

Medium Term Financial Strategy 2024/25 – 2028/29

December 2023





Foreword

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

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

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

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

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



Lezley Picton
Leader of the
Council



Andy Begley
Chief Executive

Introduction

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

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

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

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

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



Gwilym Butler
Cabinet Member
for Finance

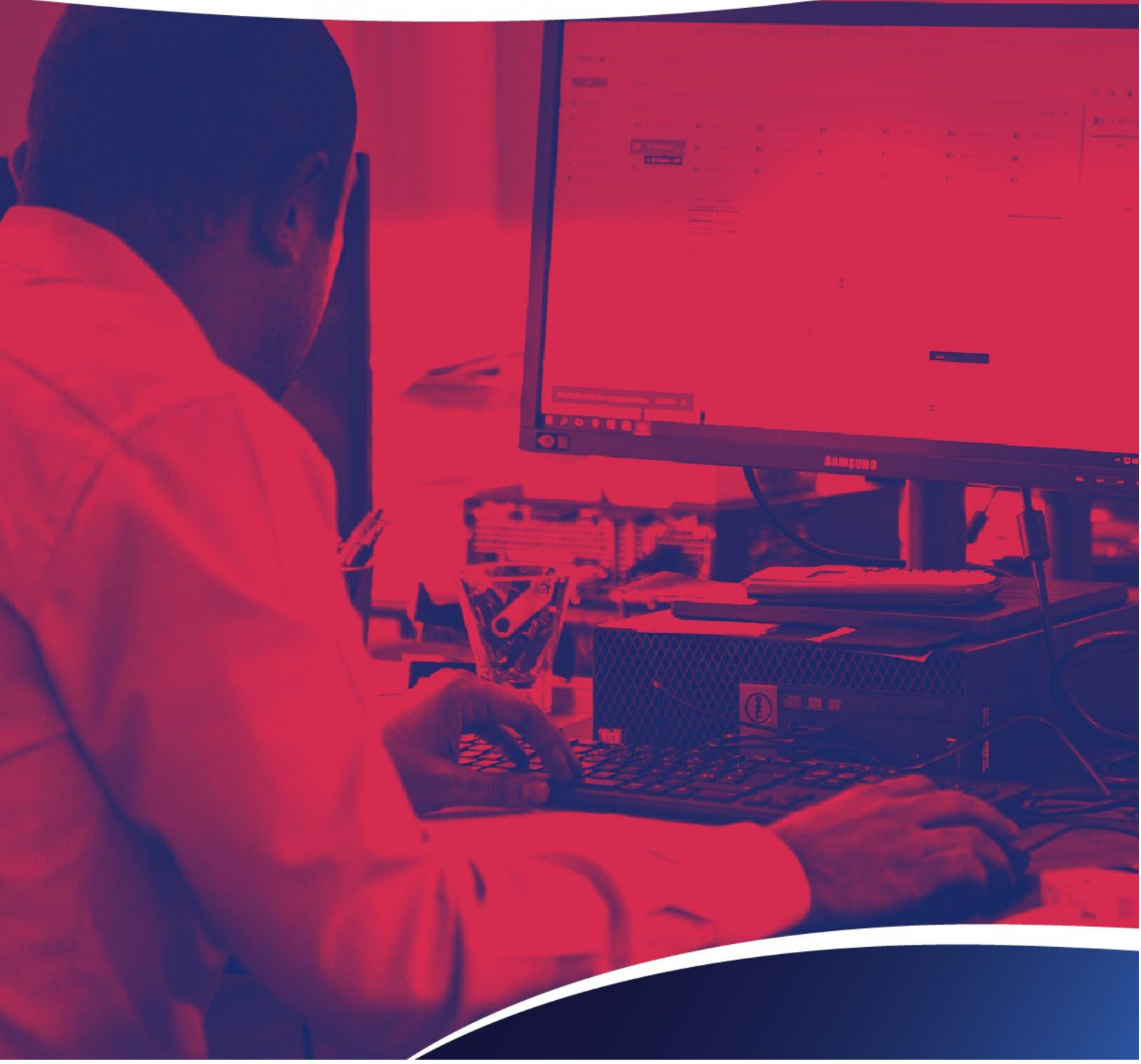


James Walton
Executive Director
of Resources and
s151 Officer

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Medium Term Financial Strategy – Budget framework 2024/25



Overview

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

2023/24 financial performance

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

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

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

2024/25 financial framework

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

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

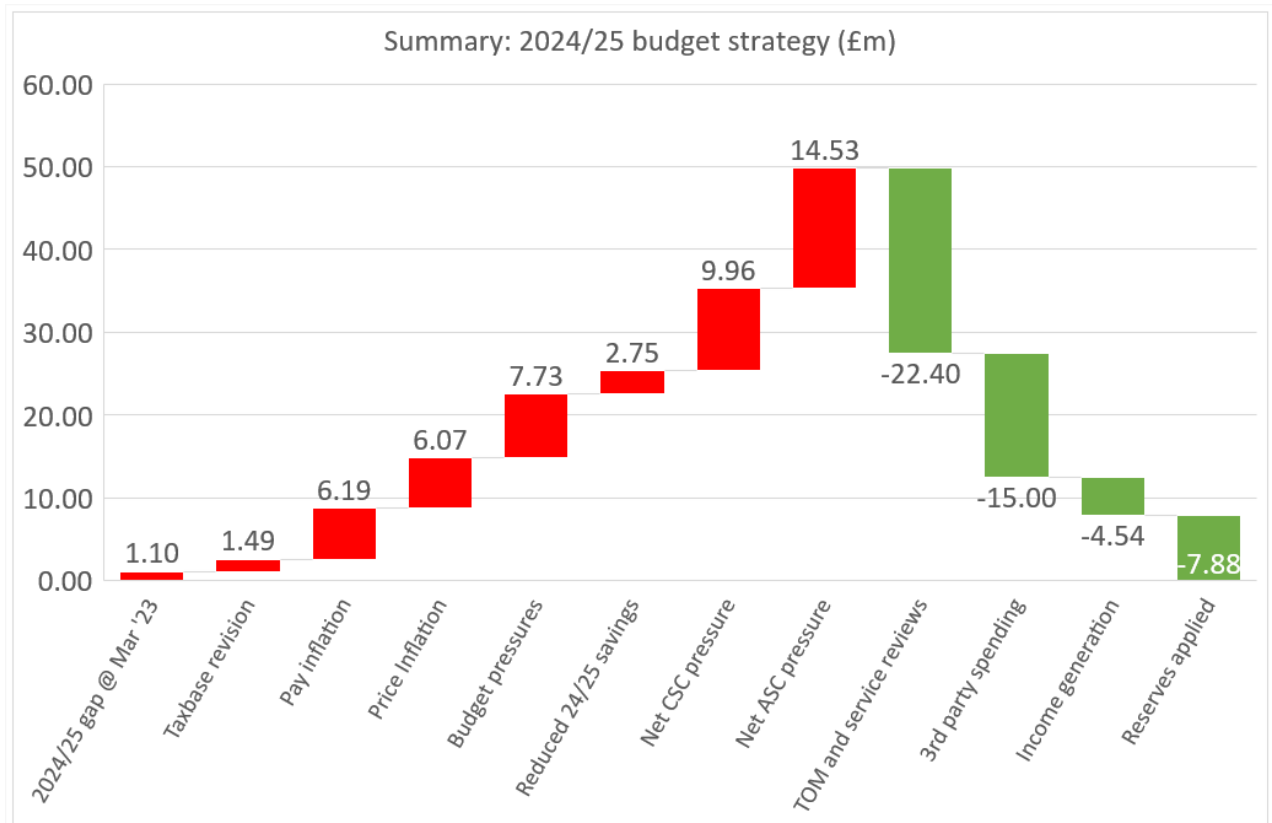
These pressures are proposed to be offset by mitigations to the same total value, as follows:

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

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

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

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



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

Inflationary Pressures and Mitigations:

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

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

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

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

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

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

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

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

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

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



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

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

Figure 1 - summary financial gap for the MTFS period

The tables below analyse estimated resources and expenditure.

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

Figure 2 - estimated resources for the MTFS period

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

Medium Term Financial Strategy Summary

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

Figure 3 - estimated expenditure for the MTFS period

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

Movement in 2024/25 estimates from the October MTFS

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

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

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

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

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

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

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

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

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

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

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

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

Benchmarking information



Benchmarking

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

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

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

Key points

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

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

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

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

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

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

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

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

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

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

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

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

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

Estimated Spending



Inflationary Pressures

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

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

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

Budget pressures

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

Social care pressures

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

¹ [Q2 Finance report 23/24](#)

manifest in different ways, including;

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

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

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

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

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

Children's Social Care Transformation Programme

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

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

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

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

Managing Demand Pressures in Adults Social Care

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

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

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

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

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

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

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

All-Age Commissioning

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

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

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

Key demand interventions

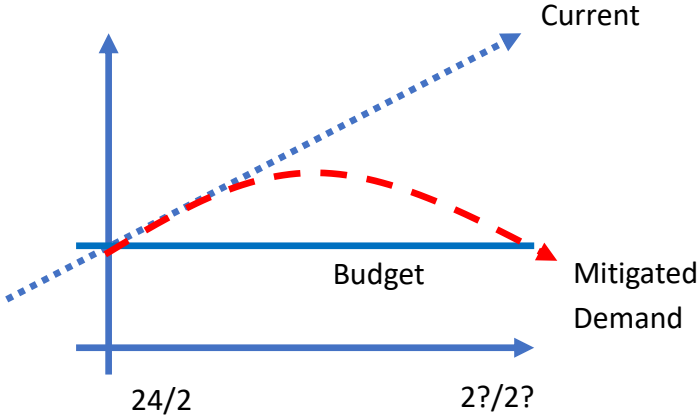
Service	Project	Anticipated benefit
Children's social care	The Best Start in Life	[cost avoidance]
	Early Help (EHASt)	[cost avoidance]
	Stepping Stones	£3.0m
	New residential homes	£1.0m
Adults social care	On-line support and advice (the 'front door')	[cost avoidance]
	Supporting people independence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

Future demand projections

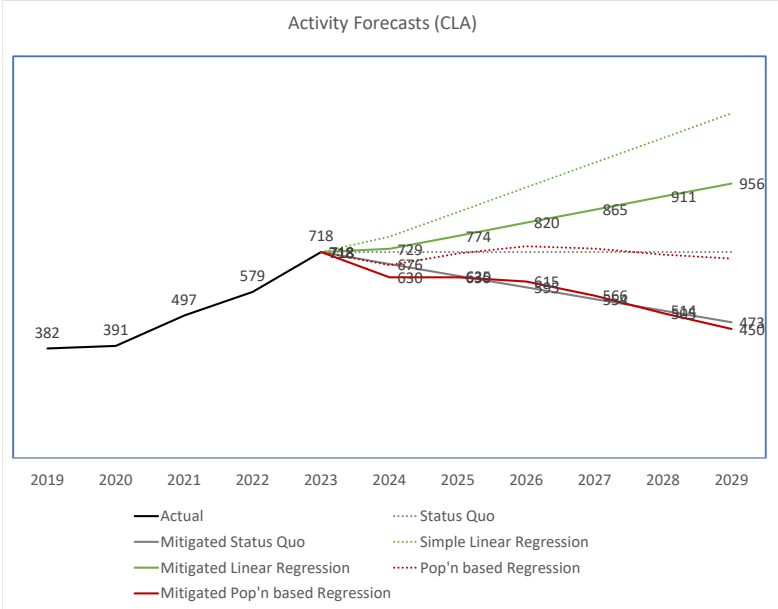
Detailed planning for expected activity levels, before and after mitigating actions, is in hand and illustrated below. These forecasts are based on the expected levels of activity, translated into financial measures. These models help to define the likely course of the MTFs in the course of the coming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

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

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



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



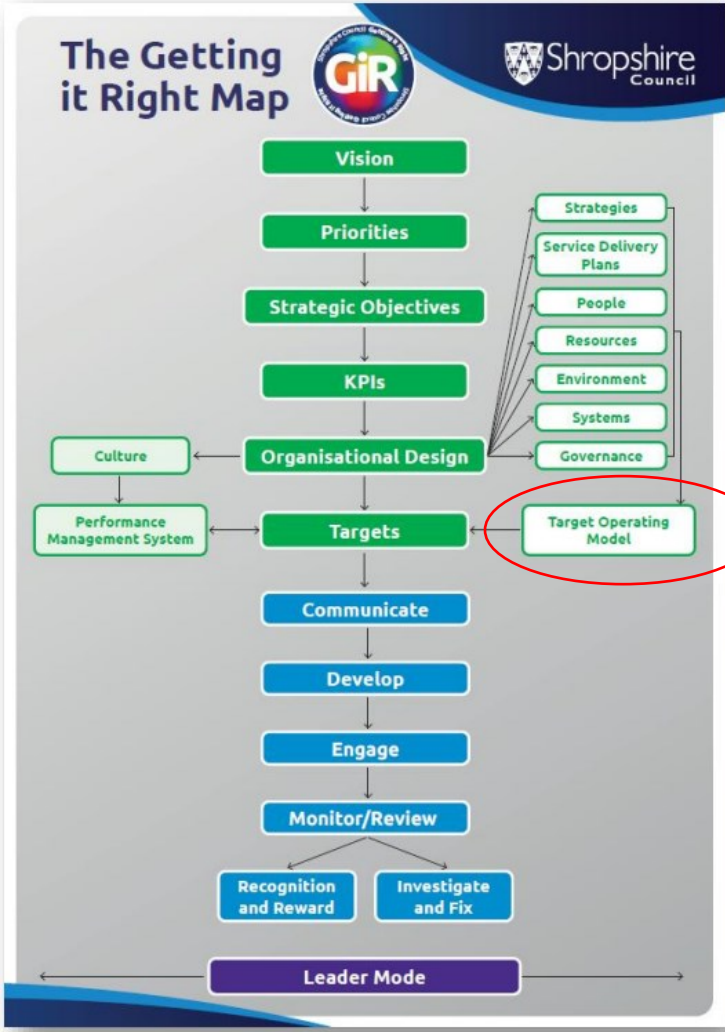
Organisation-wide transformation – the ‘TOM’ and service reviews

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

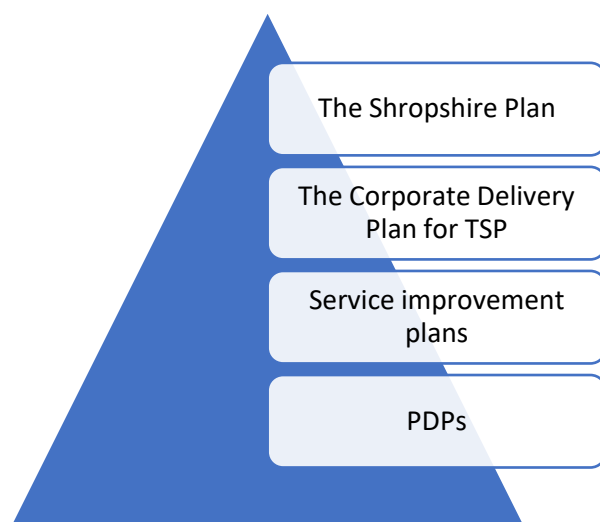
Targeted spending reductions, when compared to the available funding are equivalent to a reduction estimated as 6.2%. The method for 24/25 is flexibility in approach with clarity in expectations. So while the requirement for a reduction in spending across the Council is absolute, where this falls in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

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

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



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



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

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

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

Completed SIPs are expected to cover:

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

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

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

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

Revised MTFs Summary and Funding Gap

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

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

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

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

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

Budget consultation

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

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

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

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

Estimated resources



Resources

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

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

Council Tax assumptions

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

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

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

Financial Stability and Risk; Reserves and balances



General Fund Balance

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

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

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

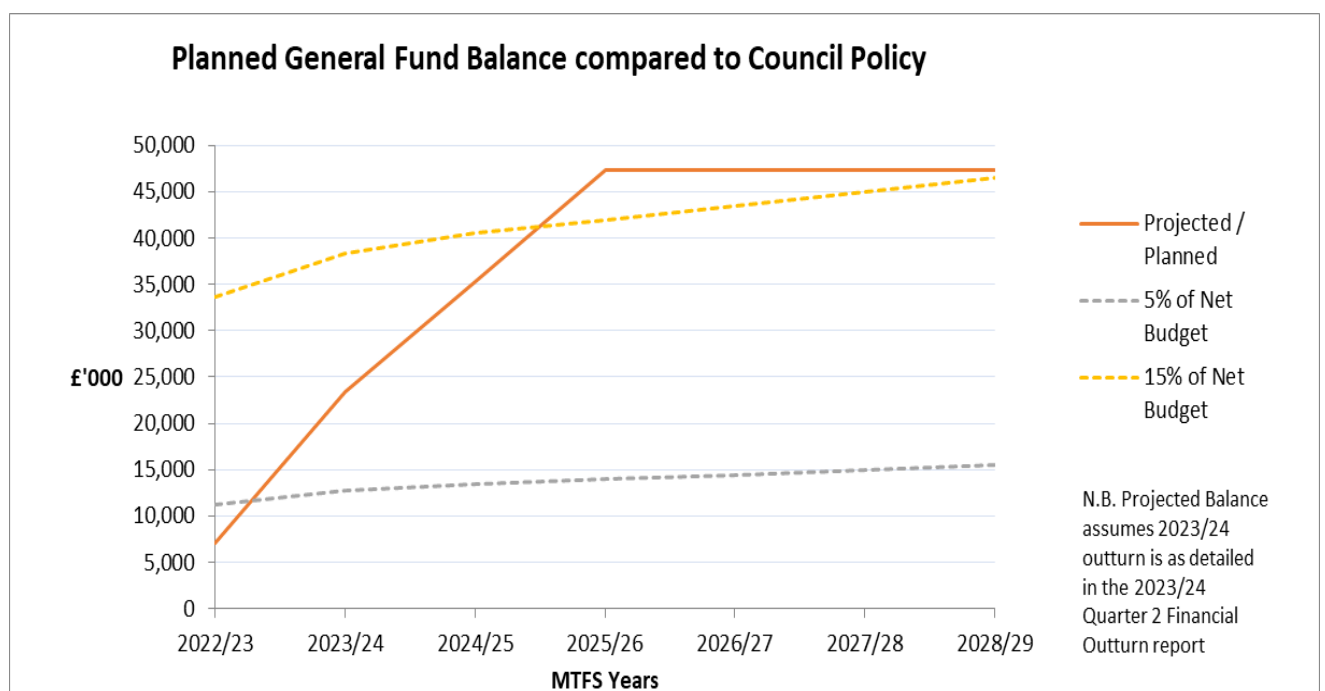
The Council is therefore working to ensure that the General Fund Balance is protected at a level of at least £20m from 2024/25, to ensure a greater level of overall financial resilience and the ability to effectively weather or cushion unanticipated costs. This can be achieved through:

³ [Finance outturn 2022/23](#)

⁴ [MTFS 2023-24 - 2027-28](#)

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

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

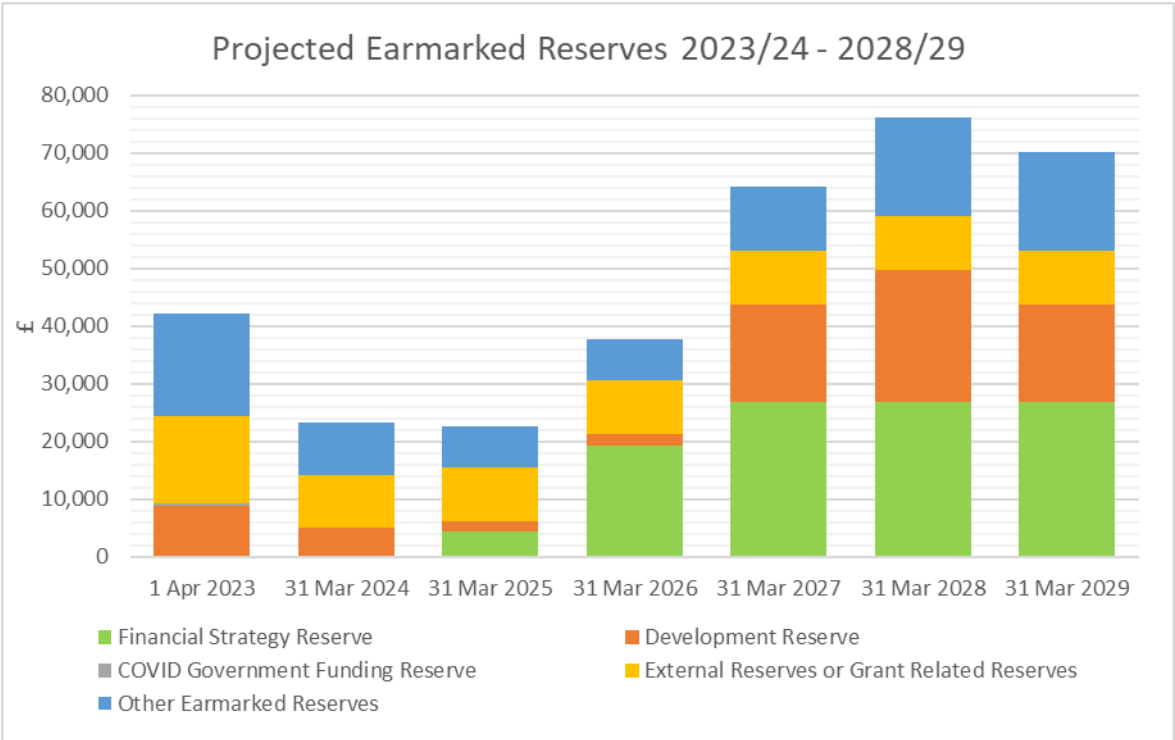


Earmarked Reserves

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

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

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



Appendices



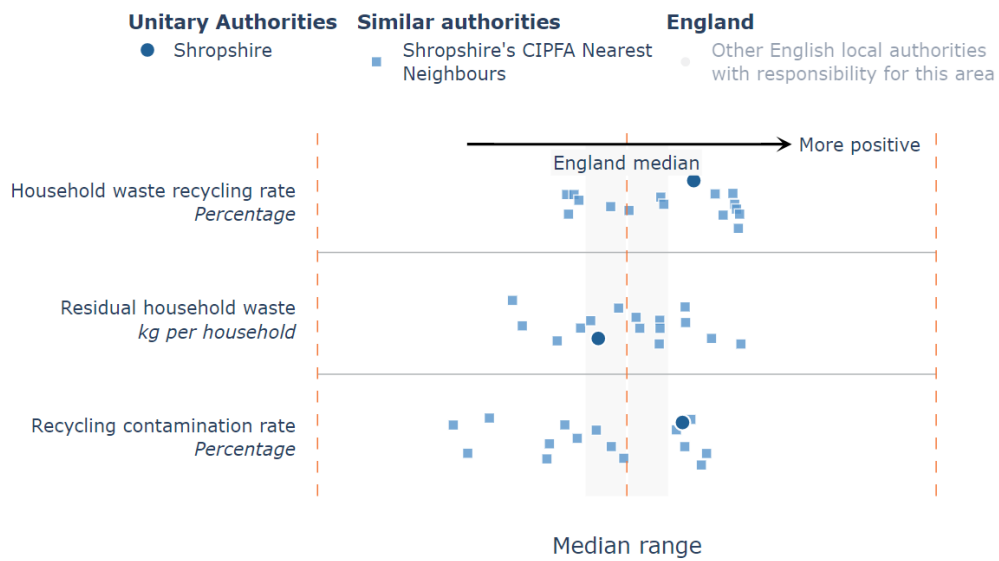
Appendix 1 Benchmarking

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

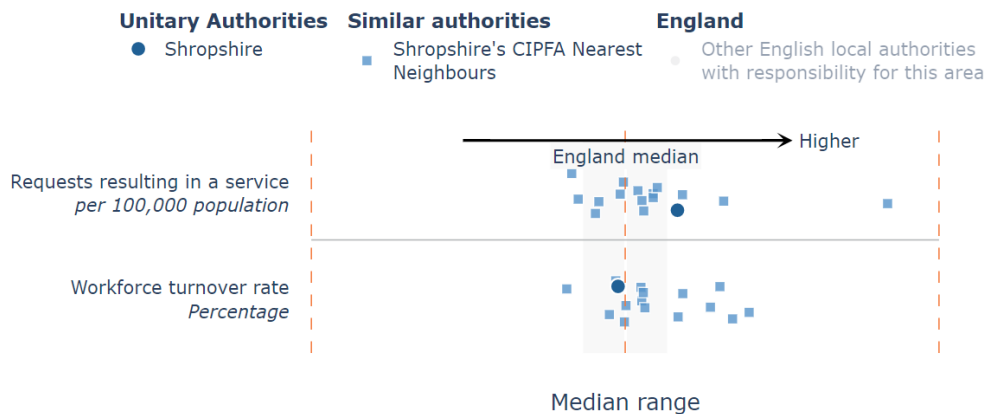
Comparator group: CIPFA Nearest Statistical Neighbours

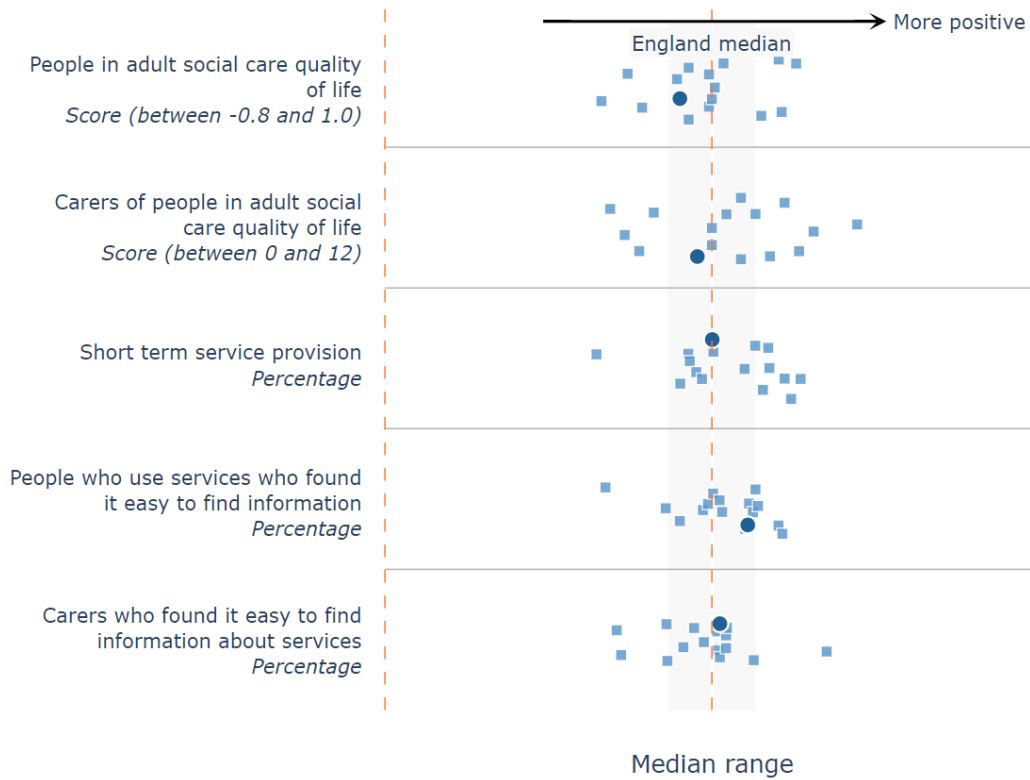
Data: 2021/22 data collection.

Waste and recycling measures:

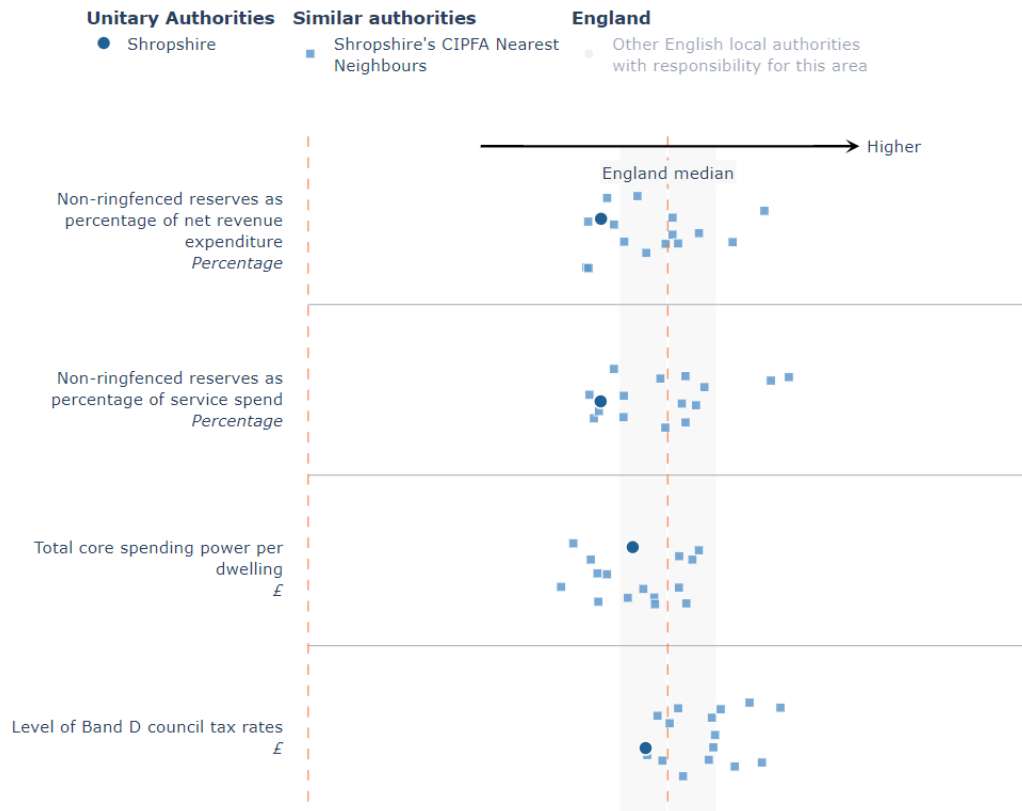


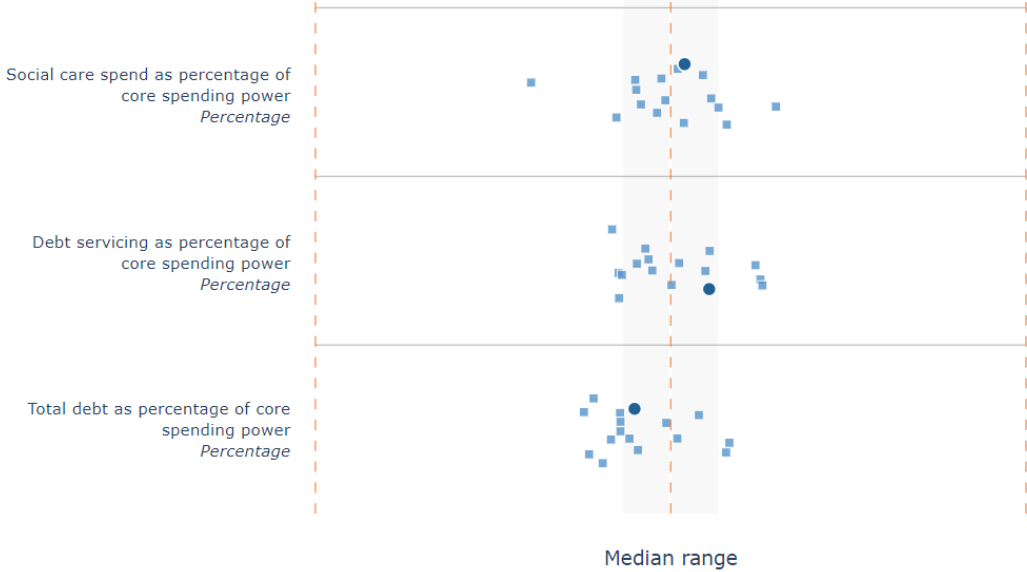
Adult social care measures:





Finance Measures:





Appendix 2 – Proposed resident budget consultation.

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

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

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

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

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

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

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