77,677	(4,424)	73,253	45,964	119,217
	4,639	1,653	6,292	1,474	7,766	Resources	4,161	2,992	7,153	2,721	9,874
	0	873	873	(157)	716	Strategic Management Board	302	47	349	3,658	4,007
	(58,467)	45,007	(13,460)	(3,643)	(17,103)	Corporate	(26,819)	2,189	(24,630)	(3,191)	(27,821)
	<b>233,115</b>	<b>42,434</b>	<b>275,549</b>	<b>52,927</b>	<b>328,476</b>	<b>Net Cost of Services</b>	<b>263,216</b>	<b>23,692</b>	<b>286,908</b>	<b>59,186</b>	<b>346,094</b>
	0	(234,828)	(234,828)	(22,484)	(257,312)	Other Income and Expenditure	0	(270,258)	(270,258)	(27,916)	(298,174)

## Notes to the Core Financial Statements

		2022/23				2023/24				
Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
233,115	(192,394)	40,721	30,443	71,164	<b>Surplus or Deficit</b>	263,216	(246,566)	16,650	31,270	47,920
		112,752			Opening General Fund and HRA Balance			72,031		
		(40,721)			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year			(16,650)		
		72,031			<b>Closing General Fund and HRA Balance at 31 March*</b>			55,381		

\* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

## Notes to the Core Financial Statements

### 8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2023/24												
Adjustments from management reporting and General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Capital items reported at Directorate level (note 1) £000	Pension items reported at Directorate level (note 1) £000	Reserves reported at Directorate level (note 1) £000	Interest Payable and Receivable reported at Directorate level (note 2) £000	Reallocation of traded services and internal recharges (note 2) £000	Investment properties/Levies/revenue impairment reported at Directorate level £000	Other Adjustments (note 3) £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustment between funding and accounting basis £000
Health and Wellbeing	0	0	894	0	(2,422)	0	7	(1,521)	946	(72)	(4)	870
Local Authority Housing	0	0	0	0	0	0	(1,542)	(1,542)	3,874	0	0	3,874
People	0	0	25,496	(207)	501	0	161	25,951	4,590	(1,055)	1,755	5,290
Place	0	(131)	5,223	(13,441)	2,248	1,782	(105)	(4,424)	46,394	(469)	39	45,964
Resources	0	(10)	1,078	369	1,309	0	246	2,992	2,806	(75)	(10)	2,721
Strategic Management Board	0	0	196	0	(149)	0	0	47	3,660	(6)	4	3,658
Corporate	0	0	(25,564)	(6,285)	(691)	0	34,729	2,189	(5,230)	2,355	(316)	(3,191)
<b>Net Cost of Services</b>	<b>0</b>	<b>(141)</b>	<b>7,323</b>	<b>(19,564)</b>	<b>796</b>	<b>1,782</b>	<b>33,496</b>	<b>23,692</b>	<b>57,040</b>	<b>678</b>	<b>1,468</b>	<b>59,186</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	0	141	856	19,564	(796)	(1,782)	(288,241)	(270,258)	(37,377)	4,878	4,583	(27,916)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>	<b>8,179</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(254,745)</b>	<b>(246,566)</b>	<b>19,663</b>	<b>5,556</b>	<b>6,051</b>	<b>31,270</b>

## Notes to the Core Financial Statements

2022/23												
Adjustments from management reporting and General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Capital items reported at Directorate level (note 1) £000	Pension items reported at Directorate level (note 1) £000	Reserves reported at Directorate level (note 1) £000	Interest Payable and Receivable reported at Directorate level (note 2) £000	Reallocation of traded services and internal recharges (note 2) £000	Investment properties/Levies reported at Directorate level (note 2) £000	Other Adjustments (note 3) £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustment between funding and accounting basis £000
Health and Wellbeing	0	0	2,044	0	(1,848)	0	(28)	168	9	770	11	790
Local Authority Housing	0	0	0	0	0	0	(3,725)	(3,725)	(12,051)	0	0	(12,051)
People	0	41	4,498	(199)	2,038	0	(9,304)	(2,926)	9,711	12,377	8	22,096
Place	0	1,628	3,818	(13,202)	(1,795)	2,091	8,844	1,384	39,582	4,806	30	44,418
Resources	0	307	1,638	155	(405)	0	(42)	1,653	763	710	1	1,474
Strategic Management Board	0	0	861	0	12	0	0	873	(172)	15	(0)	(157)
Corporate	0	0	19,533	(7,087)	6	0	32,555	45,007	(4,323)	993	(313)	(3,643)
<b>Net Cost of Services</b>	<b>0</b>	<b>1,976</b>	<b>32,392</b>	<b>(20,333)</b>	<b>(1,992)</b>	<b>2,091</b>	<b>28,300</b>	<b>42,434</b>	<b>33,519</b>	<b>19,671</b>	<b>(263)</b>	<b>52,927</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	0	(1,976)	664	20,333	1,992	(2,091)	(253,750)	(234,828)	(30,454)	16,463	(8,493)	(22,484)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>	<b>33,056</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(225,450)</b>	<b>(192,394)</b>	<b>3,065</b>	<b>36,134</b>	<b>(8,756)</b>	<b>30,443</b>

Note 1) For resource management purposes, the authority includes depreciation, pension charges in relation to IAS19 debits and credits in its directorate reporting, however this needs to be removed as it is not included in the net expenditure chargeable to the general fund and HRA balances.

Note 2) The authority includes income and expenditure in relation to investment properties, interest payable and receivable, levies and trading accounts within the Directorates however this is reported in the financial statements below the cost of services line and therefore the above table shows these items being reallocated. The income and expenditure for Corporate Landlord and Passenger Transport is also adjusted within the amendments for trading/internal recharges.



## Notes to the Core Financial Statements

Note 3) Corporate Funding and Housing Revenue Account are not reported to management as part of the Service Area reporting therefore these items have been included as adjustments in the above table.

### Adjustments for Capital Purposes

- 1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied in the year.

### Net Change for the Pensions Adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
  - For Financing and investment income and expenditure – the net interest in the defined benefit liability is charged to the CIES.

### Other Differences

- 3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
  - The transfer of any deficit arising on the Dedicated Schools Grant to the Dedicated Schools grant adjustment account
  - The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Notes to the Core Financial Statements

### 9. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

Expenditure/Income	2023/24 £000	2022/23 £000
<b>Expenditure</b>		
Employee benefits expenses	221,430	231,143
Other service expenses	510,969	481,447
Support service recharges	35,440	36,771
Depreciation, amortisation, impairment	64,980	49,172
Interest payments	26,194	26,373
Precepts and levies	10,306	9,680
Payments to Housing Capital Receipts Pool	0	0
(Gain)/Loss on the disposal of assets	4,898	851
<b>Total Expenditure</b>	<b>874,217</b>	<b>835,437</b>
<b>Income</b>		
Fees, charges and other service income	(204,734)	(195,731)
Interest and investment income	(4,515)	(3,139)
Income from council tax, non-domestic rates	(253,445)	(236,182)
Government grants and contributions	(363,603)	(329,221)
<b>Total Income</b>	<b>(826,297)</b>	<b>(764,273)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>47,920</b>	<b>71,164</b>

### 10. REVENUE CONTRACTS WITH CUSTOMERS

The Council's income from revenue contracts with customers is analysed by Service Area as follows:

Fees, charges and other service income	2023/24 £000	2022/23 £000
Health and Wellbeing	(1,663)	(1,499)
Local Authority Housing	(20,421)	(19,015)
People	(70,672)	(70,180)
Resources	(35,900)	(36,674)
Place	(73,640)	(65,430)
Strategic Management Board	(958)	(1,030)
Corporate	(1,480)	(1,903)
<b>Total Income</b>	<b>(204,734)</b>	<b>(195,731)</b>

### 11. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2023/24	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments to the Revenue Resources:</b>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension costs	5,556	0	0	0	0	(5,556)
Financial instruments	(315)	0	0	0	0	315
Council tax and NDR	4,570	0	0	0	0	(4,570)
Holiday pay	(510)	0	0	0	0	510
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	42,000	5,465	5,134	0	12,030	(64,629)
Dedicated Schools grant	2,304	0	0	0	0	(2,304)
<b>Total Adjustments to Revenue Resources</b>	<b>53,605</b>	<b>5,465</b>	<b>5,134</b>	<b>0</b>	<b>12,030</b>	<b>(76,234)</b>
<b>Adjustments between Revenue and Capital Resources:</b>						
Transfer of non-current asset proceeds from revenue to the Capital Receipts Reserve	(8,550)	(1,848)	0	14,833	0	(4,435)
Administrative costs of non-current asset disposals	65	20	0	(85)	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Pooling of HRA resources from revenue to the Major Repairs Reserve	0	0	0	0	0	0
Statutory provision for the repayment of debt	(13,775)	0	0	0	0	13,775
Capital expenditure financed from revenue balances	(1,524)	(2,188)	0	0	0	3,712
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(23,784)</b>	<b>(4,016)</b>	<b>0</b>	<b>14,748</b>	<b>0</b>	<b>13,052</b>
<b>Adjustments to Capital Resources:</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	(14,792)	0	14,792
Use of the Major Repairs Reserve to finance capital expenditure	0	0	(6,526)	0	0	6,526
Application of capital grants to finance capital expenditure	0	0	0	0	(9,362)	9,362
Cash payments in relation to deferred capital receipts	0	0	0	44	0	(44)
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>(6,526)</b>	<b>(14,748)</b>	<b>(9,362)</b>	<b>30,636</b>
<b>Total Adjustments</b>	<b>29,821</b>	<b>1,449</b>	<b>(1,392)</b>	<b>0</b>	<b>2,668</b>	<b>(32,546)</b>

## Notes to the Core Financial Statements

2022/23 Comparative Figures						
	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments to the Revenue Resources:</b>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension costs	36,134	0	0	0	0	(36,134)
Financial instruments	(315)	0	0	0	0	315
Council tax and NDR	(8,482)	0	0	0	0	8,482
Holiday pay	41	0	0	0	0	(41)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	35,279	(13,098)	4,675	0	15,808	(42,664)
Dedicated Schools grant	0	0	0	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>62,657</b>	<b>(13,098)</b>	<b>4,675</b>	<b>0</b>	<b>15,808</b>	<b>(70,042)</b>
<b>Adjustments between Revenue and Capital Resources:</b>						
Transfer of non-current asset proceeds from revenue to the Capital Receipts Reserve	(5,622)	(2,606)	0	28,718	0	(20,490)
Administrative costs of non-current asset disposals	102	35	0	(137)	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Pooling of HRA resources from revenue to the Major Repairs Reserve	0	0	0	0	0	0
Statutory provision for the repayment of debt	(9,655)	0	0	0	0	9,655
Capital expenditure financed from revenue balances	(1,370)	0	0	0	0	1,370
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(16,545)</b>	<b>(2,571)</b>	<b>0</b>	<b>28,581</b>	<b>0</b>	<b>(9,465)</b>
<b>Adjustments to Capital Resources:</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	(28,623)	0	28,623
Use of the Major Repairs Reserve to finance capital expenditure	0	0	(4,193)	0	0	4,193
Application of capital grants to finance capital expenditure	0	0	0	0	(10,495)	10,495
Cash payments in relation to deferred capital receipts	0	0	0	42	0	(42)
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>(4,193)</b>	<b>(28,581)</b>	<b>(10,495)</b>	<b>43,269</b>
<b>Total Adjustments</b>	<b>46,112</b>	<b>(15,669)</b>	<b>482</b>	<b>0</b>	<b>5,313</b>	<b>(36,238)</b>

### 12. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24.

	Balance at 31 March 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 24 £000
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations	25,431	(16,019)	5,335	14,747	(12,208)	9,735	12,274
Insurance Reserves	3,754	(547)	429	3,636	(2,582)	529	1,583
Reserves of trading and business units	0	(8)	8	0	(5)	5	0
Reserves retained for service departmental use	50,001	(37,870)	9,453	21,584	(10,521)	1,631	12,694
School Balances	10,452	(7,467)	9,627	12,612	(11,534)	7,778	8,856
<b>Total</b>	<b>89,638</b>	<b>(61,911)</b>	<b>24,852</b>	<b>52,579</b>	<b>(36,850)</b>	<b>19,678</b>	<b>35,407</b>

### RESERVES

**Sums set aside for major schemes, such as capital developments, or to fund major reorganisations** – includes redundancy reserve, and specific reserves to fund capital and major projects including service transformation within the Council.

**Insurance Reserves** – includes fire liability and motor insurance reserves to fund the Council's future self insurance liabilities.

**Reserves of trading and business units** – includes any balance carried forward in relation to Shire Services to help smooth trading profits and losses over future years.

**Reserves retained for service departmental use** – includes a number of specific earmarked reserves for known service expenditure in future years. Significant balances include the Public Health reserve, a severe weather reserve and a reserve including unringfenced revenue grants that have not been spent.

**School Balances** – includes unspent balances of budgets delegated to individual schools.

A breakdown of all specific earmarked reserve balances is shown in the 2023/24 Financial Outturn report.

## Notes to the Core Financial Statements

### 13. OTHER OPERATING EXPENDITURE

	2023/24 £000	2022/23 £000
Parish Council Precepts	10,156	9,534
Levies	151	146
Payments to the Government Housing Capital Receipts Pool	0	0
(Gains)/losses on the disposal of non-current assets	5,232	806
(Gains)/losses on change in valuation of non-current assets	(334)	46
	<b>15,205</b>	<b>10,532</b>

### 14. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023/24 £000	2022/23 £000
Interest payable and similar charges	26,192	26,373
Pensions interest cost and expected return on pensions assets	5,019	14,486
Interest receivable and similar income	(4,515)	(3,139)
Income and expenditure in relation to investment properties and changes in their fair value	(2,271)	3,360
Revenue Impairment Losses	(22)	783
(Surpluses)/deficits on Trading Activities	4,792	6,438
	<b>29,195</b>	<b>48,301</b>

### 15. TAXATION AND NON SPECIFIC GRANT INCOMES

	2023/24 £000	2022/23 £000
Council tax income	(202,683)	(191,590)
Non domestic rates	(50,762)	(44,591)
Non ringfenced government grants	(42,597)	(39,422)
Capital grants and contributions	(46,532)	(40,542)
	<b>(342,574)</b>	<b>(316,145)</b>

## Notes to the Core Financial Statements

### 16. PROPERTY, PLANT & EQUIPMENT

The figures below provide information on the movement of non-current assets held by the Council during 2023/24.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant, & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
<b>Cost or valuation</b>									
At 1 April 2023	<b>236,024</b>	<b>436,600</b>	<b>24,008</b>	<b>8,750</b>	<b>2,285</b>	<b>2,488</b>	<b>39,464</b>	<b>749,619</b>	<b>131,675</b>
Additions	13,598	3,743	3,303	755	34	0	21,190	<b>42,623</b>	2,089
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(109)	7,612	0	0	0	1,107	0	<b>8,610</b>	1,329
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,092)	(1,106)	0	0	0	28	0	<b>(11,170)</b>	25
Derecognition – disposals	(882)	(3,251)	(49)	0	0	(317)	0	<b>(4,499)</b>	0
Derecognition – other	0	(3,297)	(9,520)	0	(77)	0	0	<b>(12,894)</b>	(7,819)
Assets reclassified (to)/from Held for Sale	(547)	(2,015)	0	0	0	0	(880)	<b>(3,442)</b>	0
Other movements in cost or valuation	6,127	(6,857)	0	0	47	3,455	(6,928)	<b>(4,156)</b>	0
At 31 March 2024	<b>244,119</b>	<b>431,429</b>	<b>17,742</b>	<b>9,505</b>	<b>2,289</b>	<b>6,761</b>	<b>52,846</b>	<b>764,691</b>	<b>127,299</b>
<b>Depreciation and Impairments</b>									
At 1 April 2023	<b>0</b>	<b>0</b>	<b>(14,250)</b>	<b>(3,820)</b>	<b>(537)</b>	<b>(1,006)</b>	<b>0</b>	<b>(19,613)</b>	<b>(10,987)</b>
Depreciation charge for 2023/24	(5,067)	(21,198)	(3,472)	(438)	(54)	(242)	0	<b>(30,471)</b>	(9,179)
Depreciation written out to the Revaluation Reserve	178	19,391	0	0	0	208	0	<b>19,777</b>	6,895
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,889	1,807	0	0	0	34	0	<b>6,730</b>	31
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	(2,755)	0	0	0	(172)	0	<b>(2,927)</b>	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(762)	(68)	0	0	0	(63)	0	<b>(893)</b>	0

## Notes to the Core Financial Statements

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant, & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Derecognition – disposals	0	0	24	0	0	0	0	24	0
Derecognition – other	0	0	9,416	0	77	0	0	9,493	7,715
Other movements in depreciation and impairment	762	2,823	0	0	0	235	0	3,820	0
At 31 March 2024	0	0	(8,282)	(4,258)	(514)	(1,006)	0	(14,060)	(5,525)
<b>NBV at 31 March 2024</b>	<b>244,119</b>	<b>431,429</b>	<b>9,460</b>	<b>5,247</b>	<b>1,775</b>	<b>5,755</b>	<b>52,846</b>	<b>750,631</b>	<b>121,774</b>
<b>NBV at 31 March 2023</b>	<b>236,024</b>	<b>436,600</b>	<b>9,758</b>	<b>4,930</b>	<b>1,748</b>	<b>1,482</b>	<b>39,464</b>	<b>730,006</b>	<b>120,688</b>

The comparative movements in 2022/23 were as detailed below:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
<b>Cost or valuation</b>									
At 1 April 2022	224,132	404,660	21,811	7,797	2,358	3,288	36,020	700,066	123,265
Additions	5,919	6,254	3,526	84	26	0	15,445	31,254	684
Revaluation increases/(decreases) recognised in the Revaluation Reserve	79	23,220	0	0	0	44	0	23,343	7,738
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	7,579	(2,680)	0	0	0	0	0	4,899	478
Derecognition – disposals	(1,571)	(480)	0	0	0	(1,400)	0	(3,451)	0
Derecognition – other	(2)	(2,189)	(1,329)	0	(99)	0	0	(3,619)	(490)
Assets reclassified (to)/from Held for Sale	(198)	(225)	0	0	0	0	(22)	(445)	0
Other movements in cost or valuation	86	8,040	0	869	0	556	(11,979)	(2,428)	0
At 31 March 2023	236,024	436,600	24,008	8,750	2,285	2,488	39,464	749,619	131,675
<b>Depreciation and Impairments</b>									
At 1 April 2022	0	0	(12,389)	(3,432)	(580)	(1,006)	0	(17,407)	(9,435)



## Notes to the Core Financial Statements

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Depreciation charge for 2022/23	(4,610)	(20,001)	(3,187)	(388)	(55)	(43)	0	<b>(28,284)</b>	(8,290)
Depreciation written out to the Revaluation Reserve	138	17,583	0	0	0	9	0	<b>17,730</b>	5,961
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,472	2,419	0	0	0	34	0	<b>6,925</b>	290
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	(197)	0	0	0	0	0	<b>(197)</b>	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	(184)	0	0	0	0	0	<b>(184)</b>	0
Derecognition – disposals	0	0	0	0	0	0	0	<b>0</b>	0
Derecognition – other	0	0	1,326	0	98	0	0	<b>1,424</b>	487
Other movements in depreciation and impairment	0	380	0	0	0	0	0	<b>380</b>	0
At 31 March 2023	<b>0</b>	<b>0</b>	<b>(14,250)</b>	<b>(3,820)</b>	<b>(537)</b>	<b>(1,006)</b>	<b>0</b>	<b>(19,613)</b>	<b>(10,987)</b>
<b>NBV at 31 March 2023</b>	<b>236,024</b>	<b>436,600</b>	<b>9,758</b>	<b>4,930</b>	<b>1,748</b>	<b>1,482</b>	<b>39,464</b>	<b>730,006</b>	<b>120,688</b>
<b>NBV at 31 March 2022</b>	<b>224,132</b>	<b>404,660</b>	<b>9,422</b>	<b>4,365</b>	<b>1,778</b>	<b>2,282</b>	<b>36,020</b>	<b>682,659</b>	<b>113,830</b>

### Local Authority Maintained Schools

Included in the above balances for other land and buildings are all or a significant part of 5 primary schools for which plans are being finalised with the Diocese or for which instructions have been issued, but full ownership has not yet transferred to the Diocese. This detailed work is necessary because in many circumstances the schools are now physically different and it is necessary to ensure that the transfers relate purely to the school function and no other uses which may now be on site. There is a legal obligation to transfer ownership under Education legislation (Education Act 1946 or Schools Standards and Framework 1998).

Work commenced on the first transfers in 2008/09, and further schools were identified in 2011/12, mainly as a result of Primary School Amalgamations, which resulted in the change of the category of a number of schools. These schools will be removed from the Council's balance sheet on completion of the legal transfer. The total net book value for these schools still included as at the balance sheet date is £10.835m.

In addition there are a number of primary schools where a small part of the site is required to transfer from the Council to the Diocese, these are mainly as a result of extensions to schools which have been built across land still in Shropshire Council ownership (e.g. former playing field land). Work is ongoing to legally transfer these further sections and they are not included in the Council's balance sheet.

### Academy Schools

Where the School land and premises are in the freehold ownership of the Council, these are now leased by the Council to the Academy school on a 125-year peppercorn rent. On this basis the schools are now listed in the Council's fixed asset register at nil value. In 2023/24 two further schools in the freehold ownership of the Council transferred to Academy status. The value written out of the Council balance sheet in 2023/24 for the school transferring was £2.490m.

At the balance sheet date Department of Education approval had been granted for twelve schools to convert to Academy status. Of the schools to transfer, five are in Council freehold ownership plus a further two the playing field land is. A lease to the schools on a 125-year peppercorn rent will be completed as part of the Academy transfers. A further two schools that are scheduled to transfer are schools due to transfer ownership to the Diocese (as above) and those transfers will be completed prior to the Academy transfer. The value of the school in the 2023/24 accounts is £19.659m. This is considered as a non-adjusting event after the reporting date.

### Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council Dwelling – componentised depreciation basis, using the Planned Programme Approach. The components are depreciated on a straightline basis over their useful life (10-80 years) for Decent Homes Standard; with the residual amount (excluding land) depreciated over 150 years.
- Other Land and Buildings – average 10 to 60 years range.
- Vehicles, Plant, Furniture & Equipment – 5 to 25 years.
- Infrastructure – 5 to 100 years.

### Capital Commitments

At 31 March 2024, the Council has entered into a number of contracts for the purchase, construction or enhancement of Property, Plant and Equipment or to provide grant funding to other bodies for a capital purpose in 2024/25 and future years budgeted to cost £30.302m. Similar commitments to 31 March 2023 were £33.450m. The major commitments were:

- Highways & Transport schemes - £16.515m
- Whitchurch Leisure Centre - £10.393m
- Whitchurch Medical Practice - £1.631m
- Primary School Basic Need Scheme - £0.700m
- HRA New Build Programme - £0.538m

### Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years and are subject to an annual desktop review, in year where a full valuation is not undertaken. Valuations are undertaken by External and Internal Valuers for the General Fund and External Valuers for HRA assets. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant, furniture and equipment are held on historic cost basis.

The significant assumptions applied in estimating the current values are:

- For all assets valued on a DRC or EUV basis an apportionment of each valuation has been made between land and buildings. The apportionment is provided only for the financial purposes, but this does not necessarily reflect how each asset would be treated in the open market.
- Valuation is based on the continuation of the existing uses for all of those properties that are owner occupied by Shropshire Council. Assumed that the properties are all occupied and/or operated in accordance with a valid planning permission. Valuers have not carried out any enquiries into highways or other statutory matters and have assumed there is nothing that would affect value.
- In accordance with instructions from Shropshire Council, Valuers have not undertaken any Building Surveys, test of services or site investigations and have prepared valuations on the basis that all properties (sites and buildings) are:
  - Free of any matters (including deleterious materials or contamination) that could otherwise affect value;
  - None of the properties are prone to flooding or other infrequent or regularly occurring natural events that could affect value;
  - All necessary mains services are connected to the properties.
- All valuations undertaken are reported on a gross basis before deduction of purchaser's costs, including stamp duty at prevailing rates. No allowance has been made for any expenses of realisation, nor taxation (including VAT) which might arise in the event of a disposal, and the property has been considered free and clear of all mortgages or other charges which may be secured thereon.
- All of the assets are held on an unencumbered freehold basis with the Title being good and marketable, based on the Report on Title provided.
- Where relevant, Valuers have carried out informal enquiries only of statutory undertakers. This information has been obtained from verbal discussions or the internet, and is provided without liability on behalf of the statutory bodies.
- Opinion of the remaining lives of property assets has been provided. This may not necessarily be the useful life of the asset to Shropshire Council. Estimates of the properties remaining lives are based upon information provided together with Valuers understanding of any recent capital expenditure which has been incurred in replacing or refurbishing individual buildings and the use of the buildings (if any) at the date of valuation. All

## Notes to the Core Financial Statements

buildings are assumed to have a maximum life expectancy from new of 60 years.

### Valuations of Non-Current Assets carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment. The valuations are commissioned from External Valuers. The basis of valuation is set out in the Statement of Accounting Policies. All values are stated on a net present value basis.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Total £000
Carried at Historical Cost	0	0	9,460	0	9,460
Valued at Current Value as at:					
31-Mar-24	244,119	431,429	0	5,755	681,303
<b>Total Cost or Valuation</b>	<b>244,119</b>	<b>431,429</b>	<b>9,460</b>	<b>5,755</b>	<b>690,763</b>

All assets were subject to a Full or Desktop Valuations as at 31/03/24 to ensure the carrying amount reflected Current Value as at the balance sheet date.

In order to perform this exercise the other land and building category was split into the sub-categories with the relevant values detailed in the table below:

	2023/24 £000	2022/23 £000
Schools, Children's Services and other Education Facilities	84,592	85,472
Culture & Heritage Buildings	60,683	64,982
Leisure & Recreation	52,501	55,486
Highways & Car Parks	25,710	24,159
Social Care	40,906	40,113
Administrative Offices	17,172	16,492
Waste Management Site	104,470	104,254
Business / Commercial Sites (including Markets)	28,618	29,808
Housing Services (including Gypsy Sites)	8,700	7,990
Smallholdings	5,676	6,710
Other	2,401	1,134
<b>Total</b>	<b>431,429</b>	<b>436,600</b>

### Highway Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

## Notes to the Core Financial Statements

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2023/24 £000	2022/23 £000
Net book value (modified historical cost):		
At 1 April	385,883	371,531
Additions	29,613	39,635
Derecognition	0	0
Depreciation	(27,959)	(25,427)
Impairment	0	0
Other Movement in cost	336	144
<b>At 31 March</b>	<b>387,873</b>	<b>385,883</b>

### Reconciliation note to Property, Plant & Equipment in the Balance Sheet:

	2023/24 £000	2022/23 £000
Highway Infrastructure Assets	387,873	385,883
Other PPE Items	750,631	730,006
<b>Total PPE Assets</b>	<b>1,138,504</b>	<b>1,115,889</b>

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil. Given the financial position of the Council over a number of years, we have not had sufficient resources to do anything other than undertake replacement or renewal expenditure when parts of infrastructure assets are worn out.

## 17. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2023/24 £000	2022/23 £000
Rental income & service charges from investment property	(2,571)	(2,457)
Direct operating expenses arising from investment property	764	341
<b>Net (gain)/loss</b>	<b>(1,807)</b>	<b>(2,116)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

## Notes to the Core Financial Statements

The following table summarises the movement in the fair value of investment properties over the year:

	Long term		Current	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Balance at start of the year	60,736	61,879	5,906	570
Additions:				
- Purchases	0	7,766	0	0
- Construction	6	4	0	0
- Subsequent expenditure	371	9	0	0
Disposals	(293)	(15)	(5,906)	0
Net gains/(losses) from fair value adjustments	(3,569)	(5,476)	4,033	0
Transfers:				
- (To)/from Property, Plant and Equipment	28	1,905	0	0
- (To)/from Current/Long term	(14,250)	(5,336)	14,250	5,336
<b>Balance at end of the year</b>	<b>43,029</b>	<b>60,736</b>	<b>18,283</b>	<b>5,906</b>

### Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2024 are as follows:

2023/24	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2023 £000
<b>Recurring fair value measurements using:</b>				
Residential (market rental) properties	0	3,993	0	3,993
Land	0	31,334	0	31,334
Commercial units	0	25,985	0	25,985
<b>Total</b>	<b>0</b>	<b>61,312</b>	<b>0</b>	<b>61,312</b>

2022/23 comparatives	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2022 £000
<b>Recurring fair value measurements using:</b>				
Residential (market rental) properties	0	3,396	0	3,396
Land	0	36,707	0	36,707
Commercial units	0	26,538	0	26,538
<b>Total</b>	<b>0</b>	<b>66,641</b>	<b>0</b>	<b>66,641</b>

### **Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties**

#### Significant Observable Inputs – Level 2

The market approach and the income approach have been used as the valuation techniques to measure the fair value of Investment Properties.

The fair value of properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

The Income approach has been used mainly in relation to Investment Properties leased on a commercial basis. The income approach is calculated by means of the discounted cash flow method, where the expected cash flows from the properties are discounted to establish the present value of the net income stream. This approach is based on the authorities lease data and data on the local rental market.

### **Highest and Best Use of Investment Properties**

In estimating the fair value of the authority's Investment Properties, the valuations have been on the basis of the highest and best use of the asset. In a small number of instances this differs to their current use, mainly where sites would have a higher value if use for residential development, and it is expected planning permission for these sites would be granted based on existing planning policy. The authority is actively working to bring these sites forward for development, but this process can take a number of years.

### **Valuation Process for Investment Properties**

The fair value of the authority's investment properties are subject to revaluations in accordance with the authority's policy on revaluing non-current assets, commissioned to External Valuers. As the fair value must reflect market conditions at the balance sheet date, annual revaluations are necessary unless the authority can demonstrate that the carrying value is not materially different from the fair value at that date.

## **18. CAPITAL EXPENDITURE AND FINANCING**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

## Notes to the Core Financial Statements

	2023/24 £000	2022/23 £000
<b>Opening Capital Financing Requirement (including PFI &amp; Finance Lease)</b>	<b>517,409</b>	<b>479,614</b>
<b>Capital investment</b>		
Property, Plant and Equipment	72,336	70,919
Investment Properties	377	7,779
Long Term Investment	-	-
Intangible Assets	300	79
Revenue Expenditure Funded from Capital under Statute	33,921	23,216
Capital Loans	23,500	28,806
<b>Sources of finance</b>		
Capital receipts	(14,792)	(28,623)
Capital grants and other contributions	(58,845)	(49,162)
Direct Revenue Financing (Including MRA)	(10,239)	(5,564)
Minimum Revenue Provision	(13,775)	(9,655)
<b>Closing Capital Financing Requirement (including PFI &amp; Finance Lease)</b>	<b>550,192</b>	<b>517,409</b>
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – General Fund	368,442	334,529
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – HRA	96,745	92,252
Closing Capital Financing Requirement – PFI & Finance Lease	85,005	90,628
	<b>550,192</b>	<b>517,409</b>
<b>Explanation of movements in year</b>		
Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	3,841	3,540
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	34,564	38,021
Assets acquired under finance leases		
Assets acquired under PFI contracts	(5,622)	(3,766)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>32,783</b>	<b>37,795</b>

### 19. PRIVATE FINANCE INITIATIVE SCHEMES

The Council has two Private Finance Initiative (PFI) schemes: The Quality in Community Services (QICS) PFI, signed on 21 May 2005, and the Waste Services PFI contract, signed on 29 September 2007.

#### a. The Quality in Community Services PFI Project

On 21 May 2005 the Council entered into a 30 year contract with Integrated Care Solutions (ICS) to supply and maintain six buildings:

- Three Resource Centres
- A Nursing Home
- A Joint Service Centre
- An Intermediate Care Hub

The contract was a Private Finance Initiative under the Capital Finance Regulations. The Council was awarded a PFI credit of £20.400m.



### b. The Waste Services PFI Project

On 29 September 2007, the former Shropshire County Council, in its capacity as Contracting Authority for the former Shropshire Waste Partnership, entered into a 27 year waste contract with Veolia ES Shropshire Limited. Services under the contract commenced on 1 October 2007. On 20 October 2008 Shrewsbury & Atcham Borough Council joined the Partnership and the contract with Veolia for the remaining 26 years.

The contract is a Private Finance Initiative (PFI) contract and is part funded by £40.800m of PFI credits which are paid as an annual PFI grant.

There are two separable elements to the contract: a collection and recycling element and a waste treatment services element.

The collection and recycling element comprises the kerbside collections of recycling and waste, the operation of the Integrated Waste Management Facilities (comprising the household recycling centres and transfer stations) and waste treatment and disposal other than the operation of the Energy Recovery Facility. The contract is an output based contract but proposed waste infrastructure that will be used to deliver services under this element of the contract includes upgrades of the existing Craven Arms and Whitchurch recycling facilities, the development of Integrated Waste Management Facilities to service the Oswestry and Bridgnorth areas and the development of an In Vessel Composting Facility.

Two broad groups of assets are being provided under the Waste Services PFI contract:

- Vehicles and waste receptacles used to deliver the day to day waste service.
- Assets to be constructed under the contract to deliver improved recycling and diversion performance.

The value of assets held and liabilities resulting from the QICS and Waste PFI contract and an analysis of the movements are shown below:

	QICS PFI		Waste PFI	
	Year Ended 31/03/24 £000	Year Ended 31/03/23 £000	Year Ended 31/03/24 £000	Year Ended 31/03/23 £000
<b>Non-Current Assets – Land &amp; Buildings</b>				
Balance Brought Forward	17,394	16,090	98,320	91,424
- Depreciation in Period	0	0	(16)	(16)
- Additions	0	0	0	0
- Revaluation/Impairment	524	1,304	831	6,912
- Derecognition	0	0	0	0
Balance Carried Forward	17,918	17,394	99,135	98,320
<b>Non-Current Assets – Vehicles, Plant &amp; Equipment</b>				
Balance Brought Forward	0	0	4,974	6,316
- Depreciation in Period	0	0	(2,237)	(2,023)
- Additions	0	0	2,089	684
- Derecognition	0	0	(104)	(3)
Balance Carried Forward	0	0	4,722	4,974
<b>Prepayments</b>				

## Notes to the Core Financial Statements

	QICS PFI		Waste PFI	
	Year Ended 31/03/24 £000	Year Ended 31/03/23 £000	Year Ended 31/03/24 £000	Year Ended 31/03/23 £000
Balance Brought Forward	0	0	11,386	10,833
- Planned Capital Expenditure	0	0	1,754	553
Balance Carried Forward	0	0	13,140	11,386
<b>Finance Lease Liability</b>				
Balance Brought Forward	(10,638)	(11,027)	(91,376)	(94,200)
- Additions	0	0	0	0
- Early Lifecycle	0	0	0	0
- Repayment of Principal	415	389	3,454	2,824
Balance Carried Forward	(10,223)	(10,638)	(87,922)	(91,376)

### Details of Payments due to be made under PFI contracts

Year	Service Charges *	Principal	Interest #	Total Unitary Charge Payment
	£000	£000	£000	£000
Amounts Falling Due Within One Year	32,861	4,832	11,148	48,841
Amounts Falling Due Within 2 – 5 Years	111,491	22,237	41,357	175,085
Amounts Falling Due Within 6 – 10 Years	163,223	30,770	42,789	236,782
Amounts Falling Due Within 11 – 15 Years	172,046	46,080	35,770	253,896
Amounts Falling Due Within 16 – 20 Years	0	0	0	0
Amounts Falling Due Within 21 – 25 Years	0	0	0	0

\* comprised of operating costs and lifecycle costs

# comprised of finance lease interest and contingent rental

## 20. LEASES

### Authority as a Lessee

#### Operating Leases

The Council has acquired vehicles and equipment by entering into operating leases, with typical lease lengths of four to seven years. The Council also has a number of land and buildings that are held under operating leases.

The minimum lease payments due for the following financial year under non-cancellable leases committed at 31 March under operating leases years are:

	31 March 2024 £000	31 March 2023 £000
Expiring not later than one year	267	33
Expiring later than one year and not later than five years	1,478	849
Expiring later than five years	245	408
<b>Total</b>	<b>1,990</b>	<b>1,290</b>

## Notes to the Core Financial Statements

The expenditure charged in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2024 £000	31 March 2023 £000
Lease payments	2,102	1,140
Sub Lease receivable	0	0
<b>Total</b>	<b>2,102</b>	<b>1,140</b>

### Authority as Lessor

#### Operating Leases

The Council leases out property under operating leases for a variety of purposes, including:

- For the provision of community services.
- For economic development purposes to provide suitable affordable accommodation for local businesses.
- For income generation as Investment Properties.

The minimum lease payments due under non-cancellable leases committed at 31 March under operating leases years are:

	31 March 2024 £000	31 March 2023 £000
Expiring not later than one year	1,517	1,201
Expiring later than one year and not later than five years	1,333	1,241
Expiring later than five years	1,325	1,166
<b>Total</b>	<b>4,175</b>	<b>3,608</b>

## 21. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

Financial Assets	Long term				Current				Total	
	Investments		Debtors		Investments		Debtors		31-Mar-24 £000	31-Mar-23 £000
	31-Mar-24 £000	31-Mar-23 £000	31-Mar-24 £000	31-Mar-23 £000	31-Mar-24 £000	31-Mar-23 £000	31-Mar-24 £000	31-Mar-23 £000		
<b>Fair value through profit or loss</b>										
Long Term Equity Instruments	571	570	0	0	0	0	0	0	571	570
<b>Amortised cost</b>										
Investment	400	400	15,259	16,074	0	58,000	79,847	51,765	95,506	126,239

## Notes to the Core Financial Statements

Financial Assets	Long term				Current				Total	
	Investments		Debtors		Investments		Debtors		31-Mar-24	31-Mar-23
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23		
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Cash and Cash Equivalents	0	0	0	0	37,293	27,585	0	0	37,293	27,585
<b>Total financial assets</b>	<b>971</b>	<b>970</b>	<b>15,259</b>	<b>16,074</b>	<b>37,293</b>	<b>85,585</b>	<b>79,847</b>	<b>51,765</b>	<b>133,370</b>	<b>154,394</b>
Non-financial assets	0	0	0	0	0	0	43,958	37,395	43,958	37,395
<b>Total</b>	<b>971</b>	<b>970</b>	<b>15,259</b>	<b>16,074</b>	<b>37,293</b>	<b>85,585</b>	<b>123,805</b>	<b>89,160</b>	<b>177,328</b>	<b>191,789</b>

Financial Liabilities	Long term				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors		31-Mar-24	31-Mar-23
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23		
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Amortised cost										
Principal	(281,527)	(286,998)	(603)	(614)	(31,058)	(5,776)	(61,794)	(73,067)	(374,982)	(366,455)
Loans accrued interest	0	0	0	0	(1,744)	(1,830)	0	0	(1,744)	(1,830)
Bank Overdraft	0	0	0	0	0	0	(35,933)	(21,640)	(35,933)	(21,640)
PFI and Finance lease liabilities	(93,313)	(97,459)	0	0	0	0	(4,832)	(4,555)	(98,145)	(102,014)
<b>Total Financial Liabilities</b>	<b>(374,840)</b>	<b>(384,457)</b>	<b>(603)</b>	<b>(614)</b>	<b>(32,802)</b>	<b>(7,606)</b>	<b>(102,559)</b>	<b>(99,262)</b>	<b>(510,804)</b>	<b>(491,939)</b>
Non financial liabilities	0	0	0	0	0	0	(19,530)	(23,053)	(19,530)	(23,053)
<b>Total</b>	<b>(374,840)</b>	<b>(384,457)</b>	<b>(603)</b>	<b>(614)</b>	<b>(32,802)</b>	<b>(7,606)</b>	<b>(122,089)</b>	<b>(122,315)</b>	<b>(530,334)</b>	<b>(514,992)</b>

The debtors figure included in the balance sheet includes payments in advance from individuals and organisations and transactions relating to Council Tax and Business Rates which are not considered to be financial instruments, therefore these prepayments have been excluded above. Similarly the creditors figure also includes transactions relating to Council Tax and Business Rates and receipts in advance which are not a financial instrument, therefore these have been excluded above. A reconciliation of the Financial Instrument figures to the Balance Sheet is provided below:

	31-Mar-24	31-Mar-23
	£000	£000
<b>Debtors:</b>		
Financial assets carried at contract amounts as per Financial Instruments	79,847	51,765
Debtors that are not financial instruments	43,958	37,395
<b>Total Debtors as per Balance Sheet</b>	<b>123,805</b>	<b>89,160</b>

## Notes to the Core Financial Statements

	31-Mar-24 £000	31-Mar-23 £000
<b>Creditors:</b>		
Financial liabilities carried at contract amount as per Financial Instruments	(66,626)	(77,623)
Creditors that are not financial instruments	(19,530)	(23,053)
<b>Total Creditors as per Balance Sheet</b>	<b>(86,156)</b>	<b>(100,676)</b>

### Soft Loans

#### **Small Business Loans**

Shropshire Council has entered into two legal contracts with MRRT Ltd to provide funding to MRRT Ltd to be used to provide small business loans. As at the balance sheet date a total of £0.750m has been loaned to MRRT Ltd.

#### **Valuation Assumptions**

The interest rate at which the fair value of this soft loan has been made is based on the PWLB rate at point at which the loan payment is made to MRRT Ltd plus 0.5% for the Council's transactional costs.

#### **Other Soft Loans**

Following a review in this area it has been identified that interest free loans with a nominal value of £2.046m are advanced to clients receiving residential/nursing care, who following assessment, are required to pay the full cost of their care. As all of the clients funds are tied up in the property they own, a legal charge is made against the property and when the property is sold the outstanding debts are cleared and the legal charge removed.

In addition, clients who are required to make adaptations to their homes to maintain their independence are also given interest free loans, the nominal value of these loans is £0.289m. A legal charge is again placed against the property and when the property is sold the amount of the loan is repaid and the legal charge removed.

The deferred charges loans are part of the Charging Residential Accommodation Guide (CRAG) assessment and the adaptation loans are part of Disabled Facilities Grant legislation, which means they are part of national agreements. These loans are not part of the Councils internal policies and therefore are not classified as soft loans.

## Notes to the Core Financial Statements

### Income, Expense, Gains and Losses

	2023/24		2022/23	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	0	0	0	0
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
<b>Total net gains/losses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest revenue:				
Financial assets measured at amortised cost	(4,515)	0	(3,139)	0
Other financial assets measured at fair value through other comprehensive income	0	0	0	0
<b>Total interest revenue</b>	<b>(4,515)</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>
<b>Interest expense</b>				
Interest Expense	26,192	0	26,373	0

### The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets held by the Council are carried in the Balance Sheets at amortised cost. The fair values calculated are as follows.

Financial Liabilities	31 March 2024		31 March 2023	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
<b>Financial liabilities held at amortised cost</b>				
- Loans/Borrowings	312,127	289,460	292,498	287,216
- PFI and finance lease liabilities	98,145	126,387	102,014	136,742

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is

## Notes to the Core Financial Statements

lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain arising from a commitment to pay interest to lenders below current market rates.

Financial Assets	31 March 2024		31 March 2023	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
<b>Financial assets held at amortised cost:</b>				
Cash	28,400	28,400	41,400	41,400
Fixed Term Deposits	8,000	8,000	43,000	43,000
Long term debtors	15,259	15,259	16,074	16,074
Long term investments	970	970	970	970

The fair value of the assets held at amortised cost is taken to be the carrying amount due to the short term nature of the assets.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

### Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Recurring fair value measurements using:	31-Mar-24			Total £000
	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:				
Loans/borrowings	0	289,460	0	289,460
PFI and finance lease liabilities	0	126,387	0	126,387
<b>Total</b>	<b>0</b>	<b>415,847</b>	<b>0</b>	<b>415,847</b>
<b>Financial assets</b>				
Soft loans to third parties	0	0	750	750
Cash and Fixed Term Deposits	0	36,400	0	36,400
<b>Total</b>	<b>0</b>	<b>36,400</b>	<b>750</b>	<b>37,150</b>

## Notes to the Core Financial Statements

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	31-Mar-23 Other significant observable inputs (Level 2) £000	Comparative Year Significant unobservable inputs (Level 3) £000	Total £000
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:				
Loans/borrowings	0	287,215	0	287,215
PFI and finance lease liabilities	0	136,742	0	136,742
<b>Total</b>	<b>0</b>	<b>423,957</b>	<b>0</b>	<b>423,957</b>
<b>Financial assets</b>				
Soft loans to third parties	0	0	750	750
Cash and Fixed Term Deposits	0	84,400	0	84,400
<b>Total</b>	<b>0</b>	<b>84,400</b>	<b>750</b>	<b>85,150</b>

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

Financial Assets	Financial Liabilities
No early repayment or impairment is recognised	No early repayment is recognised
The fair value of cash and fixed term deposits is taken to be the carrying amount due to the short term nature of the assets.	Estimated ranges of interest rates at 31 March 2024 of 4.61% to 5.36% for loans payable, based on new lending rates for equivalent loans at that date
The fair value of trade and other receivables is taken to be the invoiced or billed amount	The fair value of PFI and finance lease liabilities is calculated using an estimated range of interest rates at 31 March 2024 of 4.61% to 4.66% based on new lending rates

## 22. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The identification, understanding and management of risk are, by necessity, a major part of the Council's treasury management activities. The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management require the Council to manage risk in the following ways:



## Notes to the Core Financial Statements

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses;
- By approving annually in advance prudential and treasury indicators for the following three years;
- By approving an investment strategy for the forthcoming year.

To avoid the Council suffering loss as a result of its treasury management activities a number of risk management procedures have been put in place.

These procedures are based on the concept that firstly security of principal is paramount, secondly that there is a need to maintain liquidity and finally earning a rate of return commensurate with the first two concepts.

### **Credit Risk Exposure**

Credit and counterparty risk is the failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially due to deterioration in its creditworthiness.

As a holder of public funds, Shropshire Council regards it a prime objective of its treasury management activities to be the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the reduction or minimisation of risk. Accordingly, the Council ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Council's creditworthiness policy which is approved as part of the Annual Investment Strategy. The Council's lending list is reviewed continuously in conjunction with its treasury advisor and formally updated monthly. Additions to, and deletions from, the list are approved by the Section 151 Officer.

The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. For the highest rating the maximum amount is currently limited to £20.000m.

The analysis below summarises the Council's potential maximum exposure to credit risk, based on the experience of default, adjusted to reflect current market conditions.

	Amount deposited at 31 March 2024	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2024	Estimated maximum exposure to default and uncollectability at 31 March 2024
	£000	%	%	£000
	A	B	C	(AxC)
Deposits with banks and financial institutions having a default rating of:				
AAA	28,400	0.00	0.00	0.00
AA	8,000	0.00	0.00	0.00
A	0	0.00	0.00	0.00

## Notes to the Core Financial Statements

	Amount deposited at 31 March 2024	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2024	Estimated maximum exposure to default and uncollectability at 31 March 2024
	£000	%	%	£000
BBB	0	0.00	0.00	0.00
Other Local Authorities Debtors (Customers)	0	0.00	0.00	0.00
	27,732	Local Experience	Local Experience	Local Experience

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council generally allows its customers 20 days credit. Of the £27.732m invoiced income outstanding from customers £21.376m is past its due date for payment. This amount past due date is analysed by age as follows:

Age of Debt	2023/24 £000	2022/23 £000
Less than 3 months overdue	6,967	2,287
3 to 6 months overdue	2,223	2,241
6 months to 1 year overdue	2,717	1,557
More than 1 year overdue	9,469	9,156
	<b>21,376</b>	<b>15,241</b>

Further details on the amounts outstanding from customers which is past its due date for payment is provided in the below table.

2023/24	Adult Services		Place		Other		Total	
	Value of Debt	Allowance for impairment losses	Value of Debt	Allowance for impairment losses	Value of Debt	Allowance for impairment losses	Value of Debt	Allowance for impairment losses *
	£000	£000	£000	£000	£000	£000	£000	£000
Less than 3 months overdue	4,788	0	1,638	4	541	0	6,967	4
3 to 6 months overdue	1,890	0	287	76	46	2	2,223	78
6 months to 1 year overdue	2,388	204	290	86	40	4	2,718	294
More than 1 year overdue	7,639	4,173	1,374	451	455	112	9,468	4,736
	<b>16,705</b>	<b>4,377</b>	<b>3,589</b>	<b>617</b>	<b>1,082</b>	<b>118</b>	<b>21,376</b>	<b>5,112</b>

\* Allowance for impairment losses in the table above relates only to sundry debtors. Other allowances for impairment losses in relation to Council Tax, Business Rates and shopping centre debtors are also provided for within the total Debtors figure on the Balance Sheet.

Loss allowances on trade receivables are calculated using historical experience of default and knowledge of any current and future events which could impact on collection. Trade

## Notes to the Core Financial Statements

receivables have been assessed on an individual service basis with some items grouped based on their age and type.

Long term debtors are assessed for expected credit losses by reviewing historical experience of repayments and assessing any current or future events which could result in default of repayments.

### **Liquidity Risk Exposure**

Liquidity risk is the risk that cash is not available when required. This can jeopardise the ability of the Council to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Council therefore has sufficient standby facilities to ensure that there is always sufficient liquidity to deal with unexpected circumstances.

As the Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board and money markets for access to longer term funds, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourably high interest rates. The Council's strategy therefore is to ensure that no more than 15% of loans mature in any one financial year.

In addition, all of the Council's short term liquidity requirements can be satisfied through short term borrowing and bank overdraft facilities.

The maturity analysis of financial liabilities is as follows:

Age of Debt	2023/24 £000	2022/23 £000
Less than 1 year	31,032	5,749
Between 1 and 2 years	932	849
Between 2 and 5 years	978	1,181
Between 5 and 10 years	73,487	58,487
More than ten years	206,131	226,481
	<b>312,560</b>	<b>292,747</b>

### **Interest Rate Risk**

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council minimises this risk by seeking expert advice on forecasts on interest rates from its Treasury Management consultants, and agreeing with them the strategy for the forthcoming year for the investment and debt portfolios. Movement of actual interest rates against these expectations is monitored continuously with advice from our treasury advisor.

The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. Interest rate exposure limits and other prudential limits are set through this Strategy. The limit for variable rate debt is 50% of the total debt portfolio however the Council works to a more prudent level and maximises its exposure to 25%. As borrowings are not carried at fair value, nominal gains and losses on fixed rate

## Notes to the Core Financial Statements

borrowings do not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure.

As at 31 March 2024 the Council's total outstanding debt (excluding accrued interest) amounted to £312.585m of which none of these loans were at stepped interest rates. Out of this balance £266.868m relates to fixed rate Public Works Loan Board (PWLB) loans, £26.850m relates to Lenders Option Borrower Option (LOBO) market loans, £17.000m relates to Market Loans, £1.841m relates to SALIX loans and £0.026m relates to temporary loans for voluntary groups. As the LOBO loans have a call option where the lender can increase the rate of the loan at predetermined dates these loans are classified as variable rate loans. The interest rates range between 3.83% and 4.27%. Of the total amount, £11.150m has an annual call date, £5.700m has a 2 yearly call date and £10.000m has a 5 yearly call date. If the lender increases the interest rate on the LOBO loans at the predetermined date then the Council has the option to repay the loan in full thereby offering the potential for the Council to avoid this increase in interest payable. In 2023/24 the call option was exercised against one LOBO loan which resulted in a loan repayment of £5.350m.

The majority of the Council's investments are fixed rate deposits however, investments in Call Accounts are classified as variable rate investments. As at the end of March 2023, £26.400m was held in a Call Account.

### **Price Risk**

The Council, excluding the pension fund, does not invest in equity shares or bonds, therefore is not exposed to losses arising from movements in share/bond prices.

### **Foreign Exchange Risk**

The Council has no financial assets or liabilities denominated in foreign currencies therefore the exposure to loss arising from movements in exchange rates is zero.

## **23. DEBTORS**

These are sums of money due to the Council but unpaid at 31 March 2024.

	2023/24	2022/23
	£000	£000
Debtors:		
Central Government Bodies	14,358	18,261
Other Local Authorities	5,569	2,963
NHS Bodies	6,173	1,042
Public Corporations and Trading Funds	7	0
Other Entities and Individuals	73,420	46,268
Prepayments	24,278	20,626
	<b>123,805</b>	<b>89,160</b>

## **24. DEBTORS FOR LOCAL TAXATION**

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

## Notes to the Core Financial Statements

	2023/24 £000	2022/23 £000
Less than 1 year	6,870	6,181
1 – 2 years	3,837	3,394
2 – 3 years	2,753	2,650
More than 3 years	10,368	8,919
	<b>23,828</b>	<b>21,144</b>

### 25. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2024 £000	31 March 2023 £000
Bank current accounts	37,293	27,092
Short term deposits	0	492
<b>Total Cash and Cash Equivalents</b>	<b>37,293</b>	<b>27,584</b>
Bank Overdraft	(35,933)	(21,640)
<b>Cash Overdrawn</b>	<b>(35,933)</b>	<b>(21,640)</b>

### 26. CREDITORS

These are amounts owed by the Council for work done, goods received or services rendered which had not been paid by 31 March 2024.

	2023/24 £000	2022/23 £000
Creditors:		
Central Government Bodies	(10,012)	(22,556)
Other Local Authorities	(637)	(2,114)
NHS Bodies	(1,929)	(1,099)
Public Corporations and Trading Funds	0	0
Other Entities and Individuals	(60,048)	(61,672)
Receipts In Advance	(13,530)	(13,235)
	<b>(86,156)</b>	<b>(100,676)</b>

### 27. PROVISIONS

The value of provisions held as at 31 March 2024 are as follows:

## Notes to the Core Financial Statements

	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
<b>Short Term Provisions</b>							
Accumulated Absences Account	3,013	(3,013)	3,055	3,055	(3,055)	2,545	2,545
Highways & Transport Provision	405	0	0	405	(405)	0	0
Highways Retention	110	(110)	0	0	0	0	0
Housing Enforcement	0	0	156	156	0	0	156
Termination Benefits	122	(121)	54	55	(55)	5	5
Other short term provisions	69	(69)	92	92	(92)	0	0
<b>Total Short Term Provisions</b>	<b>3,719</b>	<b>(3,313)</b>	<b>3,357</b>	<b>3,763</b>	<b>(3,607)</b>	<b>2,550</b>	<b>2,706</b>
<b>Long Term Provisions</b>							
S106	73	0	0	73	0	0	73
Liability Insurance	3,706	(481)	870	4,095	(964)	847	3,978
NDR Appeals	835	(3,332)	6,571	4,074	(4,461)	2,342	1,955
Tenancy Deposit Clawbacks	217	(20)	38	235	(28)	36	243
<b>Total Long Term Provisions</b>	<b>4,831</b>	<b>(3,833)</b>	<b>7,479</b>	<b>8,477</b>	<b>(5,453)</b>	<b>3,225</b>	<b>6,249</b>
<b>Total Provisions</b>	<b>8,550</b>	<b>(7,146)</b>	<b>10,836</b>	<b>12,240</b>	<b>(9,060)</b>	<b>5,775</b>	<b>8,955</b>

## 28. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

	31 March 2024	31 March 2023
	£000	£000
Usable Capital Receipts Reserve	0	0
Major Repairs Reserve	6,008	7,400
Earmarked Reserves	35,407	52,579
Capital Grants Unapplied Account	55,063	52,395
HRA Balance	11,737	12,359
General Fund Balance	8,237	7,093
<b>Total Usable Reserves</b>	<b>116,452</b>	<b>131,826</b>

## 29. UNUSABLE RESERVES

	31 March 2024	31 March 2023
	£000	£000
Revaluation Reserve	180,081	166,380
Capital Adjustment Account	527,183	536,319
Financial Instruments Adjustment Account	(2,738)	(3,052)
Deferred Capital Receipts Reserve	454	498
Pensions Reserve	(21,397)	(126,359)

## Notes to the Core Financial Statements

	31 March 2024 £000	31 March 2023 £000
Collection Fund Adjustment Account	(3,140)	1,431
Accumulated Absences Account	(2,545)	(3,055)
Dedicated Schools Grant Adjustment Account	(2,305)	0
<b>Total Unusable Reserves</b>	<b>675,593</b>	<b>572,162</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>166,380</b>	<b>136,176</b>
Upward revaluation of assets	35,536	42,895
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(10,077)	(2,018)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<b>25,459</b>	<b>40,877</b>
Difference between fair value depreciation and historical depreciation	(8,572)	(6,758)
Accumulated gains on assets sold or scrapped	(3,169)	(3,915)
Other transfers to the Capital Adjustment Account	(17)	0
Amount written off to the Capital Adjustment Account	<b>(11,758)</b>	<b>(10,673)</b>
<b>Balance at 31 March</b>	<b>180,081</b>	<b>166,380</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and subsequent costs.

## Notes to the Core Financial Statements

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 11 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>536,319</b>	<b>534,463</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non-current assets	(59,400)	(53,963)
- Revaluation losses on Property, Plant and Equipment	(4,105)	11,779
- Revaluation loss on Long Term Investment	0	0
- Amortisation of intangible assets	(1,605)	(1,557)
- Revenue expenditure funded from capital under statute	(33,921)	(23,216)
- Amounts of non current assets written off on disposal or sale as part of the gain/loss of disposal to the Comprehensive Income and Expenditure Statement	(19,980)	(29,387)
	<b>(119,011)</b>	<b>(96,344)</b>
Adjusting amounts written out of the Revaluation Reserve	<b>11,758</b>	<b>10,673</b>
Net written out amount of the cost of non current assets consumed in the year	<b>(107,253)</b>	<b>(85,671)</b>
Capital financing applied in the year:		
- Use of the Capital Receipts Reserve to finance new capital expenditure	14,792	28,623
- Use of the Major Repairs Reserve to finance new capital expenditure	6,526	4,194
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	49,484	38,667
- Application of grants to capital financing from the Capital Grants Unapplied Account	9,362	10,495
- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	13,775	9,655
- Capital expenditure charged against the General Fund and HRA balances	3,713	1,370
	<b>97,652</b>	<b>93,004</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	<b>465</b>	<b>(5,477)</b>
<b>Balance at 31 March</b>	<b>527,183</b>	<b>536,319</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain



## Notes to the Core Financial Statements

financial instruments and for bearing losses or benefitting from gains per statutory provisions. The authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>(3,053)</b>	<b>(3,368)</b>
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements.	315	315
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0
<b>Balance at 31 March</b>	<b>(2,738)</b>	<b>(3,053)</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>498</b>	<b>540</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		0
Transfer to the Capital Receipts Reserve upon receipt of cash	(44)	(42)
<b>Balance at 31 March</b>	<b>454</b>	<b>498</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory

## Notes to the Core Financial Statements

arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>(126,359)</b>	<b>(539,406)</b>
Remeasurements of the net defined benefit liability/(asset)	110,518	449,181
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(29,640)	(59,901)
Employer's pension contributions and direct payments to pensioners payable in the year	24,084	23,767
<b>Balance at 31 March</b>	<b>(21,397)</b>	<b>(126,359)</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>1,431</b>	<b>(7,051)</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(4,571)	8,482
<b>Balance at 31 March</b>	<b>(3,140)</b>	<b>1,431</b>

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>(3,055)</b>	<b>(3,013)</b>
Settlement or cancellation of accrual made at the end of the preceding year	3,055	3,013
Amounts accrued at the end of the current year	(2,545)	(3,055)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<b>510</b>	<b>(42)</b>
<b>Balance at 31 March</b>	<b>(2,545)</b>	<b>(3,055)</b>

## Notes to the Core Financial Statements

### Dedicated Schools Grant Adjustment Account

On the 6 November 2020, the secretary of State for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020 for the financial years beginning 1 April 2020 and ending 31 March 2023. The Regulations have since been extended for a further three years.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for the financial years beginning on 1 April 2020 and ending 31 March 2026, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the local authorities' general fund for a period of three financial years.

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
In year Dedicated Schools Grant (over)/underspend	(2,304)	0
<b>Balance at 31 March</b>	<b>(2,304)</b>	<b>0</b>

### 30. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2023/24 £000	2022/23 £000
Interest received	(5,397)	(2,854)
Interest paid	26,278	26,374

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements.

	2023/24 £000	2022/23 £000
Depreciation	59,400	53,963
Impairment and revaluation (increases)/decreases	4,106	(11,779)
Amortisation	1,605	1,557
Impairment losses on Loans & advances debited to surplus or deficit on the provision of services in year	0	0
Impairment losses on Investments debited to surplus or deficit on the provision of services in year	0	0
Increase/Decrease in Interest Creditors	(86)	(1)
Increase/Decrease in Creditors	(12,005)	(33,025)
Increase/Decrease in Interest and Dividend Debtors	882	(285)

## Notes to the Core Financial Statements

	2023/24 £000	2022/23 £000
Increase/Decrease in Debtors	(18,144)	(3,231)
Increase/Decrease in Inventories	57	22
Pension Liability	5,556	39,011
Contributions to/(from) Provisions	(3,285)	3,691
Carrying amount of non-current assets sold	15,546	8,897
Movement in Investment Property Values	(464)	5,476
	<b>53,168</b>	<b>64,296</b>

The Surplus or Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities:

	2023/24 £000	2022/23 £000
Carrying amount of short and long term investment sold	0	0
Capital Grants credited to surplus or deficit on the provision of services	(61,513)	(54,475)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(10,399)	(8,228)
<b>Non cash adjustments</b>	<b>(71,912)</b>	<b>(62,703)</b>

### 31. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2023/24 £000	2022/23 £000
Purchase of property, plant and equipment, investment property and intangible assets	72,650	75,242
Purchase of short term and long term investments	0	43,000
Other payments for investing activities*	24,182	29,288
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,444)	(8,271)
Proceeds from the sale of short term and long term investments	(57,536)	(104,505)
Other receipts from investing activities**	(79,049)	(74,334)
<b>Net cash flows from investing activities</b>	<b>(50,197)</b>	<b>(39,580)</b>

\* This includes short term loans granted to third parties

\*\* This includes capital grants received in year.

### 32. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2023/24 £000	2022/23 £000
Cash receipts of short and long-term borrowing	(30,911)	(1,248)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	3,869	3,213
Repayments of short and long term borrowing	11,111	79
Other payments for financing activities*	4,048	(10,391)
<b>Net cash flows from financing activities</b>	<b>(11,883)</b>	<b>(8,347)</b>

\* Represents the difference between the preceptors/Central Government share of cash collected and net cash paid in relation to Council Tax and NDR

## Notes to the Core Financial Statements

### 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2023/24	1 April	Financing cash flows	Non-cash changes Acquisition	Other non-cash changes	31 March
	£000	£000	£000	£000	£000
Long-term borrowings	286,998	0	728	(6,199)	281,527
Short-term borrowings	7,606	(86)	182	25,100	32,802
On balance sheet PFI liabilities	102,014	(3,869)	0	0	98,146
<b>Total liabilities from financing activities</b>	<b>396,618</b>	<b>(3,955)</b>	<b>910</b>	<b>18,901</b>	<b>412,474</b>

2022/23	1 April	Financing cash flows	Non-cash changes Acquisition	Other non-cash changes	31 March
	£000	£000	£000	£000	£000
Long-term borrowings	291,568	0	998	(5,567)	286,998
Short-term borrowings	1,858	(1)	249	5,500	7,606
On balance sheet PFI liabilities	105,227	(3,213)	0	0	102,014
<b>Total liabilities from financing activities</b>	<b>398,653</b>	<b>(3,214)</b>	<b>1,247</b>	<b>(67)</b>	<b>396,618</b>

### 34. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year.

	2023/24	2022/23
	£000	£000
Basic Allowances	1,015	948
Special Responsibility Allowances	278	266
Expenses	19	18
<b>Total</b>	<b>1,312</b>	<b>1,232</b>

### 35. OFFICERS' REMUNERATION

The remuneration paid to the Council's senior employees is as follows:

Post Holder Information (Post Title & Name)	Salary	Expense Allowances	Compensation for Loss of Office	Total excl. pension contributions	Employers Pension contributions	Total incl. pension contributions
Chief Executive - 2023/24 Andy Begley	£167,143	£0	£0	£167,143	£28,748	£195,891
2022/23	£163,848	£0	£0	£163,848	£28,510	£192,358

## Notes to the Core Financial Statements

Post Holder Information (Post Title & Name)		Salary	Expense Allowances	Compensation for Loss of Office	Total excl. pension contributions	Employers Pension contributions	Total incl. pension contributions
Executive Director of People	2023/24	£145,123	£0	£0	£145,123	£24,961	£170,084
	2022/23	£142,220	£0	£0	£142,220	£24,746	£166,966
Executive Director of Health, Wellbeing & Prevention	2023/24	£139,618	£0	£0	£139,618	£24,014	£163,632
	2022/23	£129,295	£0	£0	£129,295	£22,497	£151,792
Executive Director of Place	2023/24	£145,123	£0	£0	£145,123	£2,080	£147,203
	2022/23	£142,259	£0	£0	£142,259	£0	£142,259
Executive Director of Resources <sup>1</sup>	2023/24	£145,123	£0	£0	£145,123	£24,961	£170,084
	2022/23	£142,089	£0	£0	£142,089	£24,723	£166,812
Assistant Director – Transformation & Efficiency (started in post on 19 <sup>th</sup> June 2023)	2023/24	£83,494	£0	£0	£83,494	£14,361	£97,855

<sup>1</sup> An element of the total remuneration paid to the Executive Director of Resources is recharged to Shropshire & Wrekin Fire Authority (£18,350), the Marches LEP (£6,934), West Mercia Energy (£11,220) and West Mercia Supplies (£1,187) to reflect the various treasurer roles undertaken within those organisations.

The numbers of officers whose remuneration exceeded £50,000 is analysed into bands of £5,000 as follows. The senior officers included in Note 35 above are not included within this analysis. The remuneration disclosed below includes salary costs and expense allowances, paid in line with the Council's pay policy agreed by Full Council:

Salaried Remuneration Band £	2023/24 No. of Employees	2022/23 No. of Employees
50,000 – 54,999	158	115
55,000 – 59,999	77	57
60,000 – 64,999	38	28
65,000 – 69,999	19	17
70,000 – 74,999	24	14
75,000 – 79,999	12	6
80,000 – 84,999	18	18
85,000 – 89,999	3	3
90,000 – 94,999	5	10
95,000 – 99,999	8	7
100,000 – 104,999	7	11
105,000 – 109,999	12	1
110,000 and above	1	0

The numbers of exit packages with total cost per band and total cost of the exit packages, including redundancy payments, pension strain and unpaid leave are set out in the table below. The figures disclosed include exit packages for schools and the Council.

## Notes to the Core Financial Statements

	No. of compulsory redundancies		No. of other departures agreed		Total no of exit packages by cost band		Total cost of exit packages in each band £000	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£0 - £20,000	18	4	21	31	39	35	336	135
£20,001 - £40,000	5	0	8	0	13	0	393	0
£40,001+	16	3	8	3	24	6	2,784	1,034
	<b>39</b>	<b>7</b>	<b>37</b>	<b>34</b>	<b>76</b>	<b>41</b>	<b>3,513</b>	<b>1,169</b>

### 36. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

	2023/24 £000	2022/23 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	380	178
Fees payable in respect of other services provided by the external audit during the year	65	46
<b>Total</b>	<b>445</b>	<b>224</b>

### 37. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools' Budget (ISB), which is divided into a budget share for each school.

Details of the deployment of DSG for 2023/24 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2023/24 before academy recoupment Academy and high needs figure recouped for 2023/24			260,489 (144,862)
<b>Total DSG after academy recoupment for 2023/24</b>			<b>115,627</b>
Brought forward from 2022/23 Less Carry Forward to 2024/25 agreed in advance			2,695 0
<b>Agreed initial budget distribution in 2023/24</b>	<b>57,683</b>	<b>60,639</b>	<b>118,322</b>
In year adjustments	(229)	0	(229)

## Notes to the Core Financial Statements

	Central Expenditure £000	ISB £000	Total £000
<b>Final budget distribution in 2023/24</b>	<b>57,454</b>	<b>60,639</b>	<b>118,093</b>
Actual central expenditure	(57,500)	0	(57,500)
Actual ISB deployed to schools	0	(61,904)	(61,904)
Early years maintained settings included in ISB on S251	0	(993)	(993)
In year carry forward to 2024/25	(46)	(2,258)	(2,304)
<b>Plus carry forward to 2024/25 agreed in advance</b>			<b>0</b>
<b>Carry forward to 2024/25</b>			<b>(2,304)</b>
<b>Net DSG position at the end of 2023/24</b>			<b>(2,304)</b>
DSG unusable reserve at the end of 2022/23			0
Additions to DSG unusable reserve at the end of 2023/24			(2,304)
<b>Total of DSG unusable reserve at the end of 2023/24</b>			<b>(2,304)</b>

### 38. GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2023/24:

	2023/24 £000	2022/23 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	(7,479)	(6,450)
Local Services Support Grant	(430)	(385)
New Homes Bonus	(1,748)	(4,651)
Business Rates Relief Grant	(22,688)	(16,637)
Rural Service Support Grant	(7,757)	(6,941)
Services Grant	(2,066)	(3,521)
Other Grants	(556)	(837)
Capital Grants & Contributions	(46,531)	(40,542)
<b>Total</b>	<b>(89,255)</b>	<b>(79,964)</b>
<b>Credited to Services</b>		
DWP Housing Benefit	(45,973)	(45,255)
DWP Housing Benefit Admin Subsidy	(644)	(648)
MHCLG Waste PFI	(3,186)	(3,186)
MHCLG Social Services PFI	(1,523)	(1,523)
DFE Dedicated Schools Grant	(115,398)	(110,676)
DFE Pupil Premium Grant	(4,444)	(4,010)
DFE UFSM	(1,746)	(1,718)
DFE PE & Sports	(1,652)	(1,652)
Teachers Pay Grant	(859)	(29)



## Notes to the Core Financial Statements

	2023/24 £000	2022/23 £000
Teachers Pension employer contribution grant	0	(83)
DfT Bus Services Operators Grant	(512)	(512)
Strengthening Families	(1,012)	(879)
Resettlement	(17)	(39)
HO Asylum Seekers	(3,390)	(2,833)
DoH Public Health Grant	(13,192)	(12,775)
MHCLG/DoH Adult Social Care New Burdens	(21,547)	(12,620)
Independent Living Fund Grant	0	(1,512)
Improved Better Care Fund	(11,863)	(11,863)
DWP Discretionary Housing Payment Grant	(308)	(304)
School monitoring and brokering grant	0	(141)
Flexible Homelessness grant	(1,138)	(926)
Apprenticeship Levy	(474)	(606)
DWP Household Support Fund	(4,178)	(4,178)
DfE Holiday Activities and Food Programme	(714)	(731)
MHCLG Rough Sleepers Initiative	(347)	(346)
MHCLG Domestic Abuse Duty Capacity Building Fund	(592)	(581)
DfT CBSSG Restart	0	(626)
DfT Local Transport Fund	(1,407)	0
DfE Recovery Premium Funding	(558)	(548)
DLUHC Homes for Ukraine Scheme Local Authority Tariff Payment	(2,365)	(1,959)
DLUHC UK Shared Prosperity Funding	(1,465)	0
DfE Homes for Ukraine Education and Childcare Grant	(5)	(900)
DHSC Adult Social Care Discharge Fund	(1,663)	(1,162)
DfT Local Transport Authority Bus Recovery Funding	(47)	(460)
DHSC Market Sustainability and Fair Cost Fund	(3,264)	(941)
ESFA Schools Supplementary Grant	0	(1,682)
DHSC Rough Sleeping Drug and Alcohol Treatment Grant	(878)	(491)
DEFRA Farming in Protected Landscapes	(894)	(310)
Council Tax Rebate	0	(582)
DfE Early Years Supplementary Grant	(929)	0
DfE Multiply Funding	(337)	(408)
DfE Mainstream Schools Additional Grant	(2,021)	0
DHSC Supplementary Substance Misuse Treatment and Recovery Grant	(336)	(338)
DHSC Market Sustainability and Improvement Fund	(2,120)	0
DHSC Local Authority Urgent and Emergency Care Support Fund	(654)	0
Covid-19 Adult Social Care Infection Control Fund	0	97
Covid-19 Other Grants	0	(197)
Other Grants	(5,715)	(5,191)
Capital Grants & Contributions	(14,982)	(13,933)
<b>Total</b>	<b>(274,349)</b>	<b>(249,257)</b>

## Notes to the Core Financial Statements

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31-Mar-24 £000	31-Mar-23 £000
<b>Current Liabilities</b>		
<b>Grants Receipts in Advance (Capital Grants)</b>		
Department of Transport	(3,252)	(3,254)
Department for Education	(2,050)	(1,782)
Environment Agency	(872)	(431)
Department for Science, Innovation & Technology	(1,097)	0
Arts Council	(40)	0
Department for Business, Energy & Industrial Strategy	(2,318)	(4,667)
Department for Levelling Up, Housing & Communities	(9,118)	(1,799)
Department for Environment, Food & Rural Affairs	(12)	(43)
Historic England	(80)	(51)
Other Grants & Contributions	(6,306)	(4,911)
<b>Total</b>	<b>(25,145)</b>	<b>(16,938)</b>
<b>Grants Receipts in Advance (Revenue Grants)</b>		
Standards Fund	(350)	(591)
DfT Bus Service Improvement Plan Plus	(1,429)	0
Homes for Ukraine Scheme Local Authority Tariff Payment	(2,134)	(3,920)
Homes for Ukraine Education and Childcare Grant	0	(313)
UK Shared Prosperity Fund	(1,747)	(921)
Local Transport Fund	0	(279)
Rough Sleepers Initiative	0	(26)
MHCLG Social Services PFI	(210)	(210)
DEFRA Farming in Protected Landscapes	(595)	0
Council Tax Rebate	0	0
DfT – Bus Capacity	(290)	(345)
DfT CBSSG Restart	(500)	0
DfT – Local Transport Authority Bus Recovery Funding	0	(47)
DWP – Covid-19 Winter Grant Scheme	0	0
Other Grants	(1,367)	(1,565)
<b>Total</b>	<b>(8,622)</b>	<b>(8,217)</b>
<b>TOTAL</b>	<b>(33,767)</b>	<b>(25,155)</b>

### 39. COMMUNITIES INFRASTRUCTURE LEVY

The Communities Infrastructure Levy (CIL) is a planning charge that is applied to most types of new development within the county. The balance held at the end of the financial

## Notes to the Core Financial Statements

year is detailed in the below table. The Neighbourhood Fund due to Parish and Town Councils is held on the Balance Sheet within Creditors, the remaining balance is held within Capital Grants Unapplied.

	2023/24		2022/23	
	£000	£000	£000	£000
<b>Opening Balance April</b>		<b>(34,288)</b>		<b>(34,305)</b>
Receipts received	(7,881)		(8,949)	
Expenditure incurred	5,045		8,966	
<b>Closing Balance</b>		<b>(37,124)</b>		<b>(34,288)</b>
<b>Closing Balance allocated to:</b>				
Neighbourhood Fund	1,360		1,661	
Strategic Fund	5,260		4,925	
Local Area Fund	30,504		27,702	
<b>Total</b>		<b>37,124</b>		<b>34,288</b>

### 40. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The scheme is technically a defined benefits scheme. However the Scheme is unfunded and the Department of Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023/24, the Council paid £7.069m to Teachers' Pensions in respect of teachers' retirement benefits. The contribution rate for April 2023 to March 2024 was 23.68%. The amount paid for 2022/23 were £6.907m and the contribution rate was 23.68%. There were no contributions remaining payable at the year end.

Public Health employees previously employed by the NHS are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme.

In 2023/24, the Council paid £0.018m to the NHS Pensions Scheme in respect of public health employee retirement benefits, representing 14.4% of pensionable pay. The figures for 2022/23 were £0.020m and 14.4%.

### 41. DEFINED BENEFIT PENSION SCHEMES

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Local Government Pension Scheme, administered by Shropshire Council is a funded defined benefit scheme. This means that the Council and employees pay contributions into a fund, which is invested in accordance with the Local Government Pension Scheme Regulations.

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund/HRA Balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme	
	2023/24 £000	2022/23 £000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services:		
- current service cost	(22,241)	(44,725)
- past service gain/(cost)	0	(216)
- curtailment gain/(cost)	(2,179)	(474)
- settlement gain/(cost)	(201)	0
	<b>(24,621)</b>	<b>(45,415)</b>
Financing and Investment Income and Expenditure:		
- net interest expense	(5,019)	(14,486)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	<b>(29,640)</b>	<b>(59,901)</b>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	86,292	(71,812)
- experience gain/(loss)	(6,881)	(117,397)
- actuarial gains and (losses) arising on changes in financial assumptions	16,995	638,390
- actuarial gains and (losses) arising on changes in demographic assumptions	14,112	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	<b>80,878</b>	<b>389,280</b>
Movement in Reserves Statement		

## Notes to the Core Financial Statements

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	29,640	59,901
Actual amount charged against the Fund Balances for pensions in the year:		
- employers' contributions payable to scheme	(24,084)	(23,767)

### Assets and Liabilities Recognised in the Balance Sheet

	2023/24	2022/23
	£000	£000
Present value of the defined benefit obligation	(1,148,270)	(1,138,966)
Fair value of plan assets	1,126,873	1,012,607
<b>Net liability arising from defined benefit obligation</b>	<b>(21,397)</b>	<b>(126,359)</b>

### Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
Opening fair value of scheme assets at 1 April	1,012,607	1,064,210
Interest income	48,611	29,959
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	86,292	(71,812)
Settlements	(1,685)	0
Contributions from employer	24,084	23,767
Contributions from employees into the scheme	7,571	7,145
Benefits paid	(49,651)	(39,807)
Other	(956)	(855)
<b>Closing fair value of scheme assets at 31 March</b>	<b>1,126,873</b>	<b>1,012,607</b>

### Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
Opening balance at 1 April	(1,138,966)	(1,600,739)
Current Service Cost	(21,285)	(43,870)
Interest Cost	(53,630)	(44,445)
Contributions from scheme participants	(7,571)	(7,145)
Remeasurement gain/(loss):		
Experience gains/(losses)	(6,881)	(117,397)
Actuarial gains/(losses) arising from changes in financial assumptions	16,995	638,390
Actuarial gains/(losses) arising from changes in demographic assumptions	14,112	0
Other		

## Notes to the Core Financial Statements

Past service costs	0	(216)
Losses/(gains) on curtailment	(2,179)	(474)
Benefits paid	49,651	39,807
Liabilities extinguished on settlements	1,484	0
Lump Sum Deficit Repayment	0	(2,877)
<b>Closing balance at 31 March</b>	<b>(1,148,270)</b>	<b>(1,138,966)</b>

### Local Government Pension Scheme Assets

Assets in the Shropshire County Pension Fund consist of the following categories:

	2023/24 £000	2022/23 £000
<b>Cash and cash equivalents</b>	<b>15,776</b>	<b>4,759</b>
Equity investments:		
Global quoted	637,134	518,555
<b>Sub-total equity</b>	<b>637,134</b>	<b>518,555</b>
Bonds:		
Overseas Global active investment grade	117,646	0
Overseas Global Fixed Income	0	61,668
Overseas Global Dynamic	46,765	68,047
Other class 2 - absolute return bonds	0	60,048
<b>Sub-total bonds</b>	<b>164,411</b>	<b>189,763</b>
Property:		
Property funds	39,666	33,619
<b>Sub-total property</b>	<b>39,666</b>	<b>33,619</b>
Alternatives:		
Private Equity	92,516	90,223
Infrastructure	70,317	64,908
Hedge Funds	47,441	66,630
Property Debt	11,494	14,176
Insurance Linked Securities	18,481	15,392
Private Debt	29,637	14,582
<b>Sub-total alternatives</b>	<b>269,886</b>	<b>265,911</b>
<b>Total assets</b>	<b>1,126,873</b>	<b>1,012,607</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rate, salary levels and other variables.

The Council element of the Fund liabilities has been assessed by Mercer Limited, an independent firm of actuaries. Estimates for the Council element of the Fund are based on the latest full valuation of the scheme as at 31 March 2022.

## Notes to the Core Financial Statements

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2023/24	2022/23
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.8yrs	22.2yrs
Women	24.2yrs	24.5yrs
Longevity at 65 for future pensioners:		
Men	23.1yrs	23.5yrs
Women	26.0yrs	26.3yrs
Rate of inflation	2.70%	2.70%
Rate of increase in salaries	3.95%	3.95%
Rate of increase in pensions	2.80%	2.80%
Rate for discounting scheme liabilities	4.90%	4.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	1,177,956	1,118,584
Rate of inflation (increase or decrease by 0.25%)	1,190,079	1,106,461
Rate of increase in salaries (increase or decrease by 0.25%)	1,153,412	1,143,128
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	1,069,006	1,227,534

### Techniques Employed to Manage Risk

The Shropshire County Pension Fund does not hold an Asset & Liability Matching Strategy however does use other techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits to pay members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate

risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Further details of the market, credit and liquidity risk management are detailed in Note 16 of the Shropshire County Pension Fund Annual Report.

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. A triennial valuation was completed as at 31 March 2022. Revised contribution rates from the 2022 actuarial valuation took effect on 1<sup>st</sup> April 2023.

The Council is projected to pay £22.514m employer contributions to the scheme in 2024/25.

The weighted average duration of the defined benefit obligation for scheme members is 16 years for 2023/24 (16 years 2022/23).

## **42. RELATED PARTIES**

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### **Central Government**

Central Government has significant influence over the general operations of the Council, being responsible for the statutory framework within which the Council operates, provides the majority of its funding through the payment of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with Government departments appear in other parts of the Statement of Accounts.

### **Members and Officers**

Members of the Council have direct control over the Council's financial and operating policies. Certain senior officers may also be in a position to influence policies, particularly those who form the Council's management team. All Council members and senior officers have been contacted, advising them of their obligations and asking for any declarations of related party transactions to be disclosed. Members are also asked to confirm that their entries in their Disclosure of Pecuniary Interests are correct.

The Council has made payments to a number of outside organisations on which it is represented by members. The total amount of payments to these bodies in 2023/24 was £29.101m compared with £26.745m for 2022/23.

Councillors are often members of other public or charitable organisations in their own capacity, or are employed by organisations that we process transactions with. These relationships are declared within the Members' register. The Council has made payments



## Notes to the Core Financial Statements

of £20.389m to organisations where members and senior officers are employed and £0.428m to organisations where members and senior officers occupy positions in their own capacity.

### Entities Controlled or Significantly Influenced by the Council

As administrator for the pension fund, the Council has control of the fund within the overall statutory framework. The Council received £2.299m from the pension fund for the costs of administration it provided in 2023/24 compared with £1.843m for 2022/23.

The Council also has group relationships with West Mercia Energy, West Mercia Supplies Pension, Shropshire Towns & Rural Housing and Cornovii Developments Ltd. Further detail on the type of relationship held with each company is considered in more detail under the Group Accounts section which begins on page 112.

During 2023/24 expenditure of £25.144m and income of £0.974m was incurred between Shropshire Council and Shropshire Towns & Rural Housing Limited. There was a creditor balance of £2.878m and a debtor balance of £0.453m as at 31<sup>st</sup> March 2024.

During 2023/24 expenditure of £0.017m and income of £2.060m was incurred between Shropshire Council and Cornovii Developments Ltd. There was a creditor balance of £0.001m and a debtor balance of £33.322m as at 31<sup>st</sup> March 2024.

During 2023/24 Shropshire Council paid West Mercia Energy £7.080m.

## 43. SCHOOLS

Transactions of Shropshire Council maintained schools are consolidated in the single entity financial statements.

Expenditure and income relating to these schools is detailed below:

	Expenditure £000	Income £000	Total £000
Primary	67,911	(74,002)	(6,091)
Secondary	4,022	(3,620)	402
Special	3,472	(3,866)	(394)
<b>Total</b>	<b>75,405</b>	<b>(81,488)</b>	<b>(6,083)</b>

The number of Shropshire Council maintained schools were:

	31st March 2024	31st March 2023
Primary	80	83
Secondary	1	1
Special	1	1
<b>Total</b>	<b>82</b>	<b>85</b>

### 44. MARCHES LOCAL ENTERPRISE PARTNERSHIP

The Marches Local Enterprise Partnership was launched in 2010 to create conditions for economic vitality and sustainable employment across the regions represented by the 3 Councils.

The Marches Local Enterprise Partnership Limited was incorporated on 12<sup>th</sup> February 2019 however the grant funding is still received by Shropshire Council as the accountable body for the Marches LEP. All funding and transactions in relation to this funding are processed through Shropshire Council's accounts. Shropshire Council's role within these transactions is deemed to be an agent, acting as an intermediary, therefore Shropshire Council accounts do not include the total income and expenditure for the Marches LEP. Instead, each Council within the Marches LEP will include any funding received from the Marches LEP and expenditure incurred in relation to LEP projects within their accounts. Accordingly any cash balances held by Shropshire Council in relation to the LEP is represented by a creditor within the Council's accounts.

It was agreed on 12 March 2024 that the Marches Local Enterprise Partnership Limited would be voluntarily wound up following a decision by the Government earlier this year to devolve LEP responsibilities back to local councils. Shropshire Council, Herefordshire Council and Telford & Wrekin Council have set up a Joint Committee that will oversee the transition of the assets, resources and responsibilities of the Marches LEP to the three councils by the end of March 2024.

Detailed below are the total funding received and expenditure paid out (cash) by Shropshire Council by 31<sup>st</sup> March in relation to the Marches LEP including the net creditor within Shropshire Council's balance sheet.

	2023/24		2022/23	
	£000	£000	£000	£000
<b>Opening Creditor 1 April</b>		<b>(6,140)</b>		<b>(11,723)</b>
<b>Funding Received:</b>				
Growth Deal	(115)		0	
Growth Hub	(261)		(231)	
Core Funding	(250)		(381)	
Capacity and Other Project Funding	(52)		(48)	
Careers & Enterprise	(240)		(306)	
Match Funding – Partner Contributions	(187)		(188)	
Marches Investment Fund	(598)		(66)	
Interest Received	(134)		(24)	
		<b>(1,837)</b>		<b>(1,244)</b>
<b>Expenditure:</b>				
Growth Deal Projects	306		5,305	
Growth Hub	220		320	
Capacity Funding Projects	1,104		71	
Careers & Enterprise	82		191	
Marches Investment Fund Expenditure	144		80	
LEP Management Costs	577		860	
		<b>2,433</b>		<b>6,827</b>
<b>Marches LEP Creditor</b>		<b>(5,544)</b>		<b>(6,140)</b>

### 45. BETTER CARE FUND

Shropshire Council and NHS Shropshire Telford & Wrekin Integrated Care Board are partners in the provision of a range of services including hospital admission avoidance, hospital discharge planning, carers' support and reablement. Joint arrangements of this type are permitted under section 75 of the National Health Service Act 2006, which enables health and social care authorities to work together for a common objective, creating a pooled fund, with the aims as below. In Shropshire, the Council acts as the host authority for the pooled fund.

The aims of, and benefits to, the partners in entering into this agreement are to:

- ◆ improve the quality and efficiency of the services;
- ◆ meet the national conditions and local objectives as set out in the Better Care Fund plan;
- ◆ make more effective use of resources through the establishment and maintenance of an aligned fund for expenditure on the services

Financing	2023/24 £000	2022/23 £000
<b>Pooled Fund</b>		
<b>Funding provided to the Better Care Fund:</b>		
Shropshire Council	0	0
Shropshire CCG	11,849	10,986
<b>Total</b>	<b>11,849</b>	<b>10,986</b>
<b>Expenditure met from the Better Care Fund:</b>		
Shropshire Council	11,849	10,986
Shropshire CCG	0	0
<b>Total</b>	<b>11,849</b>	<b>10,986</b>
<b>Non-Pooled Fund</b>		
<b>Funding provided to the Better Care Fund:</b>		
Shropshire Council	20,717	18,321
Shropshire CCG	17,241	16,318
<b>Total</b>	<b>37,958</b>	<b>34,639</b>
<b>Expenditure met from the Better Care Fund:</b>		
Shropshire Council	20,717	18,067
Shropshire CCG	17,241	16,318
<b>Total</b>	<b>37,958</b>	<b>34,385</b>
<b>Total Better Care Fund</b>		
<b>Total funding provided to the Better Care Fund:</b>	<b>49,806</b>	<b>45,624</b>
<b>Total expenditure met from the Better Care Fund:</b>	<b>49,806</b>	<b>45,370</b>
<b>Net Underspend Arising on the Better Care Fund During the Year</b>		<b>254</b>

## Notes to the Core Financial Statements

In 2023/24 Shropshire Council spent Disabled Facilities Grant (DFG) of £4.404m due to clearing a backlog of works resulting from the Covid-19 pandemic. The overspend against the planned DFG commitments was funded through previous years slippage in our own Capital Programme and has been reported showing spend against the BCF of the full planned amount for 23/24 of £3.959m.

The Council acts as the principal for the Pooled Fund and therefore all income and expenditure incurred in relation to this is accounted for within the Council's Income and Expenditure Statement. Income and expenditure incurred directly by the Council in relation to the Non-Pooled Fund is accounted for in the Council's Income and Expenditure Statement.

### 46. TRUST ACCOUNTS

Funds held in Trust Accounts are not available for the Council's use. The Council supports the work of a number of trusts including:

Trust	Purpose	Income £	Expenditure £	Assets £	Liabilities £
Shropshire Youth Foundation	Supports the development of under 25 year old residents in Shropshire through their leisure time activities.	(7,507)	6,879	252,805	(3,600)
Shropshire Schools Jubilee Trust	General fund to support the learning needs of children and young people either living or studying in Shropshire.	(5,268)	4,270	167,576	0
Rosalie Inskip Music Trust	Supports excellence in music for young people living in Shropshire.	0	3,496	364,753	0
Priory Educational Trust	Charitable trust to support ex-pupils of Priory Boys School.	(1,603)	0	64,024	0

Accounts are prepared and published for these organisations by Shropshire Council in our role of administering the trusts.

Trusts deliver great benefit into the local community and make a valuable contribution but the Council itself does not derive benefit from them.

### 47. CONTINGENT LIABILITIES

At 31 March 2024 Council had the identified the following contingent liabilities:

There are a number of legal cases outstanding that may result in future costs for the Council. These include:

- Employment tribunal appeals
- Potential changes to CIL regulations and impact that this may have on Council CIL liabilities
- Judicial review regarding a stop order in relation to repaying CIL.

## Notes to the Core Financial Statements

- Dispute relating to adult social care day centre in relation to recovering overpayments.
- Potential planning permission litigation
- Potential property tenancy dispute.
- Civil claim in relation to the breach of a S106 claim.

The Council's usual practice when outsourcing a service that requires continued pension provision for employees is to require the contractor to put a Bond in place to reduce the Council's risk regarding picking up outstanding pension liabilities on termination of the admission agreement. The Council has provided additional guarantees, above those covered automatically by the Local Government Pension Scheme Regulations, to a number of Bodies that have been admitted to the Shropshire County Pension Fund. The bodies with additional guarantees who currently have employees who are active members of the scheme are listed below. The Bodies listed as being grouped with Shropshire Council means all Pension assets and liabilities stay with the Council and they contribute the consolidated Council Employer pension contribution rate unless stated otherwise.

### **Bodies that have additional pension liability guarantee**

Employer	Active Members	Deferred Members	Pensioners Members	Dependant Members	Surplus/(Deficit) as at 31/03/2022 Valuation
Age UK Telford & Wrekin	3	5	28	0	£0.286m
Association of Local Councils	2	0	1	0	(£0.050m)
Coverage Care from 1/3/1997	2	27	126	10	£2.299m
Coverage Care from 13/1/2013	8	18	16	2	£0.690m
Perthyn	3	11	7	0	£0.072m
Shropshire Towns & Rural Housing	154	59	40	2	£0.367m

### **Bodies that have additional pension liability guarantee and are Grouped with the Council**

Employer	Active Members	Deferred Members	Pensioners Members	Dependant Members
Bethphage from 8/12/2016	10	4	4	0
Bethphage from 1/7/2017	7	2	1	0
Energize Shropshire Telford & Wrekin	0	0	1	0
Enterprise South West Shropshire	0	2	0	0
South Shropshire Leisure Ltd *	13	24	4	0
The Strettons Mayfair Trust	1	0	0	0

\* South Shropshire Leisure Ltd Employer contribution rate is capped by the Council to 5%.

The Council has entered into six “Funding and Development Agreements” with a Development Trust for construction of supported living properties. Under these agreements the Development Trust has provided the Council with funding totalling £2.696m for the construction of a supported living property at each site. The contributions will be repayable if the properties cease to be used as supported living properties or the Council fails to conform to the stipulated conditions of the contract within a period of 30 years from when the properties are first occupied.

Section 6

# Group Accounts



## Introduction

This document presents the statutory financial statements for the Shropshire Council Group for the period from 1 April 2023 to 31 March 2024. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

In common with many other local authorities, the Council uses different forms of service delivery, where this is appropriate. In some cases it has created separate companies with its partners to deliver those services. The use of separate companies mean that the Council's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The Group Accounts more fully reflect the overall financial picture. A review of all of the Council's relationships with other bodies has been carried out to consider whether it is appropriate to prepare full group accounts. The transactions involved are not considered material to the Council's accounts however the Council has decided to provide a full disclosure in terms of bodies that it has a relationship with.

The pages which follow contain the Group's Financial Statements for the year ended 31 March 2024, with comparative figures for the previous financial year.

### **SHROPSHIRE TOWNS & RURAL HOUSING LIMITED**

Shropshire Towns and Rural Housing Limited (the Company) is a private company limited by guarantee wholly owned by Shropshire Council (the Council). The Company was formed as an Arm's Length Management Organisation under Section 27 of the Housing Act 1985 to undertake the management and maintenance of Shropshire Council's retained housing stock from 1<sup>st</sup> April 2013.

For 2023/24 Shropshire Towns and Rural Housing Limited had total income of £25.393m, total expenditure of £28.112m, assets of £6.447m and liabilities of £2.976m.

### **WEST MERCIA ENERGY**

West Mercia Energy (WME) is a Purchasing Consortium that was established as a Joint Committee under s101 of the Local Government Act 1972. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and the Telford & Wrekin Council.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME within this Council. The Council considers that WME should be accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

For 2023/24 West Mercia Energy had total income of £187.534m, total expenditure of £185.206m, assets of £56.380m and liabilities of £51.940m.



### **WEST MERCIA SUPPLIES (PENSIONS)**

West Mercia Supplies (Pensions) Joint Committee pursuant to section 101(5) of the Local Government Act 1972, was set up from 1<sup>st</sup> April 2020 by the Executives of the four Member Authorities, Herefordshire Council, Shropshire Council, Telford & Wrekin Council and Worcestershire County Council. The Executives of the four Member Authorities of West Mercia Energy (WME) agreed to remove the responsibility for the discharge of their functions in relation to the pension deficit liability in relation to former West Mercia Supplies (WMS) employees (including added years Benefits) from the business of the WME Joint Committee with effect from 1 April 2020. This is to enable any pension deficit to be separately identified, separately valued and monitored.

WMS Pensions has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures).

For 2023/24 West Mercia Supplies (Pensions) had total income of £0.183m, total expenditure of £0.133m, assets of £0.001m and liabilities of £2.157m.

### **SSC No.1 LIMITED**

SSC No.1 Limited is a limited company wholly owned by Shropshire Council. The Company's principal activity is to hold an investment in a Jersey Property Unit Trust.

There were no transactions for SSC No.1 Limited in 2023/24.

### **CORNOVII DEVELOPMENTS LIMITED**

Cornovii Developments Limited is a limited company wholly owned by Shropshire Council. The Company's principal activity and reason for it being established is to address unmet housing need in the county of Shropshire.

For 2023/24 the amounts incorporated into the group accounts for Cornovii Developments Limited are total expenditure of £0.806m, income of £0.298m, assets of £34.187m and liabilities of £35.012m.

## Group Accounts

### The Group Comprehensive Income & Expenditure Statement

2022/23			2023/24			
Group Expenditure	Group Income	Group Net Expenditure		Group Expenditure	Group Income	Group Net Expenditure
£000	£000	£000		£000	£000	£000
<b>Expenditure on Continuing Services</b>						
18,542	(15,559)	2,983	Health and Wellbeing	17,735	(16,987)	748
4,567	(18,951)	(14,384)	Local Authority Housing	25,893	(20,680)	5,213
432,380	(203,555)	228,825	People	455,576	(217,839)	237,737
186,625	(65,481)	121,144	Place	188,365	(70,111)	118,254
60,240	(52,474)	7,766	Resources	63,094	(53,220)	9,874
716	0	716	Strategic Management Board	4,008	(1)	4,007
10,581	(27,410)	(16,829)	Corporate	10,682	(38,148)	(27,466)
<b>713,651</b>	<b>(383,430)</b>	<b>330,221</b>	<b>Net Cost of Services</b>	<b>765,353</b>	<b>(416,986)</b>	<b>348,367</b>
		10,532	Other Operating Expenditure			15,205
		48,877	Financing and Investment Income and Expenditure			30,470
		(316,145)	Taxation and Non Specific Grant Income			(342,574)
		<b>73,485</b>	<b>(Surplus)/Deficit on the provision of services</b>			<b>51,468</b>
		(623)	Associates & Joint Ventures Accounted for on an equity basis			(477)
		<b>72,862</b>	<b>Group (Surplus)/Deficit</b>			<b>50,991</b>
		(41,074)	(Surplus) or deficit on revaluation of non-current assets			(28,387)
		197	Impairment losses on Non-Current Assets Charged to the Revaluation Reserve			2,927
		(457,880)	Remeasurement of pension assets and liabilities			(111,753)
		(1,369)	Share of other comprehensive income and expenditure of Associates and Joint Ventures			(20)
		<b>(500,126)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(137,233)</b>
		<b>(427,264)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(86,242)</b>

## Group Accounts

### Group Movement in Reserves Statement

2023/24	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
<b>Balance at 31 March 2023</b>	7,093	52,579	59,672	12,359	7,400	52,395	131,826	572,162	703,988	4,587	708,575
<b>Movement in reserves during 2023/24</b>											
Surplus or (deficit) on the provision of services	(23,754)	0	(23,754)	(2,039)	0	0	(25,793)	0	(25,793)	(25,197)	(50,990)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	135,977	135,977	1,255	137,232
<b>Total Comprehensive Income and Expenditure</b>	<b>(23,754)</b>	<b>0</b>	<b>(23,754)</b>	<b>(2,039)</b>	<b>0</b>	<b>0</b>	<b>(25,793)</b>	<b>135,977</b>	<b>110,184</b>	<b>(23,942)</b>	<b>86,242</b>
Adjustments between Group Accounts and authority accounts	(22,127)	0	(22,127)	0	0	0	(22,127)	0	(22,127)	22,127	0
<b>Net Increase/Decrease before Transfers</b>	<b>(45,881)</b>	<b>0</b>	<b>(45,881)</b>	<b>(2,039)</b>	<b>0</b>	<b>0</b>	<b>(47,920)</b>	<b>135,977</b>	<b>88,057</b>	<b>(1,815)</b>	<b>86,242</b>
Adjustments between accounting basis and funding basis under regulations	29,821	0	29,821	1,449	(1,392)	2,668	32,546	(32,546)	0	(115)	(115)
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(16,060)</b>	<b>0</b>	<b>(16,060)</b>	<b>(590)</b>	<b>(1,392)</b>	<b>2,668</b>	<b>(15,374)</b>	<b>103,431</b>	<b>88,057</b>	<b>(1,930)</b>	<b>86,127</b>
Transfers to/from Earmarked Reserves	17,204	(17,172)	32	(32)	0	0	0	0	0	0	0
<b>Increase/Decrease in 2023/24</b>	<b>1,144</b>	<b>(17,172)</b>	<b>(16,028)</b>	<b>(622)</b>	<b>(1,392)</b>	<b>2,668</b>	<b>(15,374)</b>	<b>103,431</b>	<b>88,057</b>	<b>(1,930)</b>	<b>86,127</b>
<b>Balance at 31 March 2024</b>	<b>8,237</b>	<b>35,407</b>	<b>43,644</b>	<b>11,737</b>	<b>6,008</b>	<b>55,063</b>	<b>116,452</b>	<b>675,593</b>	<b>792,045</b>	<b>2,657</b>	<b>794,702</b>

## Group Accounts

2022/23 Comparative figures											
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
<b>Balance at 31 March 2022</b>	11,522	89,638	101,160	11,592	6,918	47,082	166,752	118,342	285,094	(3,851)	281,243
<b>Movement in reserves during 2022/23</b>											
Surplus or (deficit) on the provision of services	(67,513)	0	(67,513)	16,468	0	0	(51,045)	0	(51,045)	(21,817)	(72,862)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	490,058	490,058	10,068	500,126
<b>Total Comprehensive Income and Expenditure</b>	<b>(67,513)</b>	<b>0</b>	<b>(67,513)</b>	<b>16,468</b>	<b>0</b>	<b>0</b>	<b>(51,045)</b>	<b>490,058</b>	<b>439,013</b>	<b>(11,749)</b>	<b>427,264</b>
Adjustments between Group Accounts and authority accounts	(20,119)	0	(20,119)	0	0	0	(20,119)	0	(20,119)	20,119	0
<b>Net Increase/Decrease before Transfers</b>	<b>(87,632)</b>	<b>0</b>	<b>(87,632)</b>	<b>16,468</b>	<b>0</b>	<b>0</b>	<b>(71,164)</b>	<b>490,058</b>	<b>418,894</b>	<b>8,370</b>	<b>427,264</b>
Adjustments between accounting basis and funding basis under regulations	46,112	0	46,112	(15,669)	482	5,313	36,238	(36,238)	0	68	68
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(41,520)</b>	<b>0</b>	<b>(41,520)</b>	<b>799</b>	<b>482</b>	<b>5,313</b>	<b>(34,926)</b>	<b>453,820</b>	<b>418,894</b>	<b>8,438</b>	<b>427,332</b>
Transfers to/from Earmarked Reserves	37,091	(37,059)	32	(32)	0	0	0	0	0	0	0
<b>Increase/Decrease in 2022/23</b>	<b>(4,429)</b>	<b>(37,059)</b>	<b>(41,488)</b>	<b>767</b>	<b>482</b>	<b>5,313</b>	<b>(34,926)</b>	<b>453,820</b>	<b>418,894</b>	<b>8,438</b>	<b>427,332</b>
<b>Balance at 31 March 2023</b>	<b>7,093</b>	<b>52,579</b>	<b>59,672</b>	<b>12,359</b>	<b>7,400</b>	<b>52,395</b>	<b>131,826</b>	<b>572,162</b>	<b>703,988</b>	<b>4,587</b>	<b>708,575</b>

## Group Accounts

### Group Balance Sheet

31 March 2023			31 March 2024			
SC £000	Adjustments £000	Group £000		SC £000	Adjustments £000	Group £000
1,115,889	70	1,115,959	Property, Plant & Equipment	1,138,504	56	1,138,560
2,096	0	2,096	Heritage Assets	2,119	0	2,119
60,736	0	60,736	Investment Property	43,029	0	43,029
3,907	17	3,924	Intangible Assets	2,603	15	2,618
<b>1,182,628</b>	<b>87</b>	<b>1,182,715</b>	<b>Total Non-Current Assets</b>	<b>1,186,255</b>	<b>71</b>	<b>1,186,326</b>
970	(570)	400	Long Term Investment	971	(571)	400
0	425	425	Investments in Associates and Joint Ventures	0	563	563
16,074	0	16,074	Long Term Debtors	15,259	0	15,259
<b>1,199,672</b>	<b>(58)</b>	<b>1,199,614</b>	<b>Total Long Term Assets</b>	<b>1,202,485</b>	<b>63</b>	<b>1,202,548</b>
			Current Assets			
5,906	0	5,906	Current Held for Sale Investment Properties	18,283	0	18,283
1,627	0	1,627	Assets Held for Sale	3,904	0	3,904
58,000	0	58,000	Short Term Investments	0	0	0
786	7,088	7,874	Inventories	729	31,357	32,086
89,160	(13,220)	75,940	Short Term Debtors	123,805	(32,985)	90,820
27,584	12,734	40,318	Cash & Cash Equivalents	37,293	5,556	42,849
<b>183,063</b>	<b>6,602</b>	<b>189,665</b>	<b>Total Current Assets</b>	<b>184,014</b>	<b>3,928</b>	<b>187,942</b>
<b>1,382,735</b>	<b>6,544</b>	<b>1,389,279</b>	<b>Total Assets</b>	<b>1,386,499</b>	<b>3,991</b>	<b>1,390,490</b>
			Current Liabilities			
(21,640)	0	(21,640)	Bank Overdraft	(35,933)	0	(35,933)
(7,606)	0	(7,606)	Short Term Borrowing	(32,802)	0	(32,802)
(100,676)	(819)	(101,495)	Short Term Creditors	(86,156)	(1,334)	(87,490)
(3,763)	0	(3,763)	Provisions	(2,707)	0	(2,707)
(8,217)	0	(8,217)	Grants Receipts in Advance – Revenue	(8,622)	0	(8,622)
(16,938)	0	(16,938)	Grants Receipts in Advance – Capital	(25,145)	0	(25,145)
<b>(158,840)</b>	<b>(819)</b>	<b>(159,659)</b>	<b>Total Current Liabilities</b>	<b>(191,365)</b>	<b>(1,334)</b>	<b>(192,699)</b>
<b>1,223,895</b>	<b>5,725</b>	<b>1,229,620</b>	<b>Total Assets Less Current Liabilities</b>	<b>1,195,134</b>	<b>2,657</b>	<b>1,197,791</b>
			Long Term Liabilities			
(614)	0	(614)	Long Term Creditors	(603)	0	(603)
(286,998)	0	(286,998)	Long Term Borrowing	(281,527)	0	(281,527)
(97,459)	0	(97,459)	Other Long Term Liabilities	(93,313)	0	(93,313)
(126,359)	(1,138)	(127,497)	Pensions Liability	(21,397)	0	(21,397)
(8,477)	0	(8,477)	Provisions	(6,249)	0	(6,249)
<b>(519,907)</b>	<b>(1,138)</b>	<b>(521,045)</b>	<b>Total Long Term Liabilities</b>	<b>(403,089)</b>	<b>0</b>	<b>(403,089)</b>
<b>703,988</b>	<b>4,587</b>	<b>708,575</b>	<b>Total Assets Less Liabilities</b>	<b>792,045</b>	<b>2,657</b>	<b>794,702</b>
			Financed by:			
131,826	6,211	138,037	Usable Reserves	116,452	3,147	119,599
572,162	(1,624)	570,538	Unusable Reserves	675,593	(490)	675,103
<b>703,988</b>	<b>4,587</b>	<b>708,575</b>	<b>Total Reserves</b>	<b>792,045</b>	<b>2,657</b>	<b>794,702</b>

## Group Accounts

### Group Cash Flow Statement

SC £000	2022/23 Adjustments £000	Group £000	Revenue Activities	SC £000	2023/24 Adjustments £000	Group £000
71,164	1,698	72,862	Net (surplus) or deficit on the provision of services	47,920	3,071	50,991
(64,296)	1,415	(62,881)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(53,168)	24,099	(29,069)
83,193	(23)	83,170	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	71,912	113	72,025
<b>90,061</b>	<b>3,090</b>	<b>93,151</b>	<b>Net cash flows from operating activities</b>	<b>66,664</b>	<b>27,283</b>	<b>93,947</b>
(60,070)	(7,051)	(67,121)	Investing activities	(50,197)	(19,749)	(69,946)
(8,347)	(273)	(8,620)	Financing activities	(11,883)	(356)	(12,239)
<b>21,644</b>	<b>(4,234)</b>	<b>17,410</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>4,584</b>	<b>7,178</b>	<b>11,762</b>
27,588	8,500	36,088	Cash and cash equivalents at the beginning of the reporting period	5,944	12,734	18,678
<b>5,944</b>	<b>12,734</b>	<b>18,678</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,360</b>	<b>5,556</b>	<b>6,916</b>

## **Notes to Group Accounts**

### **G1. Accounting Policies**

#### **G1.1 General**

The single entity accounting policies detailed on pages 26-47 have been adopted and applied for group account purposes.

#### **G1.2 Reason for Consolidation**

The organisations included within Group Accounts have been assessed to establish whether Shropshire Council controls the entity, has significant influence over the entity or has joint control of the arrangement. If the organisation does not meet one of these criteria then it is not included within the Group Accounts.

Shropshire Towns and Rural Housing Limited, Cornovii Developments Limited and SSC No.1 Limited are all wholly owned by Shropshire Council. Shropshire Council controls each of the organisations therefore they have been consolidated into the Group Accounts as subsidiaries.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME and WMS (Pensions) within this Council. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and Telford & Wrekin Council. The Council has joint control over the arrangement and has rights to share the net assets. The Council considers that WME should be accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

#### **G1.3 Basis for Consolidation**

Shropshire Towns and Rural Housing Limited has been included within the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

WME has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of West Mercia Energy' balances is 24.8%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31<sup>st</sup> March 2024.

WMS Pensions has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of West Mercia Energy' balances is 25%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31<sup>st</sup> March 2024.

SSC No.1 Limited has been included within the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

Cornovii Developments Limited has been included within the accounts as a subsidiary under the

requirements of IFRS 10 (Consolidated Financial Statements) and IAS 27 (Separate Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

## **G1.4 Non-Current Assets – Property, Plant and Equipment**

Property, plant and equipment are assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year.

### Recognition

The cost of an item of property, plant and equipment shall only be recognised (and hence capitalised) as an asset on the balance sheet if, and only if:

- It is probable that the future economic benefits or service potential associated with the item will flow to the entity, and
- The cost of the item can be measured reliably.

Costs that meet the recognition principle include initial costs of acquisition, production or construction of assets for use by, or disposal to, a person other than the local authority; and costs incurred subsequently to enhance, replace part of, or service the asset. Subsequent costs arising from day-to-day servicing of an asset (i.e. labour costs and consumables), commonly referred to as 'repairs and maintenance', should not be capitalised if they do not meet the recognition principle because the expenditure does not add to the future economic benefits or service potential of the asset and are charged to revenue.

### Measurement after recognition

Property, plant and equipment assets are subsequently valued at current value on the basis recommended by the Code of Practice on Local Authority Accounting and in accordance with The Royal Institution of Chartered Surveyors (RICS) Valuation Standards. Property, plant and equipment assets are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following bases:

Category	Valuation Method (Current Value definition)
<u>Operational</u>	
Land & Buildings	Existing Use Value (EUV) – determined as the amount that would be paid for the asset in its existing use
Vehicles, Plant & Equipment	Depreciated Historic Cost (HC) - as a proxy for current value where they are of short life or low value.

Where the carrying amount of property, plant and equipment is increased as a result of a revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter in Surplus or Deficit on the Provision of Services.

## **G2. Consolidation of West Mercia Energy**

Figures in respect of West Mercia Energy have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:



## Group Accounts

	WME £000	SC Share (24.8%) £000
Turnover	(186,960)	(46,388)
Cost of Goods Sold and Operating Expenses	185,206	45,953
Interest and Investment Income	(574)	(142)
<b>Net Operating Surplus</b>	<b>(2,328)</b>	<b>(577)</b>
Distribution of Surplus to Member Authorities	1,433	356
<b>Net Surplus for the year</b>	<b>(895)</b>	<b>(221)</b>

### G3. Consolidation of West Mercia Supplies (Pensions)

Figures in respect of West Mercia Supplies (Pension) have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	WMS(P) £000	SC Share (25%) £000
Turnover	(183)	(46)
Cost of Goods Sold and Operating Expenses	14	3
Interest and Investment Income	119	30
<b>Net surplus for the year</b>	<b>(50)</b>	<b>(13)</b>

### G4. Consolidation of Shropshire Towns & Rural Housing Limited

The operating income (£25.309m) and expenditure (£28.112m) of Shropshire Towns & Rural Housing Limited, giving a net expenditure of £2.803m has been included within Local Authority Housing (HRA) in the Net Cost of Services. The inter-company transactions with Shropshire Council have been excluded from Local Authority Housing (HRA) (Income/Expenditure £24.170m).

### G5. Consolidation of SSC No.1 Ltd

There was no operating expenditure or income for SSC No.1 Ltd in 2023/24.

### G6. Consolidation of Cornovii Developments Ltd

The operating expenditure (£0.322m) and income (£0.283m) of Cornovii Developments Ltd has been included within Place in the Net Cost of Services.

### G7. Investment included in Group Balance Sheet

	WME £000	SC Share (28.1%) £000
<b>Assets</b>		
Plant & Equipment	5	1
Other Long Term Assets	192	48
Short term debtors	38,220	9,483
Cash and cash equivalents	17,963	4,457
<b>Total Assets</b>	<b>56,380</b>	<b>13,989</b>

## Group Accounts

	WME £000	SC Share (28.1%) £000
<b>Liabilities</b>		
Short term creditors	(51,940)	(12,887)
Other long term liabilities	0	0
<b>Total Liabilities</b>	<b>(51,940)</b>	<b>(12,887)</b>
<b>Net Investments in Associates and Joint Ventures</b>	<b>4,440</b>	<b>1,102</b>

	WMS(P) £000	SC Share (25%) £000
<b>Assets</b>		
Short term debtors	1	0
<b>Total Assets</b>	<b>1</b>	<b>0</b>
<b>Liabilities</b>		
Short term creditors	(270)	(67)
Other long term liabilities	(1,887)	(472)
<b>Total Liabilities</b>	<b>(2,157)</b>	<b>(539)</b>
<b>Net Investments in Associates and Joint Ventures</b>	<b>(2,156)</b>	<b>(539)</b>

### G8. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2024 £000	31 March 2023 £000
Bank current accounts	42,849	39,826
Short term deposits with building societies	0	492
<b>Total Cash and Cash Equivalents</b>	<b>42,849</b>	<b>40,318</b>
Bank Overdraft	(35,933)	(21,640)
<b>Cash Overdrawn</b>	<b>(35,933)</b>	<b>(21,640)</b>

### G9. Pension Liability

#### Amounts Recognised in the Comprehensive Income and Expenditure Statement

	Local Government Pension Scheme	
	2023/24 £000	2022/23 £000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services:		
- current service cost	(23,059)	(46,342)
- past service gain/(cost)	0	(216)
- curtailment gain/(cost)	(2,179)	(474)
- settlement gain/(cost)	(201)	0
	<b>(25,439)</b>	<b>(47,032)</b>
Financing and Investment Income and Expenditure:		

## Group Accounts

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
- net interest expense	(5,055)	(14,719)
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(30,494)</b>	<b>(61,751)</b>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	87,472	(72,523)
- experience (gain)/loss	(6,991)	(120,075)
- actuarial gains and losses arising on changes in demographic assumptions	14,304	295
- actuarial gains and losses arising on changes in financial assumptions	17,662	650,183
- effect of asset ceiling	(694)	0
<b>Total Post Employment Benefit Charged to Other Comprehensive Income and Expenditure</b>	<b>111,753</b>	<b>457,880</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>81,259</b>	<b>396,129</b>

### Assets and Liabilities Recognised in the Balance Sheet

	2023/24	2022/23
	£000	£000
Present value of the defined benefit obligation	(1,166,228)	(1,156,491)
Fair value of plan assets	1,145,525	1,028,994
Effect of Asset Ceiling	(694)	0
<b>Net liability arising from defined benefit obligation</b>	<b>(21,397)</b>	<b>(127,497)</b>

### Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
Opening fair value of scheme assets at 1 April	1,028,994	1,079,861
Interest income	49,405	30,412
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	87,472	(72,523)
Contributions from employer	24,841	24,484
Contributions from employees into the scheme	7,845	7,404
Benefits paid	(50,357)	(39,757)
Settlements	(1,685)	0
Other	(990)	(887)
<b>Closing fair value of scheme assets at 31 March</b>	<b>1,145,525</b>	<b>1,028,994</b>

# Group Accounts

## Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
Opening balance at 1 April	(1,156,491)	(1,625,094)
Current Service Cost	(22,069)	(45,455)
Interest Cost	(54,460)	(45,131)
Contributions from scheme participants	(7,845)	(7,404)
Remeasurement gain/(loss):		
Experience gains/losses	(6,991)	(120,075)
Actuarial gains/losses arising from changes in demographic assumptions	14,304	295
Actuarial gains/losses arising from changes in financial assumptions	17,662	650,183
Other	0	0
Past service costs	0	(216)
Losses/(gains) on curtailment	(2,179)	(474)
Benefits paid	50,357	39,757
Liabilities extinguished on settlements	1,484	0
Lump Sum Deficit Repayment	0	(2,877)
<b>Closing balance at 31 March</b>	<b>(1,166,228)</b>	<b>(1,156,491)</b>

## Pension Scheme Assets

Assets in the Pension Fund consist of the following categories:

	2023/24	2022/23
	£000	£000
<b>Cash and cash equivalents</b>	<b>16,037</b>	<b>4,836</b>
Equity investments:		
Global quoted	647,680	526,948
<b>Sub-total equity</b>	<b>647,680</b>	<b>526,948</b>
Bonds:		
Overseas Global Active Investment Grade	119,593	0
Overseas Global Fixed Income	0	62,666
Overseas Global Dynamic	47,539	69,148
Other class 2 - absolute return bonds	0	61,020
<b>Sub-total bonds</b>	<b>167,132</b>	<b>192,834</b>
Property:		
Property funds	40,323	34,163
<b>Sub-total property</b>	<b>40,323</b>	<b>34,163</b>
Alternatives:		
Private Equity	94,047	91,683
Infrastructure	71,481	65,958

## Group Accounts

	2023/24 £000	2022/23 £000
Hedge Funds	48,226	67,708
Property Debt	11,684	14,405
Insurance Linked Securities	18,787	15,641
Private Debt	30,128	14,818
<b>Sub-total alternatives</b>	<b>274,353</b>	<b>270,213</b>
<b>Total assets</b>	<b>1,145,525</b>	<b>1,028,994</b>

### G10. Unusable Reserves

	31 March 2024		31 March 2023	
	Total £000	SC Share £000	Total £000	SC Share £000
Shropshire Towns & Rural Housing – Pensions Reserve	0	0	1,138	1,138
West Mercia Energy – Pensions Reserve and Capital Adjustment Account	(197)	(49)	(801)	(225)
West Mercia Supplies – Pensions Reserve	2,156	539	2,843	711
<b>Total</b>	<b>1,959</b>	<b>490</b>	<b>3,180</b>	<b>1,624</b>

### G.11 Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority' s Share of Reserves of Subsidiaries, Associates and Joint Ventures	Total Authority Reserves £000
Purchase of goods and services from subsidiaries	22,127	0	0	0	22,127	0	22,127	(22,127)	0
<b>Total adjustments between Group Accounts and authority accounts</b>	<b>22,127</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,127</b>	<b>0</b>	<b>22,127</b>	<b>(22,127)</b>	<b>0</b>

# Section 7 Housing Revenue Account



## Housing Revenue Account

The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

### HRA INCOME AND EXPENDITURE STATEMENT

2022/23		2023/24	
£'		£	£
	<b>Expenditure</b>		
6,745,212	Repairs & Maintenance	7,301,264	
3,472,785	Supervision and Management	3,673,749	
203,648	Rents, rates taxes and other charges	189,603	
4,471,690	Depreciation – Dwellings	4,889,370	
203,130	- Other	245,300	
(12,051,130)	Impairment, revaluation losses and (reversals of impairment or revaluation losses)	6,017,538	
42,090	Debt Management Costs	79,010	
50,000	Provision for Bad or Doubtful Debts	45,000	
<b>3,137,425</b>	<b>Total Expenditure</b>		<b>22,440,834</b>
	<b>Income</b>		
(17,965,084)	Dwelling Rents	(19,253,466)	
(102,928)	Non Dwelling Rents	(97,499)	
(6,290)	Other Income	(4,706)	
(916,142)	Charges for Services and Facilities	(972,822)	
<b>(18,990,444)</b>	<b>Total Income</b>		<b>(20,328,493)</b>
<b>(15,853,019)</b>			<b>2,112,341</b>
298,796	HRA Share of Corporate & Democratic Core		268,561
<b>(15,554,223)</b>	<b>Net Cost of HRA Services</b>		<b>2,380,902</b>
(564,220)	(Gain) or loss on sale of HRA Assets		(467,115)
3,196,356	Interest payable and similar charges		3,371,541
(295,956)	Interest and Investment Income		(1,258,990)
(5,800)	Income & Expenditure in relation to investment properties & change in fair values		(57,500)
(3,244,152)	Capital grants and contributions receivable		(1,930,156)
<b>(16,467,995)</b>	<b>(Surplus) or deficit for the year on HRA Services</b>		<b>2,038,682</b>

# Housing Revenue Account

## MOVEMENT ON THE HRA STATEMENT

2022/23		2023/24
£		£
(11,591,766)	Balance on the HRA at the end of the previous year	(12,359,313)
(16,467,995)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	2,038,682
15,668,578	Adjustments between accounting basis and funding basis under statute	(1,448,296)
(799,417)	Net increase or (decrease) before transfers to or from reserves	590,386
31,870	Transfers to or (from) Reserves	32,310
(767,547)	(Increase) or Decrease in year on the HRA	622,696
(12,359,313)	Balance on the HRA at the end of the current year	(11,736,617)

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. HOUSING STOCK

	2023/24	2022/23
<b>Total Number of Dwellings at 31 March :</b>		
Houses and Bungalows	3,147	3,129
Flats	889	871
	<b>4,036</b>	<b>4,000</b>
<b>Change in Stock</b>		
Stock at 1 April	4,000	4,014
Less: Sales – Right to Buy	(15)	(27)
Sales – Other	(1)	0
Disposal/restructuring	(23)	0
Acquisition – full ownership	67	10
Acquisition – shared ownership	8	3
	<b>4,036</b>	<b>4,000</b>

### 2. RENT ARREARS

	2023/24	2022/23
	£	£
Due from Current Tenants	138,690	126,737
Due from Former Tenants	78,782	96,066
<b>Total Rent Arrears as at 31 March</b>	<b>217,472</b>	<b>222,803</b>
Pre-Payments	(601,690)	(607,644)
<b>Net Arrears</b>	<b>(384,218)</b>	<b>(384,841)</b>

As at 31 March 2024, the total provision set aside for HRA related bad debts is £0.388m.



# Housing Revenue Account

## 3. BALANCE SHEET VALUE OF ASSETS

	Council Dwellings	Other Land & Buildings	Infrastructure Assets	Assets Under Construction	Total Property, Plant & Equipment	Investment Properties	Current Assets Held for Sale	Total
	£	£	£	£	£	£	£	£
<b>Cost or Valuation</b>								
<b>At 1 April 2023</b>	<b>236,024,230</b>	<b>1,560,000</b>	<b>313,230</b>	<b>8,877,041</b>	<b>246,774,501</b>	<b>256,000</b>	<b>0</b>	<b>247,030,501</b>
Additions	13,597,840	10,230	2,166	1,400,449	<b>15,010,685</b>	0	0	<b>15,010,685</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(109,334)	(20,710)	0	0	<b>(130,044)</b>	0	0	<b>(130,044)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,092,348)	(64,520)	0	0	<b>(10,156,868)</b>	32,500	0	<b>(10,124,368)</b>
Derecognition – disposals	(881,700)	0	0	0	<b>(881,700)</b>	0	(480,278)	<b>(1,361,978)</b>
Derecognition – other	0	0	0	0	<b>0</b>	0	0	<b>0</b>
Assets reclassified (to)/from Held for Sale	(546,648)	0	0	(879,657)	<b>(1,426,305)</b>	0	1,426,305	<b>0</b>
Other movements in cost or valuation	6,126,660	0	0	(6,638,660)	<b>(512,000)</b>	0	0	<b>(512,000)</b>
<b>As at 31 March 2024</b>	<b>244,118,700</b>	<b>1,485,000</b>	<b>315,396</b>	<b>2,759,173</b>	<b>248,678,269</b>	<b>288,500</b>	<b>946,027</b>	<b>249,912,796</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2023</b>	<b>0</b>	<b>0</b>	<b>(184,300)</b>	<b>0</b>	<b>(184,300)</b>	<b>0</b>	<b>0</b>	<b>(184,300)</b>
Depreciation Charge	(5,067,570)	(32,790)	(34,310)	0	<b>(5,134,670)</b>	0	0	<b>(5,134,670)</b>
Depreciation written out to the Revaluation Reserve	178,200	20,830	0	0	<b>199,030</b>	0	0	<b>199,030</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,889,370	11,960	0	0	<b>4,901,330</b>	0	0	<b>4,901,330</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	<b>0</b>	0	0	<b>0</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(762,000)	0	0	0	<b>(762,000)</b>	0	0	<b>(762,000)</b>
Derecognition – disposals	0	0	0	0	<b>0</b>	0	0	<b>0</b>
Derecognition – other	0	0	0	0	<b>0</b>	0	0	<b>0</b>
Other movements in depreciation and impairment	762,000	0	0	0	<b>762,000</b>	0	0	<b>762,000</b>
<b>As at 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>(218,610)</b>	<b>0</b>	<b>(218,610)</b>	<b>0</b>	<b>0</b>	<b>(218,610)</b>
<b>Net Book Value</b>								
<b>As at 31 March 2024</b>	<b>244,118,700</b>	<b>1,485,000</b>	<b>96,786</b>	<b>2,759,173</b>	<b>248,459,659</b>	<b>288,500</b>	<b>946,027</b>	<b>249,694,186</b>
<b>As at 31 March 2023</b>	<b>236,024,230</b>	<b>1,560,000</b>	<b>128,930</b>	<b>8,877,041</b>	<b>246,590,201</b>	<b>256,000</b>	<b>0</b>	<b>246,846,201</b>

## Housing Revenue Account

There is a difference of £364.416m between the tenanted valuation and the District Valuer's Vacant Possession Value of £607.359m at 31 March 2024.

The Vacant Possession Value is an estimate of the total sum that would be received if all of the assets were sold on the open market. The tenanted value declared on the balance sheet is less in recognition of the fact that the properties are occupied by tenants on secure rent less than would be obtainable on the open market.

The difference represents the economic cost of the Government providing council housing at less than market rents.

### 4. CAPITAL EXPENDITURE FINANCING

Capital expenditure in the year on Council Housing Stock and Infrastructure was financed as follows.

	2023/24 £	2022/23 £
Usable Capital Receipts	171,497	262,051
Revenue Contributions utilised in year	2,968,972	1,009,077
Major Repairs Allowance	6,526,319	4,193,547
Government Supported borrowing	4,243,242	5,353,456
Government Grants and Contributions	1,149,616	2,635,076
<b>Total Capital Expenditure on Housing Stock</b>	<b>15,059,646</b>	<b>13,453,207</b>

### 5. CAPITAL RECEIPTS

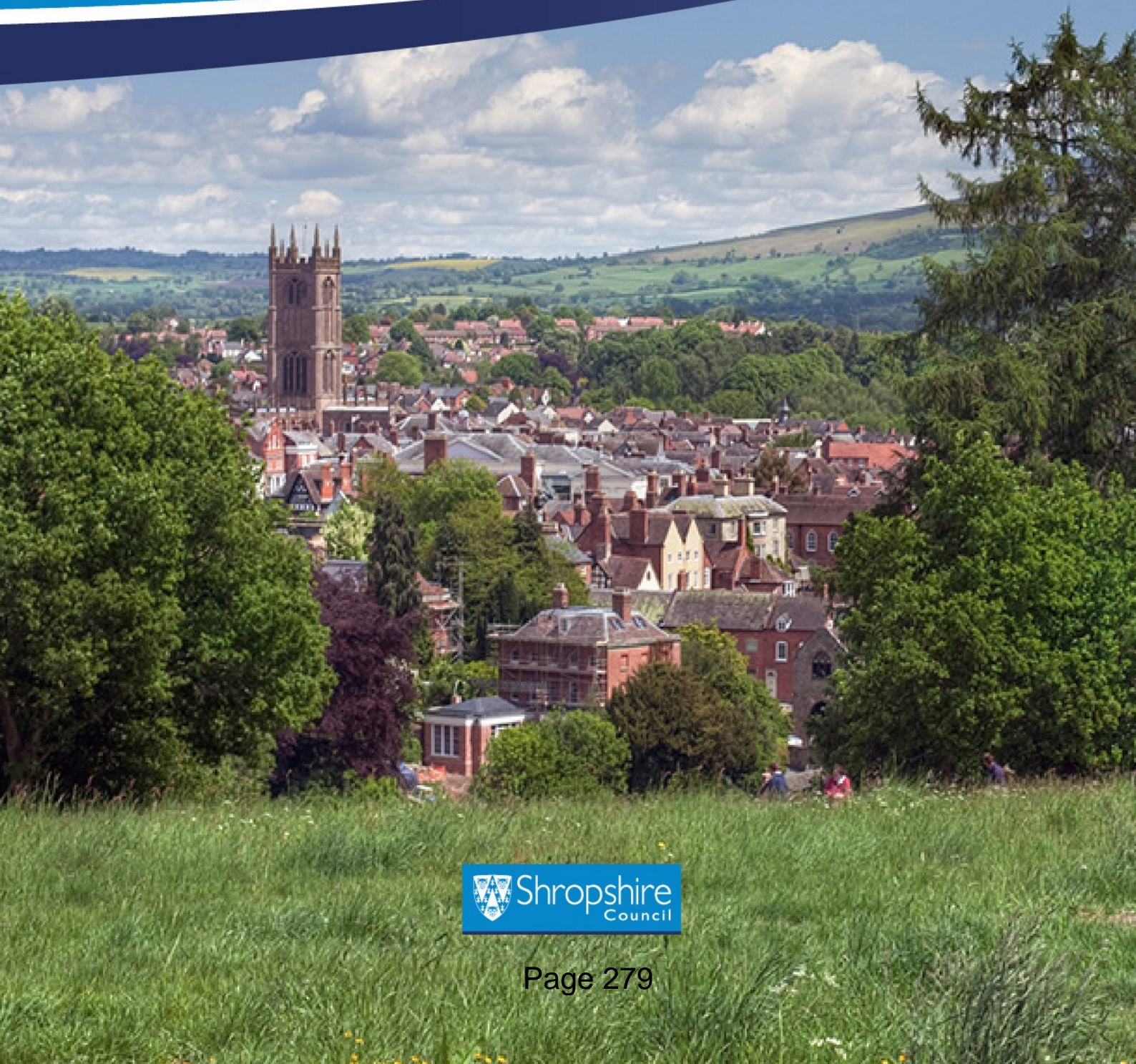
Capital receipts from the disposal of Housing Revenue Account Assets are shown below. Prior to 2022/23, 75% of Capital Receipts arising from Right to Buy disposals were subject to National Pooling arrangements payable to DLUHC. For 2022/23 and 2023/24 flexibilities were introduced to allow Local Authorities to retain 100% of the Right to Buy Disposal income for these time periods.

	2023/24 £	2022/23 £
Sale of Council Houses under Right to Buy (RTB)	1,255,043	2,013,494
RTB Discounts Repaid	0	0
Other Land & Buildings	0	0
Mortgage Receipts	0	0
<b>Total Capital Receipts from HRA Asset Disposals</b>	<b>1,255,043</b>	<b>2,013,494</b>
Less Capital Receipts subject to Pooling requirement	0	0
<b>Net Capital Receipts from HRA Asset Disposals</b>	<b>1,255,043</b>	<b>2,013,494</b>

### 6. HOUSING REPAIRS ACCOUNT

	2023/24 £	2022/23 £
Balance Brought Forward 1 April	25,000	25,000
Expenditure on Capital	0	0
<b>Balance Carried Forward 31 March</b>	<b>25,000</b>	<b>25,000</b>

# Section 8 Collection Fund



## Collection Fund

The Collection Fund is a statutory account showing the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from taxpayers and the distribution to local authorities and Central Government.

Council Tax £000	2022/23 NDR £000	Total £000		Council Tax £000	2023/24 NDR £000	Total £000
Income:						
(234,865)	0	(234,865)	Income from Council Tax (showing the net amount receivable, net of benefits, discounts for prompt payments and transitional relief)	(248,358)	0	(248,358)
			Transfers from General Fund			
0	0	0	- Transitional relief	0	0	0
(299)	0	(299)	- Discretionary relief	(470)	0	(470)
0	(79,745)	(79,745)	Income collectable from business ratepayers	0	(70,151)	(70,151)
0	2,326	2,326	Transitional Protection Payments	0	(6,697)	(6,697)
<b>(235,164)</b>	<b>(77,419)</b>	<b>(312,583)</b>	<b>TOTAL INCOME</b>	<b>(248,828)</b>	<b>(76,848)</b>	<b>(325,676)</b>
Expenditure:						
			Precepts			
189,820	36,844	226,664	- Shropshire Council and Parish and Town Councils	203,733	39,425	243,158
28,832	0	28,832	- West Mercia Police & Crime Commissioner	31,239	0	31,239
12,273	729	13,002	- Shropshire & Wrekin Fire Authority	13,129	776	13,905
0	36,427	36,427	- Central Government	0	38,821	38,821
			Charges to Collection Fund			
0	454	454	- costs of collection	0	456	456
			Bad and doubtful debts			
12	5	17	- write offs	(294)	0	(294)
2,074	1,014	3,088	- allowance for impairment	2,298	(87)	2,211
			Appeals rates			
0	(3,332)	(3,332)	- write offs	0	(9,103)	(9,103)
0	9,943	9,943	- provisions	0	4,779	4,779
			Contributions			
2,915	(22,946)	(20,031)	- Towards previous year's estimated Collection Fund surplus/(deficit)	2,836	4,005	6,841
<b>235,926</b>	<b>59,138</b>	<b>295,064</b>	<b>TOTAL EXPENDITURE</b>	<b>252,941</b>	<b>79,072</b>	<b>332,013</b>
<b>762</b>	<b>(18,281)</b>	<b>(17,519)</b>	<b>Deficit/(Surplus) for the Year</b>	<b>4,113</b>	<b>2,224</b>	<b>6,337</b>
(2,973)	19,112	16,139	Balance brought forward	(2,211)	831	(1,380)
<b>(2,211)</b>	<b>831</b>	<b>(1,380)</b>	<b>Balance carried forward</b>	<b>1,902</b>	<b>3,055</b>	<b>4,957</b>

# Collection Fund

## NOTES TO THE COLLECTION FUND

### 1. GENERAL

As a result of the impact of Covid-19 on the Collection Fund Central Government announced that authorities would be allowed to spread the in year estimated deficit on the 2020/21 Collection Fund over three years, 2021/22 to 2023/24. The phasing of the deficit excludes any amounts funded by section 31 grants or any brought forward surplus or deficit.

### 2. COUNCIL TAX BASE

The council tax base consists of the number of chargeable dwellings in each valuation band adjusted to reflect discounts and other variations. The total tax base is calculated by converting each band to its band D equivalent and providing for losses and variations during the year of collection. The tax base for 2023/24 was as follows:-

Council Tax Band	Net Dwellings	Ratio	Band D Equivalents
A1	26.43	5/9	14.69
A	17,949.92	6/9	11,966.61
B	30,535.71	7/9	23,750.00
C	27,164.85	8/9	24,146.53
D	19,739.82	9/9	19,739.82
E	15,912.45	11/9	19,448.54
F	8,508.98	13/9	12,290.75
G	4,436.55	15/9	7,394.25
H	283.66	18/9	567.33
			<b>119,318.52</b>
Adjustment for MoD Properties (586.13 Band D Equivalents) and Collection Rate (98.5%)			(1,212.44)
			<b>118,106.08</b>

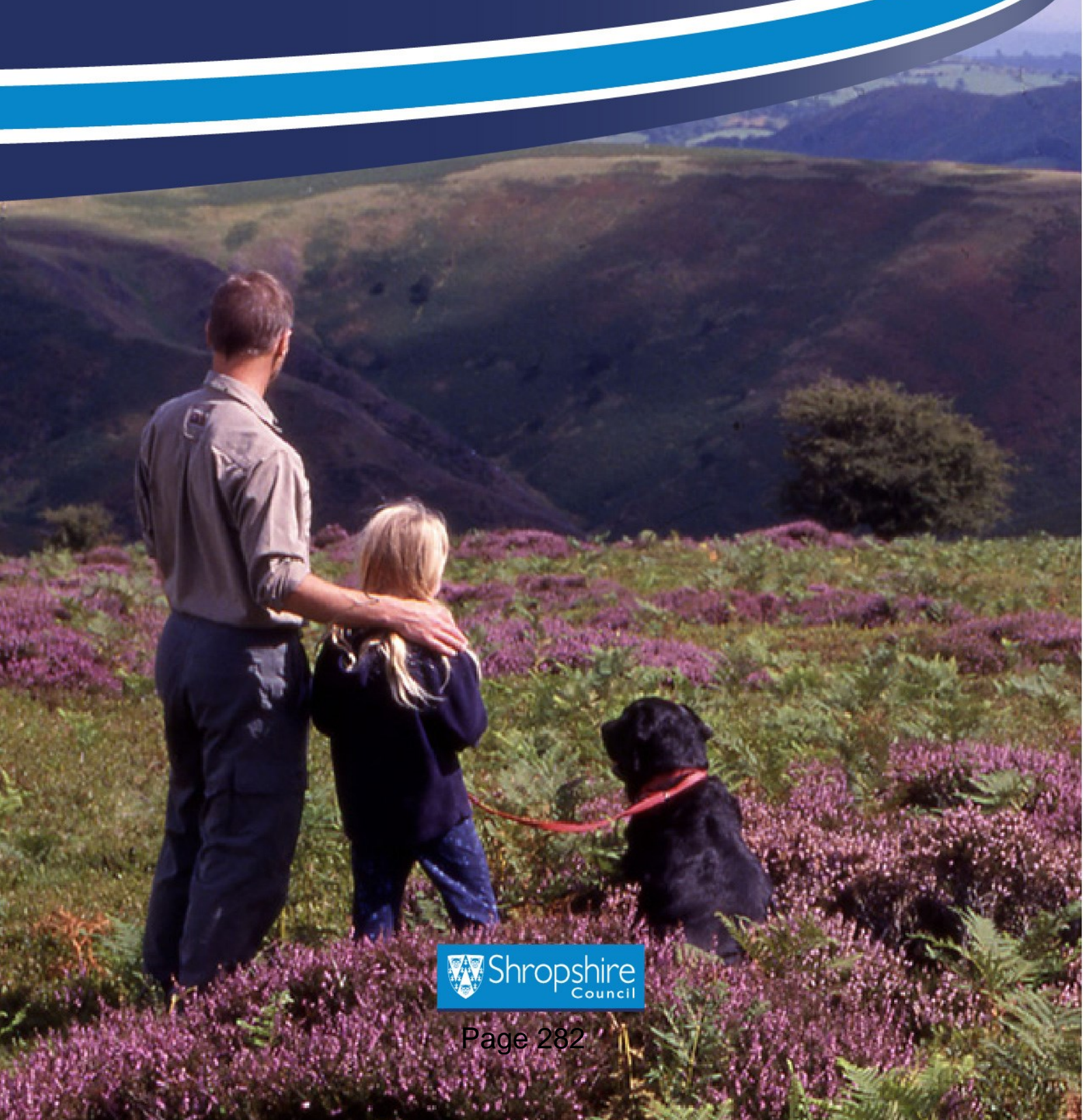
### 3. NON-DOMESTIC RATES (BUSINESS RATES)

Shropshire Council is the billing authority for NDR and retains 49% share of the total collected and distributes the remaining balance to Central Government (50%) and Shropshire & Wrekin Fire Authority (1%).

At 31 March 2024, the total non-domestic rateable value for all business premises in Shropshire was £251,234,500. The multiplier set by Government to calculate rate bills in 2023/24 was 49.9p for small businesses and 51.2p for all other businesses.

Section 9

# Pension Fund Accounts



# Pension Fund Accounts

## Introduction

The Introduction to the Pension Fund will be updated in line with the Pension Fund Annual Report. This will be included in the Audited Statement of Accounts.

## Pension Fund Accounts

### PENSION FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

2022/23 £000		2023/24 £000
	<b>Income</b>	
	Contributions	
(57,110)	Employers (Note 7)	(63,025)
(19,208)	Employees (Note 7)	(20,584)
(9,525)	Transfers In from other pension funds (Notes 3, 7)	(7,573)
<b>(85,843)</b>	<b>Total Income</b>	<b>(91,182)</b>
	<b>Expenditure</b>	
	Benefits Payable	
70,888	Pensions (Note 7)	79,602
12,633	Commutation of pensions and lump sum retirement benefits (Note 7)	16,026
2,522	Lump Sum Death Benefits (Note 7)	1,966
	Payment to & on Account of Leavers	
216	Refund of contributions (Note 7)	243
8,128	Transfers to other funds (Notes 3, 7)	6,927
<b>94,387</b>	<b>Total Expenditure</b>	<b>104,764</b>
<b>8,544</b>	<b>Net (additions) / withdrawals from dealings with scheme members</b>	<b>13,582</b>
<b>18,809</b>	<b>Management Expenses (Note 8)</b>	<b>21,145</b>
<b>27,353</b>	<b>Net additions/(withdrawals) including fund management expenses</b>	<b>34,727</b>
	<b>Returns on Investments</b>	
(8,188)	Investment Income (Notes 3, 9)	(11,187)
(21,364)	(Gain)/loss on cash and currency hedging	(11,504)
98	Taxes on Income (Note 10)	105
97,301	(Profits) and losses on disposal of investments and changes in value of investments (Note 11a)	(271,230)
<b>67,847</b>	<b>Net return on investments</b>	<b>(293,816)</b>
<b>95,200</b>	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>	<b>(259,089)</b>
<b>2,339,287</b>	<b>Opening net assets of the scheme</b>	<b>2,244,087</b>
<b>2,244,087</b>	<b>Closing net assets of the scheme</b>	<b>2,503,176</b>



## Pension Fund Accounts

### PENSION FUND NET ASSET STATEMENT AS AT 31 MARCH 2024

31-Mar-23 £000		31-Mar-24 £000	%
	<b>Long Term Investments</b>		
1,315	Equities (Note 11b)	1,315	0.05
	<b>Investment Assets</b>		
10	Equities (Note 11b)	16	0.00
	Pooled Investment Vehicles		
2,221,038	Other Managed Funds (Note 11b)	2,478,163	99.00
	Other Investment Balances		
685	Loans (Note 11b)	685	0.03
	Cash Deposits		
12,683	Deposits (Note 11a)	14,957	0.60
2,600	Temporary Investments (Note 27)	1,650	0.06
<b>2,238,331</b>	<b>Total Investment Assets</b>	<b>2,496,786</b>	<b>99.74</b>
	<b>Long Term Debtors</b>		
1,551	Lifetime and Annual Tax Allowances (Note 18)	1,724	0.07
	<b>Current Assets</b>		
6,463	Contributions due from Employers (Note 18)	7,171	0.29
1,609	Other Current Assets (Note 18)	2,307	0.09
60	Cash Balances (Note 27)	0	0.00
	<b>Current Liabilities</b>		
(352)	Unpaid Benefits (Note 19)	(665)	(0.03)
(3,575)	Other Current Liabilities (Note 19)	(4,107)	(0.16)
0	Cash Balances (Note 27)	(40)	0.00
<b>2,244,087</b>	<b>Net Assets of the Scheme – Available to Fund Benefits as at 31 March</b>	<b>2,503,176</b>	<b>100.00</b>

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

# Pension Fund Accounts

## NOTES TO THE SHROPSHIRE COUNTY PENSION FUND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

### 1. DESCRIPTION OF FUND

The Shropshire County Pension Fund is part of the Local Government Pension Scheme and is administered by Shropshire Council. The Council is the reporting entity for this Pension Fund.

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Shropshire Council to provide pensions and other benefits for pensionable employees of Shropshire Council and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Shropshire County Pension Fund Committee, which is a committee of Shropshire Council.

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Shropshire County Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 225 employers within the Shropshire County Pension Fund including Shropshire Council itself, as detailed below.

Shropshire County Pension Fund	31 March 2024	31 March 2023
Number of employers with active members	146	159
<b>Number of employees in the scheme</b>		
Shropshire Council	5,951	5,898
Other employers	11,076	10,927
<b>Total</b>	<b>17,027</b>	<b>16,825</b>
<b>Number of pensioners in the scheme</b>		
Shropshire Council	6,312	5,994
Other employers	7,143	6,688
<b>Total</b>	<b>13,455</b>	<b>12,682</b>

## Pension Fund Accounts

Shropshire County Pension Fund	31 March 2024	31 March 2023
<b>Number of deferred pensioners in the scheme</b>		
Shropshire Council	8,301	8,556
Other employers	10,076	9,892
<b>Total</b>	<b>18,377</b>	<b>18,448</b>

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2022. Currently, employer contribution rates range from 5.8% to 27.6% of pensionable pay.

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, ill-health pensions and death benefits.

## 2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2023/24 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2023/24.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information within the statement by the consulting actuary.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Fund Account – revenue recognition

#### Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.

## Pension Fund Accounts

- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate. Contributions received earlier than the due date are accounted for on receipt and are recognised as contributions received within the pension fund account statement.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than due date.

### Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 7). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

### Investment Income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is also disclosed in the net assets statement as a current financial asset.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit/losses during the year.

### Fund account – expense items

#### Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, provided that payment has been approved.

#### Taxation

The Fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

#### Management expenses

The Fund discloses its pension fund management expenses in accordance with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

<b>Administrative expenses</b>	All staff costs relating to the pensions administration team are charged direct to the Fund. Council recharges for management,
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## Pension Fund Accounts

	accommodation and other overhead costs are also accounted for as administrative expenses of the Fund.
<b>Oversight and governance</b>	<p>All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund.</p> <p>Where invoice has not been received by the year-end date, an estimate based upon the previous quarters is used for inclusion in the fund account. In 2023/24, £0.227m of fees is based on such estimates (2022/23 £0.009m).</p>
<b>Investment management expenses</b>	<p>Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments.</p> <p>Fees charged by external investment managers and custodian are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.</p> <p>In addition, the Fund has negotiated with BlackRock (Hedge Fund) that an element of their fee will be performance related.</p> <p>Total performance related fees for all managers in 2023/24 £0.458m (2022/23 £0.097m).</p> <p>Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2023/24, £0.187m of fees is based on such estimates (2022/23 £0.497m).</p>

### Net Assets Statement

#### Financial assets

The Share Capital investment in LGPS Central Limited is valued at transaction price i.e. cost. LGPS Central Limited began to trade on 3 April 2018. The Pension Fund's view is that the market value of this investment at 31 March 2024 cannot be reasonably assessed and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 11a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 14).

## Foreign Currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

## Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

## Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

## Financial liabilities

A financial liability is recognised in the net asset statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

## Contingent Liabilities

Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. More details are disclosed in Note 21 Related Party Transactions.

The Fund has no other contingent liabilities.

## Additional voluntary contributions

Shropshire County Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. Please see note 20 for further information.

## 4. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

### Investment in LGPS Central

The Share Capital investment has been valued at cost on the basis that fair value as at 31 March 2024 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Limited did not commence trading until 3 April 2018
- No dividend to shareholders has as yet been declared
- Published trading results are only available for five years, which in the Fund's opinion does not give sufficient information to allow fair value to be accurately calculated on a net asset basis.

## Pension Fund Accounts

### 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Private Equity</b>	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (December 2018). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	<p><b>The total private equity investments in the financial statements are £200.5 million. There is a risk that this investment may be under or overstated in the accounts.</b></p> <p>A 5% movement in the valuation would equate to a £10 million adjustment to the value of these assets</p>
<b>Infrastructure</b>	Infrastructure investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p><b>The infrastructure investments in the financial statements are £162.0 million. There is a risk that this investment may be under or overstated in the accounts.</b></p> <p>A 5% movement in the valuation would equate to a £8.1 million adjustment to the value of these assets</p>
<b>Property Debt</b>	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p><b>The total property debt investments in the financial statements are £22.2 million. There is a risk that this investment may be under or overstated in the accounts.</b></p> <p>A 5% movement in the valuation would equate to a £1.1 million adjustment to the value of these assets</p>
<b>Private Debt</b>	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p><b>The total private debt investments in the financial statements are £67.3 million. There is a risk that this investment may be under or overstated in the accounts.</b></p> <p>A 5% movement in the valuation would equate to a £3.4 million adjustment to the value of these assets</p>
<b>Insurance Linked Securities</b>	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p><b>The total insurance linked securities investments in the financial statements are £39.8 million. There is a risk that this investment may be under or overstated in the accounts.</b></p>

## Pension Fund Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
		A 5% movement in the valuation would equate to a £2 million adjustment to the value of these assets
<b>Hedge Funds</b>	<b>Some hedge fund investments are not regularly traded and as such there is a degree of estimation involved in the valuation.</b>	<b>The total hedge fund value in the financial statements is £103.2 million. There is a risk that this investment may be under or overstated in the accounts.</b>
		A 5% movement in the valuation would equate to a £5.2 million adjustment to the value of these assets

### 6. EVENTS AFTER THE REPORTING DATE

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. There have been no events between 31 March 2024, and when these accounts were authorised, that require any adjustments to be made.

Guaranteed minimum pensions (GMP) equalisation remedy in LGPS is still to be legislated on. GMP reconciliation has ensured that data is up to date for when any changes required are known.

The McCloud remedy in LGPS came into force in 2023/24 and is being applied to accounts as required, this is not expected to have a significant impact on any of the figures quoted. The Fund is not aware of any cases affected by the Goodwin test cases.

### 7. ANALYSIS OF THE MAIN REVENUE ACCOUNT TRANSACTIONS

The following table provides further analysis of contributions received and benefits paid between the Administering Authority (Shropshire Council), Designated Bodies and Scheme Employers (Unitary, Town and Parish Councils) and Admission Bodies (Private bodies carrying out former Local Government functions or bodies providing a public service on a non-profit making basis).

2023/24	Administering Authority £000	Admission Bodies £000	Designation Bodies/Scheme Employers £000	Total £000
<u>Contributions Received</u>				
Employees	7,550	1,826	11,208	20,584
Employers	22,559	4,815	35,651	63,025
Transfers In	3,617	43	3,913	7,573
<b>Total Income</b>	<b>33,726</b>	<b>6,684</b>	<b>50,772</b>	<b>91,182</b>
<u>Payments Made</u>				
Pensions	43,459	10,530	25,613	79,602
Lump Sums	6,778	3,065	6,183	16,026
Death Benefits	429	458	1,079	1,966



## Pension Fund Accounts

2023/24	Administering Authority £000	Admission Bodies £000	Designation Bodies/Scheme Employers £000	Total £000
Refunds	78	7	158	243
Transfers Out	3,476	74	3,377	6,927
<b>Total Expenditure</b>	<b>54,220</b>	<b>14,134</b>	<b>36,410</b>	<b>104,764</b>

2022/23 comparative figures	Administering Authority £000	Admission Bodies £000	Designation Bodies/Scheme Employers £000	Total £000
<u>Contributions Received</u>				
Employees	7,141	1,849	10,218	19,208
Employers	19,114	5,446	32,550	57,110
Transfers In	5,297	228	4,000	9,525
<b>Total Income</b>	<b>31,552</b>	<b>7,523</b>	<b>46,768</b>	<b>85,843</b>
<u>Payments Made</u>				
Pensions	39,028	9,271	22,589	70,888
Lump Sums	4,477	2,295	5,861	12,633
Death Benefits	842	554	1,125	2,521
Refunds	70	9	137	216
Transfers Out	*5,738	92	2,298	8,128
<b>Total Expenditure</b>	<b>50,155</b>	<b>12,221</b>	<b>32,010</b>	<b>94,386</b>

\*2022/23 Transfers Out figure includes £3.899m bulk transfers out.

This table shows a breakdown of the employers contributions above:

	2023/24 £000	2022/23 £000
Employers normal contributions	56,555	49,983
Employers deficit contributions	2,845	6,075
Employers augmentation contributions	3,625	1,052
	<b>63,025</b>	<b>57,110</b>

## 8. MANAGEMENT EXPENSES

This analysis of the costs of managing the Shropshire County Pension Fund during the period has been prepared in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Management Expenses	2023/24 £000	2022/23 £000
Administrative costs	1,870	1,457
Investment management expenses	17,634	15,822
Oversight and governance costs	1,641	1,530
	<b>21,145</b>	<b>18,809</b>

## Pension Fund Accounts

Each external Investment Manager receives a fee for their services based on the market value of the assets they manage on the Fund's behalf. One active manager is required to produce a specific target return in excess of their benchmark return and is paid a performance related fee (over and above a basic fee) for reaching required level of outperformance. The management fees disclosed also include all investment management fees directly incurred by the Fund by pooled fund investments.

The investment management expenses shown below includes £0.458m (2022/23 £0.097m) in respect of performance related fees paid/payable to the Fund's investment managers.

It also includes £3.632m in respect of transaction costs (2022/23 £4.305m).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of Investments (see note 11a).

Investment Expenses	2023/24 £000	2022/23 £000
Management Fees	8,999	8,521
Performance Fees	458	97
Other Fees	4,524	2,875
Transaction Costs	3,632	4,305
Custody Fees	21	24
	<b>17,634</b>	<b>15,822</b>

The costs incurred by the fund in administering the fund totalled £1.870m for the year ended 31 March 2024 (2022/23 £1.457m).

Administrative Costs	2023/24 £000	2022/23 £000
Employee Costs	1,095	1,074
IT	630	278
Consultants	24	13
Printing, Postage & Design	53	29
Office Accommodation	32	19
Subscriptions	7	17
Other Costs	29	27
	<b>1,870</b>	<b>1,457</b>

The costs incurred by the fund in Oversight and Governance totalled £1.641m for the year ended 31 March 2024 (2022/23 £1.530m).

Oversight & Governance costs	2023/24 £000	2022/23 £000
Investment advice	338	249
Employee costs (pensions investment)	302	251
Actuarial advice	103	262
LGPS Central Pooling costs	663	567
Responsible engagement overlay	51	40
External audit	70	43

## Pension Fund Accounts

Oversight & Governance costs	2023/24	2022/23
	£000	£000
Performance analysis	30	35
Internal audit	18	17
Legal & Committee	22	22
Other Costs	44	44
	<b>1,641</b>	<b>1,530</b>

### 8a. INVESTMENT MANAGEMENT EXPENSES

The tables below show a breakdown of investment management expenses by investment type.

2023/24					
	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Equities	0	0	0	0	0
<b><u>Pooled Investments Vehicles</u></b>					
Global Equity	3,329	1,818	0	1,293	218
Fixed Income	4,044	1,183	0	2,234	627
Hedge Fund of Funds	1,438	731	458	0	249
Infrastructure	2,028	1,732	0	0	296
Pooled property investments	1,149	1,104	0	45	0
Private Equity	4,902	1,933	0	0	2,969
Private Debt	24	11	0	0	13
Property Debt	249	200	0	0	49
Insurance Linked Securities	451	287	0	60	104
	<b>17,614</b>	<b>8,999</b>	<b>458</b>	<b>3,632</b>	<b>4,525</b>
Custody Fees	20				
<b>Total</b>	<b>17,634</b>				

2022/23 comparative figures					
	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Equities	8	8	0	0	0
<b><u>Pooled Investments Vehicles</u></b>					
Global Equity	2,803	1,237	0	1,526	42
Fixed Income	4,334	1,754	0	2,493	85
Hedge Fund of Funds	1,121	833	27	0	261
Infrastructure	1,749	1,501	0	0	248
Pooled property investments	1,318	662	70	251	335
Private Equity	3,740	1,988	0	0	1,752
Private Debt	18	9	0	0	9

## Pension Fund Accounts

2023/24

	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Property Debt	376	278	0	0	98
Insurance Linked Securities	331	251	0	35	45
	<b>15,798</b>	<b>8,521</b>	<b>97</b>	<b>4,305</b>	<b>2,875</b>
Custody Fees	24				
<b>Total</b>	<b>15,822</b>				

### 9. INVESTMENT INCOME

The table below analyses the investment income received by the Fund over the last 12 months.

	2023/24 £000	2022/23 £000
Dividends from equities	(1)	(555)
Income from pooled investment vehicles	(10,270)	(7,437)
Interest on cash deposits	(185)	(108)
Other	(731)	(88)
	<b>(11,187)</b>	<b>(8,188)</b>

### 10. TAXES ON INCOME

This table breaks down the taxes on income by asset class.

	2023/24 £000	2022/23 £000
Withholding tax – equities	0	0
Withholding tax – pooled	105	98
	<b>105</b>	<b>98</b>

### 11. INVESTMENTS

This table shows investment assets by type of investment

	2023/24 £000	2022/23 £000
<b>Investment Assets</b>		
<b>Equities</b>	16	10
<b>Pooled Funds</b>		
Global Equity	1,444,229	1,149,555
Fixed Income	354,383	409,028
Hedge Fund of Funds	103,226	147,259
Infrastructure	161,956	148,204
Pooled property investments	84,545	73,538
Private Equity	200,502	197,376
Property Debt	22,222	27,477

## Pension Fund Accounts

	2023/24 £000	2022/23 £000
Insurance Linked Securities	39,770	34,709
Private Debt	67,330	33,891
<b>Other Investments</b>		
Loans	685	685
<b>Cash Deposits</b>		
Deposits	14,957	12,684
Temporary Investments	1,650	2,600
<b>Total</b>	<b>2,495,471</b>	<b>2,237,016</b>
<b>Long-term Investments</b>		
UK unquoted equities		
Shares in LGPS Central asset pool	1,315	1,315
<b>Total Investment Assets</b>	<b>2,496,786</b>	<b>2,238,331</b>

### 11a.RECONCILIATION OF MOVEMENTS IN INVESTMENTS

Investment type	Value as at 1 April	Purchases at cost and derivative payments	Sale proceeds and derivative receipts	Transition	Other cash transactions	Change in market value	Value as at 31 March
	£000	£000	£000	£000	£000	£000	£000
<b>2023/24</b>							
Equities	1,325		(111)			117	*1,331
Pooled Investment Vehicles – Other Managed Funds	2,221,038	378,745	(375,778)		(16,930)	271,088	*2,478,163
Other Investment Balances	685						685
<b>Sub total</b>	<b>2,223,048</b>	<b>378,745</b>	<b>(375,889)</b>	<b>0</b>	<b>(16,930)</b>	<b>271,205</b>	<b>2,480,179</b>
Cash deposits – with Managers	12,683	2,215	(26)		60	25	14,957
Temporary Investments	2,600				(950)		1,650
<b>Total</b>	<b>2,238,331</b>	<b>380,960</b>	<b>(375,915)</b>	<b>0</b>	<b>(17,820)</b>	<b>**271,230</b>	<b>2,496,786</b>

\* Within the Pooled Investment Vehicles - other managed funds total of £2478.163m are £595.006m of level 3 investments as at 31 March 2024. Within the Equities figure of £1.331m are £1.315m of level 3 investments as at 31 March 2024. The value of the level 3 investments was £590.231m as at 1 April 2023 which increased to £596.321m as at 31 March 2024. The increase in value is due to purchases of £74.550m, sales of £74.459m and change in market value of £5.999m.

\*\* The total change in market value for 2023/24 as per the table above is £271.230m. This figure is made up of profit on sales of £14.251m, market value gains offset by directly charged fees of £16.733m and also the difference between book cost and market value for the whole Fund which for 2023/24 was £240.246.

## Pension Fund Accounts

Investment type	Value as at 1 April	Purchases at cost and derivative payments	Sale proceeds and derivative receipts	Transition	Other cash transactions	Change in market value	Value as at 31 March
2022/23 Comparative figures	£000	£000	£000	£000	£000	£000	£000
Equities	110,337	45	(293)	(109,472)	0	708	*1,325
Pooled Investment Vehicles – Other Managed Funds	2,203,838	116,886	(99,400)	109,472	(11,780)	(97,978)	*2,221,038
Other Investment Balances	685						685
<b>Sub total</b>	<b>2,314,860</b>	<b>116,931</b>	<b>(99,693)</b>	<b>0</b>	<b>(11,780)</b>	<b>(97,270)</b>	<b>2,223,048</b>
Cash deposits – with Managers	17,436	4,861	(5,123)	0	(4,460)	(31)	12,683
Temporary Investments	2,500				100		2,600
<b>Total</b>	<b>2,334,796</b>	<b>121,792</b>	<b>(104,816)</b>	<b>0</b>	<b>(16,140)</b>	<b>** (97,301)</b>	<b>2,238,331</b>

\* Within the Pooled Investment Vehicles - other managed funds total of £2221.038m are £588.916m of level 3 investments as at 31 March 2023. Within the Equities figure of £1.325m are £1.315m of level 3 investments as at 31 March 2023. The value of the level 3 investments was £533.814m as at 1st April 2022 which increased to £590.231m as at 31 March 2023. The increase in value is due to purchases of £98.586m, sales of £55.715m and change in market value of £13.546m.

\*\* The total change in market value for 2022/23 as per the table above is (£97.301m). This figure is made up of up of loss on sales of (£29.280m), market value gains offset by directly charged fees of £14.785m and also the difference between book cost and market value for the whole Fund which for 2022/23 (£82.806m).

## 12. STOCK LENDING

The Fund no longer participates in a stock lending programme with its Custodian, Northern Trust following termination of the remaining segregated equities fund in April 2022.

## 13. ANALYSIS OF DERIVATIVES

Currently, Legal & General, who manage the global equity passive portfolio, hedge 100% of their foreign currency exposure back to sterling. The global equity passive portfolio also has an equity protection strategy in place on approximately £600m initial notional value.

## 14. FAIR VALUE – BASIS OF VALUATION

Unquoted equities in LGPS Central are valued using the cost approach / considering Fair Value at Initial Recognition approach as these methodologies provide viable approaches to valuing this shareholding, and they both generate consistent valuations at historic cost less any adjustment for impairment. This will be the approach used for valuing this holding until any change in circumstances creates an alternative approach.

All other investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

The valuation basis for each category of investment asset is set out below.

## Pension Fund Accounts

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market Quoted equities and pooled fund investments	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Quoted fixed income bonds	Level 1	Quoted market value based on current yields	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Pooled equity fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled fixed income fund investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Infrastructure	Level 3	Discounted Cash Flows, Market valuations of comparable companies & Binding sale agreements	Enterprise Value / EBITDA multiple, Discount Rate	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Shares in LGPS Central asset pool	Level 3	Valued using cost approach and considering fair value at initial recognition approach	No market for shares in LGPS Central and no immediate plans to pay dividends. Cost approach generates a figure similar to the original cost of investment when LGPS Central was created	Valuation reviewed on an annual basis to ascertain if there is any reason that this valuation may have been impaired
Insurance linked securities	Level 3	Closing single price. Investments are fair valued using earned net assets value method	NAV based pricing set on a forward pricing basis. NAV based pricing based upon either 3rd party broker marks or independent Milliman valuations using available industry loss assumptions and 3rd party reports.	Valuations could be affected by any changes to underlying values of the invested portfolio. Value appreciation/depreciation is typically dependent on and contingent on specific insurance events/triggers not occurring.

## Pension Fund Accounts

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private Debt	Level 3	Valuations received directly from the manager of the underlying investment and comply with revised International Private Equity and Venture Capital Valuation Guidelines 2018	Inputs are unobservable and are dependent on the valuations provided by the manager of the underlying investment	Valuations could be affected by changes to the valuation of the underlying investment portfolio arising from changes to estimates and differences between unaudited and audited accounts
Property Debt	Level 3	Valued using amortised cost and considering fair value at initial recognition approach	Underlying property value, projected future cashflows, cash available, indicative market interest rates for similar products	Valuation reviewed on a quarterly basis to ascertain if there is a reason that this valuation may have been impaired
Private Equity and other unquoted	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020) or other appropriate guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valuations received directly from the third party hedge funds with which the fund of hedge fund manager invests	Valuations/prices of the investments held are not publicly available. NAV based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against

### Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024 and 31 March 2023.

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-24	Potential value on increase	Potential value on decrease
		£000	£000	£000



## Pension Fund Accounts

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-24	Potential value on increase	Potential value on decrease
		£000	£000	£000
Private Equity	5%	200,502	210,527	190,477
Hedge Funds	5%	103,226	108,387	98,065
Insurance Linked	5%	39,770	41,759	37,782
Infrastructure	5%	161,956	170,054	153,858
Private Debt	5%	67,330	70,697	63,964
Property Debt	5%	22,222	23,333	21,111
Unquoted UK Equity	5%	1,315	1,381	1,249
<b>Total</b>		<b>596,321</b>	<b>626,138</b>	<b>566,506</b>

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-23	Potential value on increase	Potential value on decrease
		£000	£000	£000
Private Equity	5%	197,376	207,245	187,507
Hedge Funds	5%	147,259	154,622	139,896
Insurance Linked	5%	34,709	36,444	32,974
Infrastructure	5%	148,204	155,614	140,794
Private Debt	5%	33,891	35,586	32,196
Property Debt	5%	27,477	28,851	26,103
Unquoted UK Equity	5%	1,315	1,381	1,249
<b>Total</b>		<b>590,231</b>	<b>619,743</b>	<b>560,719</b>

### 14a. FAIR VALUE HIERARCHY

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

**Level 1** - where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.

**Level 2** - where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

**Level 3** - where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Shropshire County Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are undertaken quarterly.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

## Pension Fund Accounts

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Asset type	Investment Manager	Investment Type	Market Value	Quoted market price	Using observable inputs	With significant evaluation inputs
			£000	Level 1 £000	Level 2 £000	Level 3 £000
2023/24						
Equities	LGPS Central Ltd*	UK Equities (unquoted)	1,315			1,315
Pooled Investment Vehicles	Pimco Europe Ltd**	Global Bonds	0		0	
	HarbourVest Partners Ltd	Private Equity	195,758			195,758
	Aberdeen Property Investors	Property Unit Trusts	84,545		84,545	
	Blackrock Global Infrastructure Partners	Hedge Fund Infrastructure	103,226 112,450			103,226 112,450
	Legal & General Blackrock**	Global Equities Fixed Interest	789,842 0		789,842 0	
	T Rowe Price	Global Dynamic Bonds	100,358		100,358	
	Securis	Insurance Linked Securities	39,770			39,770
	DRC	Property Debt	22,222			22,222
	LGPS Central Ltd	Global Equities	654,387	654,387		
	LGPS Central Ltd	Investment Grade Corporate Bonds	254,025	254,025		
	LGPS Central Ltd	Private Debt	67,330			67,330
	LGPS Central Ltd	Infrastructure	49,506			49,506
	LGPS Central Ltd	Private Equity	4,744			4,744
	Cash Deposits & Other (including net Current Assets)			23,698		
<b>Total</b>			<b>2,503,176</b>	<b>908,412</b>	<b>974,745</b>	<b>596,321</b>

Asset type	Investment Manager	Investment Type	Market Value	Quoted market price	Using observable inputs	With significant evaluation inputs
			£000	Level 1 £000	Level 2 £000	Level 3 £000
2022/23						
Equities	LGPS Central Ltd*	UK Equities (unquoted)	1,315			1,315
	Pimco Europe Ltd	Global Bonds	132,149		132,149	

## Pension Fund Accounts

Asset type	Investment Manager	Investment Type	Market Value	Quoted market price	Using observable inputs	With significant evaluation inputs
			£000	Level 1 £000	Level 2 £000	Level 3 £000
2022/23						
Pooled Investment Vehicles	HarbourVest Partners Ltd	Private Equity	196,556			196,556
	Aberdeen Property Investors	Property Unit Trusts	73,538		73,538	
	Blackrock Global Infrastructure Partners	Hedge Fund Infrastructure	147,259			147,259
			109,228			109,228
	Legal & General Blackrock T Rowe Price	Global Equities Fixed Interest Global Dynamic Bonds	664,879		664,879	
			134,677		134,677	
			142,203		142,203	
	BMO***	LDI	0	0		
	Securis	Insurance Linked Securities	34,709			34,709
	DRC	Property Debt	27,477			27,477
	LGPS Central Ltd	Global Equities	484,676	484,676		
	LGPS Central Ltd	Private Debt	33,891			33,891
	LGPS Central Ltd	Infrastructure	38,976			38,976
	LGPS Central Ltd	Private Equity	820			820
Cash Deposits & Other (including net Current Assets)			21,734	21,734		
<b>Total</b>			<b>2,244,087</b>	<b>506,410</b>	<b>1,147,446</b>	<b>590,231</b>

\* Share Capital investment in LGPS Central Ltd has been carried at cost

\*\*Investment closed in 2023/24

\*\*\*Investment closed in 2022/23

### 14b.RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Investment type	Value as at 1 April £000	Transfers into Level 3 £000	Transfers out of Level 3 £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Other cash transactions £000	Unrealised gains and losses £000	Realised gains and losses £000	Value as at 31 March £000
2023/24									
Equities (unquoted)	1,315			0	0	0	0	0	1,315
Private Equity	197,376			20,364	(7,774)	(5,023)	(9,792)	5,351	200,502
Infrastructure	148,204			20,525	(2,899)	(2,027)	(4,058)	2,212	161,957
Hedge Fund	147,259			0	(55,000)	(1,438)	1,705	10,699	103,225
Insurance	34,709			0	0	(451)	5,051	461	39,770
Linked Securities									

## Pension Fund Accounts

Investment type	Value as at 1 April £000	Transfers into Level 3 £000	Transfers out of Level 3 £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Other cash transactions £000	Unrealised gains and losses £000	Realised gains and losses £000	Value as at 31 March £000
2023/24									
Property Debt	27,477			0	(5,602)	(248)	347	248	22,222
Private Debt	33,891			33,661	(3,184)	(24)	2,962	(24)	67,330
<b>Total</b>	<b>590,231</b>	<b>0</b>	<b>0</b>	<b>74,550</b>	<b>(74,459)</b>	<b>(9,211)</b>	<b>(3,785)</b>	<b>18,995</b>	<b>596,321</b>

### 15. FINANCIAL INSTRUMENTS

#### 15a. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

	31 March 2024			31 March 2023		
	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
<b>Financial Assets</b>						
Equities	1,331			1,325		
Pooled Investment Vehicles – Other Managed Funds	2,478,163			2,221,038		
Other Investment Balances - Loans		685			685	
Cash		16,567			15,343	
Debtors		11,202			9,623	
<b>Total Assets</b>	<b>2,479,494</b>	<b>28,454</b>	<b>0</b>	<b>2,222,363</b>	<b>25,651</b>	<b>0</b>
<b>Financial Liabilities</b>						
Creditors			(4,772)			(3,927)
<b>Total Liabilities</b>	<b>0</b>		<b>(4,772)</b>	<b>0</b>	<b>0</b>	<b>(3,927)</b>
<b>Total</b>	<b>2,479,494</b>	<b>28,454</b>	<b>(4,772)</b>	<b>2,222,363</b>	<b>25,651</b>	<b>(3,927)</b>

#### 15b. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

	2023/24 £000	2022/23 £000
<b>Financial Assets</b>		
Fair value through profit and loss	271,230	(97,301)
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
<b>Financial Liabilities</b>		
Fair value through profit and loss	0	0
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
<b>Total</b>	<b>271,230</b>	<b>(97,301)</b>

## 16. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits to pay members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

### Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the assets mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis and manage any identified risk in two ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

### Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund investment strategy.

### Other price risk – sensitivity analysis

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period,

## Pension Fund Accounts

assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Asset Type	Potential market movements (+/-)
Global Unconstrained Equities	20.4%
Global Equities (passive)	19.4%
Investment Grade Bonds	7.2%
Unconstrained bonds	5.9%
UK Property	12.5%
Private Equity	23.9%
Hedge Funds	5.1%
Infrastructure	19.3%
Property Debt	8.9%
Insurance Linked Securities	5.0%
Private Debt	9.6%

Should the market price of the Fund investments increase/decrease in line with the above, the change in the net assets available to pay benefits would be as follows.

Asset type	Value as at 31 March 2024 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
<b>2023/24</b>				
<b>Net Assets including Cash and Other</b>	24,998	0	24,998	24,998
<b>Investment Portfolio Assets</b>				
Global Equities (unconstrained)	654,403	133,498	787,901	520,905
Global Equities (passive)	789,842	153,229	943,071	636,613
Investment Grade Bonds	254,026	18,290	272,316	235,736
Unconstrained Bonds	100,358	5,921	106,279	94,437
Property	84,545	10,568	95,113	73,977
Private Equity	200,502	47,920	248,422	152,582
Hedge Funds	103,225	5,264	108,489	97,961
Infrastructure	161,956	31,258	193,214	130,698
Property Debt	22,221	1,978	24,199	20,243
Insurance Linked Securities	39,770	1,989	41,759	37,782
Private Debt	67,330	6,464	73,794	60,866
<b>Total assets available to pay benefits</b>	<b>2,503,176</b>	<b>416,378</b>	<b>2,919,554</b>	<b>2,086,798</b>

Asset type	Value as at 31 March 2023 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
<b>2022/23 Comparative Figures</b>				
<b>Net Assets including Cash and Other</b>	23,040	0	23,040	23,040
<b>Investment Portfolio Assets</b>				
Global Equities (unconstrained)	484,686	98,391	583,077	386,295
Global Equities (passive)	664,879	127,657	792,536	537,222
Unconstrained Bonds	409,028	24,133	433,161	384,895
Property	73,538	9,192	82,730	64,346
Private Equity	197,376	55,857	253,233	141,519
Hedge Funds	147,259	13,695	160,954	133,564
Infrastructure	148,204	28,455	176,659	119,749
Property Debt	27,477	2,116	29,593	25,361

## Pension Fund Accounts

Asset type	Value as at 31 March 2023 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
<b>2022/23 Comparative Figures</b>				
Insurance Linked Securities	34,709	1,631	36,340	33,078
Private Debt	33,891	2,881	36,772	31,010
<b>Total assets available to pay benefits</b>	<b>2,244,087</b>	<b>364,008</b>	<b>2,608,095</b>	<b>1,880,079</b>

### Interest rate risk

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out below.

Asset Type	As at 31 March 2024 £000	As at 31 March 2023 £000
Cash and cash equivalents	16,607	15,284
Cash balances*	(40)	60
Bonds	354,383	409,028
<b>Total change in assets available</b>		<b>424,372</b>

\* Overdrawn cash balance as at 31 March 2024

The following analysis shows the effect in the year on the net assets available to pay benefits of a plus or minus 1% change in interest rates assuming all variables, in particular exchange rates, remain constant. This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets exposed to interest rate risk	Value as at 31 March £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
<b>As at 31 March 2024</b>				
Cash and cash equivalents	16,607	0	16,607	16,607
Cash balances	(40)	0	(40)	(40)
Fixed Income	354,383	3,544	357,927	350,839
<b>Total</b>	<b>370,950</b>	<b>3,544</b>	<b>374,494</b>	<b>367,406</b>

Assets exposed to interest rate risk	Value as at 31 March £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
<b>As at 31 March 2023</b>				
Cash and cash equivalents	15,284	0	15,284	15,284
Cash balances	60	0	60	60
Fixed Income	409,028	4,090	413,118	404,938

## Pension Fund Accounts

Assets exposed to interest rate risk	Value as at 31 March	Potential movement on 1% change in interest rates	Value on increase	Value on decrease
	£000	£000	£000	£000
<b>Total</b>	424,372	4,090	428,462	420,282

During 2023/24 the Fund received £0.120m (2022/23 £0.061m) in interest from surplus pension fund revenue cash. This was either invested in call accounts which are classified as a variable rate investment or a fixed term deposit. A 1% change in interest rates throughout the year would have increased or decreased the amount of interest earned on these investments by £0.028m. In addition, the Fund earned £0.066m (2022/23 £0.047m) in interest on its loan to LGPS Central Ltd. The impact of a 1% change in interest rates would have increased or decreased interest earned on this loan by £0.007m.

### Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

### Currency risk – sensitivity analysis

Assets exposed to currency risk	Asset value as at 31 March 2024 £000	Potential market movement £000 10%	Value on increase £000 10%	Value on decrease £000 10%
Overseas Equities	610,843	61,084	671,927	549,759
Overseas Private Equity	199,813	19,981	219,794	179,832
Overseas Private Debt	21,846	2,185	24,031	19,661
Overseas Pooled Property	0	0	0	0
Overseas Infrastructure	140,711	14,071	154,782	126,640
Cash balances	7,893	789	8,682	7,104
<b>Total change in assets available to pay benefits</b>	<b>981,106</b>	<b>98,111</b>	<b>1,079,217</b>	<b>882,995</b>

Assets exposed to currency risk	Asset value as at 31 March 2023 £000	Potential market movement £000 10%	Value on increase £000 10%	Value on decrease £000 10%
Overseas Equities	451,908	45,191	497,099	406,717
Overseas Private Equity	196,955	19,696	216,651	177,259
Overseas Private Debt	13,290	1,329	14,619	11,961
Overseas Pooled Property	82	8	90	74
Overseas Infrastructure	130,761	13,076	143,837	117,685
Cash balances	3,671	367	4,038	3,304
<b>Total change in assets available to pay benefits</b>	<b>796,667</b>	<b>79,667</b>	<b>876,334</b>	<b>717,000</b>

### Credit Risk



## Pension Fund Accounts

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Pension Fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2024 and 31 March 2023 were received in the first two months of the financial year.

In January 2018 the Fund advanced a loan of £0.685m to LGPS Central asset pool on commercial rates, repayable in 2027. LGPS Central have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2024 is therefore not considered to be significant and no credit loss adjustment has been made.

The Fund has set limits on the maximum sum placed on deposit with individual financial institutions.

The investment priorities for the management of the pension fund revenue cash held for day-to-day transactions are the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the minimisation of risk. Accordingly, the Administering Authority ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Administering Authority's creditworthiness policy which the Pension Fund has also adopted and approved as part of the annual Pension Fund Treasury strategy.

The Fund's lending list is reviewed continuously in conjunction with the Administering Authority's treasury advisor. The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. The maximum amount is currently limited to £4,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions, part nationalised institutions and other Local Authorities. In addition to credit ratings the Administering Authority continually monitors the financial press and removes institutions from its approved lending list immediately if appropriate.

The Pension Fund has had no experience of default or uncollectable deposits over the past five financial years.

Asset type	Rating	As at 31 March 2024 £000	As at 31 March 2023 £000
Handelsbanken Instant Access Account	AA	1,650	1,800
Barclays	A+	0	800
<b>Total</b>		<b>1,650</b>	<b>2,600</b>

### Liquidity risk

## Pension Fund Accounts

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due i.e. that cash is not available when required. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £1.65m (31 March 2023 £2.6m).

The Fund has immediate access to cash through two instant access accounts which at any one time could have up to £6 million available in total. The Fund can also access immediate cash held by Northern Trust, which as at 31 March 2024 was £12.373m (31 March 2023 £9.245m). The Fund does not have access to an overdraft facility.

Officers prepare a daily cash flow forecast to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the investment strategy.

### 17. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation will take place as at 31 March 2025.

The key elements of the funding policy are:

To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment

To ensure that employer contribution rates are as stable as possible

To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return

To reflect the different characteristics of employing bodies in determining contribution rates where it considers it reasonable to do so

To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations

The aim is to achieve 100% solvency over a period of 16 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. For each individual employer, the funding objective, method and assumptions depend on a particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the Funding Strategy Statement.

At the 2022 actuarial valuation, the Fund was assessed as 99% funded (94% at the March 2019 valuation). This corresponded to a deficit of £22 million (2019 valuation was £132 million) at that time. Revised contributions set by the 2022 valuation were introduced in 2023/24 and the common contribution rate (i.e. the average employer contribution rate in respect of future service only) is 18.4% of pensionable pay (16.6% at the March 2019 valuation).

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows:

Financial assumptions	31 March 2022	31 March 2019
Discount rate	4.8% p.a.	4.25% p.a.

## Pension Fund Accounts

Assumed long term CPI inflation	3.1% p.a.	2.4% p.a.
Salary increases – long term	4.35% p.a.	3.65% p.a.
Salary increases – short term	No allowance	No allowance
Pension increases in payment	3.1% p.a.	2.4% p.a.

The assumed life expectancy from age 65 is as follows:

Demographic assumptions		31 March 2022	31 March 2019
Current pensioners (at age 65)	Males	22.1	22.8
	Females	24.4	24.9
Future pensioners (assumed current age 45)	Males	23.4	24.1
	Females	26.2	26.6

It is assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement (80% at 2019).

### 18a. LONG TERM DEBTORS

Details of long-term debtors outstanding as at 31 March 2024 is shown below:

Long term Debtors	2023/24 £000	2022/23 £000
Lifetime and annual tax allowances*	1,724	1,551
<b>Total</b>	<b>1,724</b>	<b>1,551</b>

\* The HMRC annual allowance limits the tax relief on pension contributions each year and the Life time allowance (abolished after 5th April 2023) limits the total amount of savings in a pension pot without facing a tax charge when drawing it. The Pension Fund pays the tax charge upfront on behalf of those members affected and who elect for 'scheme pays'. The Fund is reimbursed by the members via pension deductions over time.

### 18b. ANALYSIS OF DEBTORS

Provision has been made for debtors known to be outstanding as at 31 March 2024. An analysis of debtors outstanding as at 31 March 2024 is shown below:

Debtors	2023/24 £000	2022/23 £000
Contributions due - employees	1,561	1,442
Contributions due - employers	5,610	5,021
Other entities and individuals	2,307	1,609
<b>Total</b>	<b>9,478</b>	<b>8,072</b>

### 19. ANALYSIS OF CREDITORS

Provision has also been made for creditors known to be outstanding at 31 March 2024. An analysis of creditors outstanding as at 31 March 2024 is shown below:

	2023/24 £000	2022/23 £000
Central Government bodies	(1,023)	(789)

## Pension Fund Accounts

	2023/24 £000	2022/23 £000
Other Local Authorities	(2,306)	(1,845)
Other entities and individuals	(1,443)	(1,293)
<b>Total</b>	<b>(4,772)</b>	<b>(3,927)</b>

### 20. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Scheme members have the option to make Additional Voluntary Contributions (AVCs) to enhance their pension benefits. These contributions are invested with an appropriate provider and used to purchase an annuity at retirement. Contributions are paid directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Contributions are invested in with-profit, unit linked or deposit funds of the scheme member. At present there are around 588 scheme members with AVC policies. These policies are held either by Utmost or Prudential.

During 2023/24 contributions to schemes amounted to £1.078m (2022/23 £0.538m). The combined value of the AVC funds as at 31 March 2024 was £5.669m (31 March 2023 £5.061m).

### NOTE 21: RELATED PARTY TRANSACTIONS

#### Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.299m (2022/23 £1.843m) in relation to the administration and management of the Fund and all these costs were recharged to the Pension Fund.

Shropshire Council is also the single largest employer of members of the Pension Fund. At the year end, a balance of £2.798m (2022/23 £2.186m) was due to the Fund from the Council relating to contributions which became due in March but were paid in April and other payments due.

Several employees of Shropshire Council hold key positions in the financial management of the Shropshire County Pension Fund. The Executive Director of Resources (s151 Officer), the Head of Pensions (LGPS Senior Officer), the Pensions Investment & Responsible Investment Manager, the Pension Fund Accountant, the Pensions Investment Officer and the Pensions Administration Manager are all active members of the Fund.

Under the Local Government Pension Scheme 1997 Regulations, Councillors were entitled to join the scheme. Legislation which came into force on 1 April 2014 meant the LGPS was only available to councillors and elected mayors of an English County Council or District Council who elected to join before 31 March 2014. From 1 April 2014 access to the LGPS for councillors was removed and those councillor members who were in the Scheme on the 31 March 2014 could only remain in the Scheme until the end of their current term of office. The remaining active councillor members were removed from the Scheme in May 2017 at the end of their individual office. All councillor members who sit on the Pension Fund Committee who joined the LGPS before 31 March 2014 are now either deferred or pensioner members of the Fund.

## Pension Fund Accounts

### LGPS Central

LGPS Central (LGPSC) has been established to manage investment assets on behalf of nine Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool.

The Fund invested £1.315m in share capital and £0.685m in a loan to LGPSC in 2017/18.

These remain the balances at 31 March 2024. The Fund was owed interest of £0.065m (31 March 2023 £0.047m) on the loan to LGPSC at 31 March 2024. The rate of interest applied to the LGPSC loan is Bank of England Base Rate plus 4.5% margin. This loan is due to be repaid to the fund in 2027.

In addition, the Fund has now invested in several LGPSC sub-funds (Global Equity, Global Sustainable Equity, Infrastructure, Private Debt, Private Equity and Global Investment Grade Corporate Bonds). The Fund incurred investment management costs totalling £3.531m in respect of investments held with LGPS Central of which £0.041m was payable to LGPSC at 31 March 2024.

The Fund incurred costs totalling £0.645m (2022/23 £0.556m) in respect of Governance, Operator Running and Product Development in connection with LGPSC in 2023/24 of which £0.159m (31 March 2023 £0.139m) was payable to LGPSC at 31 March 2024.

Shropshire Council as the Administering Authority of the Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. If this guarantee is called this will be funded by the Pension Fund. The guarantee is on a joint and several basis with the other partner Funds in LGPS Central.

As at the 31st March 2024 LGPS Central Ltd IAS 19 figure was a surplus of £47,000. As the figure is in surplus no amount would be due from the Fund based on this figure.

The guarantee only comes into effect following certain events which (directly or indirectly) cause LGPS Central to cease to be a Scheme employer or fail to pay amounts due. This is not anticipated to be a likely event. The amount of any liability calculated under IAS 19 is subject to the specific assumptions required for the calculation of such a figure under accounting standards. In the event of an exit payment being required this would be calculated by the Actuary based on the best estimates of the actual liability at the time.

### **NOTE 21a: KEY MANAGEMENT PERSONNEL**

The post of Head of Pensions (LGPS Senior Officer) is deemed to be key management personnel with regards to the fund. The financial value of the relationship with the fund (in accordance with IAS24) is set out below:

	2023/24 £000	2022/23 £000
Short-term benefits*	124	111
Post employment benefits**	173	68
<b>Total</b>	<b>297</b>	<b>179</b>

\* This is the Pension Fund's element of short term remuneration for key management personnel, i.e. annual salary, benefits in kind and employer contributions

\*\* This is the change in value of accrued pension benefits, expressed as cash equivalent transfer value

## **22. CONTRACTUAL COMMITMENTS**

## Pension Fund Accounts

The Fund has a 22.5% (~£560 million) strategic asset allocation to private market investments split Private Equity (7.5%), Infrastructure (7.5%) and Private Debt (7.5%). The Fund has a legacy allocation to Property Debt which will mature over the next 18 months and be subsumed by the Private Debt allocation. It is necessary to over commit the strategic asset allocation because some of these investments will mature and be repaid before the committed capital is fully invested.

As at 31 March 2024 £370m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£310m) and a separate investment through LGPS Central (£60m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2024 the fund's Private Equity investments totalled £200.502m (31 March 2023 £197.376m). Commitments outstanding at the 31st March 2024 were £113.9m

As at 31 March 2024 £223m has been committed to investment in Infrastructure via Global Infrastructure Partners (£138m) and LGPS Central Core/Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at the 31st March 2024 were £55.8m (Global Infrastructure Partners £21.1m and LGPS Central Core/Opportunistic Infrastructure Partnership £34.7m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2024 the fund's Infrastructure investments totalled £161.956m (31 March 2023 £148.204m).

As at 31 March 2024 £47m has been committed to investment in Property Debt via DRC & £120m committed to investment in Private Debt via LGPS Central. The Property Debt portfolio is a legacy asset and will mature over the next 18 months. As at the 31st March 2024 there were outstanding commitments of £58.7m, Private Debt via LGPS Central £53.4m and Property Debt via DRC £5.3m. The Fund are awaiting the release of the LGPS Central 2024 Private Debt Scheme to allow further commitments in line with the strategic asset allocation. Investments in the private debt portfolio will be made as opportunities arise over the next 2-3 years. As at 31 March 2024 the fund's Property Debt and Private Debt investments totalled £22.222m & £67.330m (31 March 2023 £27.477m & £33.891m) respectively.

### **NOTE 23: CONTINGENT ASSETS**

26 admitted body employers in the Shropshire County Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

### **NOTE 24: VALUE ADDED TAX**

The Fund is reimbursed VAT by HM Revenue and Customs. The accounts are shown exclusive of VAT.

### **NOTE 25: CUSTODY OF INVESTMENTS**

Custodial Services are provided to the Fund by Northern Trust. This includes the safekeeping of assets, the collection of income, the exercise of voting rights and the monitoring and execution of corporate actions in conjunction with investment managers. The Custodian also provides independent confirmation of the assets and their value held by the Fund. Securities are held on

## Pension Fund Accounts

a segregated basis via a nominee account and are clearly separated from the Custodian's own assets.

### NOTE 26: FUND AUDITORS

Grant Thornton has completed its audit in accordance with the Local Audit and Accountability Act 2014 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. The Audit Certificate is published within this report.

### NOTE 27: PENSION FUND BANK ACCOUNT

Since April 2010 all income received for the Pension Fund has been paid into a separate pension fund bank account. The balance on this account is monitored daily and surplus cash balances invested and as at 31 March 2024 £1.65 million was invested (31 March 2023 £2.6m). The cash balance in the Pension Fund account as at the same date was overdrawn by £0.040 million (31 March 2023 £0.060m in hand).

### NOTE 28: FUND STRUCTURE UPDATE

In June 2023 following several investment strategy workshops the Pension Committee agreed the Fund's new strategic asset allocation which is detailed below against the previous allocations:

Asset	2021 Strategic Allocation % of Fund	2023 Strategic Allocation % of Fund	Change
Targeted return funds (e.g. absolute return bonds, hedge funds, insurance linked securities)	25%	7.5%	-17.5%
Property Debt	3.5%	0%	-3.5%
Equities	50%	55%	+5%
Private Debt	4%	7.5%	+3.5%
Indirect Property	5%	5%	-
Private Equity	6.25%	7.5%	+1.25%
Infrastructure	6.25%	7.5%	+1.25%
Investment Grade Corporate Bonds	0%	10%	+10%

Implementation of the new strategy commenced in 2023/24. Allocation changes in respect of public markets (Equity and Investment Grade Corporate Bonds) have been completed. Private Market (Private Equity, Infrastructure, Debt) changes will take longer to fully implement as this involves the timing of maturities from existing investments and the drawdown of new commitments over time. This will result in additional holdings remaining in target return funds until the capital is required to meet commitments, investments in this sector currently reside with individual managers as the proposed LGPS Central product for this area was withdrawn in 2023/24.

In September 2017, an equity protection strategy was implemented with Legal & General, one of the Fund's existing managers. The strategy is currently being used to reduce equity risk. Approx 42% of total global equities are being protected at this time. The equity protection strategy was increased during 2023/24 to c.£600 million following the strong bounce back in global equity markets in the final quarter of 2023. The continued geopolitical tensions and uncertainty in economic forecasts lead to a full review of the equity protection options in

## Pension Fund Accounts

2023/24, the equity protection options were renewed with Legal and General and now expire in June 2025 and December 2025. Full updates are provided to Pension Committee each quarter on the equity protection strategy.

During the financial year, following agreement from the Pension Committee in June 2023 redemption requests were submitted to PIMCO and BlackRock. The proceeds from these absolute return bond managers were transitioned into the LGPS Central Investment Grade Corporate Bond Fund and LGPS Central Global Sustainable Equity Fund in October 2023. In addition, the Fund reduced its holdings in the BlackRock Hedge Fund to complete the increased investment into LGPS Central Global Sustainable Equity Fund in February 2024 and to fund existing commitments to LGPS Central Private Debt and Infrastructure investments as agreed in the previous financial year.

The strategic allocation in June 2023 removed the allocation to property debt in favour of private debt. The property debt portfolio will mature over the next 18 months and proceeds will be used to meet existing commitments to the LGPS Central private debt fund and new proposed commitments when the LGPS Central Private debt 2024 scheme is launched. The total proportion of the fund to debt investments remains at 7.5% but this is now reflected as private debt in the Strategic asset allocation.



# Pension Fund Accounts

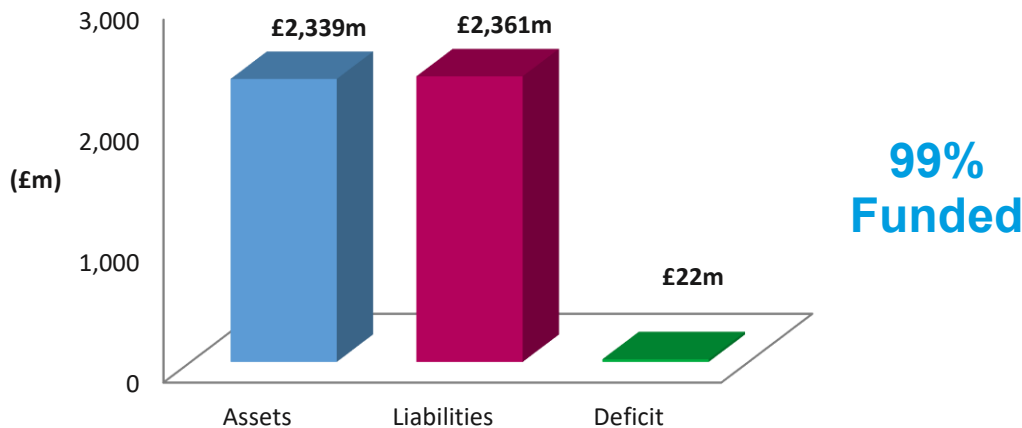
## SHROPSHIRE COUNTY PENSION FUND

### Accounts for the year ended 31 March 2024 Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Shropshire County Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £2,339 million represented 99% of the Fund's past service liabilities of £2,361 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £22 million.



The valuation also showed that a Primary contribution rate of 18.4% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the actuarial valuation the average recovery period adopted was 16 years for employers in deficit and 12 years for the employers in surplus, and the total initial recovery payment (the "Secondary rate" for 2023/26) was an addition of approximately £1.7m per annum in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

## Pension Fund Accounts

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	<b>For past service liabilities (Solvency Funding Target)</b>	<b>For future service liabilities (Primary rate of contribution)</b>
<b>Rate of return on investments (discount rate):</b>		
<b>Standard</b>	4.80% per annum	5.20% per annum
<b>Lower risk</b>	4.55% per annum	4.70% per annum
<b>Rate of pay increases (long term)</b>	4.35% per annum	4.35% per annum
<b>Rate of increases in pensions in payment (in excess of GMP)</b>	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

## Pension Fund Accounts

### Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31 March 2023	31 March 2024
Rate of return on investments (discount rate)	4.80% per annum	4.90% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.70% per annum	2.70% per annum
Rate of pay increases	3.95% per annum	3.95% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.80% per annum	2.80% per annum

The demographic assumptions are the same as those used for funding purpose for the 2022 actuarial valuation. For the year end assumptions, we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

Full details of the demographic assumptions are set out in the formal report on the actuarial valuations dated March 2023.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	£2,469m
Interest on liabilities	£117m
Net benefits accrued/paid over the period*	(£18m)
Actuarial losses / (gains) - see below	(£49m)
End of period liabilities	£2,519m

*\*this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased significantly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.

## Pension Fund Accounts

- **Change in demographic assumptions:** As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.
- **Pension increases / high short-term inflation:** The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As current inflation is higher than the long-term assumption, this increases the liabilities.

**Michelle Doman**  
Fellow of the Institute and  
Faculty of Actuaries

**Mark Wilson**  
Fellow of the Institute and  
Faculty of Actuaries

**Mercer Limited**  
May 2024

## Appendix - additional considerations

**The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.

**GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

**Covid 19 / Ukraine / Gaza conflict:** The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

**High inflation over last two years:** The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

## Pension Fund Accounts

TO BE COMPLETED FOLLOWING EXTERNAL AUDIT











# Section 10 Glossary



## Glossary

Accountable Body	An accountable body receives external funding and is responsible for the financial management of these funds, therefore the accountable body must ensure that robust accounting and performance management arrangements are in place with regard to the distribution and spending of these funds.
Accounting Concepts	The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.
Accounting Policies	The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.
Accumulated Absences Account	The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.
Accruals	The accruals accounting concept requires the non-cash effect of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Actuarial Gain	This may arise on defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated).
Actuarial Loss	These may arise on defined benefit pension scheme liabilities and assets. A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

## Glossary

Adjusted Capital Financing Requirement	The value of the Capital Financing Requirement after it has been adjusted by the value of Adjustment A.
Adjustment A	The difference between the Council's Credit Ceiling and Capital Financing Requirement to ensure that the impact of the Prudential Code (effective from 1 April 2004) is neutral on the Council's revenue budget. Once calculated the figure is fixed.
Appropriation	The transfer of sums to and from reserves, provisions and balances.
Assets	These are economic resources that can include anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value.
Associated Company	<p>An organisation in which the Council has a participating interest and over which it can exercise significant influence without support from other participants in that organisation (e.g. other board members etc.).</p> <p>The exercise of significant influence occurs when one organisation is actively involved and is influential in the direction of another organisation through its participation in policy decisions including decisions on strategic issues. A holding of 20% or more of the voting rights of an organisation is generally recognised as being a significant influence.</p>
Balances	Amounts set aside to meet future expenditure but not set aside for a specific purpose.
Balance Sheet	The financial statement that reports the financial position of an organisation at a point in time, for Shropshire Council this is the 31 <sup>st</sup> March. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the non-current assets held.
Below the Line Items	Items that are notionally allocated to services to arrive at the "Net Cost of Service". Below the line items include depreciation and IAS19 pension costs.
Bonds	Investment in certificates of debts issued by a Government or company. These certificates represent loans which are repayable at a future date with interest.

## Glossary

Borrowing	Loans from the Public Works Loans Board and the money markets which finance the capital programme of the Council.
Budget	The financial plan reflecting the Council's policies and priorities over a period of time i.e. what the Council is going to spend to provide services. This is the end product of a budget strategy.
Budget Strategy	A plan of how the Council is going to meet its policies and priorities, taking account of the resources available to the Council. This will include proposals for efficiency savings and possibly service changes and/or cuts, which may free resources to spend on other policies and priorities.
Cabinet	The group of members (local councillors) that provide the executive function of the Council within the policy parameters set by Council. This group of members is able to exercise considerable control over the Council. Its decision-making powers are set out in the Council's Constitution.
Capital Adjustment Account	<p>The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision.</p> <p>The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.</p> <p>The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.</p>
Capital Expenditure	Expenditure on items that have a life of more than one year, such as buildings, land, major equipment.

## Glossary

Capital Financing Requirement (CFR)	This sum represents the Council's underlying need to borrow for capital purposes. It is calculated by summing all items on the balance sheet that relate to capital expenditure, e.g. non-current assets, financing leases, Government grants deferred etc. The CFR will be different to the actual borrowing of the Council as actual borrowing will relate to both capital and revenue activities and it is not possible to separate these sums. This figure is then used to calculate the Council's Minimum Revenue Provision.
Capital Grants Unapplied	The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.
Capital Receipts	The proceeds from the sale of non-current assets such as land and buildings. These sums can be used to finance new capital expenditure.
Capital Receipts Reserve	The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.
Capitalised Expenditure	Represents expenditure on assets. This expenditure is reflected in the value of assets that are reported in the Balance Sheet and will result in increased depreciation costs to the Income and Expenditure Account.
Cash Equivalents	Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Cash Flow Statement	The financial statement that summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Code of Practice on Local Authority Accounting (Code)	A publication produced by CIPFA that provides comprehensive guidance on the content of a Council's Statement of Accounts.

## Glossary

Collection Fund	A separate statutory fund which records Council Tax and Non-Domestic Rates collected, together with payments to precepting authorities (e.g. Police Authorities, Fire Authorities etc.), NDR distribution to Central Government and the billing Council's own General Fund.
Collection Fund Adjustment Account	The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
Comprehensive Income and Expenditure Statement	This is fundamental to the understanding of a Council's activities. It brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise Council Tax according to different rules and for the ability to divert particular expenditure to be met from capital resources.
Constitution	The document that sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people.
Contingent Liability	Potential costs that the Council may incur in the future because of something that happened in the past.
Corporate Bonds	Investments in certificates of debt issued by a company. These certificates represent loans which are repayable at a future date with interest.
Council	The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.
Council Tax	A local taxation that is levied on dwellings within the local Council area. The actual level of taxation is based on the capital value of the property, which is split into 8 bands from A to H, and the number of people living in the dwelling.



## Glossary

Council Tax Base	To set the Council Tax for each property a Council has to first of all calculate the council tax base. This is a figure that is expressed as the total of band D equivalent properties. The total amount to be raised from Council Tax is divided by this figure to determine the level of tax for a band D property. The level of tax for the other bands of property are calculated by applying a predetermined ratio to the band D figure.
Council Tax Precept	The amount of income due to the Council in respect of the total Council Tax collected.
Credit	A credit represents income to an account.
Credit Ceiling	A term from the old Local Authority capital expenditure system, the credit ceiling represented the Council's total debt outstanding after taking account of sums set aside to repay borrowing.
Creditors	Represents the amount that the Council owes other parties.
Debit	A debit represents expenditure against an account.
Debt Charges	This represents the interest payable on outstanding debt.
Debtors	Represents the amounts owed to the Council.
Dedicated Schools Grant (DSG)	A specific grant paid to Local Authorities to fund the cost of running its schools.
Dedicated Schools Grant (DSG) Adjustment Account	The Dedicated Schools Grant (DSG) Adjustment Account holds any DSG deficit separately from the Council's General Fund.
Deferred Capital Receipts Reserve	The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts.
Deficit	Arises when expenditure exceeds income or when expenditure exceeds available budget.

## Glossary

Depreciation	The accounting term used to describe the charge made representing the cost of using tangible non-current assets. The depreciation charge for the year will represent the amount of economic benefits consumed in the period, e.g. due to wear and tear over time.
Direct Revenue Financing	The cost of capital projects that is charged against revenue budgets.
Equities	Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder's meetings.
Estimation Techniques	The methods adopted by an organisation to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves.
Exceptional Item	Material Items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The payments usually cover the full cost of the asset, together with a return for the cost of finance.
Financial Instruments	Financial instruments are formally defined in the Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition is a wide one, it covers the treasury management activity of the Council, including the borrowing and lending of money and the making of investments. However, it also extends to include such things as receivables and payables and financial guarantees.

## Glossary

Financial Instruments Adjustment Account	The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.
Fixed Interest Securities	Investments in mainly Government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange before the repayment date.
Futures	A contract made to purchase or sell an asset at an agreed price on a specified future date.
General Fund Balance	<p>The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.</p> <p>The General Fund Balance is the reserve held by the Council for general purposes, i.e. against which there are no specific commitments. That said it is prudent and sensible for these sums to be treated as a contingency to protect the Council's financial standing should there be any financial issues in the year.</p>
Going Concern	The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.
Group Accounts	Where a Council has an interest in another organisation (e.g. a subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.
Hedge Funds	An investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money to make investment, borrowing shares in order to sell them and profiting from company mergers.

## Glossary

Heritage Assets	These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture.
Housing Revenue Account	The Housing Revenue Account reflects the statutory obligation to maintain a revenue account for the local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. This account includes the revenue costs of providing, maintaining and managing Council dwellings are charged. These costs are financed by tenants' rents and government housing subsidy.
Impairment	Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (e.g. fire at a school) or a deterioration in the quality of the service provided by the asset (e.g. a library closing and becoming a storage facility), or by a general fall in prices of that particular asset or type of asset.
Index Linked Securities	Investments in Government stock that guarantee a rate of interest linked to the rate of inflation. These securities represent loans to Government which can be traded on recognised stock exchanges.
Inflow	This represents cash coming into the Council.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards are issued by the International Accounting Standards Board (IASB) to develop a single set of financial reporting standards for general purpose financial statements.
Investments	An asset which is purchased with a view to making money by providing income, capital appreciation or both.
Joint Venture	An organisation in which the Council is involved where decisions require the consent of all participants.
LDI	Liability driven investment (LDI) strategies aim to enable pension funds to reduce risk and improve funding levels by reducing volatility over time. Because the value of future pension payments is directly linked to inflation, interest rates and the longevity of Fund members, Funds have sought investments linked to such factors.

## Glossary

Leases	A method of funding expenditure by payment over a defined period of time. An operating lease is similar to renting, the ownership of the asset remains with the lessor and the transaction does not fall within the capital control system. Finance leases are more akin to borrowing and do fall within the capital system.
Liabilities	An obligation to transfer economic benefits. Current liabilities are usually payable within one year.
Liquid Resources	These are resources that the Council can easily access and use, e.g. cash or investments of less than 365 days.
Major Repairs Reserve	The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.
Managed Funds	A type of investment where a number of investors pool their money into a fund which is then invested by a fund manager.
Materiality	Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the reader of the accounts. Materiality has both quantitative and qualitative aspects.
Minimum Revenue Provision (MRP)	A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).
Movement in Reserves Statement	This provides a reconciliation showing how the balance of resources generated/consumed in the year links in with statutory requirements for raising Council Tax.
Non Domestic Rates (NDR)	Taxation that is levied on business properties. This is collected by billing authorities and then distributed to preceptors and Central Government.
Net Book Value	The amount at which non-current assets are included in the balance sheet. It represents historical cost or current value less the cumulative amounts provided for Depreciation or Impairment.

## Glossary

Net Expenditure	The actual cost of a service to an organisation after taking account of all income charged for services provided.
Net Cost of Service	The actual cost of a service to an organisation after taking account of all income charged for services provided. The net cost of service includes the cost of depreciation relating to non-current assets.
Non-Current Assets	Tangible assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.
Operating Lease	A lease where the asset concerned is returned to the lessor at the end of the period of the lease.
Outflow	This represents cash going out of the Council.
Outturn	Actual expenditure within a particular year. In the Narrative Report this expenditure is stated before taking into account Depreciation and other Below the Line Items.
Pension Reserve	The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.
Post Balance Sheet Event	Those events both favourable and unfavourable, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Responsible Financial Officer.
Precept	The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the council on their behalf. A body which can set a precept is called a preceptor.

## Glossary

Primacy of Legislation	The accounting concept primacy of legislation applies when accounting principles and legislative requirements are in conflict, in such an instance the latter shall apply.
Prior Period Adjustments	These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.
Private Finance Initiative (PFI)	A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.
PFI Credits	The financial support provided to Local Authorities to part fund PFI capital projects.
Provisions	Provisions represent sums set aside to meet specific future expenses which are likely or certain to be incurred, as a result of past events, where a reliable estimate can be made of the amount of the obligation.
Prudence	This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Prudential Borrowing	The amount of borrowing undertaken by the Council to fund capital expenditure, in line with affordable levels calculated under the Prudential Code.
Prudential Code	The Government removed the extensive capital controls on borrowing and credit arrangements from 2004/05 and replaced them with a Prudential Code under which each Council determines its own affordable level of borrowing. The Prudential Code requires authorities to set specific prudential indicators e.g. affordable borrowing limit on an annual basis.
Public Works Loans Board (PWLB)	A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.
Public Sector Bonds	Investments in certificates of debt issued by Government. These represent loans to Governments which are tradable on recognised stock exchanges.

## Glossary

Revaluation Reserve	<p>The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised.</p> <p>The Reserve contains only revaluation gains accumulated since April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.</p>
Revenue Expenditure	<p>Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.</p>
Revenue Expenditure Funded By Capital Under Statute	<p>Expenditure incurred during the year that may be capitalised under statutory provisions and does not result in the creation of non-current assets.</p>
Revenue Support Grant (RSG)	<p>An amount of money that Central Government makes available to Local Authorities to provide the services that it is responsible for delivering.</p>
Reserves	<p>Sums are set aside in reserves for specific future purposes rather than to fund past events.</p>
Service Reporting Code of Practice (SERCOP)	<p>Provides guidance to local authorities on financial reporting to stakeholders. It establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.</p>
Soft Loan	<p>This is a loan which is provided with a below-market rate of interest.</p>
Specific Grant	<p>A grant awarded to a Council for a specific purpose or service that cannot be spent on anything else.</p>
Subsidiary	<p>An organisation that is under the control of the Council (e.g. where the Council controls the majority of voting rights, etc.)</p>
Surplus	<p>Arises when income exceeds expenditure or when expenditure is less than available budget.</p>



## Glossary

Trading Service/Organisation	A service run in a commercial style and environment, providing services that are mainly funded from fees and charges levied on customers.
Treasury Strategy	A plan outlining the Council's approach to treasury management activities. This includes setting borrowing and investment limits to be followed for the following year.
Unit Trusts	A pooled Fund in which small investors can buy and sell units. The pooled Fund then purchases investments, the returns on which are passed on to the unit holders. It enables a broader spread of investments than investors could achieve individually.
Unquoted Equity Investment	Investments in unquoted securities such as shares, debentures or unit trusts which are not quoted or traded on a stock market.
Usable Capital Receipts Reserve	Represents the resources held by the Council that have arisen from the sale of non-current assets that are yet to be spent on other capital projects.
Usable Reserves	Reserves that can be applied to fund expenditure or reduce local taxation, all other reserves retained on the balance sheet cannot.
Variation	The difference between budgeted expenditure and actual outturn, also referred to as an over or under spend.
Virement	The transfer of resources between two budgets, such transfers are governed by financial rules contained within the Constitution.

# Draft Statement of Accounts

2023-2024

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## Appendix 2

**Analytical Review of Shropshire Council's Statement of Accounts for 2023/24**

1. The analytical review for 2023/24 highlighted a number of areas where there were material changes (Variances over £8m or over 10%), the most significant are detailed below along with an explanation of why these changes have occurred:

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Local Authority Housing**

	2023/24 £000	2022/23 £000	Movement £000	Movement %
Gross Expenditure	22,731	3,386	+19,345	571

In 2023/24 there has been a revaluation loss of £5.256m compared to a revaluation gain of £12.051m in 2022/23 resulting in a £17.307m swing in expenditure. There have been relatively static movements in HRA dwellings valuation compared to 2023/24, but revaluation losses have been experienced on new build properties when applying the social housing discount factor to value them on EUV SH basis. There has also been an impairment charge (£0.762m) due to HRA properties no longer being in use as they are pending future demolition for a development scheme.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – People**

	2023/24 £000	2022/23 £000	Movement £000	Movement %
Gross Expenditure	455,576	432,380	+23,196	5

Within Adult Social Care Operations there has been an increase in Direct Payments of £1.546m and Individual Service Funds of £7.740m. The cost of Care Contracts within Adult Social Care Operations has increased by £5.618m in 2023/24. External Placement Fees have increased by £3.910m within Childrens Social Care and Safeguarding and by £4.740m in Learning & Skills.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – People**

	2023/24 £000	2022/23 £000	Movement £000	Movement %
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Income	(217,839)	(203,555)	(14,284)	7
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The main increase in income relates to Grants received within People. Grants within Learning and Skills and Schools have increased by £7.564m, the main increases being a £4.721m increase in DSG and a new grant of £2.021m for Mainstream Schools Additional Grant. The increase in these grants will offset an increase in expenditure. In 2023/24 £2.120m was received for the Market Sustainability and Improvement Fund, this was new in 2023/24.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Place**

	2023/24 £000	2022/23 £000	Movement £000	Movement %
Income	(70,649)	(62,955)	(7,694)	(12)

In 2023/24 grant income has increased within Place. There has been an increase in income and expenditure relating to the warm homes fund grant scheme. Grant income increased from £1.284m to £5.536m, this offset increased costs of the programme. Grant income of £1.241m was released to revenue in relation to the UK Shared Prosperity Fund to offset costs incurred on this programme compared to £0.280m in 2022/23. Income from the Waste Services has increased by £1.024m, mainly due to an increase in the Waste PFI Excess Revenue Share due to the Council.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Strategic Management Board**

	2023/24 £000	2022/23 £000	Movement £000	Movement %
Gross Expenditure	4,008	716	3,292	460

Expenditure has increased in Strategic Management Board as a result of costs incurred on the Transformation Programme including the costs relating to the Council’s delivery partner.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Corporate**

	2023/24 £000	2022/23 £000	Movement £000	Movement %
Income	(38,148)	(27,410)	(10,738)	39

Income has increased due to an increase in government grant funding as outlined in the local government financial settlement for 2023/24. Additional Social Care Grant has increased from £12.620m in 2022/23 to £21.547m in

2023/24 and Market Sustainability and Fair Cost Fund has increased from £0.941m in 2022/23 to £3.264m in 2023/24. The increase in these grants has contributed towards funding the increasing costs within Adult and Children Social Care.

- **Comprehensive Income and Expenditure Statement – Other Operating Expenditure**

2023/24 £000	2022/23 £000	Movement £000	Movement %
15,205	10,532	4,673	44

The loss on disposal of non-current assets increased from £0.806m in 2022/23 to £5.232m in 2023/24. Areas of significant change were in relation to the write out of previous components where replacement expenditure took place (£1.486m) and in 2023/24 two schools in SC ownership transferred to Academy Schools and one property transferred on a Community Asset Transfer lease. The value of assets written out was £2.767m.

- **Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

2023/24 £000	2022/23 £000	Movement £000	Movement %
29,195	48,301	(19,106)	40

Pensions interest cost and expected return on pensions assets reduced from £14.486m in 2022/23 to £5.019m in 2023/24. The movement of £9.467m is the net position of interest on plan assets increasing by £18.652m and interest on pension liabilities increasing by £9.185m. The interest is calculated by using the discount rate at the start of the year, this increased from 2.8% to 4.8%.

The movement in the valuation of Investment Properties swung from a £5.476m loss in 2022/23 to a £0.464m gain in 2023/24. This relates to specific movements in the value of assets in this category and represents the net position.

Assets experiencing significant losses in 2023/24 were:

- Land at Shorncliffe Drive valuation removed (£2.775m) as land transferred as a Community Asset
- Land at Park Hall (£1.450m) due to a reduction in land values and change to the discount rate

Significant gains were:

- Land at Oxon (£4.003m) based on updated receipts projections,

- Part of the former Meole Brace Golf Course Pitch & Putt site (£1.402m) based on future development plans for the site

- **Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Income**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(342,574)	(316,145)	(26,429)	8

Income due form Council Tax increased by £11.093m in 2023/24. This was due to a 4.99% increase in the Council Tax charge. Income from Business Rates increased by £6.171m. Non-ringfenced revenue grants increased by £3.175m which is a net position which includes an increase of £6.051m of Business Rates Relief Grant, and a decrease in New Homes Bonus of £2.903m. Capital grants and contributions increased by £5.989m.

- **Comprehensive Income and Expenditure Statement – Surplus or Deficit on Revaluation of Property, Plant and Equipment Assets**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(28,387)	(41,074)	12,687	31

This figure is the value of upward or downward revaluations that are debited/credited directly to the Revaluation Reserve, rather than to service revenue accounts, this can only be done where there is a balance on the revaluation reserve for the asset. The increase recorded in 2023/24 is £28,387m compared to £41.074m in 2022/23. This reflects the movement market values, change in build costs (DRC valuations) and the latest property information provided to the Valuers.

- **Comprehensive Income and Expenditure Statement – Impairment Losses on Non Current Assets Charged to the Revaluation Reserve**

2023/24 £000	2022/23 £000	Movement £000	Movement %
2,928	197	2,731	1,386

Where there is a balance on the revaluation reserve for an asset, an impairment charge can be charged to the revaluation reserve, rather than to revenue. In 2022/23 the Impairment charge related to Whitchurch Swimming Centre, and council approval is in place to demolish and redevelop the site and so the existing building was impaired to zero. In 2023/24 the impairment charge relates to Whitchurch Civic Centre and Library (£2.756m) and Hazel Family Centre (£0.172m) which is a surplus demountable in deteriorating condition.

- **Comprehensive Income and Expenditure Statement, Remeasurement of the Net Defined Benefit Liability**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(110,518)	(449,181)	338,663	75

The movement in the remeasurement of the net defined benefit liability is due to movements in a number of figures affecting the pension assets and liabilities. The liability element has moved from a net gain of £520.993m in 2022/23 to a net gain of £24.226m due to an increase in the discount rate. The assets element has reduced from a loss of £71.812m in 2022/23 to a gain of £86.292m due to positive returns on investments.

- **Balance Sheet Non-Current Assets – Property, Plant and Equipment**

2023/24 £000	2022/23 £000	Movement £000	Movement %
1,138,504	1,115,889	22,615	2

This reflects the overall movement in property, plant and equipment. The movement consists of additions, disposals, revaluations (upwards and downwards), depreciation charges and impairments. The main reason for the increase is a £13.382m increase in Assets Under Construction due to the ongoing development of significant schemes such as Oswestry Innovation Park and Shrewsbury Town Centre Developments. There has also been a £8.095m revaluation increase in Council Dwellings including acquisitions and new build properties within the HRA.

- **Balance Sheet Non-Current Assets – Investment Property**

2023/24 £000	2022/23 £000	Movement £000	Movement %
43,029	60,736	(17,707)	29

The most significant reduction was the land at Oxon (£14.249m) that has transferred from an Investment Property to a Current Held for Sale Investment Property as the disposal is programmed for 2024/25. Land at Shorncliffe Drive (£2.775) has also been removed as the land has transferred as a Community Asset based on its use and with no prospect for future development.

- **Balance Sheet Long Term Assets – Intangible Assets**

2023/24 £000	2022/23 £000	Movement £000	Movement %
2,603	3,907	(1,304)	33

The reduction in the balance sheet value of intangible assets in 2023/24 reflects the reduction in expenditure under the Digital Transformation Programme which had resulted in a higher level of expenditure on intangible assets in previous years. As intangible assets are subject to a relatively short asset life, the annual amortisation charge leads to a significant reduction in the net book value annually.

- **Balance Sheet Current Assets – Current Held for Sale Investment Properties**

2023/24 £000	2022/23 £000	Movement £000	Movement %
18,283	5,906	12,377	210

There has been a reduction relating to the disposal of assets classified in this category for 2022/23, including Land at Emstrey (£5.336m) and Alveley Industrial Estate - Ground Leases (£0.570). This has been offset by the transfer of Land at Oxon to this category based on disposals programmed for 2024/25 (£14.250m transfer and £4.033m valuation increase).

- **Balance Sheet Current Assets – Current Assets Held for Sale**

2023/24 £000	2022/23 £000	Movement £000	Movement %
3,904	1,627	2,277	140

The balance sheet value of assets in this classification reflects the position the Council are at with regards disposing of assets and whether they meet the criteria to be classified as Asset Held for Sale at the balance sheet date. From the assets in this category at 31/03/23, disposals of a number of these assets have been completed including the former Shrewsbury Ark building, Severn Valley Workshops and two Smallholdings. Transfers into this category for 2023/24 include four Smallholdings, Craven Arms Salt Store, and HRA new build properties to be disposed on shared ownership basis.

- **Balance Sheet Current Assets – Short Term Investments**

2023/24 £000	2022/23 £000	Movement £000	Movement %
0	58,000	(58,000)	100

- **Balance Sheet Current Assets – Cash & Cash Equivalents**

2023/24 £000	2022/23 £000	Movement £000	Movement %
37,293	27,584	9,709	35



• **Balance Sheet Current Liabilities – Bank Overdraft**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(35,933)	(21,640)	(14,293)	66

The net decrease in short term investments, cash and cash equivalents and the bank overdraft needs to be considered together to explain the true difference in cash balance during the two years. There are two elements that detail the difference in cash balances:

- i. Movement in General Fund Balance and Earmarked Reserves (decrease in cash) - There was a £1.114m increase in the General Fund Balance in 2023/24 however there has been a reduction in earmarked reserves of £17.172m which will reduce available cash balances.
- ii. Movement in debtors/creditors (reduction in cash) - Debtors have increased by £34.645m during 2023/24 thereby increasing the amount of money owed to the authority and decreasing the potential cash balance held. Creditors have decreased by £14.520m thereby decreasing the cash balance held.

• **Balance Sheet Current Assets – Short Term Debtors**

2023/24 £000	2022/23 £000	Movement £000	Movement %
123,805	89,160	34,645	39

The most significant movement relates to the loan that the Council has provided to Cornovii Development Limited, which stood at £33m at the end of 31st March, and based on the terms of the new loan agreement, is now treated as a short term loan, and hence is held in short term debtors.

• **Balance Sheet Current Liabilities – Short Term Borrowing**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(32,802)	(7,606)	(25,196)	331

Short term borrowing of £5.5m held in 2022/23 has been repaid and a new short term PWLB loan of £30m has been taken out in March 2024.

• **Balance Sheet Current Liabilities – Short Term Creditors**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(86,156)	(100,676)	14,520	14

There has been a reduction of £3m between 2022/23 and 2023/24 for Central Government Bodies in relation to the creditor for Bowbrook Primary Place Planning Capital Funding which was accrued for in 2022/23. The Business Rate Retention Scheme payment and Transitional Relief payments due from Government reduced from £3.85m and £2.3m in 2022/23 to £0.7m and £0.4m in 2023/24, a reduction of £5m. Also in 2022/23 we were still due to receive £1.9m of COVID funding from for the Government, which is now not relevant for 2023/24.

- **Balance Sheet Current Liabilities – Provisions**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(2,707)	(3,763)	1,056	28

The Highways and Transport Provision (£0.405m) and the Leisure Provision (£0.092m) was released during the course of 2023/24 as the liability is not considered still relevant.

- **Balance Sheet Current Liabilities – Grants Receipts in Advance - Capital**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(25,145)	(16,938)	(8,207)	48

The increase relates to £3.668m funding received for the Levelling Up Fund Round 2, an increase of £2.872m for the Local Authority Housing Fund and a further £0.862m of UK Shared Prosperity Funding which has been carried forward to 2024/25 to be committed.

- **Balance Sheet Long Term Liabilities – Pensions Liability**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(21,397)	(126,359)	104,962	83

The deficit on the Pensions Liability has decreased by £104.962m in 2023/24. This is due to an increase in plan assets due to positive returns on investments.

- **Balance Sheet Long Term Liabilities – Provision**

2023/24 £000	2022/23 £000	Movement £000	Movement %
(6,249)	(8,477)	2,228	26

There has been a reduction in the level of Business Rates Provision (£2.119m) as a number of business rate appeals have now been settled during the year.

- **Balance Sheet Financing – Usable Reserves**

2023/24 £000	2022/23 £000	Movement £000	Movement %
116,452	131,826	(15,374)	12

Usable reserves have reduced mainly due to Earmarked reserves reducing by £17.172m as detailed in the Financial Outturn report.

- **Balance Sheet Financing – Unusable Reserves**

2023/24 £000	2022/23 £000	Movement £000	Movement %
675,593	572,162	103,431	18

The decrease in Unusable Reserves is due to changes in the Revaluation Reserve, the Capital Adjustment Account and the Pensions Reserve. The Revaluation Reserve increased by £13.701m (8.23%) in 2023/24 which reflects the movement in asset values and disposals. The area of significant movement in 2023/24 was on the revaluation of PPE assets. Reflecting the general increase in asset values and where there has been no previous revaluation loss charged to revenue, the gain is charged to the revaluation reserve. The Capital Adjustment Account reduced by £9.136m (1.70%). The movement reflects the capital charges, movement in asset values, disposals and capital expenditure financing in 2023/24. The reduction reflects that the movement in values and capital charges were greater than the contributions applied to finance capital expenditure. The deficit on the Pensions Liability has decreased by £104.962m in 2023/24. This is due to an increase in plan assets due to positive returns on investments.

2. The analytical review will be part of the papers to be considered by the external auditors during the annual audit and will be used in forming their opinion on the Statement of Accounts that will be reported in the Audit Opinion and Certificate

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By virtue of paragraph(s) 1, 2, 3, 5, 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

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