

MEDIUM TERM FINANCIAL STRATEGY 2025/26 – 2029/30





Foreword

It continues to be a challenging time to be managing services in local Councils. We are significantly stretching the available resources to continue to meet the needs of local people in the best way we can, while also remaining within the limits of the budget.

This Medium Term Financial Strategy (MTFS) update provides our latest view on the current position. We continue to take the view that we can and will work within the available resources, limiting what we can deliver as and when necessary, through a planned process for reducing spending. That was the purpose of the budget for 2024/25, and the MTFS to 2030 helps further shape our understanding of the financial outlook for the council.

A further update will be provided in October, when we will see in more detail the scale of the challenge for 2025/26.

In the meantime, we both commend the hard work of officers as they continue to both improve services and reduce spending at the same time.



Lezley Picton
Leader of the Council



Andy Begley
Chief Executive

Introduction

Over the past year, there's been a series of national media reports detailing the challenges encountered by local government. Symptoms of these struggles include Public Interest Reports, Section 114 Notices, and the need for Government Emergency Financial Support. Various factors are driving this, making it crucial to overhaul how Council staff are directed and organized. As Council members know, we must significantly cut our spending to meet available resources.

The MTFS 2023/24, adopted more than a year ago in March 2023, set a strategy to deliver £51.4m in budget reductions, necessitated by the strains on social care services, partly due to the far-reaching effects of the recent global pandemic and the cessation of resultant funding. At that time, 2024/25 appeared stable, with a relatively small, anticipated funding gap. During the 2023/24 financial year, conflicting dynamics altered the forecast for 2024/25. On one hand, the Council managed to realize a significant portion of its savings goal within the year, securing £41.8m by 31 March 2024 with full-year outcomes expected in 2024/25. On the other hand, mounting inflation and persisting cost of living increases raised expense across the Council, and in particular in Adult and Children's services, impacting immediate and subsequent projections and necessitating a revision of our financial projections.

By the 29th of February, 2024, the Council approved the new MTFS, which included a 2024/25 budget plan requiring savings of £62.5m. Open public consultation played a role in gauging the relative importance of services, and identifying where savings would land. Our objectives and commitments are shaped by The Shropshire Plan, even though the focus inevitably shifted towards achieving financial survival in 2024/25 and financial sustainability only in later years.

Achieving the Strategic Objectives outlined in The Shropshire Plan (TSP) must reflect our local economic landscape and reflect unavoidable service reductions. This will be carefully managed by implementing new ways of working, refining customer experience management, prioritizing digital solutions, and reassessing third-party commissioning and spend. These measures alone may not assure sustainability. We also need to find solutions for relentless growth in service demand and we also need structural reform to local government financing. Nevertheless, the work we are progressing provides a foundation upon which the MTFS will be based.



Gwilym Butler
Cabinet Member
for Finance



James Walton
Executive Director
of Resources

Medium Term Financial Strategy Timeline



Medium Term Financial Strategy Timeline

Following the approval of the 2024/25 -2028/29 Medium Term Financial Strategy in February 2024, work to monitor the delivery of the 2024/25 budget commences as the new financial year begins. Given the increased focus around delivering a sustainable budget position for the Council, initial work began on an indicative Period 0 position, prior to the start of the financial year, and the Council has produced a Period 1 report for Cabinet and Transformation and Improvement Overview and Scrutiny Committee for the first time. Securing a balanced financial position in the current year (2024/25) is a key milestone in delivering the basis for overall financial sustainability across the MTFS period.

The objective in the current year is to secure a sustainable financial position across all coming years, prioritising a secure position and financial survival in the current year as a first step. Whilst monitoring of the 2024/25 budget is a key focus for the Council in this financial year, it is important to also begin work on the 2025/26 – 2029/30 Financial Strategy to ensure that any necessary action is taken to ensure the preparation of a robust and balanced 2025/26 budget and a sustainable financial strategy in the future.

The timeline for developing the 2025/26 – 2029/30 Financial Strategy is outlined in Figure 1 below:

Figure 1 – Development of Medium Term Financial Strategy

| Budget Year | Current Year's Financial Monitoring | Medium Term Financial Strategy Development |
|-------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| APRIL | NEW FINANCIAL YEAR BEGINS | |
| MAY | PERIOD 1 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | |
| JUNE | PERIOD 2 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | ROLL FORWARD MTFS CALCULATIONS TO NEXT 5 YEARS INCLUDING ANY KNOWN SERVICE CHANGES/ISSUES OR GOVERNMENT |
| JULY | PERIOD 3 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | MTFS UPDATE PREPARED (REPORT TO CABINET) |
| AUGUST | PERIOD 4 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | UPDATE INFLATION AND DEMOGRAPHIC PROJECTIONS OVER MTFS |
| SEPTEMBER | PERIOD 5 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | INITIAL IDENTIFICATION OF 2025/26 SAVINGS PROPOSALS |
| OCTOBER | PERIOD 6 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | MTFS UPDATE PREPARED (REPORT TO CABINET) |
| NOVEMBER | PERIOD 7 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | DETAILED BUDGET BUILD UP FOR 2025/26 |
| DECEMBER | PERIOD 8 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT RECEIVED |
| | | COUNCIL TAX BASE PREPARED FOR 2025/26 (REPORT TO CABINET) |
| | | SAVINGS PROPOSALS FOR 2025/26 FINALISED |
| | | MTFS UPDATE PREPARED (REPORT TO CABINET), BUDGET CONSULTATION COMMENCES |
| JANUARY | PERIOD 9 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | ALTERNATIVE BUDGET PROPOSALS CONFIRMED (REPORT TO CABINET) |
| | | FINALISATION OF 2025/26 BUDGET BUILD UP |
| FEBRUARY | PERIOD 10 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT RECEIVED |
| | | MTFS FOR NEXT 5 FINANCIAL YEARS AND 2025/26 BUDGET, INCLUDING CAPITAL STRATEGY AND COUNCIL TAX RESOLUTION (REPORT TO CABINET AND FULL COUNCIL) |
| MARCH | PERIOD 11 MONITORING REPORT PRODUCED FOR 2024/25, INCLUDING SAVINGS DELIVERY | COUNCIL TAX BILLS ISSUED FOR 2025/26 |
| | 2024/25 FINANCIAL YEAR CLOSES | |

Medium Term Financial Strategy

Significant Updates



Shropshire Plan Objectives and Financial Sustainability

Shropshire Council is now in the final year of delivery of The Shropshire Plan (2022-2025). Meanwhile the financial position of the council remains highly challenging. One of the key strategic objectives within the Healthy Organisation priority is to “align our resources” by putting our resources in the right place using accurate data, insights, and evidence to support the delivery of the organisation’s priorities, and balance the books. This is extremely challenging given several factors that can impact on the Council’s financial position. The overall financial position has been analysed into seven separate areas that underpin the strategic risk "Inability to Contain overall committed Expenditure within the Current Available Resources within this Financial Year”:

1. **Sufficient savings not being realised in-year** – The Council has a requirement to deliver £62.5m in 2024/25 on an ongoing basis, in order to put the Council on a more sustainable footing in future financial years. To track delivery against the targets, savings trackers have been created with increased visibility across the Council of the latest delivery position. These also track whether savings have been delivered on a one-off basis for 2024/25 or an ongoing basis, to enable the impact of the medium term financial strategy to be identified. In 2023/24 several savings were delivered on a one-off or a non-sustainable basis (turnover levels and holding vacancies), and these savings are continuing to be monitored to ensure that they are found on a permanent basis. Officers are focussed on managing the entirety of the savings to be delivered in a sustainable way, including the £62.5m identified this financial year.
2. **Demand in social care is higher than budgeted** – In 2023/24 the Council experienced increasing demand for Adults and Children’s Social Care, which outstripped the budget allocation provided. To address this significant growth was added to the social care budget offset by several demand management initiatives implemented to reduce the demand for social care into the future, including early help and preventative measures. There have been significant developments in tracking the data in relation to social care demand and aligning this with the budget so that any budget pressures arising in this area can be fully understood and the impact of demand mitigation plans can be seen and evidenced.
3. **Other unforeseen unbudgeted financial pressures arise** – Each year when setting the budget, the S151 Officer considers the robustness of estimates included within that budget, to ensure that all known factors have been included and considered when setting the budget. As we move into delivery of the budget, however, it is possible that demand for services or the wider environment may create unforeseen budgetary pressures. Financial dashboards are available to all budget holders to track spend and income against the budget, so that any budget pressures arising can be identified immediately and mitigating action taken.
4. **Capital receipts are not sufficient to cover redundancy costs, transformation costs (PwC and staffing) and capital programme**

requirements – Capital receipts will be used in 2024/25 to fund transformation costs and redundancy costs, however the estimated level of capital receipts required in 2024/25 is £49.662m, of which £12.383m is ringfenced to specific requirements (e.g. HRA or DSG property) – see table below.

Current estimates show projected receipts in-hand of £16.309m, comprising £15.175m brought forward from 2023/24 and £1.133m projected to be realised in-year. This therefore leaves further capital receipts of £33.354m to be delivered for 2024/25. A further £20.959m of surplus assets have been earmarked for disposal but do not yet have clear disposal plans in place.

This is the current summary position, but actual levels of receipts required in-year is subject to change and driven by actual scheme delivery and the progress of transformation activities during the year. Where schemes requiring funding from capital receipts cannot be so funded, borrowing will be required. Where transformation costs progress to a level beyond available capital receipts, this will be a pressure to the revenue budget.

| | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|----------------------------------------------------------------------------------------|-------------------|---------------------|---------------------|---------------------|
| Corporate Resources Allocated in Capital Programme | 14,182,250 | 8,893,385 | 4,100,000 | 525,346 |
| Capital Programme Ring-fenced receipt requirements | 12,383,333 | 19,860,627 | - | - |
| Transformation activities | 23,097,181 | - | - | - |
| Total Commitments | 49,662,764 | 28,754,012 | 4,100,000 | 525,346 |
| Capital Receipts in hand/projected: | | | | |
| Brought Forward in hand | 15,175,259 | - 33,353,622 | - 62,042,634 | - 66,077,634 |
| Generated 2024/25 YTD | - | - | - | - |
| Projected - 'Green' | 1,133,884 | 65,000 | 65,000 | 65,000 |
| Total in hand/projected | 16,309,142 | - 33,288,622 | - 61,977,634 | - 66,012,634 |
| Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward | 33,353,622 | 62,042,634 | 66,077,634 | 66,537,980 |
| Further Assets Being Considered for Disposal (Amber/Red) | 20,959,391 | 26,481,440 | 7,500,750 | 10,283,182 |

- External factors leading to increased cost pressures (e.g. reviews by Ofsted, CQC, DfE (SEND) review; unanticipated geo-political events renew inflationary pressures; a further epidemic)** – In the last 12 months the Council has been subject to an Ofsted and CQC visit, and it is possible that if actions are required to address any recommendations made from external bodies, then this could result in increased in-year costs for the Council. Also, as has been experienced over the last 24 months, it is possible that instability in international economies can impact directly on the UK economy and inflationary pressures in the market. Where this occurs, the Council has to react by trying to identify compensatory measures to bring the budget into balance.
- Project risks (e.g. capital projects impacting on revenue, including payback of grant)** – The Council plans to undertake some large scale capital projects in a bid to deliver key objectives within The Shropshire Plan. As can happen with large scale projects, there are several risks relating to delivery within budget and timescale, including external factors that may impact on this. Should the Council be unable to progress existing major projects, and should an asset no longer be

developed, any capital expenditure incurred on the project to date would need to fall back on the revenue budget. In this scenario, this could cause a significant budgetary pressure the Council would be unable to mitigate without external support.

7. **Cashflow with stalled liquidity (no/low cash position leads to late supplier or staff payments)** – the cashflow position for the Council needs to be carefully managed, particularly given that the level of reserves and balances have reduced over the last two years. Therefore, it is essential to ensure that the Council remains liquid at all times to ensure that it has the necessary funds to enable it to meet any financial commitments.

Medium Term Financial Strategy – Key Assumptions

The 2024/25 – 2028/29 Financial Strategy, approved by Council in February included several key assumptions for resources and expenditure in future financial years. As the Council works through the development of the 2025/26 Budget and five year financial strategy to be approved next February, it essential that these assumptions are always reviewed, to ensure that the financial position of the organisation is accurately portrayed.

Detail of the review of the key assumptions for Resource Projections are set out in Table 1.

Table 1 : Review of Key Assumptions for Resources

| Resources | Assumption as Included in Financial Strategy Approved in February 2024 | Proposed Revision to Assumption |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Council Tax | 1.99% increase to Council Tax and 1% increase to Social Care Precept. A 1.20% increase in the taxbase is assumed. | If the Government hold Council tax referendum levels as per the last 2 years, there is the potential to increase council tax to 2.99% and the ASC precept to 2%. However, until the government is formed following the general election, and confirmation is received around permitted council tax increases, it is proposed that this remains under review. |
| Business Rates | Growth of 0.8% and multiplier increase of 1% assumed. | No change proposed, until the government confirms business rate reliefs to continue. |
| Top Up Grant | Grant remains cash flat from 2024/25 level received | No change proposed. |
| Revenue Support Grant | Grant inflated by 2% each year. | No change proposed given inflation, levels currently sitting near 2% |
| Collection Fund Surplus/Deficit | Nil value | Will remain at nil value until estimated collection fund outturn can be accurately predicted in January. |
| Core Funding | Improved Better Care Funding assumed inflationary increase each year New Homes Bonus assumed will no longer be paid by government Rural Services Delivery Grant assumed would be cash flat from 2024/25 amount received Social Care Support Grant assumed would be cash flat from 2024/25 amount received | Inflationary increase removed as has been cash flat now for several years No change proposed No change proposed No change proposed |

| Resources | Assumption as Included in Financial Strategy Approved in February 2024 | Proposed Revision to Assumption |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Market Sustainability and Improvement Funding assumed would no longer be paid as government only committed to 2022/23-2024/25.</p> <p>Discharge Funding assumed would no longer be paid as government only committed to 2023/24-2024/25.</p> <p>Service Grant assumed would be no longer paid as has been reducing last 2 years.</p> | <p>It is likely that all Social Care grants paid will be reviewed by the new government following the general election, so await this review before amending this assumption.</p> <p>It is likely that all Social Care grants paid will be reviewed by the new government following the general election, so await this review before amending this assumption.</p> <p>No change proposed</p> |
| Local Income | <p>Fees and charges, other grants and contributions and internal recharges assumed same level as 2024/25</p> <p>Specific Grants are projected based on known grants that are continuing into 2025/26.</p> | <p>More detailed review will be done when setting 2025/26 budget, so will be updated in February</p> <p>Will be updated in February as the government provides grant notifications for 2025/26 and beyond.</p> |

The only change to assumptions currently played into the Resources projections for 2025/26 and beyond is the removal of inflation from the Improved Better Care Fund. The impact of this is shown in Figure 2 below:

Figure 2: Movement in Resources Projections for 2025/26

| Estimated Resources | 2025/26 @ Feb Council £ | Movement £ | 2025/26 @ Jul Cabinet £ |
|--------------------------------------------------------------------------|-------------------------------|-----------------|-------------------------------|
| Council Tax | 213,771,382 | 0 | 213,771,382 |
| Business Rates: | | | |
| Business Rates Collected | 40,458,919 | 0 | 40,458,919 |
| Business Rates - Energy Renewable Schemes | 1,000,000 | 0 | 1,000,000 |
| Top Up Grant | 10,924,574 | 0 | 10,924,574 |
| RSG | 8,213,207 | 0 | 8,213,207 |
| Collection Fund: | | | |
| Council Tax | 0 | 0 | 0 |
| Business Rates | 0 | 0 | 0 |
| NET BUDGET | 274,368,082 | 0 | 274,368,082 |
| Grants included in Core Funding: | | | |
| Improved Better Care Fund | 12,219,305 | -355,902 | 11,863,403 |
| New Homes Bonus | 0 | 0 | 0 |
| Rural Services Delivery Grant | 8,982,153 | 0 | 8,982,153 |
| Social Care Support Grant | 28,850,166 | 0 | 28,850,166 |
| Market Sustainability and Improvement Funding | 0 | 0 | 0 |
| Discharge Funding | 0 | 0 | 0 |
| Services Grant | 0 | 0 | 0 |
| CORE FUNDING | 324,419,707 | -355,902 | 324,063,805 |
| Local Income | | | |
| Fees and charges (including income savings deliverable from prior years) | 98,525,470 | 0 | 98,525,470 |
| Other Grants and contributions | 36,829,400 | 0 | 36,829,400 |
| Specific Grants (excluding Core Funding Grants above) | 230,091,704 | 0 | 230,091,704 |
| Internal Recharges | 11,574,290 | 0 | 11,574,290 |
| TOTAL FUNDING | 701,440,571 | -355,902 | 701,084,669 |

Detail of the review of the key assumptions for Expenditure Projections are set out in Table 2.

Table 2 : Review of Key Assumptions for Expenditure

| Expenditure | Assumption as Included in Financial Strategy Approved in February 2024 | Proposed Revision to Assumption |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation | <p>Pay inflation was assumed at 3%</p> <p>Contract and Corporate Landlord inflation assumed at 2.5%.</p> | <p>Given the 2024/25 pay offer being lower than had been originally anticipated, and inflation reducing in the economy, pay inflation has been revised down to 2.5%.</p> <p>Detailed work will be carried out on contract and corporate landlord inflation in the Autumn, therefore no change currently proposed.</p> |
| Demography & Demand | <p>Adult Social Care growth of 7.6% assumed</p> <p>Childrens Social Care assumed to grow on same basis as 2024/25.</p> | <p>No change proposed at this time. Detailed demography and demand calculations for 2025/26 will be calculated over the summer and will be revised in October MTFS update.</p> |
| Service Specific Pressures | <p>Reduction in growth as agreed in prior years</p> | <p>No change proposed.</p> |
| Local Generated Pressures | <p>Cost of Election included for 2025/26 only as per 4 year election cycle</p> <p>Specific grant changes as per know notifications to grants as per February 24</p> <p>Ongoing reduction in New Homes Bonus based on resources reduction</p> <p>Estimated Cost of Investment is based on known increases to prudential borrowing</p> <p>Contribution to General Fund assumes no further contribution from 24/25 level.</p> | <p>No change proposed</p> <p>Improved Better Care funding amended in line with resource projections. Also included additional growth for Rural Services Delivery Grant that had been previously contributed direct to General Fund.</p> <p>No change proposed</p> <p>No change proposed – will be updated later in year following md year capital strategy review.</p> <p>Reduce contribution by additional Rural Services Delivery Grant received in final settlement, so this can be used to help reduce the funding gap.</p> |

| Expenditure | Assumption as Included in Financial Strategy Approved in February 2024 | Proposed Revision to Assumption |
|-------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| | MTFS reserve one off contribution. | No change proposed. |
| Savings | Savings identified as per savings identification work taken out in February 2024. | No change proposed but will be reviewed alongside delivery of 2024/25 savings for future revisions to MTFS. |

The impact of the changes to expenditure assumptions as detailed above are set out in Figure 3.

Figure 3: Movement in Expenditure Projections for 2025/26

| Estimated Expenditure | 2025/26 @ Feb | | 2025/26 @ Jul |
|-------------------------------------------------|--------------------|-------------------|--------------------|
| | Council £ | Movement £ | Cabinet £ |
| Original Gross Budget Requirement | 761,650,104 | 0 | 761,650,104 |
| Inflationary Growth : | | | |
| Pay | 4,499,091 | -749,848 | 3,749,242 |
| Apprenticeship Levy | 14,930 | 0 | 14,930 |
| Corporate Landlord inflation | 200,706 | 0 | 200,706 |
| Contract inflation | 3,070,051 | 0 | 3,070,051 |
| Demography & Demand | 15,428,710 | 0 | 15,428,710 |
| Service Specific Pressures: | | | |
| Revenue Growth arising from capital programme | -400,000 | 0 | -400,000 |
| Local Generated Pressures: | | | |
| Elections | 700,000 | - | 700,000 |
| Specific Grants Changes between years | -21,434,159 | 868,937 | -20,565,222 |
| Ongoing reduction in New Homes Bonus (pressure) | 1,747,510 | 0 | 1,747,510 |
| Estimated Cost of Investment - <i>Approved</i> | 3,104,000 | 0 | 3,104,000 |
| Contribution to General Fund | 0 | -1,224,839 | -1,224,839 |
| MTFS reserve (savings slippage/optimism bias) | 10,750,000 | 0 | 10,750,000 |
| Savings | | | |
| <i>TOM Budget Savings</i> | <i>-2,135,000</i> | <i>0</i> | <i>-2,135,000</i> |
| <i>Reduce Cost Budget Savings</i> | <i>-4,078,863</i> | <i>0</i> | <i>-4,078,863</i> |
| <i>Manage Demand Budget Savings</i> | <i>-430,000</i> | <i>0</i> | <i>-430,000</i> |
| <i>New Income Budget Savings</i> | <i>-1,622,000</i> | <i>0</i> | <i>-1,622,000</i> |
| <i>Stop/Cease Budget Savings</i> | <i>-3,447,010</i> | <i>0</i> | <i>-3,447,010</i> |
| TOTAL EXPENDITURE | 767,618,070 | -1,105,751 | 766,512,320 |

Summary Financial Position for Shropshire

The current projection for 2025/26 shows a funding gap of £17.699m as set out in Figure 4.

Figure 4: Funding Gap over the Medium Term Financial Strategy

| Funding Gap | 2025/26 £ | 2026/27 £ | 2027/28 £ | 2028/29 £ | 2029/30 £ |
|---------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Resources (incl savings plans) | 701,084,669 | 718,862,563 | 732,731,977 | 747,171,462 | 762,435,965 |
| Expenditure (incl savings plans) | 766,512,320 | 791,460,558 | 812,516,994 | 833,225,165 | 862,051,012 |
| Gap in year | 65,427,651 | 72,597,995 | 79,785,018 | 86,053,703 | 99,615,047 |
| One off Grants & Reserves: | | | | | |
| Improved Better Care Funding | -9,896,143 | -9,896,143 | -9,896,143 | -9,896,143 | -9,896,143 |
| Rural Services Delivery grant | -8,982,153 | -8,982,153 | -8,982,153 | -8,982,153 | -8,982,153 |
| Social Care Grant - One Off | -28,850,166 | -29,715,671 | -30,607,141 | -31,525,355 | -32,471,116 |
| TOTAL ONE OFF FUNDING | -47,728,462 | -48,593,967 | -49,485,437 | -50,403,651 | -51,349,412 |
| Remaining Gap/(Surplus) to be Funded | 17,699,189 | 24,004,028 | 30,299,580 | 35,650,051 | 48,265,635 |
| Increase in Funding Gap per Year | 17,699,189 | 6,304,840 | 6,295,552 | 5,350,471 | 12,615,583 |

As with any financial strategy, there are several risks and opportunities around the figures presented, and further details and clarity will be realised later in the financial strategy development. The key risks and opportunities identified at this early stage of the process are as follows.

Opportunities:

- Council tax levels permitted are greater than existing assumptions (e.g. 4.99% rather than 2.99%). This would generate an additional £4.152m
- Social care grant allocations are reviewed by the new government following the general election and market sustainability and improvement funding and discharge funding are announced to continue at similar levels to that received in 24/25. This would provide an additional £8.870m.

Risks:

- Current Savings delivery for 2024/25 indicate one off savings delivery of £8.359m. There is a risk that permanent ongoing savings cannot be identified to this level and so these savings are to be removed on an ongoing basis, creating a new pressure.
- There is currently £24.077m of savings in 2024/25 that are classified as not yet planned. Of these, it is anticipated the impact into 2025/26 if not delivered ongoing would be £24.028m.

As seen above the opportunities provided to the Council, are dependent on external factors including decisions made by the Government, following the general election. The risks however are very much in the Council's hands as this relates purely to savings delivery and so it is imperative that the Council's key focus is on delivering the 2024/25 savings on an ongoing basis, not only for the 2024/25 year, but also to prevent further budgetary problems rolling forward to 2025/26. Alongside this, it is imperative that plans commence to address the £17.7m funding gap already identified in Figure 4.

Financial Stability – Reserves and Balances



General Fund Balance

The General Fund Balance (GFB) held as at 1 April 2024 is £38.8m. The balance held of £38.8m is comprised of £8.2m brought forward (as set out in the 2023/24 Finance Outturn report) plus £30.6m contribution identified in the 2024/25 budget. The Council is working to ensure that the General Fund Balance is protected at a level of at least £30m from 2025/26, to ensure a greater level of overall financial resilience. This can be achieved through: - contributions into the balance (as above) and measures to reduce future calls on the GFB such as wider rebalancing of council budgets. Scope exists for a further contribution of £29.4m to the GFB in at the start of 2025/26, but this is under review.

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 remained at zero in 2023/24. The March 2024 MTFS assumed a £4m contribution in 2024/25 and £15m in 2025/26. The total value in Earmarked Reserves as at 1 April 2024 was £28.1m (excluding schools related reserves). The Council's March 2024 financial strategy includes provision to replenish reserves in the future, although the exact level will depend on the progress made in rebalancing the budget. This will start to move Shropshire from being a significant outlier compared to benchmark and afford the Council the resources to deal with unexpected challenges, and the potential investment in further transformation and improvement of its services.