

# MEDIUM TERM FINANCIAL STRATEGY 2025/26 – 2029/30

February 2025



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# 1. Foreword and Introduction



# Foreword

The business of local government has seldom been more challenging.

We exist as an organisation to deliver needed and valued services to our local residents. Our annual budget sets out how we intend to achieve that, putting financial values to our operational plans. The budget sometimes feels very ‘inward’ looking – but that is not the case: our budget is firmly focussed on service delivery – how we can deliver the best possible services and outcomes for our residents with the resources at our disposal. That we open this process out transparently to public scrutiny is therefore right and proper – we never forget our core purpose, which is to meet the needs of local people.

As an organisation, this Council has delivered a level of spending reductions in recent years which is entirely unprecedented; £41m delivered in 2023/24, over £48m (and counting) delivered in 2024/25. There is more to come. Although I would hope that many of our residents have not noticed these savings being delivered; much of this is about reducing future costs, or “cost avoidance”, rather than reducing services offered where possible.

It would be a surprise if we brought forward a budget and MTFs which focused on investment, expansion, and growth – we simply do not have the resources available to do that. Our focus is instead on remaining true to our plans and on ensuring we continue to meet residents’ needs in the best way we can. In doing so, we continue to be guided by the vision set out in The Shropshire Plan. We are committed to providing the best possible services for residents and visitors within the resources set for us by Government. We are clear in our conviction that local government officers guided by the policy decisions of local councillors provide the best way to identify and meet local needs.

The budgets in the future will include many unpalatable actions – many proposals we do not want to implement, but which we must do if we are to avoid a financial crisis. This council will endure, and we will position ourselves – councillors and officers alike – to secure the best future for our residents that we possibly can; a future characterised by being efficient, sustainable, and modern in all our operations. Despite the challenges we face, we are proud to bring forward a budget which plans for that better future.

We extend our deep gratitude to all councillors and staff who continue to work hard for the benefit of local residents, and who have worked collaboratively to prepare this financial strategy.



**Lezley Picton**  
Leader of the Council



**Andy Begley**  
Chief Executive

# Introduction

This financial strategy is a reflection of the many strategies and policies the Council holds, ensuring that the Council's finances are aligned to the delivery of the objectives of The Shropshire Plan through the coming years. It presents a clear route which, if followed carefully, can secure a much-improved financial position in future years. Our priority is to focus on the strategic objective to 'Align our Resources' and to do this we must deliver a balanced budget, the foundation for a healthy organisation.

Management of local government has never been more challenging than it is at present. Councillors and officers have worked intensively and collaboratively to prepare a budget which, while unpalatable, is deliverable. Our thanks to everyone who has participated in this spirit.

We have stretched financial management to its limits to protect frontline services for residents. Funding for local government has increased by 6.1% on average into 2025/26, but this council will only see an increase a little over half that rate. We will continue to prioritise transformation, operational efficiency, and meeting needs at the earlier opportunity (demand management). We must also plan to reduce supply chain spending (and our carbon footprint within this) and our overall staffing levels if we are to be confident in being able to deliver a balanced budget.

In common with all other councils, we have a legal duty to deliver 'best value'. This means that we must take every opportunity to secure value for taxpayer money – reducing costs, improving operational efficiency, and delivering the best outcomes that we can. This MTFS sets out how we plan to secure best value at the same time as supporting the delivery of all other powers and duties placed upon local government.



**Gwilym Butler**  
Cabinet Member for Finance,  
Corporate Resources &  
Communities



**James Walton**  
Executive Director of Resources,  
S151 Officer

## 2. Outlook for the Council



## 2.1 Context – The Shropshire Plan

On 12th May 2022, the Council approved The Shropshire Plan which sets out its vision and key priorities for the coming years. This document has shaped where the Council prioritises its activities and removes or reduces work where this does not directly support the objectives of the plan. This Financial Strategy is fully aligned to The Shropshire Plan to ensure that the Council resources are deployed to only those areas of priority. The Plan remains under review to ensure its ongoing relevance and work to refresh the Shropshire Plan will commence following the local election in May 2025. The existing Plan objectives remain unchanged since 2022, albeit the current financial pressures may mean that some objectives can no longer be achieved as rapidly as had been hoped.

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

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

*Figure 1: Priorities within the Shropshire Plan*



## **2.2 Financial Outlook – National and Local**

The financial outlook for the Council is exceptionally challenging. Councillors and Officers comment that the challenges of recent years are the most severe in living memory. The previous national government did not implement much needed local government financial reform or align funding to demand pressures. The new national government has brought focus to support urban deprivation and the added cost that brings to those councils affected – but needs to remember that rural councils have real pressures as well.

The challenges faced by the Council, in common with other councils, focus on the financial pressures arising from demand for social care support (including, but not limited to, older and working age adults, children and younger adults, those in need of housing support and temporary accommodation).

The fundamental challenge is that the level of funding available is determined by Government and is lower than is likely to be required to maintain services in 2025/26 at the same level as they were provided in 2024/25, delivering ongoing deterioration. Councils of all types are having to increase council tax to bring in desperately needed funding next year, but the increase is capped by government and Councils are still forced to make further cuts to services.

### **2.2.1 Settlement 2025/26**

The financial settlement for local government as a whole was confirmed in early February 2025, ahead of the 2025/26 financial year. This is summarised below. This shows a £4.5bn or 7.5% overall increase in the funds available to local government from 2024/25 to 2025/26 - a welcome increase albeit to the detriment of Shropshire compared to other authorities.

Of this, there is a 6.1% increase in the anticipated level of Council Tax receipts available to councils (national government continues to expect that local councillors all agree to the maximum permitted increase in council tax, including a 2.99% maximum increase in the basic rate and a 2% increase (where applicable) on the amount for the Social Care Precept, with the addition of an estimated 1.2% increase in the council tax base across England). Council Tax receipts will therefore rise from £36bn to £38bn.

The increase in the remaining funding, provided through Government, is from £28.8bn in 2024/25 to £31.1bn in 2025/26. The amount available from Government was increased by £0.52bn between the provisional settlement (published in December) and the final settlement (published in February). This funding related to the employer national insurance contributions grant and an increase to the Children's Social Care Prevention Grant. The summary table shows that the local to national share of local government funding has remained largely consistent from 2024/25 to 2025/26, with 55% of local government funding coming from local Council Tax and 45% coming through Government grants (including the mechanisms around the Settlement Funding Assessment, which contain amounts for retained Business rates, the top-up/tariff provisions, and therefore baseline funding).

The increase in funding from 2024/25 to 2025/26 was set out in the provisional settlement as £2.24bn from Council Tax increases (local funding) and £1.74bn from

Government funding. The level of government funding was increased at the final settlement by the £0.52bn as mentioned above.

£m	2024/25	Local/ National share	2025/26	Local/ National share	% change	Growth
<b>Council Tax funding</b>	36,153	56%	38,312	55%	6.1%	2,241
<b>Other</b>	28,829	44%	30,572		6.9%	1,744
<b>Employer national insurance contributions grant</b>			502	45%	N/A	502
<b>Children's Social Care Prevention additional</b>			20		N/A	20
<b>Total</b>	<b>64,982</b>	<b>100%</b>	<b>69,406</b>	<b>100%</b>	<b>7.5%</b>	<b>4,507</b>

Figure 3 - national funding for local government in England (source: DLUHC)

National Core Spending Power by component (£m)	2024/25	2025/26
Council tax	36,153	38,312
Baseline Funding Levels	14,889	14,624
Social Care Grant	5,044	5,924
Compensation for under-indexing the business rates multiplier	2,581	2,696
Improved Better Care Fund	2,140	2,640
Revenue Support Grant	1,674	2,217
ASC Market Sustainability and Improvement Fund	1,050	1,050
Recovery Grant	0	600
Employer National Insurance Contributions Grant	0	502
New Homes Bonus	291	290
Children's Social Care Prevention Grant	0	270
Domestic Abuse Safe Accommodation Grant	130	160
Funding Floor	0	121
Rural Services Delivery Grant	110	0
ASC Discharge Fund	500	0
Funding Guarantee	269	0
Services Grant	87	0
Grants rolled in	64	0
<b>TOTAL</b>	<b>64,983</b>	<b>69,406</b>

Figure 4 - confirmed overall settlement for local government in England, 2025/26 (source: DLUHC)

In terms of expenditure, local government spends an increasing percentage of all service budgets on social care, and proportions available for other service budgets such as transport, cultural and leisure services and planning have reduced. This had led to an increased reliance on charges for services (fees and charges<sup>1</sup>) to support aspects of 'place-based' services, as well as some areas of social care.

As in previous years, this funding has been allocated on a 'one-off' basis – indeed, this is now the seventh successive settlement which has been primarily for one year only and

<sup>1</sup> See also the fees and charges proposals for 2025/26.

largely 'rolled-over' many of the funding streams from one year to the next. The local government sector as a whole continues to lobby government for greater forward-intelligence into likely funding levels, to ensure that we can provide better stability and value for money in our services.

The more detailed review and revision of funding distribution (promised by the previous government as part of the 'Fair Funding Review', later the 'needs and resources' review) is now being planned for delayed implementation in 2026/27.

### 2.2.2 Balance of funding

Figure 5 below demonstrates that the proportion of national funding within the Core Spending Power has decreased from 47% to 45% over a nine year period with increased reliance now on local authorities to raise funding locally instead by raising council tax. This shows that between 2022/23 and 2025/26 national funding is starting to increase as a proportion of overall funding.

The detailed analysis of funding within Core Spending Power is detailed in Figure 6 below which shows that the Revenue Support Grant has reduced significantly. It also demonstrates the introduction of social care funding by the government over the last seven years to its greatest level in 2023/24, but this in no way compensates for the loss in Revenue Support Grant that has been experienced alongside increased demand for these services over the six year period. Instead, local authorities have increased council tax in an attempt to bridge the funding gap.

Figure 5: Balance of Funding – National Picture

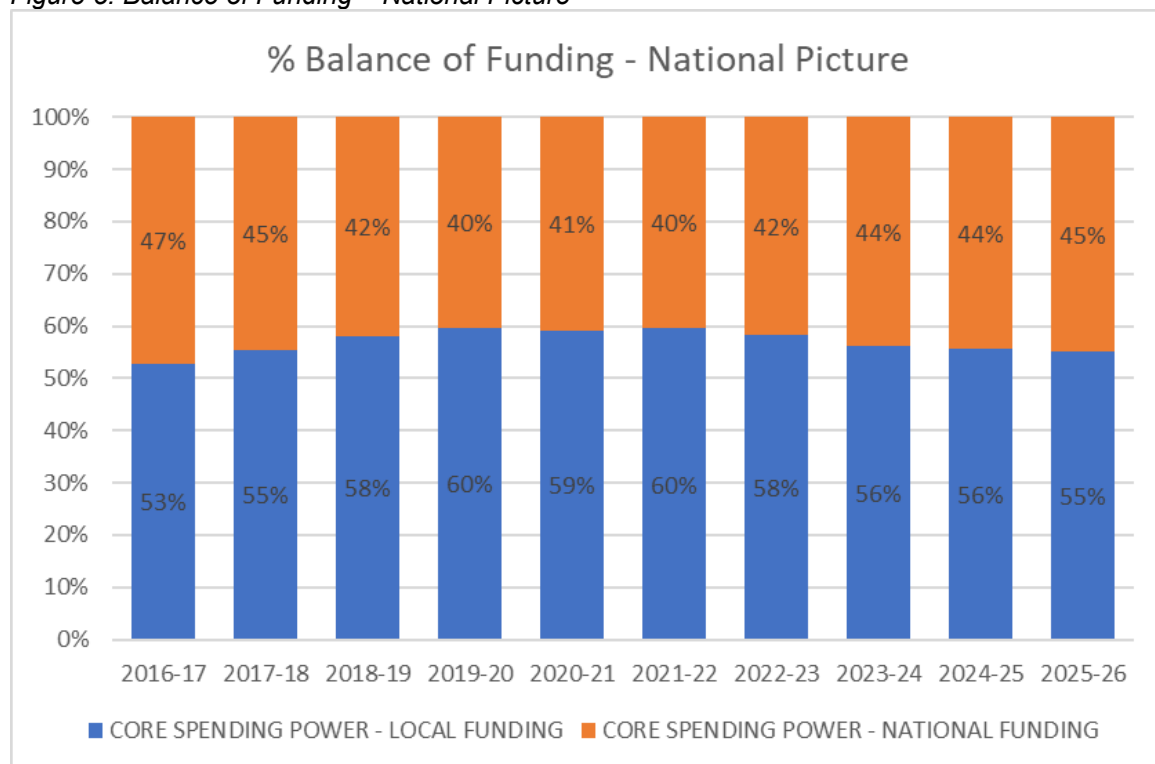
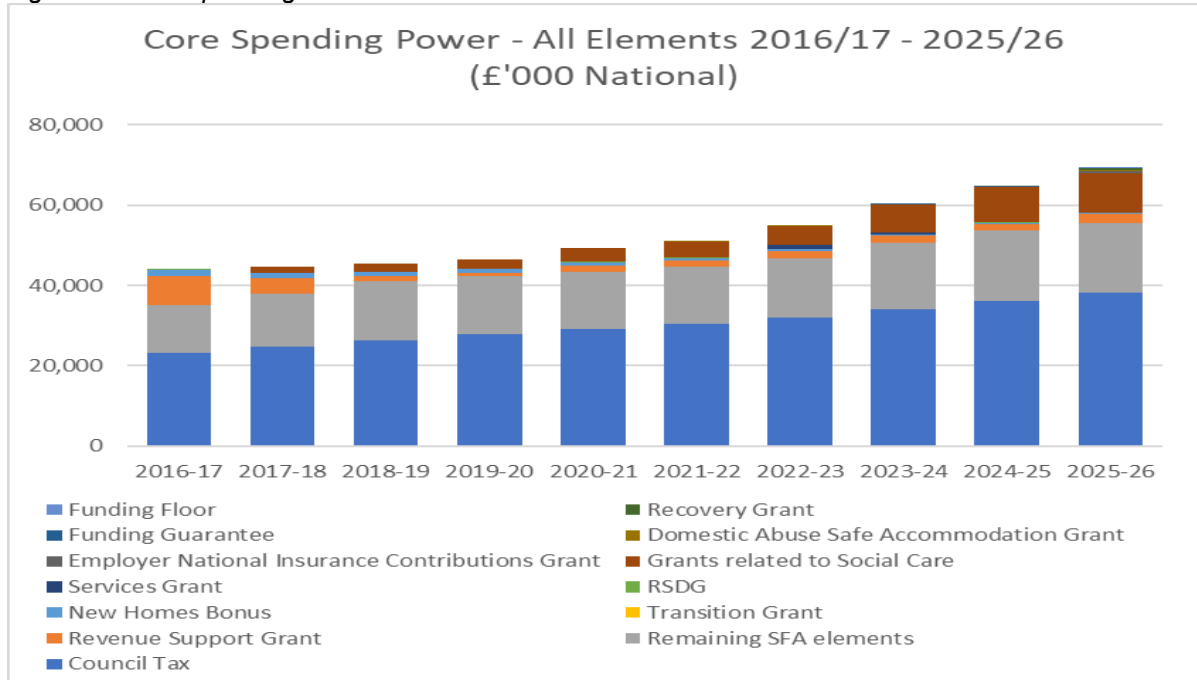


Figure 6: Core Spending Power – All Elements



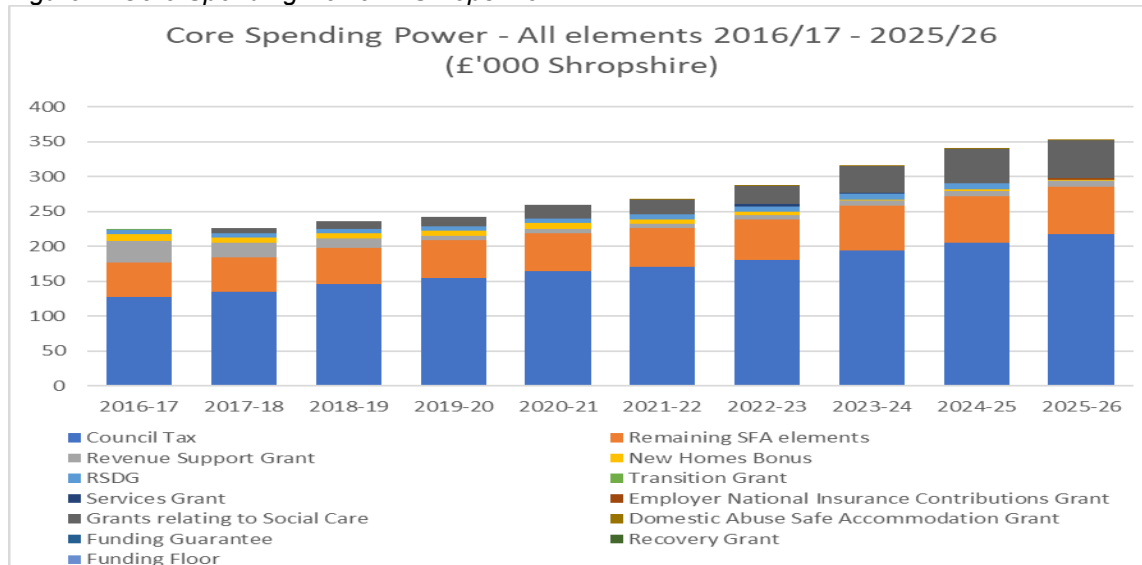
## 2.2.4 Local Context

Over the last nine years, Shropshire Council's core spending power has changed from £224.8m to £350.6m. The difference between the CSP value and the value of the net budget used by the council is primarily specific government grants, which are attributable to specific service areas.

As shown in Figure 7 below, core spending power has increased marginally by an average of just over 6% per year over a nine-year period. The constitution of the funding for the Council has altered significantly over this period and the overall level of growth is fundamentally driven by Council Tax.

Revenue Support Grant has reduced by 72% over the nine-year period and removed £22.9m from the Council's resources. The Government has instead started to introduce specific Social Care Grants, to assist with the increased demand for these services, however the Council has also had to raise council tax (including a Social Care Precept) to the maximum level over this period to help fund these increases.

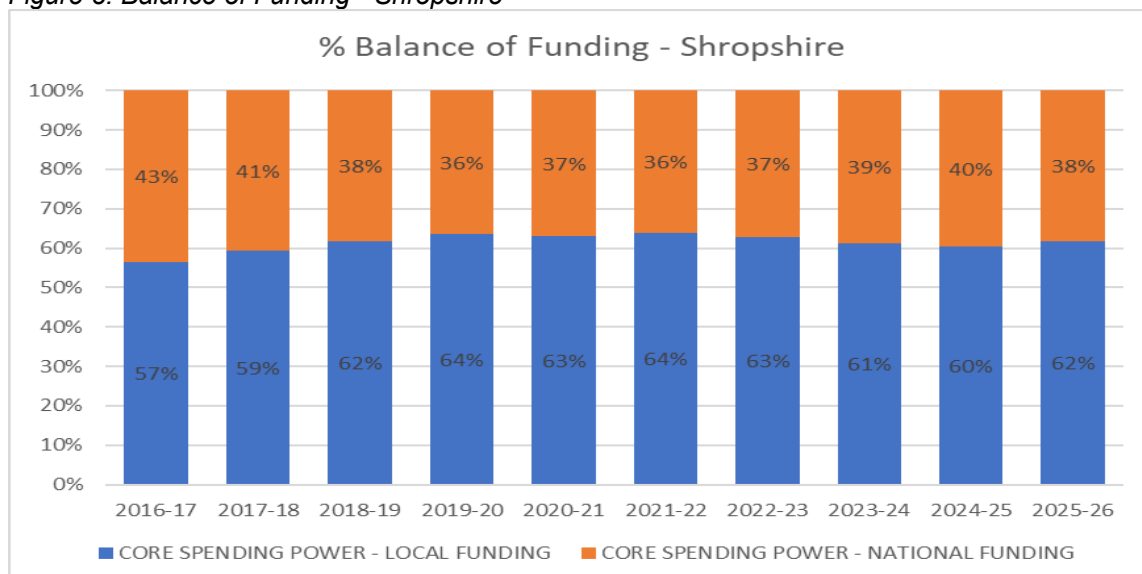
Figure 7: Core Spending Power – Shropshire



As the graphs below demonstrate, Shropshire Council has had to increase the proportion of local funding compared to national funding provided by the government which has consistently decreased.

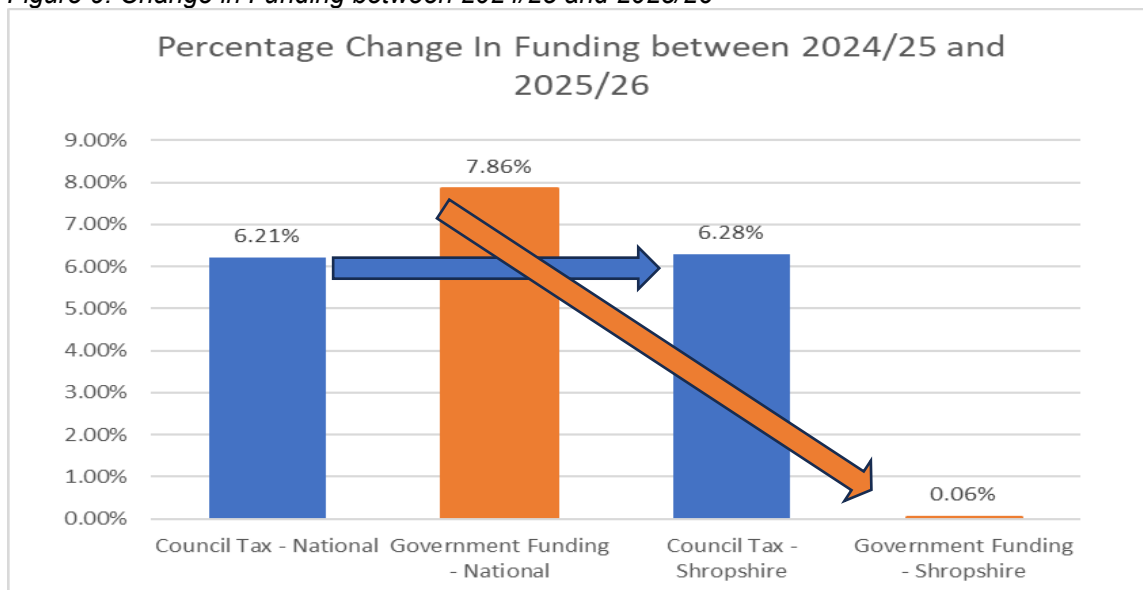
In comparison with the national picture, the figures demonstrate that Shropshire has always had a lower proportion of national funding to the overall national average, and as a result, in 2025/26 we are still having to place a greater reliance on generating resources locally than the national average. Nevertheless, the local and national positions were broadly comparable in that the proportion of national funding was helpfully, but slowly, increasing since 2022/23. The impact of the change in funding formula in 2025/26, however, breaks that link for Shropshire, with 2025/26 seeing a return to a greater proportion of local funding compared to 2024/25, although on a national level the reverse is true. We are currently supporting more people aged 65 and over than the average for a unitary council which accounts for one of the drivers for demand in adult social care, in particular relating to dementia. However, due to the complexity of needs within the 18 – 64 group, they account for half of the spend in Adult Social Care.

Figure 8: Balance of Funding - Shropshire



The settlement for Shropshire in 2025/26 has resulted in additional funding although, due to changes to several grants, (and the removal of Rural Services Delivery Grant) this increase in Shropshire is below the national average. Also, the methodology of redistribution of funding by the Government through the Recovery Grant has resulted in Shropshire Council not receiving any of this funding. As the chart below demonstrates, the level of growth in Council tax for Shropshire is in line with the growth nationally. However, the government funding picture shows a stark contrast with national government funding increasing by just under 8%, whereas Shropshire’s government funding has increased by 0.06%.

Figure 9: Change in Funding between 2024/25 and 2025/26



Shropshire Council has always had a greater proportion of older people than the national average, but as shown in Figure 10 below, whilst the proportion of people over 65 is steadily increasing nationally, the increase in Shropshire is increasing by a larger proportion. This continually builds additional pressure into the budget although to try to address this demographic pressure the Council are taking several preventative measures to try to reduce demand for longer term care.

In recent years, the Council has experienced growth pressure both in Adult Social Care costs and Children’s Social Care too, which is again a common picture being experienced by upper tier local authorities. Since 2017/18, the proportion of social care budgets has increased from 58% to 74% of the Council’s net budget, an additional £96m. This also demonstrates that the budgets for other services across the Council have had to contract accordingly to enable the Council to remain within its funding envelope.

Figure 10: Comparison of Changes in Older People (Shropshire v Nationally)

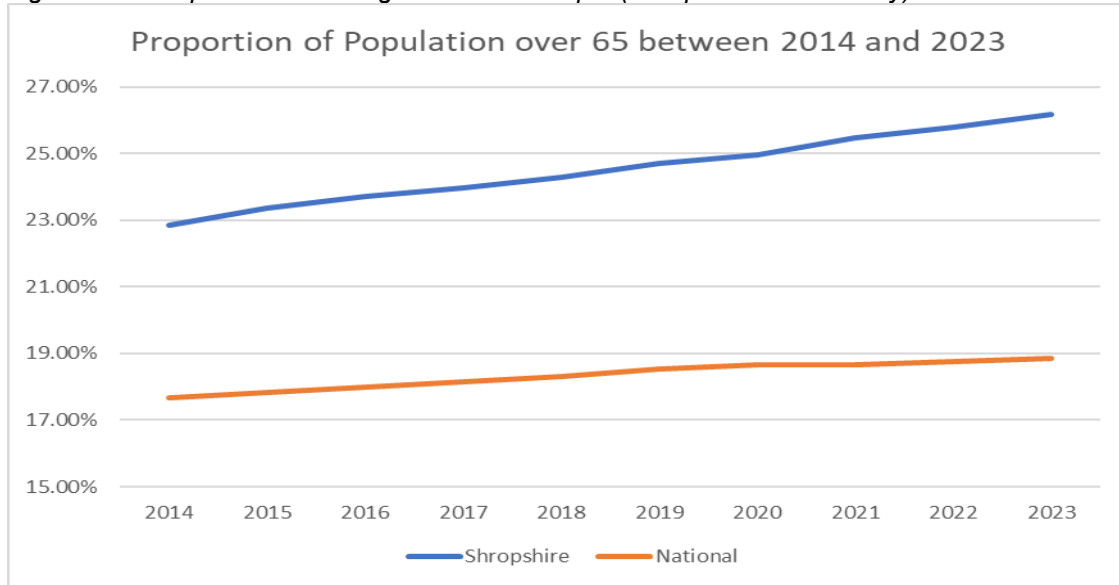
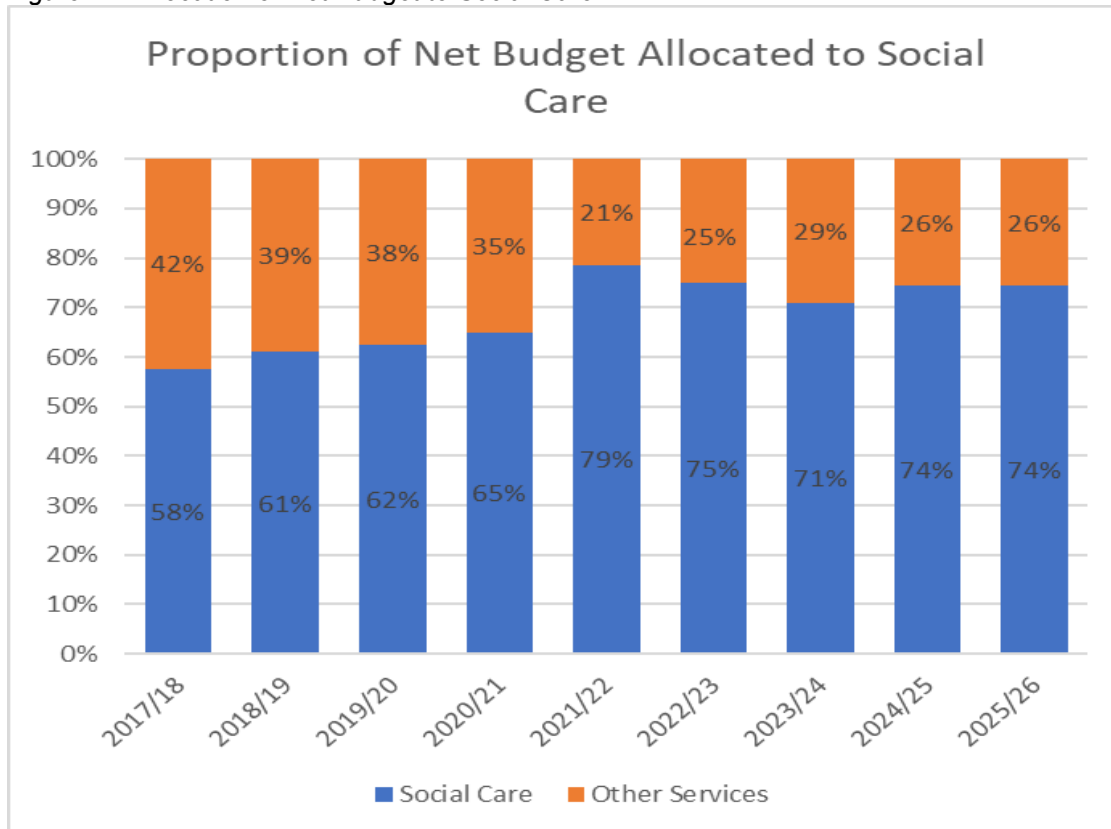


Figure 11: Allocation of Net Budget to Social Care



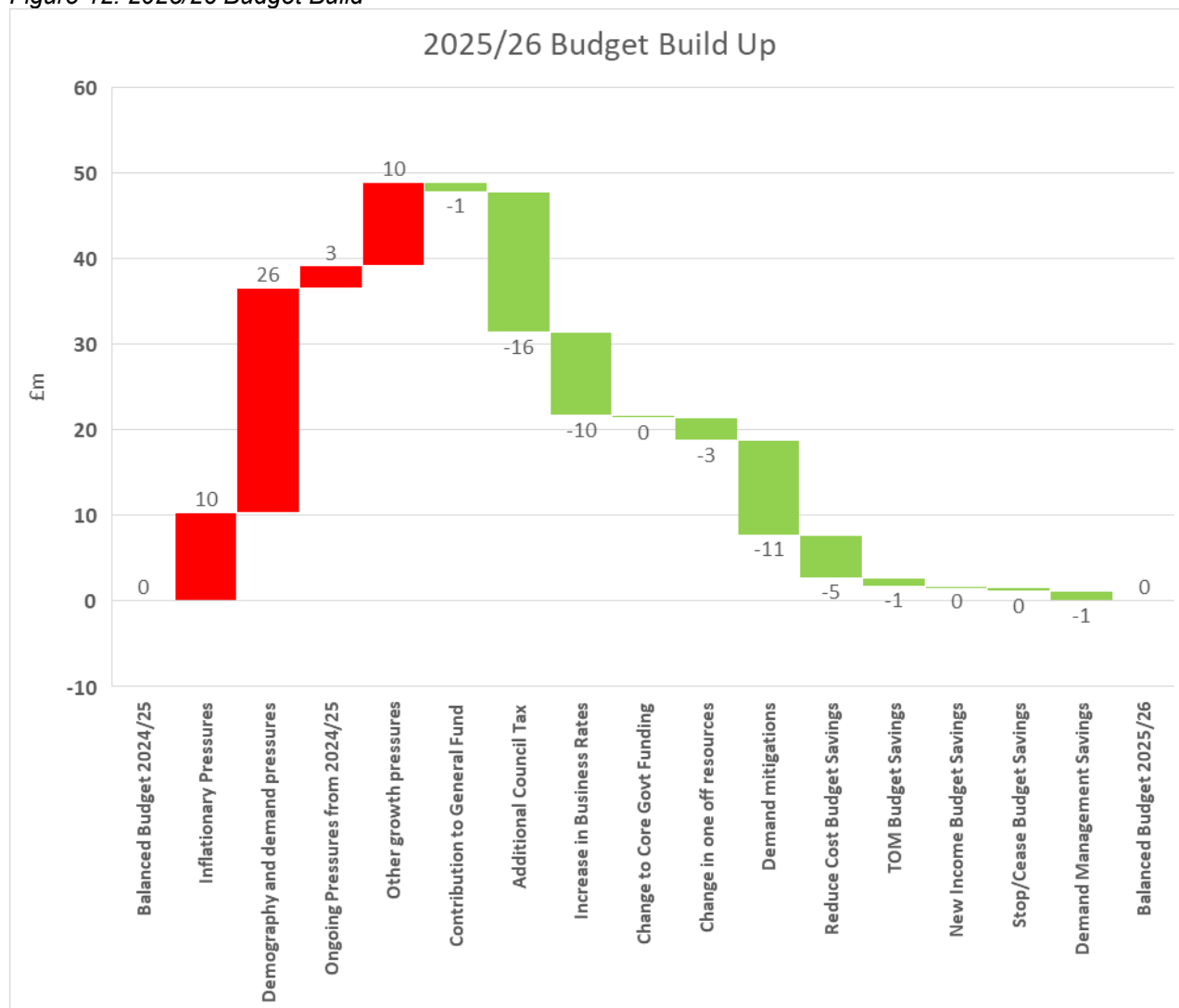
*N.B. The Net Budget for 2021/22 and 2022/23 reduced due to the Collection Fund Deficit which has arisen due to reliefs given to businesses during the Coronavirus pandemic. This therefore impacted on the proportion of new budget allocated to Social Care in these years.*

The pressure on costs within Social Care over the last 8 years, in addition to resulting legacy costs arising following the pandemic, has put significant pressure on the Council's budget over and above additional funding for Social Care provided by the Government. As a result, the Council has had to balance the budget by cutting services, transforming the way it delivers services and using general reserves.

In Shropshire, the budget proposals set out in this report and elsewhere in the budget papers include references to transformation activity (which will maximise the ability of the Council to deliver necessary services for local residents), increased use of technology and data to inform service planning, and enhanced visibility for supply chain and third party spending enabling a greater level of ‘check and challenge’ around planned spending.

## 2.2.5 The budget build up for 2025/26

Figure 12: 2025/26 Budget Build



The impact of different factors on the 2025/26 budget is set out in Figure 12 above. This shows that the key pressures being experienced by the Council are attributable to the impact of inflation and the demand for social care services (most of the demography and demand pressures figure). Responses to mitigate those pressures are shown in the green blocks and include spending (cost) reductions, increases in Council Tax and Business Rates income and other savings.

## 2.3 Summary Financial Position for Shropshire

The approach to planning our budget for 2025/26 has been guided by several key principles, which were set out in the December 2024 update to the MTFS. These were

- Focussing on refining estimated growth into future years and focussing on demand mitigations.
- Consider how savings can be delivered through increasing income, reviewing and reducing costs particularly within the Council's supply chain and looking to share services and work closer with other organisations.

The resulting proposals to address the budget gap are set out in the chart above. These combine £8.831m of spending reduction proposals and £10.990m of demand mitigation proposals.

It should be noted that the resources assumed from 2026/27 are correct at the time of writing but are expected to be impacted on substantially through (a) the government spending review and (b) the review by central government of local government funding. As such, values from 2026/27 onwards best estimates and are subject to change.

Figure 13: MTFS Position 2025/26 – 2029/30

	2025/26	2026/27	2027/28	2028/29	2029/30
Funding Gap	£	£	£	£	£
Resources (incl savings plans)	767,007,128	759,467,870	776,439,322	793,204,281	810,702,927
Expenditure (incl savings plans)	821,905,603	844,487,999	865,557,265	895,278,465	926,049,814
<b>Gap in year</b>	<b>54,898,475</b>	<b>85,020,128</b>	<b>89,117,943</b>	<b>102,074,184</b>	<b>115,346,887</b>
<b>One off Grants &amp; Reserves:</b>					
Improved Better Care Funding	-12,668,194	-12,668,194	-12,668,194	-12,668,194	-12,668,194
New Homes Bonus - One Off	-286,942	0	0	0	0
Social Care Grant - One Off	-32,675,158	-33,655,413	-34,665,076	-35,705,028	-36,776,179
Market Sustainability and Improvement Funding	-6,097,977	0	0	0	0
Children's Social Care Prevention Grant	-666,302	0	0	0	0
NI funding	-2,503,901	-2,503,901	-2,503,901	-2,503,901	-2,503,901
<b>ONE OFF FUNDING</b>	<b>-54,898,475</b>	<b>-48,827,508</b>	<b>-49,837,170</b>	<b>-50,877,122</b>	<b>-51,948,273</b>
<b>Remaining Gap/(Surplus) to be Funded</b>	<b>0</b>	<b>36,192,620</b>	<b>39,280,773</b>	<b>51,197,061</b>	<b>63,398,614</b>
<b>Increase in Funding Gap per Year</b>	<b>0</b>	<b>36,192,620</b>	<b>3,088,153</b>	<b>11,916,288</b>	<b>12,201,552</b>

# 3. Revenue Resources 2025/26 – 2029/30



### 3.1 Revenue resources

Revenue resources for local councils comprise the following items, collectively referred to as 'core spending power':

- council tax
- the 'settlement funding assessment' which includes
  - retained business rates,
  - a 'tariff' or 'top up' calculated by the relationship of the business rates receipts to a target level of overall funding<sup>2</sup>
  - revenue support grant
  - grants providing local compensation for the impact of national policies – for example, small business rates relief
- government grants – usually separated into 'social care' and 'other'

In addition to 'core spending power' the Council also supplements its resources through generating income from charging for services it provides, or through contributions and grants from other organisations.

### 3.2 Council Tax

#### The basic rate

The council is primarily supported by council tax receipts of c£220m each year.

In December 2024, the Council approved the Council Tax Taxbase for 2025/26 which calculates the number of Band D equivalent properties to levy Council tax on. For 2025/26, the Council Tax Taxbase is 121,374 Band D equivalents which was an increase of 1.83% from the 2024/25 level.

The Council is responsible for determining the level of Council Tax to be precepted each year, however the Government does state that there are specific referendum principles that will apply to local authorities to try and deter Council's from raising Council tax levels significantly. The Government has confirmed that the threshold for council tax rises is 3% for 2025/26. If the Council was to set a Council tax level at or above the 3% threshold, they would be required to hold a referendum in their local area to determine whether the taxpayers believe the increase to be excessive.

**For 2025/26 Shropshire Council is proposing a 2.99% increase to Council Tax. This generates an additional £6.2m for the Council.**

The Council is a 'billing' authority, collects the Council Tax for several 'precepting authorities' as well as itself - Shropshire & Wrekin Fire Authority, West Mercia Police and Crime Commissioner and for the Parish and Town Councils in Shropshire. Therefore, the Council Tax Resolution that Full Council are required to approve in February of each year will detail all of these elements in agreeing the Council Tax Band levels to be charged in each Parish or Town Council area.

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<sup>2</sup> so, very high NDR receipts lead to a 'tariff' being levied, while a level of receipts below the target will lead to a 'top-up'; Shropshire receives a top-up

### The social care precept

Since 2016/17, the Government has allowed councils that provide social care to increase their share of Council tax by charging an additional adult social care precept to help fund growing pressures within this essential service area. The Government stipulate that budgets for Adult Social Care must increase by at least the amount that the Adult Social Care Precept generates (inevitable in Shropshire), allowing for levels of efficiency savings which could be expected within such service areas.

The Government stipulates as part of the Local Government Finance Settlement the percentage increase that is permitted for the Adult Social Care Precept before a referendum of the local electorate is required. For 2025/26 the Government permitted that local authorities could set an Adult Social Care precept up to a maximum of 2%.

**Therefore for 2025/26 the Council is proposing a 2% total Adult Social Care Precept. The additional 2% Social Care Precept generates an additional £4.2m for 2025/26, and this takes the total funding generated through the Social Care Precept since its introduction in 2016/17 is £32.241m.** While health bodies often assume that all social care funding is only available from the Department of Health and Social Care, the reality is that local government continues to fund 80% or more of the cost of social care for both adults and children.

### Collection rates and the Collection Fund

As the Council collects Council tax from taxpayers, it is required by statute to administer Council Tax within a separate account which is known as the Collection Fund. Each year the Council will pay into the Collection Fund all council tax receipts it receives from taxpayers less any discounts or exemptions that are due, and then receives the budgeted precept from the Collection Fund.

When setting the Council Tax taxbase the Council assumes a percentage collection rate for Council tax as it is not always possible to collect 100% of income for a number of reasons. For 2025/26, the MTFS has assumed a 98.2% collection rate. This is a slight reduction in the collection rate that was assumed in 2024/25 based on current estimates of the collection rate in 2024/25 and is broadly in line with sector averages. Performance against this measure is actively monitored, and, if possible, the assumed rate will be increased in future years.

If the Council manages to overachieve this collection rate, or new houses are built over and above the budgeted increase in the taxbase, then the Collection Fund generates a surplus in the year. Clearly, there is an opposite effect if Council Tax is overestimated.

Each year a calculation is performed to establish what the anticipated Collection Fund surplus or deficit is and this is then distributed to the main precepting bodies in the following financial year i.e. Shropshire Council, Shropshire & Wrekin Fire Authority and West Mercia Police and Crime Commissioner. The collection rate only assumes the collection of current year debts, but action can be taken by the Council to recover any uncollected debts from previous years which would deliver a surplus in the collection fund.

For 2025/26, the estimated Council Tax collection fund surplus is £1.676m and Shropshire Council's proportion of this is £1.378m. This surplus is therefore be included in the total

funding for the 2025/26 budget. This surplus comprises an in year estimated surplus of £2.106m due to additional efforts to collect council tax debts, in addition to a deficit of £0.728m from the 2023/24 Council Tax Collection Fund.

### Council Tax – overall

The total proposed increase in Council tax is therefore 4.99% for 2025/26 (2.99% for Council Tax, 2% for Adult Social Care Precept) and this generates the following Council tax precept for a Band D:

<b>2024/25 total at Band D</b>	<b>£1,720.80</b>
Core Council Tax Increase (2.99% of 2024/25 total)	£51.45
Adult Social Care Precept (2% of 2024/25 total)	£34.42
<b>2025/26 proposed total at Band D</b>	<b>£1,806.67</b>

*Figure 14: Proposed Band D council tax rate*

When this Band D figure is applied to the Shropshire Council Tax taxbase, this generates anticipated council tax receipts of £219,282,837.

For future years of the MTFs, assumptions have been made that Council tax increases will remain at 2.99% for Council Tax and 2% for Adult Social Care for 2026/27 onwards assuming that this is the maximum permitted by the Government (this is subject to the decision each year at Full Council).

### **3.3 Business Rates**

Business rates are collected from local businesses by Shropshire Council and are distributed to the parties detailed below in the following proportions:

Shropshire Council	49%
Shropshire & Wrekin Fire Authority	1%
Central Government	50%

*Figure 15: shares of business rates collected*

The rateable value of business properties is established by the Valuation Office and this determines the level of business rates to be paid.

As the Council collects Business Rates from local businesses, it is required by statute to administer Business Rates within a separate account which is known as the Collection Fund. Each year the Council will pay into the Collection Fund all business rate receipts it receives from taxpayers less any valuation appeals that reduce the level of income due, and then receives the budgeted precept from the Collection Fund. The Council will again benefit in year from any new businesses coming into the county during the year and changes to rateable values that may take place and so in this situation may generate a surplus in the Collection Fund. Alternatively, if businesses leave during the year, then or

we must write off more bad debts than anticipated, we may have a deficit for the year. Each year a calculation is performed to establish what the anticipated Collection Fund surplus or deficit will be, and this is then distributed to the main precepting bodies in the following financial year i.e. Shropshire Council, Shropshire & Wrekin Fire Authority and Central Government.

For 2024/25, the estimated Business Rate collection fund surplus is £2.603m and Shropshire Council's proportion of this is £1.549m. This surplus has arisen due to additional income from Renewable Energy Schemes than estimated. This again has been added to the total funding for the 2025/26 budget.

The Council also benefits from the collection of business rates from renewable energy projects such as solar and wind farms and anaerobic digesters in Shropshire. The rates collected from these are allowed to be retained fully by Shropshire Council and therefore are not distributed via the percentage listed above for standard business rates. In 2024/25 the Council is collecting £1.852m from these schemes and the estimated value for 2025/26 is £1.664m. A baseline estimate of £1.3m has been assumed for future years.

The Government also pays over a top up grant to the Council in respect of Business Rates. This represents the difference between the Council's business rates baseline (which is the amount that is expected to be collected through the local share of business rates) and its baseline funding level (which the government determines through its funding formulae for Local Government). The total of top up grants is neutral across the whole of the sector and some authorities must pay a tariff rather than receive a top up grant. For 2025/26 Shropshire Council is receiving a top up grant of £11.025m.

### 3.4 Core Grant Funding

The Government provides several Core Funding grants which form part of the Council's Local Government Funding Settlement each year. These grants make up part of the Core Spending Power calculation that the Government uses as a measure of the resources that local authorities have to fund service delivery.

Longer term assumptions over the 5 year period of the Medium Term Financial Strategy are that these grants may reduce by around £8m from 2026/27 given the indications from the 2025/26 settlement that funding will be redirected from rural authorities to urban authorities. For 2025/26 the following core grants will be received:

Figure 16: Shropshire Council – Core Grants (2025/26)

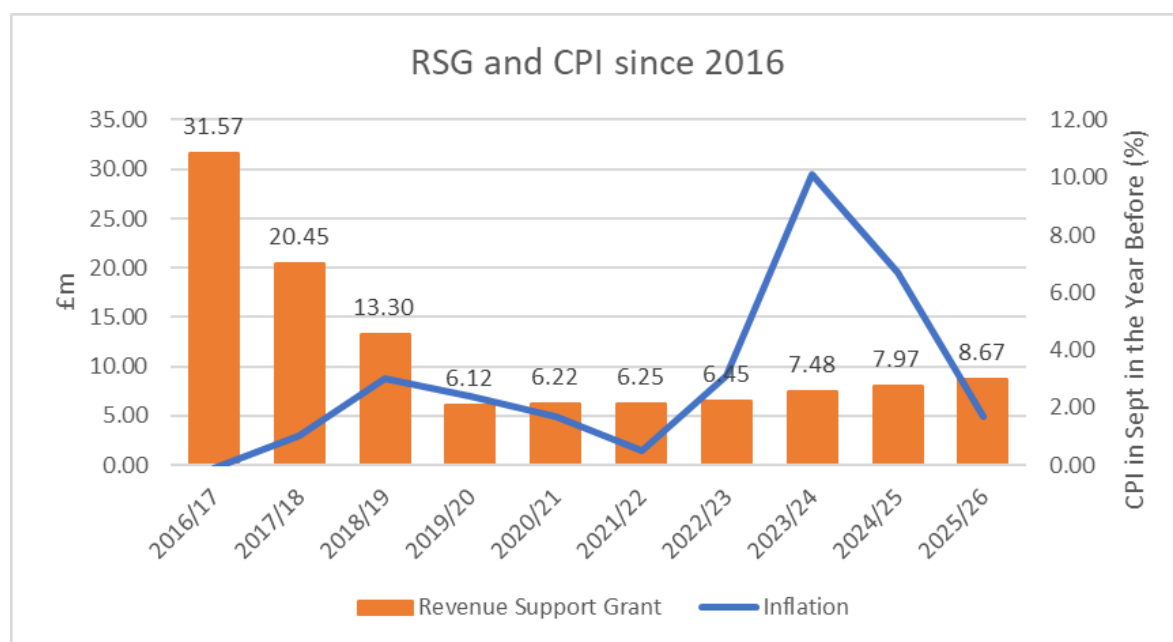
<b>Shropshire Council - Core Grants (2025/26):</b>	<b>£</b>
Social Care Grant	32,675,158
Improved Better Care Fund	14,635,454
Revenue Support Grant	8,667,579
Market Sustainability and Fair Cost Fund	6,097,977
NI Compensation Grant	2,503,901
New Homes Bonus	2,034,452
Domestic Abuse Safe Accommodation	751,393
Children's Social Care Prevention Grant	666,302
<b>TOTAL CORE FUNDING</b>	<b>68,032,216</b>

### Revenue Support Grant (RSG)

There has been no change in distribution for the Revenue Support Grant in 2025/26. Instead, the government has inflated the 2024/24 grant level in line with the Consumer Price Index as at September 2025.

As can be demonstrated from Figure 18 below, the level of Revenue Support grant received reduced significantly (£25.45m) between 2016/17 and 2019/20 as a result of the austerity programme, however since that period levels have been relatively stable and only inflationary increases applied. Due to the high inflation rates within the economy in 2022/23 and 2023/24, this has resulted in a larger uplift in 2023/24 and 2024/25 than in the previous 3 years. In 2025/26 the government has rolled a number of grants into the Revenue Support Grant, and for Shropshire this has meant that £0.512m of the £0.693m increase relates to the Extended Rights for Home to School Transport Grant that has now become part of the Revenue Support Grant.

Figure 17: Shropshire Council - Revenue Support Grant



### Improved Better Care Fund (IBCF)

The Improved Better Care Fund was introduced in the 2015 Spending Review and can be spent on 3 purposes:

- Meeting adult social care needs
- Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready
- Ensuring that the local social care provider market is supported.

The Government announced that for 2025/26 the grant distribution would be the same as in previous years, however the Discharge Funding that was previously a separate grant has now been transferred into the Improved Better Care Fund.

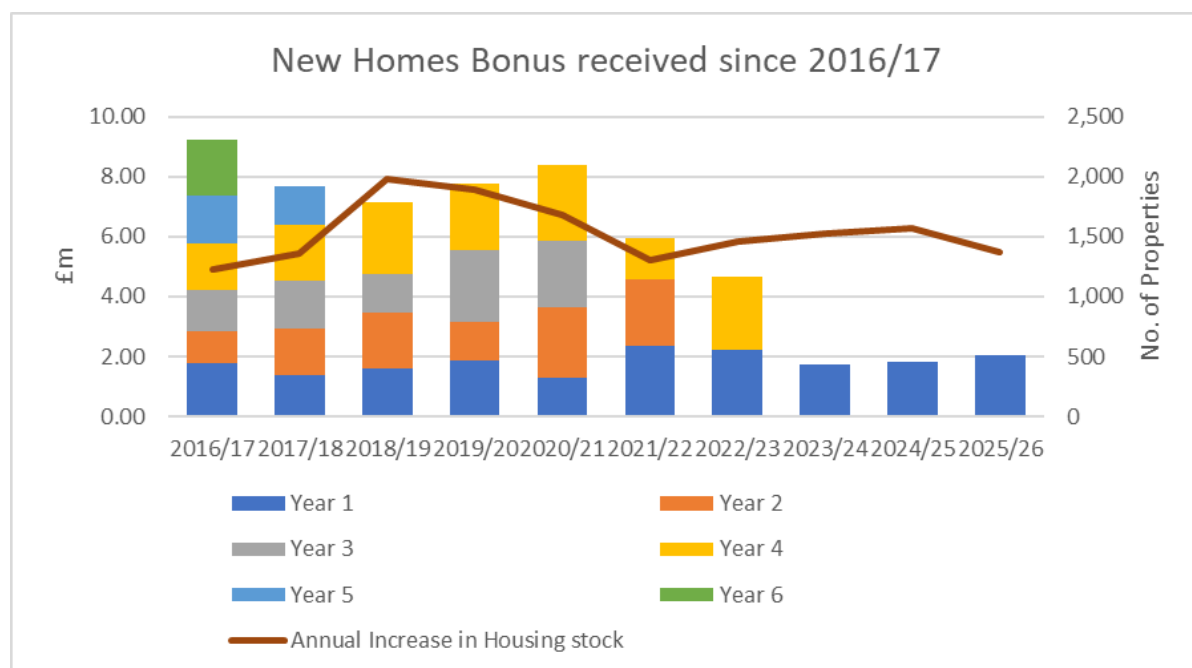
### New Homes Bonus (NHB)

This was introduced by the Coalition Government with the aim of encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue. Under the scheme, the Government initially matched the Council Tax raised on each new home built or long term empty homes brought back into use for a period of 6 years. In 2017/18 the Government reduced this funding to 5 years, and then subsequently to 4 years from 2018/19 to 2020/21. 2021/22 was due to be the scheme's "final year" however due to the delay in the introduction of the fair funding review, the government has continued to calculate and pay one-year allocations of New Homes Bonus, however these payments no longer attract legacy payments on the allocations.

Shropshire Council has generally received good levels of New Homes Bonus due to the levels of housing development in Shropshire over several years and as demonstrated from the graph below, the level paid each year has increased due to the volume of new houses being built in the area.

A contribution of £5m of the total New Homes Bonus had previously been assumed within the Council's base budget. This has gradually been reduced as the New Homes Bonus Allocation is reduced and only £1.748m remains. As it is anticipated New Homes Bonus will no longer be paid in 2026/27, growth has been built in for 2026/27 to offset the shortfall. As the allocation for 2025/26 is £2.034m the additional £0.287m can be used in 2025/26 to offset the funding gap.

Figure 18: Shropshire Council - New Homes Bonus



### Social Care Grant

In the Spending Round for 2020, the Government announced once again that the Government would provide an additional £1 billion towards the costs of adult and children's social care. This funding would then be in addition to existing social care grants that have been paid in 2020/21 and in addition to the Adult Social Care Precept.

Allocations of this funding have been determined predominantly according to the adult social care Relative Needs Assessment, and the Government have not prescribed how much should be used towards Adult Social Care or Children's Social Care.

In 2025/26 the Government has increased the Social Care Grant allocation by £0.88bn. For Shropshire Council this resulted in an increase in the Social Care Grant of £4.7m to a total of £32.7m.

#### Social care: Market Sustainability and Improvement Funding

The Government provided funding in 2022/23 relating to the Fair Cost of Care and is planning again to provide £1.050bn to continue the progress that local authorities and providers have made on fair cost of care exercises and address discharge delays, social care waiting times, low fee rates, workforce pressures and to promote technological innovation in the sector. For Shropshire Council, overall MSIF funding of £6.1m has been announced for 2025/26.

#### Children's Social Care Prevention Grant

For 2025/26 the Government has put £270m of new funding into a new Children's Social Care Prevention Grant to fund the national rollout of Family Help. Shropshire Council has received £0.666m for this grant.

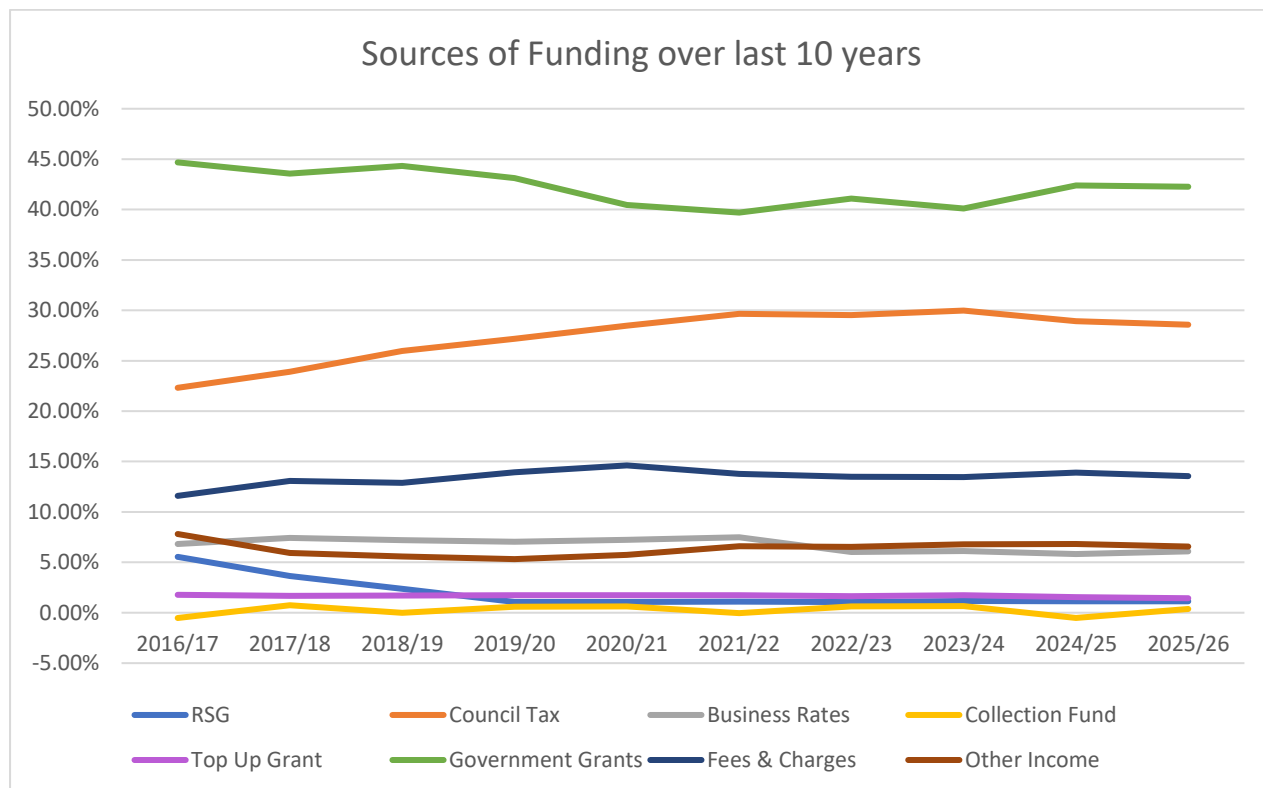
#### Domestic Abuse Safe Accommodation Grant

The Domestic Abuse Safe Accommodation Grant has previously been paid as a specific government grant but the government has now decided to consolidate this funding into Core Spending Power for the first time. The distribution of the grant has not changed from 2024/25, but the quantum has increased from £129m to £160m. For Shropshire Council, funding of £0.751m has been announced.

#### NI Compensation Grant

The Government has announced an additional £502m for local authorities, in compensation of National Insurance Contributions as part of the 2025-26 local government finance settlement. Shropshire Council's allocation of this funding is £2.504m.

Figure 19: Sources of Funding for Shropshire Council (since 2017/18)



### 3.5 Non-Core Government Funding

The Government provides a number of non-core government grants towards the costs of services. These are generally in relation to specific services and so will have specific conditions attached to them, however there may be some grants paid over that are without specific ringfences against them.

The total budgeted non-core government grants for 2025/26 is £264.910m and the breakdown of grants for 2025/26 and the movement from 2024/25 are detailed below.

Figure 20: 2025/26 Non-Core Government Grants and movement from 2024/25

Non Core Government Grant	2024/25	2025/26	Increase/ (Decrease)
Dedicated Schools Grant	128,081,530	146,880,470	18,798,940
Local Reform & Community Voices Grant	199,730	199,730	0
Quality in Community Services - Private Finance Initiative	1,522,650	1,522,650	0
Waste - Private Finance Initiative	3,185,610	3,185,610	0
Housing Benefit Administration Subsidy	642,967	655,570	12,603
Public Health Grant	13,496,100	14,383,544	887,444
Substance Misuse	54,000	54,000	0
Extended Rights to Free Transport / General Duty to Promote Sustainable Travel	430,100	0	-430,100
Pupil Premium Grant	4,436,850	4,249,400	-187,450
DfE - Extension of the Role of Virtual School Heads to children with a social worker	0	117,430	117,430
Pupil Premium Grant	0	20,000	20,000
Mandatory Rent Allowances: Subsidy	38,000,000	38,000,000	0
Rent Rebates: Subsidy	7,902,380	8,100,000	197,620
Bus Services Operator Grant (BSOG)	512,450	512,447	-3
Supporting Families Programme	1,011,900	0	-1,011,900
Business Rates Retention Scheme - Section 31 Grants	23,625,263	21,169,808	-2,455,455
Unaccompanied Asylum Seeking Children (UASC)	2,986,540	3,608,390	621,850
Single Fraud Investigation Service	1,014	1,010	-4
Welfare Reform New Burdens	57,295	57,295	0
Social Care In Prisons	47,940	59,943	12,003
War Pensions Disregard	117,210	114,411	-2,799
Adoption Support Fund (ASF)	256,670	0	-256,670
Bikeability	160,000	160,000	0
Assessed & Supported Year in Employment (ASYE)	28,000	28,000	0
Staying Put	92,950	0	-92,950
RPA Higher Level Stewardship (Parks & Sites)	30,000	30,000	0
MHCLG Rough Sleepers Initiative	377,331	377,331	0
VEP	6,678	0	-6,678
Universal Credit	21,004	13,856	-7,148
Extending Personal Adviser support to age 25: new burdens assessment	48,090	0	-48,090
KS2 Modernisation	14,660	14,660	0
Homelessness Prevention Grant	753,546	1,552,092	798,546
Childrens and Families Grant	0	1,830,816	1,830,816
AONB Core Grant	228,110	228,110	0
DEFRA - Farming in Protected Landscapes	1,504,952	700,000	-804,952
DEFRA - Trees outside Woods	53,800	51,630	-2,170
Historic England - Offa's Dyke Project	40,350	51,630	11,280
MHCLG - Domestic Abuse Duty Capacity Building Fund	602,920	0	-602,920
DLUHC - Homes for Ukraine Scheme Local Authority Tariff Payment	128,000	0	-128,000
DLUHC - Homes for Ukraine Scheme Local Authority Tariff Payment	1,512,780	0	-1,512,780
UK Shared Prosperity Fund (UKSPF) - Admin grant	160,260	0	-160,260
UK Shared Prosperity Fund (UKSPF) - Project grant	5,502,160	2,892,904	-2,609,256
DEFRA - Woodland Creation Accelerator Fund	50,020	0	-50,020
OHI&D - Drug Strategy	609,644	609,644	0
OHI&D - Inpatient Detoxification	42,767	42,767	0
DfT Bus Service Improvement Plus Funding	1,490,492	2,497,869	1,007,377
DfE - Holiday Activities and Food Programme	714,300	714,300	0
HB Accuracy Initiative	26,600	26,600	0
Arts Council - National Portfolio Organisations	188,999	188,999	0
Extended Producer Responsibility Grant	0	5,578,000	5,578,000
Local Stop Smoking Services and Support Grant	0	359,568	359,568
DWP Discretionary Housing Payment Grant	0	309,310	309,310
Household Support Fund	0	3,760,000	3,760,000
<b>Total Non Core Government Grants</b>	<b>240,956,612</b>	<b>264,909,794</b>	<b>23,953,182</b>

The value paid in these grants is determined each individual year therefore it is not possible to predict with any accuracy the future grant levels for these. The Council sets ringfenced expenditure budgets to match these non-core government grants, therefore any reduction in funding experienced will be matched by an equivalent reduction in the expenditure that the grant relates to.

Dedicated Schools Grant

The Dedicated Schools Grant is the biggest non-core government grant that the Council receives. Most of this grant will be passported through to fund maintained schools to manage their budgets however in recent years there has been a national issue with increasing budgetary pressures within the High Needs Block of the grant. In 2024/25 the Council is anticipating a deficit in the Dedicated Schools Grant in relation to the increased costs of Independent Special School Placements.

For 2025/26 the Dedicated Schools Grant has increased to £146.9m, largely due to increases in the Early Years Block which includes funding for new entitlements and an increased in the High Needs Block. The Dedicated Schools Grant is broken down into the following main blocks:

<b>Dedicated Schools Grant</b>	<b>£m</b>
<b>Early Years Block DSG</b>	42.638
<b>High Needs Block DSG after Recoupment</b>	38.329
<b>Central Schools Services Block DSG</b>	2.357
<b>Schools Block (Maintained Schools)</b>	63.556
	<b>146.880</b>

Figure 21: Shropshire Council – Dedicated Schools Grant

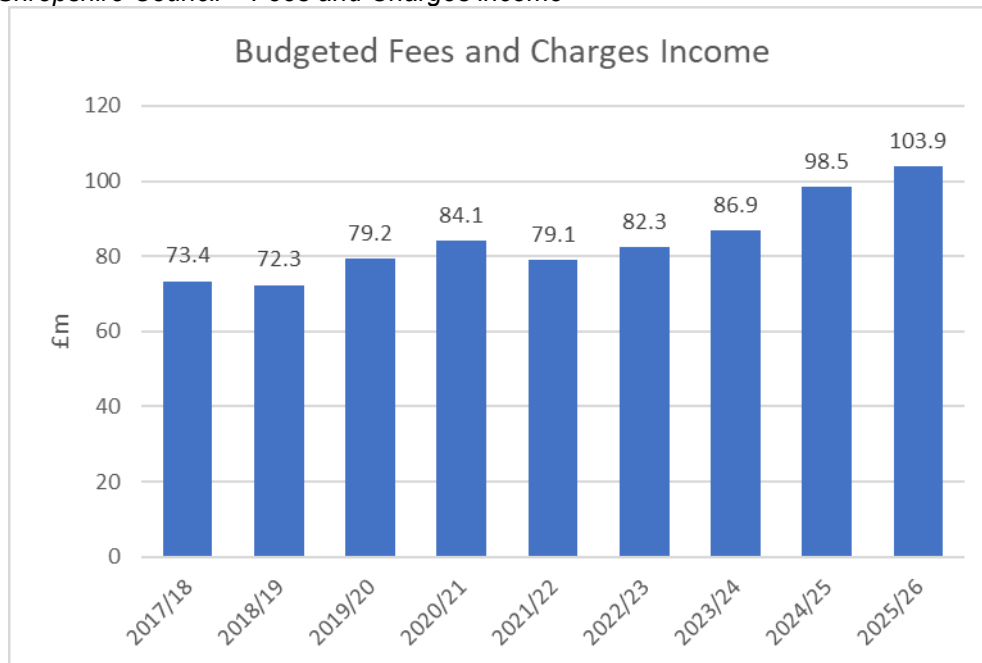
Public Health Grant

The Public Health Grant is a ringfenced grant to be used for public health functions. The Government published the Public Health grant allocations for 2025/26 on 11<sup>th</sup> February 2025, and the grant for Shropshire Council will have increased by £0.888m to £14.384m.

**3.6 Fees and Charges**

The Council also generates income to fund services by charging for services that it provides. This has increased over the last seven years and has become an important and an increased proportion of the council’s total income as demonstrated in the charts below. Fees and Charges are recommended to be approved as part of a detailed report also on this agenda.

Figure 22: Shropshire Council – Fees and Charges income



\*NB: c£4m Shire Services Shropshire Schools income reclassified as internal income rather than Fees & Charges for 2021/22

The Council has the power to charge for some services under various pieces of legislation. The Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the service but that it should not make a profit year on year. The same Act also covers local authority's power to trade whereby a profit/surplus can be made if trading is carried out through a company.

A significant proportion of the total income achieved through fees and charges is based on statutory income, where the Government prescribe the level of fees to be charged. The remainder is achieved through discretionary fees and other income and Full Council approve the fees and charges to be applied for the coming financial year each February. For 2025/26 the total budgeted income from fees and charges is £103.9m.

### 3.7 Total Resources

The table below summarises the expected resources of the council through the MTF5 period. Council tax can be estimated with some certainty (unless a revaluation is applied).

Business rates and RSG together comprise Settlement Funding Assessment and are related to the assumed financial requirement of the council. This will be the subject of national review by government during 2025/26 and so is subject to change. Business rates income is assumed to be uplifted each year, with any decisions by government on business support being offset through a 'section 31' grant.

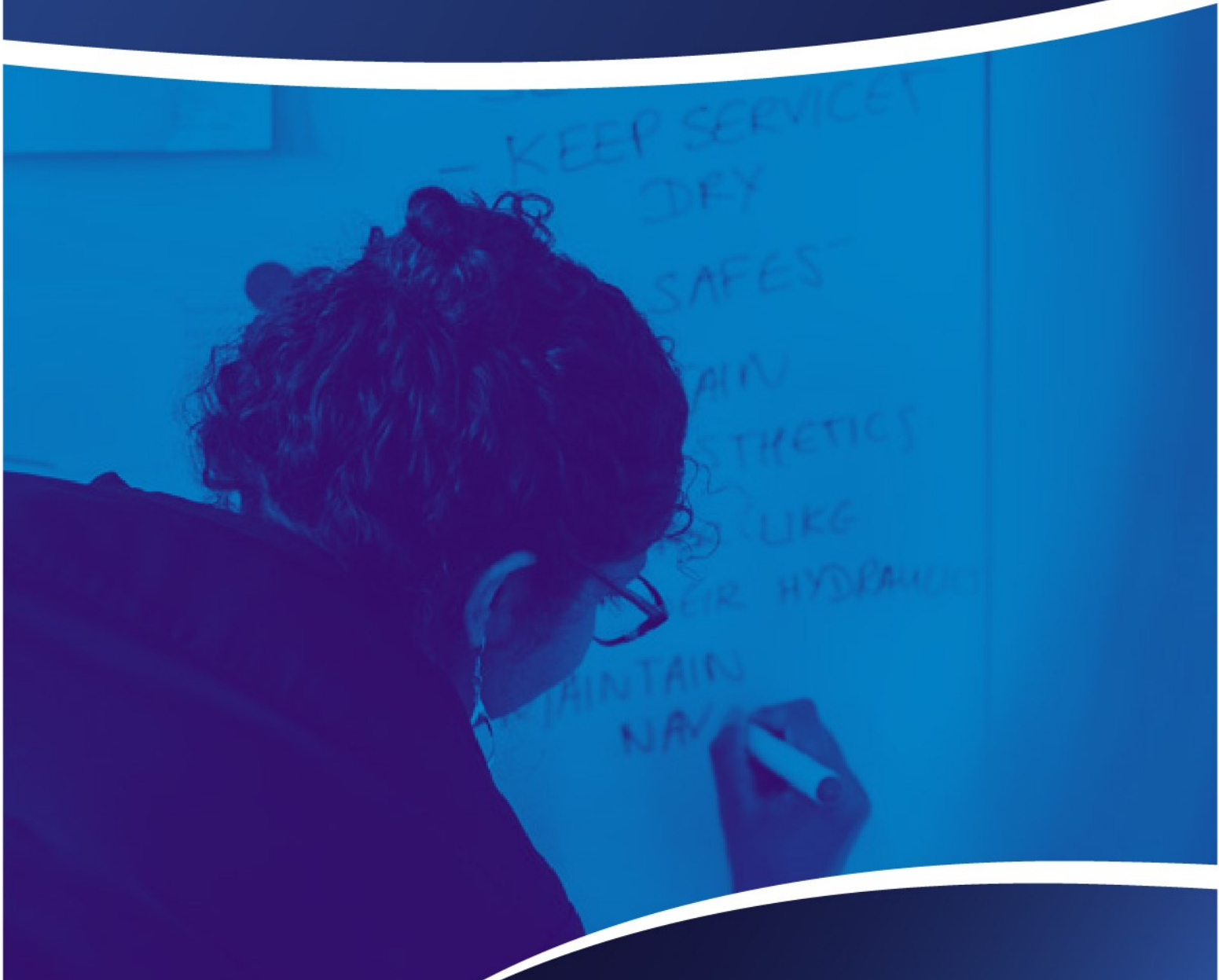
Collection Fund variations will be a charge or benefit to the General Fund each year, calculated as part of budget setting (hence, nil values in later years).

Fees and charges incomes are decided each year by councillors and are not usually assumed in advance.

Resources	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
<b>Council Tax</b>	205,104,165	219,282,837	232,526,953	246,571,189	261,463,306	277,256,327
<b>Business Rates:</b>						
Business Rates Collected	39,766,081	45,018,526	45,802,698	46,602,436	47,418,075	48,249,958
Business Rates - Energy Renewable Schemes	1,540,262	1,664,470	1,300,000	1,300,000	1,300,000	1,300,000
Top Up Grant	10,924,574	11,025,089	11,025,089	11,025,089	11,025,089	11,025,089
<b>RSG</b>	7,973,988	8,667,579	8,840,931	9,017,750	9,198,105	9,382,067
<b>Collection Fund:</b>						
Council Tax	-834,556	1,377,957	0	0	0	0
Business Rates	-2,777,295	1,549,238	-1,000,000	0	0	0
<b>NET BUDGET</b>	<b>261,697,219</b>	<b>288,585,696</b>	<b>298,495,670</b>	<b>314,516,464</b>	<b>330,404,575</b>	<b>347,213,440</b>
<b>Grants included in Core Funding:</b>						
Improved Better Care Fund	11,863,403	14,635,454	14,635,454	14,635,454	14,635,454	14,635,454
New Homes Bonus	1,807,300	2,034,452	0	0	0	0
Rural Services Delivery Grant	8,982,153	0	0	0	0	0
Social Care Support Grant	28,009,870	32,675,158	33,655,413	34,665,076	35,705,028	36,776,179
Market Sustainability and Improvement Funding	6,097,977	6,097,977	0	0	0	0
Discharge Funding	2,772,051	0	0	0	0	0
Services Grant	356,632	0	0	0	0	0
Children's Social Care Prevention Grant	0	666,302	0	0	0	0
Domestic Abuse Safe Accommodation	0	751,393	751,393	751,393	751,393	751,393
NI funding	0	2,503,901	2,503,901	2,503,901	2,503,901	2,503,901
<b>CORE FUNDING</b>	<b>321,586,605</b>	<b>347,950,334</b>	<b>350,041,831</b>	<b>367,072,287</b>	<b>384,000,350</b>	<b>401,880,367</b>
<b>Local Income</b>						
Fees and charges (including income savings deliverable from prior years)	98,525,470	103,858,470	103,858,470	103,858,470	103,858,470	103,858,470
Other Grants and contributions	36,829,400	40,459,350	40,459,350	40,459,350	40,459,350	40,459,350
Specific Grants (excluding Core Funding Grants above)	240,956,612	264,909,794	255,279,039	255,220,035	255,056,931	254,675,560
Internal Recharges	11,574,290	9,829,180	9,829,180	9,829,180	9,829,180	9,829,180
<b>TOTAL FUNDING</b>	<b>709,472,377</b>	<b>767,007,128</b>	<b>759,467,870</b>	<b>776,439,322</b>	<b>793,204,281</b>	<b>810,702,927</b>

Figure 24: Total Resources 2025/26 – 2029/30

## 4. Expenditure Plans 2025/26 – 2029/30



## **4.1 Profile of Council's Expenditure**

The Council's net revenue budget in 2025/26 is £288.586m.

As the number of older people in Shropshire increases, and the complexity of care needs increase, the proportion of the Council's budget that is spent on adult social care grows. As outlined earlier in the strategy, the proportion of spend on social care is a significant proportion of the budget, with Children's Social Care costs increasing as well.

Although these services represent a significant part of the Council's net budget, there are several Universal Services that all Council taxpayers receive which include services such as Waste Collection and Disposal, Highways, Buses and Community Transport and Community Safety.

The Council delivers a range of services for the population of Shropshire and to demonstrate the profile of expenditure across these services, a Council Tax receipt has been produced which shows how an average Band D council tax is allocated to fund the range of services provided for 2025/26.



2025/26 Council Tax Receipt
Charges for a Band D Property

Table with columns for description and amount. Includes sections for Universal Services, Adult Services, Children's Services, Economic Growth, Local Government Running Costs, and Income and Other Funding to Supplement. Total to pay is 1,806.67.

## **4.2 Inflation**

The Council is subject to inflationary pressure like any other organisation or individual and therefore needs to build in inflationary cost increases to expenditure each year within the budget. Inflation rates have dropped significantly during 2023/24 and 2024/25, following the initial invasion of Ukraine, however some areas are still subject to greater inflation that had been previously assumed over the MTFS.

The Council employs approximately 2,800 full time equivalent members of staff (excluding schools) and so inflationary increases in pay is one of the key elements of inflation to be included. Most staff pay is linked to the National Joint Council rates, or if not this body, then other recognised pay bodies, and so the inflationary pay award is negotiated nationally, which the Council then implements. The pay award for 2024/25 was marginally lower than the budget provision which has allowed us to offset some costs of the 2025/26 budgeted pay inflation by the balance remaining for 2024/25. Given that inflation across the economy lies at just over 2%, the Council has assumed a 2.5% uplift across all pay scales for 2025/26 and future years of the MTFS. As a result of these proposed increases, pay inflation is £5.2m for 2025/26.

As the Council's pay costs increases, the apprenticeship levy that the Authority is required to pay also increases. Growth of £0.012m has been included to reflect the revised cost that the Council can expect to incur in relation to the levy in 2025/26. The Government has announced that they are going to look to launch the Growth and Skills Levy to replace the Apprenticeship Levy, but no details about whether there would be any further cost implications have been announced as yet.

The Council pays out a significant proportion of funds to various organisations, for example to Adult Social Care Providers, the Council's Waste Collection and Disposal Contractor or the Highways Maintenance contractor. These contracts will generally have inflation built into them. Most of these contracts have inflation rates linked to RPI or CPI. The total contract inflation for 2025/26 is £5.3m.

Following the invasion of Ukraine, the UK experienced significant price increases in energy prices over the last 2 years. The UK economy is now starting to see energy prices reduce and as a result it is anticipated that there will be reduction in Corporate Landlord costs across the Council of £0.180m.

## **4.3 Demographic Pressures**

Over several years, the main budgetary pressure that the Council has faced has been due to demographic increases and specifically growth in numbers of service users within Adult Social Care and Children's Social Care.

Whilst the age profile of the population still shows a growing trend of people living longer, and hence potentially creating increased demand, particularly for Adult Social Care, in 2024/25 the Council has taken several steps to try to actively manage this demand for services. Despite this, cost pressures within Adult Social Care remain and further demographic growth is required in 2025/26.

Also, within Children’s Social Care the Council is implementing its Stepping Stones project which aims to reduce the spend on high cost placements and address the issues of children coming into care, again to prevent care placements being required. The growth in numbers of children requiring Children’s Social Care and increase in residential placements for some children needing this resource due to lack of available foster placements, however, is again presenting the Council with a budgetary pressure in 2024/25 and beyond.

As a result, the Council needs to provide for predicted further growth in numbers in 2025/26. Both services again have several projects and plans to try and control demand management and reduce pressure on these services over the course of 2025/26.

There are other demographic growth areas that remain for 2025/26, mainly in relation home to school transport and an increase in households in the area resulting in increased waste collection costs.

Total demographic pressures for 2025/26 are estimated to be £15.251m. This is the net figure after demand mitigation measures of £10.989m have been identified and adjusted for. These measures include assumed levels of income which may accompany different residents we support – for example, some children will bring government funding with them, and some adults will pay for elements of their care.

Demographic Pressures	Gross		Net
	Demographic Growth (£)	Demand Mitigations (£)	Demographic Growth (£)
Adult Social Care	9,256,613	-7,052,500	2,204,113
Children's Social Care	12,649,287	-3,758,000	8,891,287
Home to School Transport	4,176,523	-178,900	3,997,623
Infrastructure	157,810	0	157,810
<b>Total</b>	<b>26,240,232</b>	<b>-10,989,400</b>	<b>15,250,832</b>

Figure 25: 2025/26 Demographic pressures

#### 4.4 Service Specific and Local Generated Pressures

In addition to inflation and demographic growth, during the budget setting process several other growth items will be identified as necessary expenditure either due to budgetary pressures identified in the 2024/25 financial year, that are anticipated to be ongoing, or to provide for investment budgets that will help transform services to deliver budgetary savings in the future.

Within the Service Specific Pressures section of the budget build up includes £1.661m of growth relating to savings no longer achievable and £0.871m relating to new building costs.

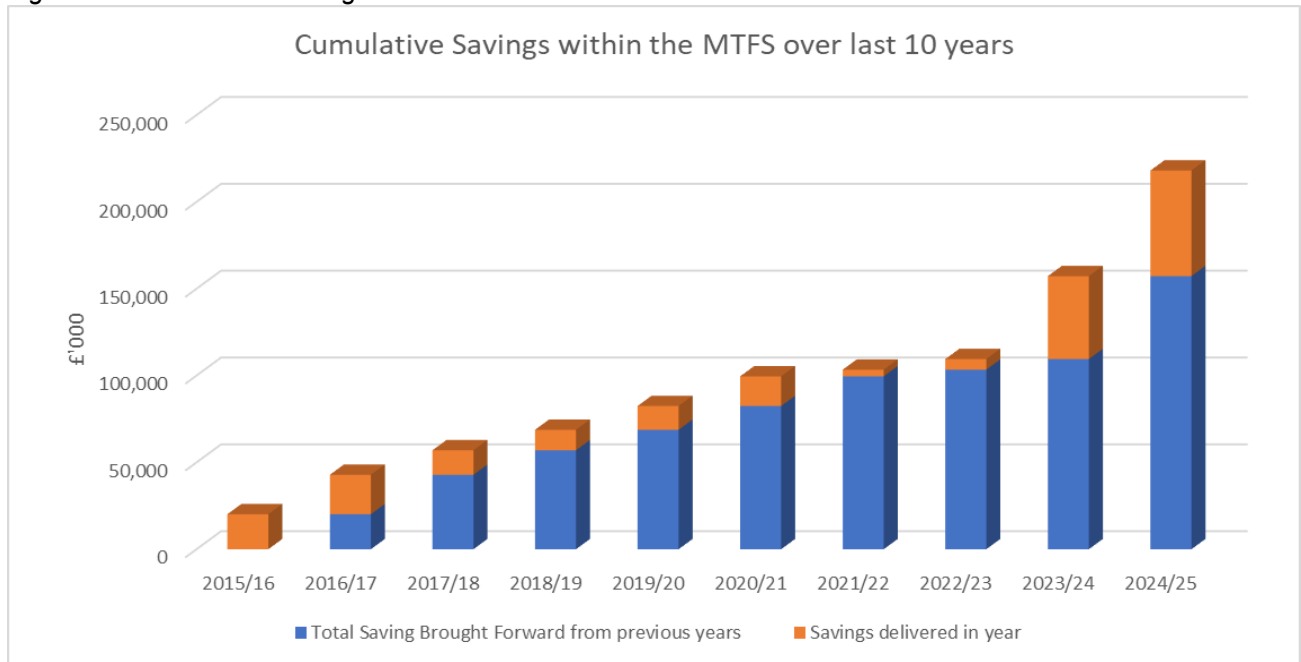
Within the Local Generated Pressures section of the budget build up is growth required to reflect changes in specific grants as detailed in the Resources section which have a corresponding change to expenditure. Also, within Local Generated Pressures there are planned contributions to reserves over the course of the financial strategy. Further detail on the need to increase our reserves can be found in Section 6 of this document. Also there are

corporate growth items, including the cost to the authority of the 2025/26 Council Election and additional budget required as a result of investment in the capital programme.

#### 4.5 Savings Plans

The Council has delivered savings consistently each year. Figure 26 shows the level of savings that remain within the medium term financial strategy over the last 10 years, which is just under £220m.

Figure 26: Cumulative Savings within the MTFS



In 2024/25 the Council has been working to deliver the largest savings plan ever. The 2024/25 budget included £62.479m of new savings plans, in addition to further demand mitigation plans of £6.763m and £20.764m of savings carried forward from 2023/24 that needed to be delivered on an ongoing basis. This resulted in total savings of £90.006m, which have been tracked during the course of the financial year to assess delivery both in 2024/25, and on an ongoing basis for the 2025/26 budget position.

It is currently anticipated that 57% of the total 2024/25 savings will be delivered ongoing, and so £38.066m still need to be delivered in the base budget. This may be due to necessary delays in implementing saving delivery plans, or this may be that the original plans for delivery are now not considered achievable. It has therefore been agreed that these savings plans will be reviewed in line with the New Operating Model and planned transformational works to consider how the quantum of these savings can be delivered for 2025/26.

In addition to the savings from 2024/25, it has been necessary to progress further budgetary savings for 2025/26. Some of these had been planned for delivery in 2025/26 in prior years, and this has been supplemented by new savings plans to balance the budget for 2025/26. The Council has carried out a consultation on the budget, including the proposed savings ideas, and details of the consultation responses can be found in Section 9.

For 2025/26 total gross savings of £7.721m have been identified. The savings identified have been categorised as follows:

- Reducing cost of existing services;
- Savings delivered through managing demand levels for our services;
- Generating new income for services that we have not previously charged for;
- Savings delivered through a new Target Operating Model – which transforms how we operate our services;
- Stopping or ceasing some services or activities.

A breakdown of the savings to be delivered is included in Table 2 below and Figure 46 in section 11.

Table 2: Total Savings for 2025/26 and 2026/27

Category of Saving	2025/26 £	2026/27 £
<b>Reduce Cost</b>		
Health & Wellbeing	-709,462	112,050
People	500,000	0
Place	4,171,305	254,000
Resources	1,000,000	0
<b>Total Reduce Cost Savings</b>	<b>4,961,843</b>	<b>366,050</b>
<b>Manage Demand</b>		
Health & Wellbeing	-200,000	0
People	1,375,000	110,000
Place	0	0
Resources	0	0
<b>Total Manage Demand Savings</b>	<b>1,175,000</b>	<b>110,000</b>
<b>New Income</b>		
Health & Wellbeing	0	0
People	0	0
Place	110,000	10,000
Resources	12,000	10,000
<b>Total New Income Savings</b>	<b>122,000</b>	<b>20,000</b>
<b>Target Operating Model</b>		
Health & Wellbeing	15,000	0
People	0	0
Place	1,000,000	0
Resources	0	0
<b>Total Target Operating Model Savings</b>	<b>1,015,000</b>	<b>0</b>
<b>Stop/Cease Services</b>		
Health & Wellbeing	47,010	
People	400,000	-400,000
Place	0	50,000
Resources	0	
<b>Total Stop/Cease Services Savings</b>	<b>447,010</b>	<b>-350,000</b>
<b>Total Savings Proposals</b>	<b>7,720,853</b>	<b>146,050</b>

The savings identified in Table 2, in addition to the demand management mitigation measures and the need to track delivery against the undelivered savings from 2024/25, result in the Council needing to deliver against £56.776m of delivery plans in 2025/26.

	2025/26 £
New Savings for 2025/26	7,720,853
Demand Mitigations	10,989,400
Savings identified in 2024/25 for delivery in 2025/26	38,065,744
<b>Total</b>	<b>56,775,997</b>

Figure 27: Total Delivery Plans for 2025/26

	C/F 2024/25 (£m)	Delivery Plan 2025/26	Min 2025/26 (£m)	Max 2025/26 (£m)	Target 2025/26 (£m)	Target 2026/27 (£m)
Resizing (Employee Costs)	18.7	Resizing FYE and Rightsizing	5.8	18.8	14.0	18.8
Third Party Spend	11.3	Contract Review & Commissioning Review	1.4	9.0	8.5	11.3
Income (Fees and Charges)	3.5	Implementation	2.6	4.0	2.6	4.0
Other (including property rationalisation)	4.5	Implementation	1.3	4.5	3.4	4.5
<b>Total</b>	<b>38.1</b>		<b>11.1</b>	<b>30.3</b>	<b>28.5</b>	<b>38.6</b>

Figure 27a: Delivery Plans for Savings identified in 2024/25 for delivery in 2025/26

The sheer scale of savings delivery in 2024/25 (at £90m) was mitigated by the allocation to General Fund Balance in year, thereby enabling delivery through into 2025/26 for a proportion of savings. Members have been updated on this position each month.

Delivery of £40m savings in 2023/24 and a full year effect of £52m in 2024/25 has been driven by a transformation programme centred around the development of a new operating model for the Council, management of demand in social care and significant investment in digital technology. This transformational journey is not yet complete and further investment is required in 2025/26 to deliver the remaining, significant, savings from 2024/25 and new savings in 2025/26.

Transformation processes have been supported by PwC as our transformation partner for the last two years. This investment has created the conditions for the next steps in transformation. This includes the finalisation of the 'resizing' work (to reduce staffing costs across the authority through existing structures) and the commencement of the 'rightsizing' work (to reconfigure the entire authority to reduce staffing costs to a sustainable level).

The original tender process was for a transformation partner to work with the Council over a three year period. Our transformation partner, PwC, has completed two of those three years and helped delivered significant savings, the majority of which have not resulted in impacts on the public through reduction in service delivery. Furthermore, this investment

has been 'capitalised' and as such, has not impacted on the budgets available to deliver the Council's day to day services. To ensure the revenue budget is not impacted by these investment costs in 2024/25, resulting from underachievement of Capital Receipts in-year, the Council has applied for a Capitalisation Direction from MHCLG for £26.9m in 2024/25. This will enable the delivery of capital receipts in 2025/26 to cover costs made in 2024/25. Details of this will be included within monthly monitoring reports for the remainder of 2024/25.

Funding is available to continue the transformation programme into year three and an overarching contract with PwC is in place for 2025/26. As part of the original engagement, PwC were required to produce an exit plan, to ensure there is no legacy reliance created and the contract for year three includes a break clause enabling the engagement with PwC to be ended at any time in-year as needed. At the present time, for practical purposes, commitments will not extend beyond the first quarter of 2025/26.

The budget as presented enables twelve month's transformation investment alongside the associated benefits of delivery over 2025/26 with support from our transformation partner. Investment can be reduced or stopped in year, and a commensurate reduction in transformation delivery and therefore associated savings would need to be ascertained and replaced with an alternative approach.

Funding for transformation is planned for as a capital cost as the benefits extend over multiple years. The costs, capped at a maximum of £13.7m, are therefore included in the capital strategy in relation to capital receipts.

#### **4.6 Total Expenditure**

The table below summarises planned expenditure in the coming years. The financial year 2024/25 targeted savings of £62.5m, although not all of these have yet been fully achieved in-year. Plans are in hand for delivery through 2025/26.

Pay growth pressures are less next year and estimated to drop further into future years. Contract inflation costs continue to represent a pressure. Elections costs are estimated based on recent experience and can be recouped from government (although this can take time).

Contributions to the general fund are shown cumulatively from year to year and are affected by prior year values. A full disclosure of the contribution planned for 2025/26 is set out in section 6 of this document which sets out a total contribution planned in 2025/25 of £29.5m (which is a reduction of £1.1m from this year, itself an increase of £10.7m over 2023/24).

Expenditure	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
<b>Original Gross Budget Requirement</b>	<b>690,271,309</b>	<b>761,650,104</b>	<b>821,905,603</b>	<b>844,487,999</b>	<b>865,557,265</b>	<b>895,278,465</b>
<b>Inflationary Growth :</b>						
Pay	10,452,858	5,197,250	4,205,657	4,310,798	4,418,568	4,529,032
Apprenticeship Levy	27,370	12,440	12,750	13,070	13,400	13,730
Pensions	0	0	0	0	0	0
Corporate Landlord inflation	690,857	-179,575	212,174	217,478	222,915	228,488
Contract inflation	11,926,779	5,320,846	3,677,358	3,775,887	3,873,135	3,981,662
<b>Demography &amp; Demand</b>	<b>39,844,709</b>	<b>26,240,232</b>	<b>18,231,634</b>	<b>18,941,688</b>	<b>19,758,670</b>	<b>20,628,656</b>
<b>Service Specific Pressures:</b>						
Ongoing Budget Pressures	7,862,078	2,532,000	-143,000	0	0	0
<b>Local Generated Pressures:</b>						
Elections	0	700,000	-700,000	0	0	700,000
Specific Grants Changes between years	36,560,767	30,129,824	-13,689,230	950,658	876,849	689,780
Ongoing reduction in New Homes Bonus (pressure)	0	0	1,747,510	0	0	0
Grants Rolled into RSG, Core Funding	0	512,100	0	0	0	0
Estimated Cost of Investment - <i>Approved</i>	2,032,000	2,411,440	2,518,749	1,609,687	557,664	0
Adjustment to Gross budget offset by Income changes	16,089,901	7,217,840	0	0	0	0
Contribution to General Fund	10,716,110	-1,128,645	-17,455,156	-7,000,000	0	0
Contribution to Development Reserve - Transformation	0	0	-1,000,000	0	0	0
MTFS reserve (savings slippage/optimism bias)	4,250,000	0	0	-4,250,000	0	0
Capital Investment/Transformation Fund	0	0	20,000,000	0	0	0
Climate Change/Energy Efficiency Fund	0	0	5,000,000	2,500,000	0	0
<b>Demand Mitigations</b>	<b>-6,762,664</b>	<b>-10,989,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Savings</b>						
<i>TOM Budget Savings</i>	-725,000	-1,015,000	0	0	0	0
<i>Reduce Cost Budget Savings</i>	-37,809,965	-4,961,843	-366,050	0	0	0
<i>Manage Demand Budget Savings</i>	-6,773,636	-1,175,000	0	0	0	0
<i>New Income Budget Savings</i>	-8,692,720	-122,000	-20,000	0	0	0
<i>Charge More Budget Savings</i>	-3,720,000	0	0	0	0	0
<i>Stop/Cease Budget Savings</i>	-4,758,650	-447,010	350,000	0	0	0
<b>Total Savings</b>	<b>-62,479,971</b>	<b>-7,720,853</b>	<b>-36,050</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>761,650,104</b>	<b>821,905,603</b>	<b>844,487,999</b>	<b>865,557,265</b>	<b>895,278,465</b>	<b>926,049,814</b>

Figure 28: Total Expenditure 2025/26 – 2029/30

## 5. Long Term Outlook



## 5.1 Long Term Risks and Mitigations for a Sustainable Budget

The aim of the Council is to achieve the priorities as set out in The Shropshire Plan and in doing so ensure that the budget needed to deliver this is on a sustainable footing in the medium and long term. There is a significant degree of uncertainty, arising from both internal and external factors, which could have a significant impact on the key assumptions made within the financial strategy over the longer term. The environments within which the Council operates are complex and highly sensitive to a range of variables and it is therefore important that risks, that could have a material effect on the financial position of the Council, are identified and understood in terms of the potential impact (positive or negative) and the likelihood of occurrence. It is therefore important that adequate mechanisms are in place to identify and manage risks to support the achievement of financial stability.

Key risks are highlighted as part of the Council's Strategic Risk Register and reported on regularly to Cabinet, with considered mitigations in place. This includes two key strategic risks on the financial position of the organisation:

- Inability to contain overall committed expenditure within the current available resources within this financial year;
- Inability to set a balanced budget for a given year within the MTFS.

Specific risks or factors that can influence the Council's long term financial position include:

**Ability to deliver planned savings and efficiencies** – The current MTFS sets out the another year where the Council needs to deliver substantial savings and demand mitigation plans. This follows two years where Council has delivered significant savings programmes. Clearly, this entails significant risks. Plans are currently being put in place to ensure that there is an efficient and targeted approach to managing risks around delivery.

**Demographics** – Shropshire is a rural authority with a population of 329,260. In the next 20 years it is anticipated that there will be a growth in population of 48,600 (15%), with the bulk of this increase being in the over 65 age category. This suggests an even greater emphasis will be on Adult Social Care for the Council, and so it is imperative that the Council invests in preventative and demand management measures as soon as possible to reduce the impact that this growth in population could have on Social Care budgets into the future.

**Environmental** – Flooding within Shropshire is becoming a regular occurrence over the last few years and other meteorological changes starting to occur more frequently highlights the need to address climate change. In the last two years the Council has had to respond to at least two major flooding or storm incidents, and depending on the nature of the damage, can create pressure on either the revenue or the capital budget. Whilst governments are discussing national targets for reducing carbon emissions, it is necessary for all organisations to look at how they can change behaviour to reduce the impact of climate change. Shropshire Council has set out its vision to become carbon net-neutral by 2030 and to help support other organisations and residents in Shropshire to also achieve this for 2030. In the meantime, the Council will need to consider preparing for further potential climate emergencies such as flooding episodes in contingency funds.

**Economic** – The impact that a change in the economy can have on an organisation was most evident in 2022. World events can impact economies significantly despite the best

efforts of governments and financial institutions to retain control and take necessary measures. Following the war in Ukraine, inflation and Interest rates increased significantly and the government and the Bank of England is now trying to put measures in place to reduce inflation and grow the economy to reverse the impacts of this. However, this is not a quick process, and the economy is still experiencing higher interest rates than previously expected 3 years on from the war. In terms of the local economy within Shropshire, over the last five years the region has a higher economic activity rate than the West Midlands region and for Great Britain. There has been a steady growth in business enterprises in Shropshire over the last five years and with the top three sectors being agriculture, forestry & fishing (21.2%), professional, scientific and technical (12.9%) and Construction (11.5%).

**Political** – Nationally, any change at a general election can have a significant impact on spending priorities or new burdens from legislative changes which impact on services provided by local authorities. The general election took place in July 2024 with a new political party in power and changes made in the early stages of the government's term. It has been stated that Local Authorities can expect multi-year settlements from 2026/27 which would provide much needed certainty for financial planning over the medium term. At a local level and regional, changes resulting from local elections may also influence direction of the Council. The next set of local elections for Shropshire are in May 2025.

These areas of risk and potential change will be under regular review to consider how the Council needs to adapt or change its plans to address any specific concerns that may impact on the delivery of a sustainable budget for the Council.

## 6. Financial Stability



## 6.1 General Fund Balance

### Background

The Council holds a number of reserves in order to provide funds either for a specific planned purpose, or to provide a contingency fund in case of any financial issues arising in year.

The General Fund Balance is the reserve held by the Council for general purposes, i.e. against which there are no specific commitments. That said it is prudent and sensible for these sums to be treated as a contingency to protect the Council's financial standing should there be any unplanned liabilities arising in the year.

On an annual basis the Council considers the level of reserves held, including the General Fund Balance, to assess whether they are adequate. There are two main approaches for deciding the optimum level of the general balances. One method is to set an arbitrary percentage of expenditure, however this generally has little reflection of the potential contingencies that the Council may need to draw on. An alternative, preferable, method is an approach based on a risk assessment of the budget.

The Council uses the risk assessment approach in calculating the proposed level of General Fund Balance to hold. This approach considers strategic, operational and financial risks that the authority is facing. This includes, for example, changes in external funding or the council's ability to deliver savings; the effectiveness of budget monitoring to identify variances from spending plans and trigger timely remedial action; the availability of other funds to cover costs – for example, from an insurance policy, or from the government under the Bellwin Scheme for emergency financial assistance; and the extent to which contingency is built into individual departmental budgets and the council's overall budget.

A framework has been developed to identify areas of risk with an appropriate budget amount, an assessed level of risk (high, medium and low) and a percentage factor which will vary according to the level of risk. This process produces a value from which a risk assessed optimum level of general balance can be created.

There are six main areas that the General Fund Balance is required to cover and the individual risks within these areas have been considered.

- Treatment of inflation and interest rates
- Level and timing of capital receipts
- Treatment of demand led pressures
- Treatment of efficiency savings/productivity gains
- Availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions
- General Financial Climate

It is essential in setting a balanced budget that the Council has money available in the event of unexpected spending pressures. The "balances" need to reflect spending experience and risks to which the Council is exposed.

## Current position

The financial monitoring reports have provided members with an updated projection on the General Fund during the year. The most recent monitoring report presented to Cabinet (Q3) forecast an overspend for 2024/25 of £35.561m.

This position has been regularly reviewed during the year, with non-delivery against the challenging savings targets of £90.006m resulting in the bulk of the projected overspend. It is acknowledged that the remainder of these savings plans are not going to be delivered prior to the end of 2024/25 and so a contribution from the General Fund may need to be made. Any other action that can be taken to reduce the residual overspend for 2024/25 will be taken in the last quarter of the year.

The current balance on the General Fund is £38.8m, as shown below. This will be further impacted by the revenue outturn position, which could leave the General Fund Balance at £3.3m

<b>2024/25 General Fund Transactions</b>	<b>£'000</b>
General Fund Balance as at 1 April 2024	8,237
Budgeted Contribution to the General Fund	30,853
<b>Projected Balance as at 31 March 2025 (subject to outturn)</b>	<b>38,820</b>

Table 3: Projected General Fund Balance for 2025/26

## 2025/26 budgeted contribution to the General Fund

The overspend for 2024/25 reduces the General Fund Balance to an unsustainable level. This position would leave the Council with no substantial reserves on which to fall back on should any emergency occur. However, it is already known that there are likely pressures as follows:

- **Spending reductions @ £56.8m.** Spending reductions are seldom achieved at 100% within the year in any council. In this Council, savings for 2023/24 were delivered at 77% therefore unachieved savings can therefore be estimated as likely to be in the range of 20%-30%. The overall spending reductions set out in section 11 of this report amount to £56.8m. This means that the risk of under delivery, based on previous experience, flexed around an assessment of deliverability will be around £11.5m. Therefore, it is prudent to ensure that the General Fund Balance is at least sufficient to cover a risk of up to £11.5m based on the substantial spending reductions being planned, and the previous track record of delivery.
- **Regulatory reviews and interventions @ £2m.** The Council is already aware of the need to support improved outcomes in Children's Social Care, and a visit by Ofsted is expected imminently as part of the usual cycle of reviews. The Council is also aware that there are increasingly robust reviews being introduced by CQC, and DfE in relation to SEND provision. It is probable that at least some of these reviews may recommend additional investment in services to ensure all standards are met. It is not known what such costs may amount to. This provision assumes up to £2m to address short term investments required further to for these reviews. Longer term funding will be subject to the usual budget setting processes of the council. Any unused amount in this provision will be released back to the general fund.

- **Social Care Demand pressures @ £7m.** Social Care represents a significant proportion of the budget, and whilst the Council aims to predict likely demand growth based on previous history, and also manage demand pressures through a number of early help and preventative measures, there is always a risk that cost pressures could materialise due to issues within the care provider sector, or due to increased numbers of service users moving into the Shropshire area. As a result it is prudent to leave a contingent balance towards such potential risks. This has been quantified at £7m.
- **Severe weather @ £0.5m.** The Council is now having to respond and deal with increasing numbers of severe weather events, whether this is flooding, storm damage, or cold winters. Given that severe weather reserves have been depleted over recent years, it is prudent to provide for severe weather events at £0.5m within the General Fund Balance. This is in line with advice from the services affected.
- **Capital financing @ £4.5m.** Whilst the financing of the capital budget is set out as part of the capital programme, the Council also has the flexibility to use capital receipts to deliver ongoing benefits into the revenue budget. As a result the Council is planning to fund transformation costs that are helping to deliver ongoing budgetary savings using capital receipts. If sale of assets slip or are unable to be delivered there is a risk that either additional borrowing costs will be necessary for the capital programme, or additional costs will fall on the revenue budget. A provision of £4.5m has been earmarked for this potential risk.

On this basis, potential gross risks of £25.5m are to be covered within the General Fund Balance. For 2025/26, the budget includes a budgeted contribution of £29.5m, which would take the overall balance on hand as at 1 April to £32.7m. This allows the gross risks to be covered, and leaves a residual £7.2m to cover any other unforeseen financial risks.

Table 4: Budgeted Level of General Fund Balance

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Balance Brought Forward	3,259	32,714	44,714	49,714	54,714
Budgeted Contribution to General Fund	29,455	12,000	5,000	5,000	5,000
<b>Budgeted Balance as at 1 April</b>	<b>32,714</b>	<b>44,714</b>	<b>49,714</b>	<b>54,714</b>	<b>59,714</b>

Even though the Council will be making a significant contribution to the General Fund over the course of the MTFs period, the risks identified may need to be released from the General Fund Balance during the year. Therefore in Table 5 below the Council has modelled the impact on the General Fund with the inclusion of a risk assessed use of reserves for the pressures identified above. The calculated figure is based on previous experience of delivery of savings targets at the Council.

Table 5: Projected Level of General Fund Balance

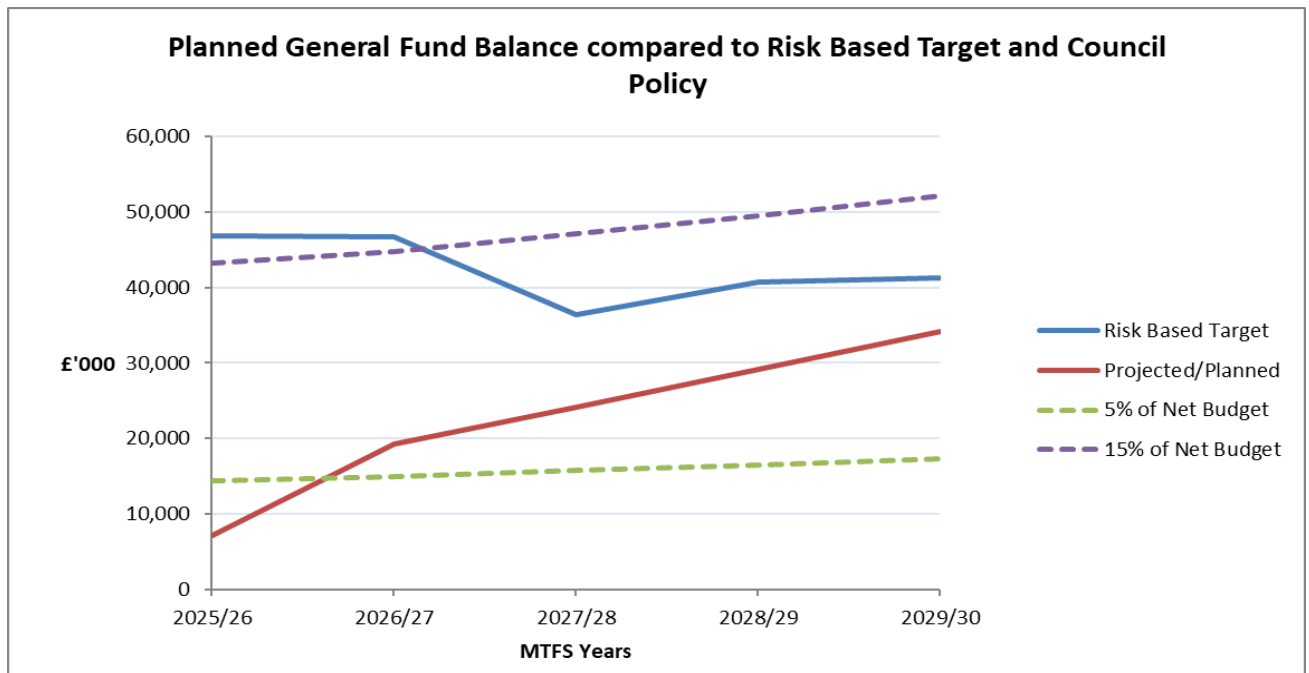
	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Budgeted Balance as at 1 April	32,714	19,214	24,214	29,214	34,214
Potential Commitments based on risk assessment of pressures	(25,500)	-	-	-	-
<b>Projected level of General Fund Balance</b>	<b>7,214</b>	<b>19,214</b>	<b>24,214</b>	<b>29,214</b>	<b>34,214</b>

This leaves the General Fund Balance remaining at an unsustainable level in the short term and so it is imperative that the contribution to the General Fund Balance remains in future years to bring the balance back to a reasonable level. Table 6 and Figure 29 demonstrate that if the General Fund Balance is used to fund any of the financial risks identified, as highlighted in Table 5, this will leave the General Fund significantly below the risk assessed level and so there is a need to improve the General Fund Balance over the course of the financial strategy.

Table 6: Comparison of Risk Based Calculation to Budgeted and Projected General Fund

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Risk assessed level of General Fund Balance (upper)	46,860	46,710	36,350	40,695	41,323
Budgeted level of General Fund Balance	32,714	44,714	49,714	54,714	59,714
<b>Variance (Shortfall)/Surplus</b>	<b>(14,146)</b>	<b>(1,996)</b>	<b>13,364</b>	<b>14,019</b>	<b>18,391</b>
Risk assessed level of General Fund Balance (upper)	46,860	46,710	36,350	40,695	41,323
Projected level of General Fund Balance as per Financial Strategy	7,214	19,214	24,214	29,214	34,214
<b>Variance (Shortfall)/Surplus</b>	<b>(39,646)</b>	<b>(27,496)</b>	<b>(12,136)</b>	<b>(11,481)</b>	<b>(7,109)</b>

Figure 29: General Fund Balance compared to Risk Based Target



## The risk-based calculation for the General Fund Balance over the course of the 5 year Financial Strategy is detailed below.

### Calculation of Risk Assessed General Fund Balance

2024/25					2025/26			2026/27			2027/28			2028/29			2029/30			
Budget/ Value	Risk Level	Risk Assessed General Fund	Budget Assumption	Area of Risk	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	Budget/ Value	Risk Level	Risk Assessed General Fund	
£000		£000			£000		£000	£000		£000	£000		£000	£000		£000	£000		£000	
<b>Treatment of inflation and interest rates</b>																				
170,426	0.50%	852	Inflation	Salaries	156,888	0.50%	784	141,587	0.50%	708	140,030	0.50%	700	138,489	0.50%	692	136,966	0.50%	685	
22,724	2.27%	516		Premises	20,919	2.27%	475	18,879	2.27%	428	18,671	2.27%	424	18,466	2.27%	419	18,263	2.27%	414	
20,276	0.98%	199		Transport	18,666	0.98%	184	16,845	0.98%	166	16,660	0.98%	164	16,477	0.98%	162	16,295	0.98%	160	
73,835	0.20%	148		Supplies & Services	67,970	0.20%	136	61,341	0.20%	123	60,666	0.20%	121	59,999	0.20%	120	59,339	0.20%	119	
239,024	0.20%	478		Third Party Payments	220,037	0.20%	440	198,577	0.20%	397	196,393	0.20%	393	194,233	0.20%	388	192,096	0.20%	384	
106,164	0.20%	212		Transfer Payments	97,731	0.20%	195	88,199	0.20%	176	87,229	0.20%	174	86,270	0.20%	173	85,321	0.20%	171	
96,735	0.00%	0		Pension triennial valuation unaffordable	99,637	0.50%	498	102,626	0.50%	513	105,705	0.50%	529	108,876	0.50%	544	112,142	0.50%	561	
		<b>2,405</b>		<b>Total Inflation</b>			<b>2,712</b>			<b>2,511</b>			<b>2,505</b>			<b>2,499</b>			<b>2,494</b>	
<b>Interest rates</b>																				
280,118	0.00%	0	Interest rates	Existing Borrowing	279,618	0.00%	0	279,618	0.00%	0	279,618	0.00%	0	279,618	0.00%	0	273,618	0.00%	0	
152,602	1.10%	1,679		New Borrowing	152,602	2.60%	3,968	152,602	2.75%	4,197	152,602	2.75%	4,197	152,602	2.75%	4,197	152,602	2.75%	4,197	
30,600	0.75%	230		PWLB	500	0.75%	4	0	0.75%	0	0	0.75%	0	0	0.75%	0	6,000	0.75%	45	
37,293	1.00%	373		Investment	37,293	1.00%	373	37,293	1.00%	373	37,293	1.00%	373	37,293	1.00%	373	37,293	1.00%	373	
		<b>2,281</b>		<b>Total Interest Rates</b>			<b>4,344</b>			<b>4,569</b>			<b>4,569</b>			<b>4,569</b>			<b>4,614</b>	
<b>Level and timing of capital receipts</b>																				
-2,292	0.00%	0	Capital Receipts	Land Sales	29,357	2.60%	763	42,106	1.38%	581	47,068	1.38%	650	53,700	1.38%	741	53,700	1.38%	741	
26,009	1.38%	359		Required for new Powers to use for Revenue	13,168	2.60%	342	5,000	1.38%	69	0	1.38%	0	0	1.38%	0	0	1.38%	0	
		<b>359</b>		<b>Total Capital Receipts</b>			<b>1,106</b>			<b>650</b>			<b>650</b>			<b>741</b>			<b>741</b>	
<b>Treatment of demand led pressures</b>																				
131,997	0.00%	0	Demand Led	Adult Social Care - demography	134,202	0.26%	345	145,977	0.26%	375	158,519	0.26%	407	171,875	0.26%	442	186,100	0.26%	478	
45,777	14.01%	6,413	Pressures	Childrens Social Care - demography	54,668	14.05%	7,683	60,794	14.05%	8,544	66,863	14.05%	9,397	72,932	14.05%	10,250	79,001	14.05%	11,103	
131,997	0.00%	0		Adult Social Care - uplifts	134,202	3.00%	4,026	134,202	3.00%	4,026	134,202	3.00%	4,026	134,202	3.00%	4,026	134,202	3.00%	4,026	
45,777	0.00%	0		Childrens Social Care - uplifts	54,668	1.00%	547	54,668	1.00%	547	54,668	1.00%	547	54,668	1.00%	547	54,668	1.00%	547	
177,774	0.50%	889		CQC/Ofsted Inspections	188,870	1.00%	1,889	188,870	1.00%	1,889	188,870	1.00%	1,889	188,870	1.00%	1,889	188,870	1.00%	1,889	
		<b>7,302</b>		<b>Total Demand Led Pressures</b>			<b>14,490</b>			<b>15,381</b>			<b>16,266</b>			<b>17,153</b>			<b>18,043</b>	
<b>Treatment of planned efficiency savings/productivity gains</b>																				
69,243	38.83%	26,886	Efficiency Savings	24/25 non achievement of savings																
				25/26 non achievement of savings	7,721	34.95%	2,698													
				24/25 savings carried forward - non achievement	38,293	34.95%	13,382													
				26/27 non achievement of savings				-146	34.95%	-51										
				26/27 remaining funding gap to be identified				36,193	34.95%	12,648										
				27/28 non achievement of savings							0	34.95%	0							
				27/28 remaining funding gap to be identified							3,088	34.95%	1,079							
				28/29 non achievement of savings										0	34.95%	0				
				28/29 remaining funding gap to be identified										11,916	34.95%	4,164				
				29/30 non achievement of savings													0	29.12%	0	
				29/30 remaining funding gap to be identified													12,202	29.12%	3,553	
		<b>26,886</b>		<b>Total Efficiency Savings</b>			<b>16,080</b>			<b>12,597</b>			<b>1,079</b>			<b>4,164</b>			<b>3,553</b>	

Calculation of Risk Assessed General Fund Balance

2024/25			Budget Assumption	Area of Risk	2025/26			2026/27			2027/28			2028/29			2029/30		
Budget/ Value £000	Risk Level	Risk Assessed General Fund £000			Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	Budget/ Value £000	Risk Level	Risk Assessed General Fund £000	Budget/ Value £000	Risk Level	Risk Assessed General Fund £000
Availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions																			
3,978	5.00%	199	Insurance and	Provision	3,978	5.00%	199	3,978	5.00%	199	3,978	5.00%	199	3,978	5.00%	199	3,978	5.00%	199
1,583	5.00%	79	Emergency	Reserve	1,583	5.00%	79	1,583	5.00%	79	1,583	5.00%	79	1,583	5.00%	79	1,583	5.00%	79
500	Quantum	500	Planning	ICT Disaster	500	Quantum	500	500	Quantum	500	500	Quantum	500	500	Quantum	500	500	Quantum	500
500	Quantum	500		Other Incident	500	Quantum	500	500	Quantum	500	500	Quantum	500	500	Quantum	500	500	Quantum	500
523	Quantum	523		Bellwin	562	Quantum	562	604	Quantum	604	634	Quantum	634	666	Quantum	666	708	Quantum	708
2,074	20.00%	415		Severe Weather	2,126	20.00%	425	2,179	20.00%	436	2,234	20.00%	447	2,289	20.00%	458	2,347	20.00%	469
		<b>2,216</b>		<b>Total Insurance and Emergency Planning</b>			<b>2,266</b>			<b>2,318</b>			<b>2,359</b>			<b>2,402</b>			<b>2,456</b>
75,837	0.00%	0		Other Government Settlement Changes	76,700	1.00%	767	69,228	5.00%	3,461	70,591	5.00%	3,530	71,992	5.00%	3,600	73,431	5.00%	3,672
50,010	1.00%	500		Housing Benefits	50,010	1.00%	500	50,010	1.00%	500	50,010	1.00%	500	50,010	1.00%	500	50,010	1.00%	500
2,433	5.00%	122		DSG pressures - Academisation	2,358	5.00%	118	2,358	5.00%	118	2,358	5.00%	118	2,358	5.00%	118	2,358	5.00%	118
586	25.00%	147		Academy School transfer leaving deficit	586	25.00%	147	586	25.00%	147	586	25.00%	147	586	25.00%	147	586	25.00%	147
		<b>768</b>		<b>Total Funding Changes</b>			<b>1,531</b>			<b>4,226</b>			<b>4,294</b>			<b>4,364</b>			<b>4,436</b>
<b>General Financial Climate</b>																			
15,478	2.50%	387	General Financial	Debt Collection	15,478	2.50%	387	15,478	2.50%	387	15,478	2.50%	387	15,478	2.50%	387	15,478	2.50%	387
205,104	0.00%	0	Climate	Council Tax - General risk	219,283	0.50%	1,096	232,527	0.50%	1,163	246,571	0.50%	1,233	261,463	0.50%	1,307	277,256	0.50%	1,386
41,306	0.00%	0		Business Rates - General risk	46,683	2.50%	1,167	47,103	2.50%	1,178	47,902	2.50%	1,198	48,718	2.50%	1,218	49,550	2.50%	1,239
47,620	0.50%	238		Discretionary Income	47,620	0.50%	238	47,620	0.50%	238	47,620	0.50%	238	47,620	0.50%	238	47,620	0.50%	238
		<b>625</b>		<b>Total General Financial Climate</b>			<b>2,889</b>			<b>2,965</b>			<b>3,055</b>			<b>3,150</b>			<b>3,250</b>
261,697	0.50%	<b>1,308</b>		<b>Additional Budget Pressures</b>	288,586	0.50%	<b>1,443</b>	298,496	0.50%	<b>1,492</b>	314,516	0.50%	<b>1,573</b>	330,405	0.50%	<b>1,652</b>	347,213	0.50%	<b>1,736</b>
		<b>44,151</b>		<b>TOTAL RISK ASSESSED GENERAL FUND</b>			<b>46,860</b>			<b>46,710</b>			<b>36,350</b>			<b>40,695</b>			<b>41,323</b>

Figure 30: Risk Based Calculation of General Fund

The benchmark position for Shropshire Council is set out below in the CIPFA resilience index. Based on the latest data (the outturn for 2023/24) it shows

- Very high risk for reserves, including rate of use, overall level relative to net budget, and change in reserves over time
- High risk for the cost of borrowing versus net budget, with moderate/high risk in terms of overall borrowing
- Moderate proportion of the budget allocated to social care
- Moderate levels of fees and charges
- Moderate Council Tax requirement



Figure 31: CIPFA Resilience Index

Level of reserves is further analysed as follows, comparing Shropshire Council with our nearest statistical neighbours:

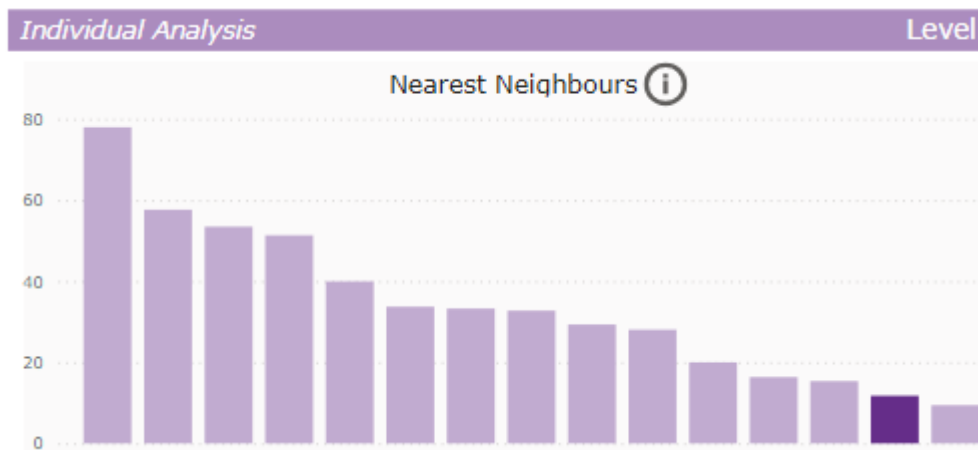


Figure 32: CIPFA Resilience Index Level of Reserves compared to Nearest Neighbours

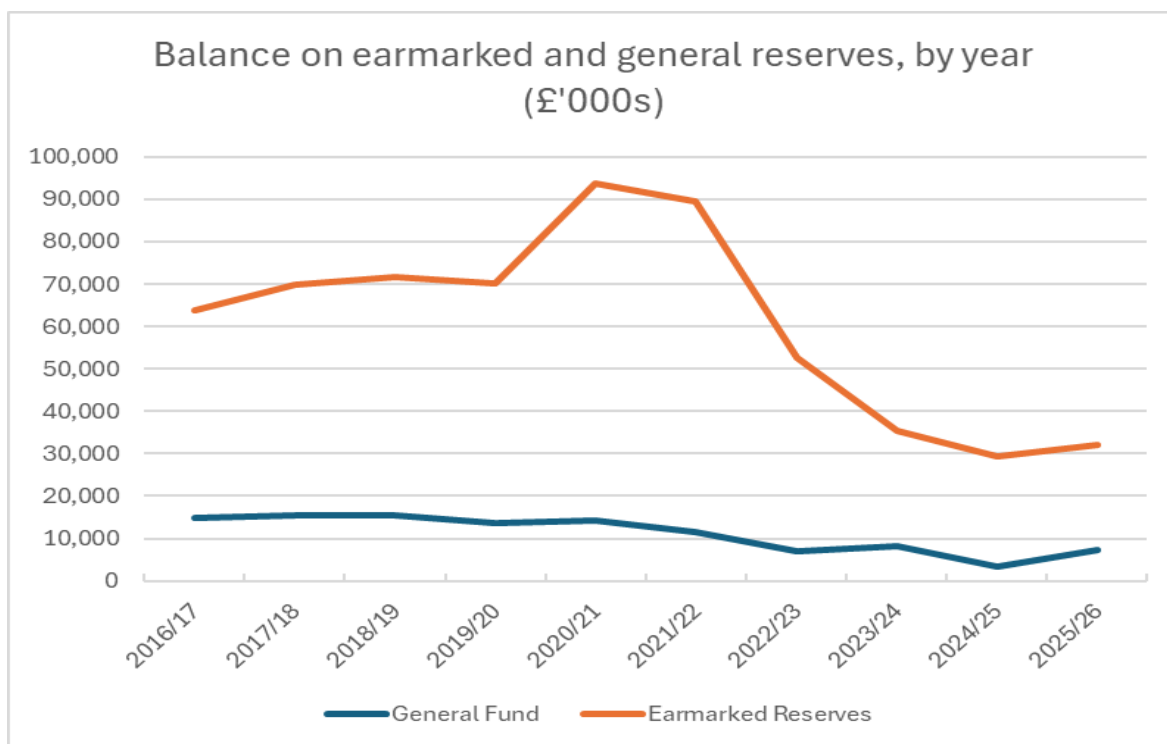


Figure 33: Balances on Earmarked and General Reserves since 2016/17

General advice on reserves levels has been included in the review undertaken by the Council's independent external auditor (Grant Thornton) covering recent 'public interest reports' published for councils that have entered a situation of financial crisis. GT recommend that council reserves should be between 5% and 10% of net spending:

*This, we believe, is the absolute and fundamental lesson from the PIRs issued in the last few months. Maintaining sound reserves is absolutely vital and a key indicator of sound financial governance. It should be at the heart of all medium-term financial plans. In our view, general fund reserves (including earmarked general fund reserves) should be a minimum of 5% of net spending and arguably should be somewhere between 5 and 10%.<sup>3</sup> ... flexed upwards to consider the macro-economic and local risks the council faces.<sup>4</sup>*

If net spending is considered as 'core spending power', then the target level of general fund reserves for this Council in 2025/26 is between £14m (at 5%) and £29m (at 10%). However, local funding pressures indicate that the council would be well advised to be targeting an ongoing general fund reserve position of at least £30m, with an outlook to 'flex upwards' beyond that through the medium term.

This MTFS includes such a strategy within its estimates for the medium term but the pressure on reserves in the short term is acute and increases overall financial risk as a result. We are using reserves to enable safe delivery of spending reductions as far as we can. Safe delivery of savings, however, places more risk on other unforeseen financial consequences.

<sup>3</sup> [Lessons from recent Public Interest Reports | Grant Thornton](#), page 5

<sup>4</sup> Ibid, page 14.

Research undertaken by CIPFA show that generally upper tier councils hold a general fund balance of approximately 10% of the net revenue budget. Shropshire Council is projected to hold a balance of £3.259m at the end of 2024/25 which represents 1.25% of the Net Revenue Budget. Using the CIPFA research and the Grant Thornton review of Public Interest Reports as a basis for agreeing a benchmark to evaluate the level of General Fund Balance held, it is considered appropriate that the balance held should be somewhere between 5% and 15% of their net revenue budget. If this benchmark was implemented, it would be necessary for the General Fund Balance to be between £14.429m and £43.288m in 2025/26. This can be seen as a blunt tool for calculating an appropriate balance to hold but does give a standard to compare to when considering if the risk calculated approach used by this Council is appropriate. As the graph above shows, in 2025/26, when the Council is embarking on an ambitious £60m savings plan, the risk assessed level is over the higher end of the spectrum. However, if the Council can deliver the saving planned in 2025/26, the risk assessed level will reduce in future years to just below the higher end of the spectrum. This would suggest that the current methodology used to calculate an appropriate general fund balance to hold is appropriate.

## **6.2 Earmarked Reserves**

A review of the earmarked balances held by the Council has been performed to establish the purpose of the reserves and the likely timescale that these reserves will be utilised.

Earmarked reserves are created to meet known or predicted requirements in the future. There are 5 main categories of earmarked reserves that the Council holds:

- Sums set aside for major schemes, such as capital developments, or to fund major reorganisations
- Insurance Reserves
- Reserves of trading and business units
- Reserves retained for service departmental use
- School Balances

The Council held balances of £36.393m in earmarked reserves at 31 March 2024 which includes schools budget balances of £7.340. During the course of 2024/25 it is anticipated that a net £5.896m will be allocated from earmarked reserves to fund commitments in 2024/25. A full breakdown of the earmarked reserves is detailed below including the purpose of each reserve.

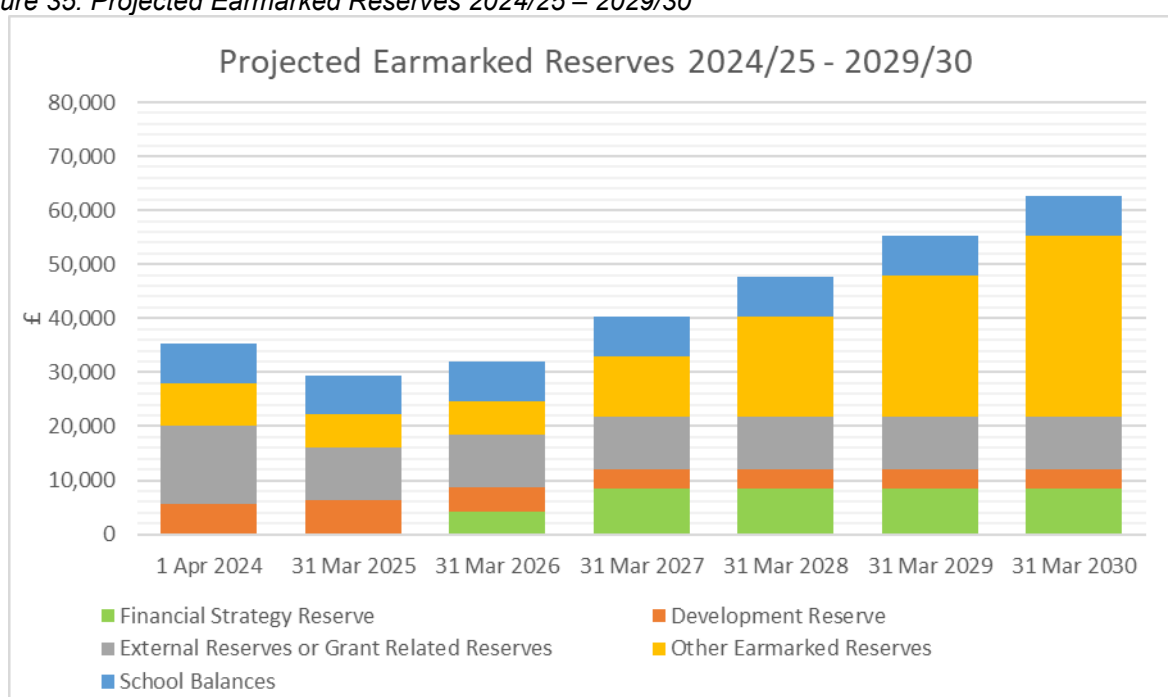
Figure 34: Breakdown of Earmarked Reserves

Reserves	Purpose of Balance	Balance Brought Forward (£'000)	Anticipated movement (£'000)	Balance Carried Forward (£'000)
<b>Sums set aside for major schemes, such as capital developments, or to fund major reorganisation</b>				
Redundancy	Required to meet one-off costs arising from approved staffing reductions, allowing the full approved savings in salaries or wages to reach the revenue account.	2,000	-1,757	243
Revenue Commitments for Future Capital Expenditure	Comprises of underspends against budgeted revenue contributions available for capital schemes. The underspends have arisen due to slippage in capital schemes or because other funding streams were utilised during the year so as to maximise time limited grants.	3,199	-643	2,555
Development Reserve	Required to fund development projects or training that will deliver efficiency savings.	5,696	618	6,314
Invest to save Reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	1,379	-743	635
		<b>12,274</b>	<b>-2,526</b>	<b>9,748</b>
<b>Insurance Reserves</b>				
Fire Liability	Required to meet the cost of excesses on all council properties.	1,051	-373	678
Motor Insurance	An internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.	533	0	533
		<b>1,584</b>	<b>-373</b>	<b>1,211</b>
<b>Reserves of trading and business units</b>				
Shire Catering and Cleaning Efficiency	Built up from trading surpluses to invest in new initiatives, to meet exceptional unbudgeted costs or cover any trading deficits.	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>
<b>Reserves retained for service departmental use</b>				
Building Control	Required to manage the position regarding building control charges.	311	-107	204
Care Act & IBCF Reserve	Required to fund the costs of implementing the Care Act requirements within the Council. This will be committed to the costs of one off posts required to implement the changes and training costs for staff within Adult Services. Plus unspent IBCF monies required to fund the IBCF programme in future years.	1,022	-434	589
Economic Development Workshops Major Maintenance	Established to meet the costs of major maintenance of Economic Development Workshops.	149	0	149
External Fund Reserve	Reserves held where the Council is the administering body for trust funds or partnership working.	2,125	1,368	3,492
Financial Strategy Reserve	Established specifically to provide one off funding for savings proposals in the Financial Strategy	0	0	0
Highways Development & Innovation Fund	Set aside funds for pump priming the Development and Innovation programme.	600	-500	100
New Homes Bonus	Established from unapplied New Homes Bonus Grant balances.	834	-156	678
Public Health Reserve	This reserve includes balances committed to specific public health projects.	3,220	-1,285	1,934
Repairs & Maintenance Reserve	Set aside for known repairs and maintenance required to Council owned properties.	246	-95	151
Resources Efficiency	Established for investment in new developments, particularly information technology, that service area would not be expected to meet from their internal service level agreements for support services.	480	58	538
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2024/25	3,341	-1,589	1,752
Severe Weather	Required to meet unbudgeted costs arising from the damage caused by severe weather. The policy of the Council is to budget for an average year's expenditure in the revenue accounts and transfer any underspend to the reserve or fund any overspend from the reserve.	315	-164	150
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	37	0	37
		<b>12,679</b>	<b>-2,905</b>	<b>9,774</b>
<b>School Balances</b>				
Balances held by schools under a scheme of delegation	Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion.	7,340	0	7,340
Schools Building Maintenance Insurance	The schools building maintenance insurance scheme is a service provided by Property Services for schools. In return for an annual sum all structural repairs and maintenance responsibilities previously identified as the "authority's responsibility" are carried out at no additional charge to the school.	1,516	-93	1,423
		<b>8,856</b>	<b>-93</b>	<b>8,763</b>
<b>Total Reserves</b>		<b>35,393</b>	<b>-5,896</b>	<b>29,496</b>

The Finance Strategy assumes that in 2025/26 onwards, funding will be directed to reinstating a Financial Strategy Reserve to help smooth delivery of the Financial Strategy and to provide more resilience to the General Fund Balance.

A projection of the level of earmarked reserves that will be held over the next 5 years of the financial strategy is demonstrated in the graph below and shows the planned increase from 2025/26 onwards. It also intended in the later years of the finance strategy to build up a capital/transformation fund to provide funding for any new initiatives that would help to keep the revenue budget on a sustainable footing and invest in a climate change/energy efficiency fund to provide resilience for the climate emergencies such as flooding which are becoming a regular occurrence in Shropshire.

Figure 35: Projected Earmarked Reserves 2024/25 – 2029/30



### 6.3 Robustness of Estimates

Each year council considers a Statement of the Robustness of Estimates.

While the 2025/26 financial support provides some assistance, it does not address uncertainties about future funding and reform. The reforms are extensive and complex, including a Spending Review, the promise of a multiyear settlement, funding model reform, and business rates modernization. Additionally, there are plans for significant structural reorganization of the sector and further devolution. Reforms from several other Whitehall departments, which have policy responsibility for many services delivered by local councils, will also play a substantial role.

Budget estimates are estimates of spending and income made at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about

the budget, but in an objective and systematic manner gives members reasonable assurances that the budget has been based on the best available information and assumptions.

To meet the requirements for the robustness of estimates several key processes were put into place, including:

- Review of expenditure and resources for the entire council for next five years to identify the underlying viability of the council's resource envelope when compared to cost. This exercise has been particularly challenging given the uncertainty in the sector regarding the impending future funding reform and business rates modernisation, planned alongside a Spending Review and potential plans for significant structural reorganisation of the sector.
- Review of existing budgets and focus on key risk areas as part of the budget setting and budget monitoring process. For example, our key risk areas in terms of budget size and volatility are Adult Services and Children's Social Care. These areas have been subject to demand pressures in recent years and so detailed modelling on number of clients and cost variations have been created to understand fully where the underlying cost pressure is arising from. This data has then been used within growth modelling to consider future costs for these areas over the course of the Medium term Financial Strategy.
- Identification of the in-year and the full year impact of any variations compared to budget. This ensures that the underlying budget and any pressure can always be separately identified and arrangements to manage pressures (for example using one-off resources) is undertaken in an open and transparent mechanism, approved by Cabinet.
- The Financial Strategy and Budget Monitoring Reports are updated and reported to Cabinet on a regular basis throughout the year. In this period of unprecedented uncertainty in terms of Local Government funding and spending pressures, the latest position is always reported transparently even though this position can change significantly from one reporting period to the next.
- Separation of roles within the Finance Team in setting budget control totals, identifying budget requirement and inputting into the Finance System which is subject to review by Internal Audit as part of the Council's Internal Audit Plan.
- Review by Finance Staff with Service Managers to understand the achievability, deliverability and timescales for all proposed service redesign.

Notwithstanding these arrangements, which are designed to test the budget throughout its various stages of development, considerable reliance is placed on Senior Managers having proper arrangements in place to identify issues, project demand data, performance information and to consider value for money and efficiency. Financial tools and dashboards are in place to provide budget holders with the most accurate financial data to inform their decisions, enhance their understanding of the budget position and improve budget projections.

### **Robustness of Revenue Estimates**

The 2025/26 budget process continues to progress in improving the Council's budget preparation, with the inclusion of a detailed growth model and the process of medium term

forecasting due to information and trend data drawn from the monitoring of the budget and associated systems, reported as a minimum to Cabinet on a quarterly basis.

As part of developing the 2025/26 budget, the Council has focussed on managing demand pressures and taking steps to understand all known growth pressures and compensatory mitigations that can be taken to reduce the funding gap. Savings have also been identified, considering the implications of these savings with the main driver being whether this aligns to The Shropshire Plan outcomes. Collaborative Budget and Cabinet Members have been updated throughout this process and have had the opportunity to review the options considered, and these are reflected in the proposed budget.

The development of the five year financial strategy assumes that services need to be delivered and funded through an appropriate level of resources over the next five years and this is demonstrated in the resources and expenditure projections given in Table 7 below. This includes assumptions around savings to be delivered as part of the Financial Strategy.

*Table 36: Gross Resources and Expenditure Projections*

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Projected Resources	709,472	758,902	751,363	768,334	785,099	803,822
Current Projected Expenditure	709,472	758,902	785,446	805,505	834,186	865,111
Funding Gap	0	0	34,083	37,171	49,087	61,289
Year on Year Gap		0	34,083	3,088	11,916	12,202

Savings proposals have been identified for 2025/26 through to 2026/27. The savings identified relate to six categories, Reducing Cost, Target Operating Model, Demand Management, New Income, Charge More and Stop/Cease Services. All senior management have been involved to identify the proposed savings. Some of the savings' values, whilst achievable, are ambitious and so progress against these proposals will be monitored carefully to consider the impact on the budget strategy. The specific factors considered in developing the draft budget are detailed below in Figure 36.

### **Robustness of Budget Management and Savings Delivery**

Considering the level of spending reductions being targeted in the coming year and recognising the recent history of the council in terms of savings delivery, additional measures will continue to give increased support to service managers to deliver planned savings and contain spending within budgeted levels. These measures include

- Enhanced in-year monitoring; monthly reviews, including both year-to-date and forecast expenditure
- Savings trackers highlighting the delivery plan for the saving and monitoring progress against this
- Increased visibility of activity data and trend analysis
- Quarterly meetings with Senior Management at the Council to keep track of budget pressures and savings plans delivery.
- Scope for rapid intervention to address any significant deviation from spending plans as these are identified.

The approaches summarised above will ensure that the budget is given the best chance of success. These measures have been discussed and agreed with Cabinet and the Senior Leadership Team. The measures are an important part of the assurances regarding the

robustness of the revenue estimates and the confidence of the Section 151 Officer that the Council can contain its spending within the available funding.

### Robustness of Capital Budget

The agreed programme is fully funded within a three-year timescale however this is heavily dependent on the Council generating significant levels of capital receipts. Projects have been costed at current year prices but may be subject to tender processes after inclusion in the programme which may lead to a variance in the final cost. In some areas, the design brief may not be finalised, again giving rise to potential price variance.

The risk of the Council being unable to fund variations outside of the programme is minimal mainly due to the phasing of projects. If necessary, the Council can choose to freeze parts of the programme throughout the year to ensure spend is kept within the agreed budget.

There are two main risks associated with the Capital Programme.

- Firstly, the ability to deliver the capital programme within the agreed timescales. Slippage from 2024/25 is fully funded over the Financial Strategy period but this will increase pressure on the Council to deliver the anticipated 2025/26 programme.
- Secondly, the draft three-year programme includes projects funded from anticipated capital receipts. This is in addition to transformation projects also being funded from capital receipts, and so there is an increased need for delivery of capital receipts. In the current climate these receipts may be lower than anticipated or may not materialise in the expected timeframe which will have to be managed through a robust monitoring process.

The capital programme will be actively managed and reprofiled during the course of the financial year to reflect scheme delivery timescales and revisions to funding agreements for projects. At the end of the year, however, slippage within the programme normally occurs which had not previously been anticipated. This will be due to delays in delivery of schemes and the net of underspends and overspends against specific projects. As shown in Table 8 below, in 2023/24 there was slippage of £7.673m which represents 7.7% of the revised capital programme. Action has already been taken during the course of 2024/25 to reprofile budgets to future years to reflect latest data on project delivery.

Table 37: Three Year Capital Position (£000's)

	2023/24 Outturn	2024/25 Latest Projection	2025/26 Latest Estimate
Capital Programme	114,719	117,504	138,760
Reprofile Budgets	(14,707)	(6,811)	0
Revised Capital Programme	100,012	110,693	138,760
Slippage	(7,673)	-	-
<b>Actual Capital Programme</b>	<b>92,339</b>	<b>110,693</b>	<b>138,760</b>

The capital programme includes a target for capital receipts to be delivered to ensure the programme is fully funded and removing the necessity for prudential borrowing to be undertaken to meet a funding gap. This target generally decreases during the year to reflect the reprofiled budget, however the full capital receipt target will still be required to fully fund the capital programme.

Over the last 2 years (2022/23 to 2023/24) the level of capital receipts has been sufficient for a balance of capital receipts to be carried forward to offset any requirement for funding in the next financial year. This has been managed by natural slippage in the programme which has enabled other sources of funding to be used initially. In 2024/25 it is anticipated that there will a shortfall of £11.3m in capital receipts for the General Fund to meet the known commitments. For 2025/26 the level of capital receipts required is £37.0m and a shortfall of £34.6m currently exists within receipt projections for the General Fund. There are currently £42.7m of further assets being considered for disposal which would address this shortfall if progressed. Whilst every effort will be made to bring this level of resources into the Council, should there be a delay in the delivery schedule of capital receipts it is anticipated that this will again be controlled through natural and potentially managed slippage in the capital programme. If this cannot be managed through natural and managed slippage, this will result in prudential borrowing being undertaken for the shortfall which would then generate an additional pressure on the revenue budget.

*Figure 38: Analysis of Budget Assumptions and Financial Risks, including the Council's Financial Management Arrangements and Appropriate Mitigation*

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
1. The treatment of inflation	<p>There are two key issues in relation to inflation.</p> <ul style="list-style-type: none"> <li>• There may be some items of expenditure – fuel or energy costs for example - where any estimate of inflation is a 'best guess'. The risk assessment considers the average level of inflation experienced over a five year period and so reflects the higher levels of inflation that may seem to be unreasonable to include in a budget but might come to pass.</li> <li>• Information is less accurate for years 2 onwards; the risk assessment covers the higher range.</li> </ul> <p>It is difficult to predict the direction that the wider economy will take and thus the level of inflation required. As has been seen in recent years the level of inflation has been significantly higher than had been anticipated.</p>	<p>Pay – 2.5% per scale point has been provided in the 2025/26 budget whilst the outcome of pay negotiations are awaited. Funding has also been provided for increments due to be awarded for 2025/26 based on existing staffing levels.</p> <p>Pension contribution rates are at the rate of 17.2% for 2025/26 following the 2023 valuation on the Pension Fund.</p> <p>Price inflation has been provided on contractually or quasi-contractually committed budgets at the rate stated in the relevant agreement.</p>
2. Interest rates on borrowing and investment	<p>This issue here is similar to those in 1 above, but for a specific area.</p> <p>The Council had previously pursued a policy of generating capital receipts to prevent new borrowing, however given the shortfall in capital receipts projected for the 2024/25 financial</p>	<p>Interest receivable budgets have been set based on 4.7% interest receivable. Generally due to lower cash balances held, investments remain liquid so are only invested short term or overnight.</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
	<p>year and beyond this is now unachievable. Therefore, new borrowing will be undertaken for the capital programme, as required.</p> <p>When inflation spiked in the economy, the Bank of England increased the interest rates to try and manage the inflation levels. These have slowly started to reduce but not by as much, as interest rates increased 2 years ago. This has resulted in better returns on cash balances, but unfortunately this has come at a time when cash balances are low.</p> <p>The Council's borrowing has been undertaken at fixed rates of interest and so the level of interest payable is not considered as a risk to variable rates. However, if borrowing should be required, there is a potential risk that any new borrowing may not be secured at similar interest rates to those currently budgeted for.</p>	<p>The average interest rate of the total debt portfolio (excluding HRA) is calculated at 4.5% for 2024/25 and this is used for all borrowing costs.</p> <p>NB: PWLB borrowing rates vary daily depending on the economy so for 2024/25 the range is currently between 5.2% (short term) and 5.9% (long term). Borrowing for investment properties primarily for yield is now prohibited from the PWLB.</p>
<p>3. Estimates of the level and timing of capital receipts.</p>	<p>The Council has developed an asset management strategy and has a policy of reducing borrowing costs around the capital programme where possible. Therefore, the capital programme is dependent on the delivery of capital receipts. The planned receipts estimated to the Council are made more difficult due to reducing market values and problems for potential procurers in obtaining finance.</p>	<p>Capital receipts are monitored monthly in the capital monitoring report and are RAG rated in terms of their anticipated delivery against target.</p> <p>Given the need to increase the level of capital receipts generated due to the use of capital receipts for transformation activities in line with the Flexibility on the use of Capital Receipts, the Council is performing a review of assets for consideration of future disposal. This is being discussed regularly with the Senior Leadership Team, to maximise opportunities for sales of assets.</p>
<p>4. The treatment of demand led pressures</p>	<p>There are long standing areas of risk due to volatility, where we budget for demographic changes in future years, but might find the actual is at the higher end resulting in a shortfall, particularly in the short term.</p> <p>Two areas specifically affected by demography are adult social care and children's social care, where we have seen significant budget pressures due to increasing numbers of Children becoming looked after and clients receiving care packages.</p>	<p>Managers review their base budgets including demand led pressures. Services are expected to put forward management and policy actions to manage the additional demand within the relevant legislation either within the relevant budget or reprioritising within their Service budgets. If this is not possible and under-spending management action or policy actions in other Services are not sufficient to cover the additional demand, then reserves may have to be used to address the additional expenditure temporarily.</p> <p>Such an eventuality has been considered in future years' budgets, and it is assumed that general fund reserves are restored to an appropriate prudent level over the course of the Financial Strategy.</p> <p>Given that there have been significant budgetary pressures in social care budgets,</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
		<p>there has been action to consider several demand management measures to mitigate the growth that is being experienced in care costs. These measures were initially identified in 2023/24 and have been tracked for delivery in 2024/25, with further measures planned for 2025/26. Therefore, additional demand management savings have been built into the 2025/26 to mitigate the demographic growth that has been identified.</p> <p>The 2025/26 budget has been based upon specific demand levels identified during budget monitoring in 2023/24 and six months of 2024/25 and projections made by Heads of Service of demand levels in future years. A growth model for both Children's social care and Adults social care is relied upon for setting these budgets.</p> <p>Measures are also being put into place to give increased support to service managers, specifically within adult social care and children's social care to contain spending within budgeted levels. These measures include</p> <ul style="list-style-type: none"> <li>• Enhanced in-year monitoring; monthly reviews, including both year-to-date and forecast expenditure</li> <li>• Increased visibility of activity data and trend analysis</li> <li>• Scope for rapid intervention to address any significant deviation from spending plans as these are identified.</li> </ul>
<p>5. The treatment of efficiency savings</p>	<p>The budget includes improvement programmes that will deliver savings; the risk is that they may be delivered at a slower rate.</p> <p>The total savings identified for 2025/26 are £56.8m which will have risks involved in terms of delivery, and from delays in delivery. The savings, whilst achievable are ambitious and this should be reflected in the risk factor applied.</p>	<p>All Managers have a responsibility to ensure the efficient delivery of services and when efficiency savings are proposed that those savings are both realistic in terms of the level of savings and timing.</p> <p>Delivery plans for savings are being compiled prior to the 2025/26 financial year and will be carefully monitored during the year.</p> <p>Should the level and timing of such savings vary due to unforeseen events and under-spending, management action or policy actions within the relevant Service Area and corporately will be implemented where appropriate. Alternatively, the General Fund Balance will be utilised as a temporary funding mechanism until the full savings are achieved.</p> <p>If the funding gap remains unresolved by future savings plans the council will need to consider making further efficiencies.</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
<p>6. The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments</p>	<p>The Council may decide to establish separate delivery vehicles to improve service delivery in the future. Full business cases are required for any services being considered for transfer to an alternative service vehicle.</p>	<p>The sharing of risk is in accordance with the principle of the risks being borne by the party best placed to manage that risk. Inherent risks include any guarantee or variation of service throughput (service volumes). If risks materialise the expectation is that such an eventuality will be considered in future years' budgets.</p> <p>Business cases for any new delivery vehicles will fully investigate any financial risks that the Council may face in the future and the Financial Strategy updated accordingly.</p>
<p>7. The availability of other funds to deal with major contingencies</p>	<p>Were a disaster to occur, we must have a reserve in place to pick up costs that will fall to the Council.</p> <p>The impact of flooding within the Council area based on present experience is that it is limited to localised pockets.</p> <p>The geographical area covered by the Council has resulted in budget pressures in some years due to extreme weather conditions and additional costs such as snow clearance. Changes to the base budget provision has been made in previous years to help mitigate this, but overspends in previous years have, at times, been more than this growth level. In more recent years it has not been necessary to utilise all available funding, but a risk remains.</p> <p>Other disasters such as those relating to ICT could occur on a one-off basis.</p>	<p>The level of reserves assumes that management and policy actions will be taken to address major contingencies. Should these be insufficient, the general fund balance may have to be used.</p> <p>An earmarked reserve for Severe Weather has now been significantly depleted over the last 2 years and so any pressure not covered by this reserve would need to be funded from the general fund balance.</p> <p>A risk based approach in calculating the general fund balance takes into consideration the types of incidents and costs associated and this is reviewed annually.</p> <p>The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure" some areas. Premiums and self-funds are reactive to external perceptions of the risks faced by the Council which includes both risks that are generic to all organisations and those specific to the authority. Therefore, the values of Insurance Reserves are reviewed each year to ensure that the optimum balance is held based on the level of outstanding liabilities.</p> <p>Any major incident or emergency may result in significant costs to the Council. Depending on the incident concerned, the Council may be able to recover such costs through the Bellwin Scheme however the Council would need to cover any expenditure up to the agreed threshold level. This level is fully included within the Council's general fund balance.</p>

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action
8. Impact on council funding of announcements of national changes	<p>Council funding is always subject to change, especially in the current economic climate. However, the Financial Strategy takes account of projected changes in the Revenue Support Grant and specific government grants.</p> <p>In recent years the Dedicated Schools Grant allocation to the Council has come under pressure, in relation to the costs of supporting High Needs Pupils and the centrally retained share due to the academisation process. Additional funding for High Needs Pupils has been received by the Government however this is still not sufficient to reduce the projected overspend within the Dedicated Schools Grant.</p>	<p>There is a significant amount of uncertainty about medium term/longer term funding for the Council from 2026/27 onwards due to the future funding review for local government. It is uncertain how this will impact Shropshire Council specifically, but the Council has been prudent with its assumptions regarding which core grants will continue beyond 2026/27 until further information or guidance is provided by the Government.</p> <p>One risk factor included is in relation to the Housing Benefits grants which the Council receives. Changes are planned for welfare benefits which may increase the Council's exposure to costs over and above the grant that is received. This has been factored into the General Fund risk based calculation.</p> <p>Any overspend within the Dedicated Schools Grant is allowed to be carried forward until the end of March 2026. It remains to be seen if this will be extended, but in the meantime the Council is taking steps to enhance financial planning around the Dedicated Schools Grant in order to try and manage the overspend position into the future.</p>
9. The overall financial standing of the authority (level of, debt outstanding, council tax collection rates etc.)	<p>Changes may mean doing things in a way for which we have no ready evidence, and any assumptions made may be wrong. Additionally, the areas of change will alter over time.</p> <p>An allowance for budget pressures has been built in to accommodate any corrective action that needs to be taken if the assumptions about changes in service delivery should change.</p> <p>Any economic downturn may result in an increased risk of not collecting all income due to the Council. This would include all sundry debt, and charges relating to Council Tax and Business Rates. Any such pressure identified should be evaluated and provided for.</p> <p>Income from fees and charges is also vulnerable to change based on the current economic climate. This is likely to continue and is adjusted for within the Financial Strategy but is subject to short term negative variations from year to year.</p>	<p>The level of aged debt within the sundry debtors' figure is monitored and reported to management regularly so that the appropriate action may be taken. Bad debt provisions are maintained to protect the budget against any such pressures, but should these not be sufficient, the general fund would be used.</p> <p>A fees and charges report is produced for Cabinet covering income from fees and charges. This review considers the level of income as monitored in the quarterly revenue monitors to Cabinet, and considers the impact of increases in charges, or the freezing of charges on the 2025/26 budget.</p> <p>A project has also been launched on improving debt collection within the Collection Fund, specifically focussed on older debts that remain outstanding.</p>
10. The authority's track record in	Any overspend realised in a financial year would result in the use of the	The Council's recent track record in budget and financial management 2018 to 2025

Budget Assumption	Explanation of Risk	Financial Standing and Management and Mitigating Action																																				
<p>budget and financial management.</p>	<p>general fund balance. The Council has identified that general fund balances need to be in place to protect the Council against specific financial risks, and so any general overspend due to weaknesses in budget management, undermine any planned action being taken on the General Fund Balance.</p> <p>Financial management needs to be considered across all service areas of the Council. If a particular service area is unable to manage a particular overspend pressure, this may present a need to use general fund balance in the current financial year. Also, this may have implications on future level of balances if no action is taken to reduce the spending pressure for the service area in future years or offset by compensating savings.</p>	<p>shows potential variations from a £35.6m overspend to a £0.6m underspend (a range of £36.2m). However, after recurrent overspends in 2021/22 and 2022/23, the Council has built up the General Fund for resilience against potential budgetary pressures and savings delivery, particularly in years that had significant savings targets.</p> <table border="1" data-bbox="930 546 1430 898"> <thead> <tr> <th>Financial Year</th> <th>(£'000)</th> <th>Underspend /Overspend</th> <th>General Fund Balance at 1 April</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>(167)</td> <td>Under</td> <td>15,311</td> </tr> <tr> <td>2019/20</td> <td>1,692</td> <td>Over</td> <td>15,537</td> </tr> <tr> <td>2020/21</td> <td>(655)</td> <td>Under</td> <td>13,511</td> </tr> <tr> <td>2021/22</td> <td>2,505</td> <td>Over</td> <td>14,091</td> </tr> <tr> <td>2022/23</td> <td>8,499</td> <td>Over</td> <td>11,522</td> </tr> <tr> <td>2023/24</td> <td>14,533</td> <td>Over</td> <td>26,961</td> </tr> <tr> <td>2024/25*</td> <td>35,561</td> <td>Over</td> <td>38,821</td> </tr> <tr> <td>Total 2018 to 2025</td> <td>61,968</td> <td>Over</td> <td></td> </tr> </tbody> </table> <p>* Projected Outturn position at Q3</p> <p>Each year the Council manages budgets carefully and takes necessary management action to bring the budget into balance.</p> <p>Ultimately, financial performance relies on all budget holders actively managing their budgets and complying with financial rules, including not committing expenditure if there is no budget provision available.</p> <p>A significant overspend has arisen in 2024/25 mainly due to non-delivery of savings plans. The unachieved savings are being re-considered to formulate new delivery plans for 2025/26.</p> <p>The authority needs to continually improve its ability to manage in-year budget pressures. The following steps are already in place:</p> <ul style="list-style-type: none"> <li>• Accuracy of projections has improved over the year, but further work is required.</li> <li>• The monitoring system continues to be improved in terms of accuracy, the frequency of reporting and the challenge process.</li> </ul> <p>Financial monitoring is undertaken by line managers within Business World and Finance review the projections to ensure that the monitoring position reported is appropriate.</p> <p>The Council's virement and carry forward rules are clear and detailed in the Constitution.</p>	Financial Year	(£'000)	Underspend /Overspend	General Fund Balance at 1 April	2018/19	(167)	Under	15,311	2019/20	1,692	Over	15,537	2020/21	(655)	Under	13,511	2021/22	2,505	Over	14,091	2022/23	8,499	Over	11,522	2023/24	14,533	Over	26,961	2024/25*	35,561	Over	38,821	Total 2018 to 2025	61,968	Over	
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## 7. Housing Revenue Account



## 7.1 Housing Revenue Account

The Housing Revenue Account (HRA) is a separate, ring fenced account, with the General Fund which records expenditure and income on running a council's own affordable housing stock and closely related services or facilities, which are provided primarily for the benefit of the council's own tenants.

Shropshire Council inherited its housing stock from Oswestry Borough Council and Bridgnorth District Council when the Council took on unitary status in 2009 and homes have been added in the Shrewsbury and North Shropshire regions. The Council transferred the management of the housing stock into an Arm's Length Management Organisation (ALMO) called Shropshire Towns and Rural Housing (STAR) in 2013. STAR manages just over 4,000 houses within the HRA, and collects rent, undertakes repairs, builds new affordable homes and makes improvements to neighbourhoods and the housing stock.

In 2012 the Government removed the Housing Revenue Subsidy system and required HRAs to take out self-financing borrowing. Shropshire Council took out borrowing of £83.5m in 2012 as a result of this directive and so the HRA is required each year to repay interest and debt charges in relation to this borrowing. Councils were initially only permitted to borrow funds to support new housing builds to a specific level, however in 2018 the Government removed this borrowing cap from the HRA in a bid to allow councils to address the housing crisis in the country.

Since the introduction of self-financing the HRA has developed new homes each year through the HRA capital programme. These have been funded by a direct revenue contribution from the HRA within the headroom created by the end of the housing subsidy system. The removal of the borrowing cap allows the opportunity to provide more homes each year by increasing the borrowing limits within the Housing Revenue Account based on affordability calculations to invest further in the development of social housing within Shropshire.

This year a detailed HRA 30 Year Business Plan has been developed by STAR Housing in partnership with Shropshire Council setting out the current position and future plans for the HRA. The plan aligns with Government policies for additional social housing, the new and emerging regulatory standards and addresses local housing need in Shropshire. The plan is supported by an industry standard, HRA financial model which ensures that affordability, viability and value for money can be demonstrated. The business plan is set over a 30 year period which is the industry standard for social housing and HRA business plans. Looking at all the factors influencing the HRA in this way ensures sustainability for the fund going forwards.

The plan will deliver the following key elements over the future period:

- £52m additional investment in the development programme to deliver an additional 391 homes through acquisition and new build taking the total homes delivered over the next five years to an anticipated 509.
- Approximately £0.069m investment per HRA property over the 30 year time frame.

- The investment per property includes £36m of funding to bring properties up to EPC C over the next three years and is linked to the Council's bid into the Government's Social Housing Warm Homes Fund – Wave 3

Headline investment figures are as follows over the next five years:

£m	2024/25 (estimate)	2025/26	2026/27	2027/28	2028/29	2029/30
Property investment and compliance	8	10	10	10	11	11
Sustainability	1	10	16	6	4	0
New Build and Acquisition	25	12	16	17	21	1
<b>Total Investment</b>	<b>34</b>	<b>32</b>	<b>42</b>	<b>33</b>	<b>36</b>	<b>12</b>

Headline funding sources over the next five years

£m	2024/25 (estimate)	2025/26	2026/27	2027/28	2028/29	2029/30
Revenue Allocations from HRA	15	10	6	10	8	7
Grants	18	5	5	10	5	1
Grant – Wave 3	1	5	7	3	0	0
Sustainable HRA borrowing	0	12	24	10	23	4
<b>Total Funding</b>	<b>34</b>	<b>32</b>	<b>42</b>	<b>33</b>	<b>36</b>	<b>12</b>

The Council and STAR both recognise that it is vital that the customer voice is at the centre of service development and delivery. The HRA Business Plan 2025 is designed with the customer in mind, aiming to provide safe, compliant, and comfortable homes. By focusing on sustainability and energy efficiency, the plan helps reduce fuel poverty and offers a range of housing options to meet diverse needs. This approach ensures that customers benefit from improved living conditions, lower energy costs, and a more sustainable future. The plan's commitment to regular monitoring and external validation also guarantees that the housing services remain responsive to customer needs and regulatory requirements, ultimately enhancing the overall quality of life for residents. Additionally, there will be a variety of opportunities for customers to influence the delivery of the plan through a series of engagement activities.

Figure 39: Housing Revenue Account Budget

<b>SHROPSHIRE COUNCIL HOUSING REVENUE ACCOUNT</b>		
2024/25 Budget £		2025/26 Budget £
	<u>Income</u>	
(21,534,116)	Dwellings Rent	(22,729,478)
(102,561)	Garage Rent	(102,700)
(32,388)	Other Rent	(33,182)
(918,309)	Charges for Services	(1,049,688)
<b>(22,587,373)</b>	<b>Total Income</b>	<b>(23,915,048)</b>
	<u>Expenditure</u>	
10,407,223	ALMO Management Fee	10,863,882
900,813	Supplies and Services	1,027,650
4,771,293	Capital Charegs - Dwelling Depreciation	4,931,642
279,202	Capital Charges - Depreciation Other	286,740
3,239,903	Interest Paid	3,254,300
635,000	Repairs charged to revenue	550,000
266,750	New Development Feasibility	190,179
106,391	Increase in Bad Debt Provision	108,709
389,716	Corporate & Democratic Core	508,500
<b>20,996,291</b>	<b>Total Expenditure</b>	<b>21,721,602</b>
<b>(1,591,082)</b>	<b>Net Cost of Services</b>	<b>(2,193,446)</b>
5,824,467	Revenue Financing Capital Expenditure	5,131,306
3,600	Loan Repayments	3,600
<b>4,236,986</b>	<b>(Surplus)/Deficit for the year</b>	<b>2,941,460</b>
(218,772)	Interest Received	(224,460)
<b>4,018,214</b>	<b>Net Cost of Service/(Surplus) for the Year</b>	<b>2,717,000</b>
	<u>HRA Reserve</u>	
	B/Fwd 1 April (Forecast)	(9,505,000)
	(Surplus)/Deficit for year (Budget)	2,717,000
	Carried Forward 31 March (Estimated)	(6,788,000)

## 8. Links to Other Financial Strategies



## 8.1 Links to Capital Strategy and Revenue Implications of the Capital Strategy

The Council is required to have a capital strategy in place that sets out the long-term context in which capital expenditure and investment decisions are made to ensure that authorities are taking account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy recognises that the financial resources available to meet capital expenditure priorities are constrained by a significant reduction in financial resources and ensure that investment decisions taken are at least self-sustaining financially whilst also generating positive returns in terms of meeting priorities.

The Capital Programme will be funded from the following sources:

- Capital Receipts
- Prudential Borrowing
- Developers Contribution (S106, CIL)
- Revenue Contributions
- Capital Grants

Where Prudential Borrowing and Revenue Contributions are to be used to fund capital schemes, it is necessary that the costs of borrowing or the revenue contribution to capital is built into the revenue financial strategy. Cost of investment budgets have been built into 2025/26 budget and future years in order to provide for capital schemes being financed from prudential borrowing that are planned to be delivered in the next 5 years.

The Council has also identified a number of future capital and investment schemes within the capital strategy, however as these schemes have not yet completed a full due diligence process, these do not yet form part of the approved capital programme and so associated revenue costs that may be required have not been built into the Finance Strategy. As outlined above, it is expected that these schemes will be fully funded and will therefore not create a further burden on the Finance Strategy of the Council. It should also be noted that no financial savings arising from any of these capital investments has similarly not been projected within the Finance Strategy.

The Capital Strategy includes potential costs relating to the completion of the North West Relief Road. The financial options relating to the various scenarios for the scheme will be set out in the Council version of the MTFs including any implications any of the scenarios may have for the revenue budget.

### **Policy for Flexibility around the use of Capital Receipts**

The greater flexibilities around the use of capital receipts have been extended to allow authorities to use them until March 2030. This allows authorities to use capital receipts to fund transformation projects that produce long term savings or reduce the costs of service delivery.

Over 2025/26 and 2026/27, Shropshire proposes to use the flexibility to help fund the following:

- redundancy costs to allow the council to manage further service redesign and restructure changes.
- transformation works relating to the development of the new target operating model and driving out savings across the Council.

The savings that will be delivered as a result of using the flexibility for the use of capital receipts are outlined in section 11 of the MTF5.

As delivery of these two elements progress during the 2025/26, the amount of capital receipts that will be utilised will be agreed by the Section 151 Officer and reported through the agreed governance routes.

Between 2017/18 and 2023/24, this flexibility has been used to fund redundancy costs. The reduction in staffing numbers enabled through the redundancy programme, has allowed the Council to deliver revenue savings as highlighted in previous years Financial Strategies.

To ensure the revenue budget is not impacted by investment costs in 2024/25, resulting from underachievement of Capital Receipts in-year, the Council has applied for a Capitalisation Direction from MHCLG for £26.9m in 2024/25. This will enable the delivery of capital receipts in 2025/26 to cover costs made in 2024/25. Details of this will be included within monthly monitoring reports for the remainder of 2024/25.

## **8.2 Links to Treasury Strategy**

The Local Government Act 2003 and supporting Regulations requires the Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice in setting Prudential and Treasury Indicators for the next three years to ensure that capital investment plans are affordable, prudent and sustainable. The Act also requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Treasury Strategy outlines affordable borrowing limits based on the level of capital expenditure planned within the Capital Strategy and also considers the requirement for taking out new borrowing. The Council is currently under-borrowed as has applied funding for capital schemes from high cash balances rather than new prudential borrowing given that returns on cash balances are low and the Council had been holding a healthy cash balance. The level of reserves held by the Council reduced significantly in March 2024, and therefore it is no longer possible to continue an under-borrowed position and so new borrowing has been progressed in 2024/25 and will continue into 2025/26. This is being done on a short term basis to prevent the Council being tied into higher interest rate loans, when it is expected that interest rates will reduce over the next 12-18 months.

## 9. Public Consultation and Collaborative Budget Process



## 9.1 Budget Consultation Exercise and Responses

### Shropshire Council Budget Consultation 2025/26

The budget consultation launched in December 2024 set out a series of proposals for how further budget savings could be achieved in 2025/26.

The consultation ran from 12th December 2024 to the 26th January 2025. A survey to gather views was made available on the 'Get Involved' section of Shropshire Council's website. The opportunity to participate was promoted widely using a range of communication methods and those unable to participate online were encouraged to make use of other response methods including printable survey forms available in libraries and the opportunity to request large print and other alternative formats. Email and postal options were also made available for those who wished to provide written responses. A robust communications plan was implemented to ensure as many local residents as possible were aware of the opportunity to participate and share their views.

There was a significant response to the consultation, with more responses than the previous year. Over 3,500 people took part in the engagement. 18,261 comments were submitted within the survey and written submissions; all have been read and categorised.

#### Respondent Demographics

There were 3,585 responses to the budget consultation. 3,556 people responded to the online survey and 28 people submitted written consultation responses. Demographic data was only collected through the survey, but this provides important information to help Shropshire Council understand the profile of respondents and whether any feedback has been missed from key groups or respondent types.

Map 1 below highlights that responses were received from communities and locations across the whole county and a few from beyond the local authority boundaries. The locations shown on the map are often based on partial postcodes to ensure individual respondents cannot be identified. The distribution of responses aligns with areas of greater populations with concentrations in the county's main market towns but also a good distribution across more rural areas of the county.

**Map 1 Geographical spread of survey respondents**



Figure 1 highlights that the majority of survey respondents described themselves as local residents (72.2%) rather than representatives of local organisations. 218 employees of Shropshire Council responded to the survey along with 63 representatives of town, parish or rural councils and/or elected members of Shropshire Council. 129 respondents answered the survey as a representative of a local business or voluntary and community sector group or organisation. An 'other' option was also provided for additional comments. Themes within the responses included ex-employees of Shropshire Council and people with caring responsibilities.

**Figure 1 Type of respondent**

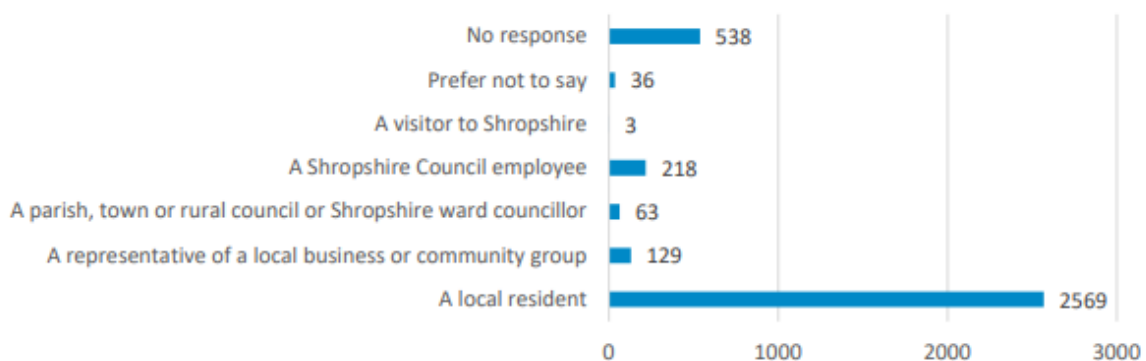
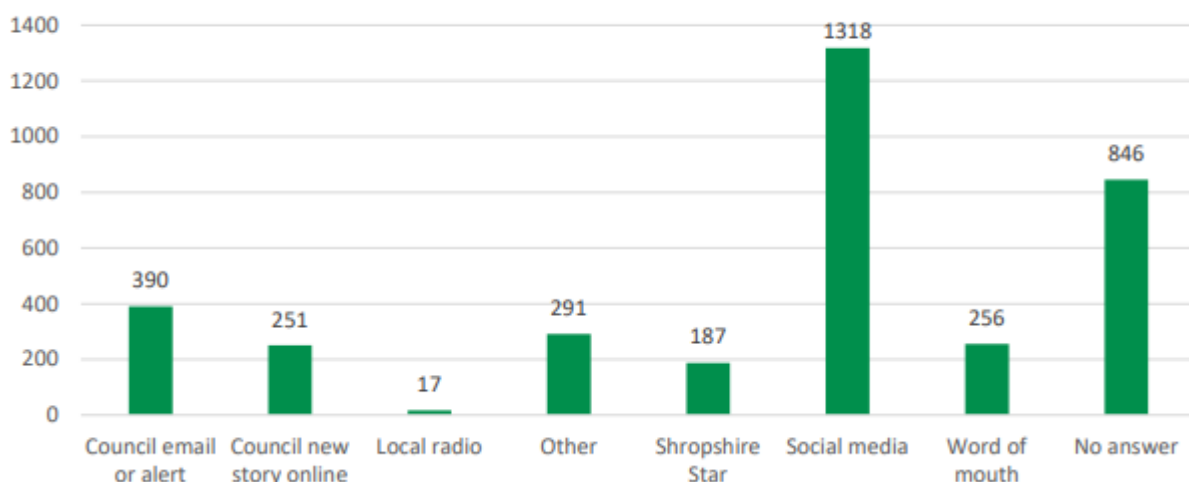


Figure 2 displays how online survey respondents heard about the consultation. Social media was the main method with 37.1% of people finding out in this way. Other forms of communication were much less effective although 23.8% of respondents chose not to answer the question so may have access the information in one of these ways or through other sources. The information is helpful and highlights how social media has become a dominant communication method over recent years for many local residents.

**Figure 2 How respondents found out about the consultation**



In order to find out more about the survey respondents a series of demographic questions were included in the survey. Figure 3 displays the gender of respondents. 41.9% of online survey respondents were female and 27.9% male. This is common

within survey responses and national research suggests that women are more likely to respond to a survey or consultation on behalf of a household compared to men.

**Figure 3 Gender of survey respondents**

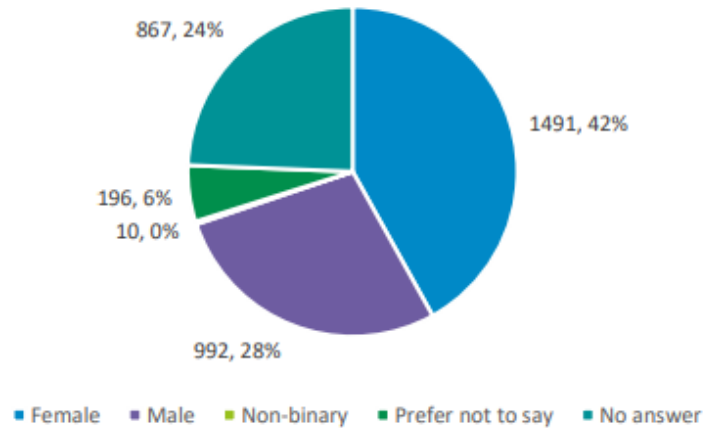
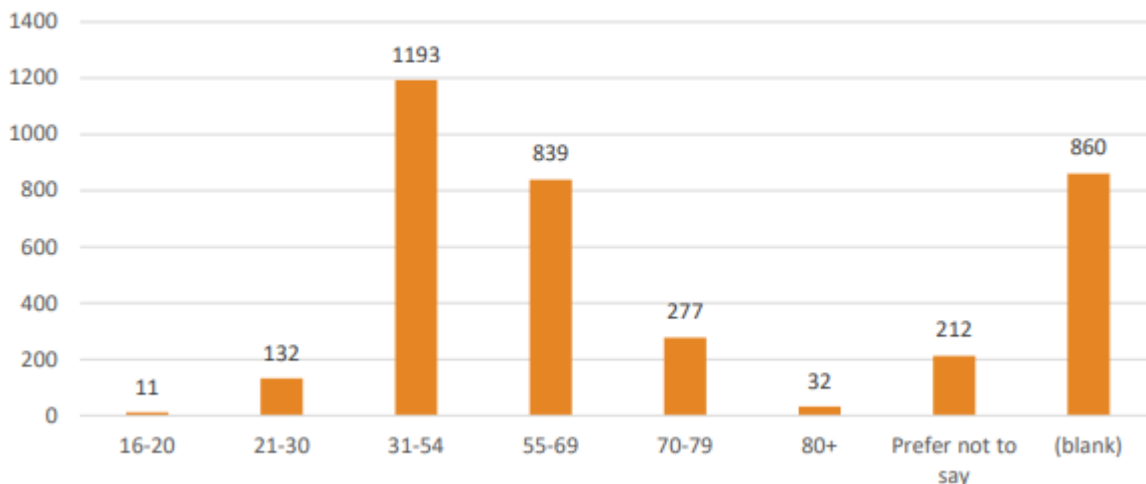


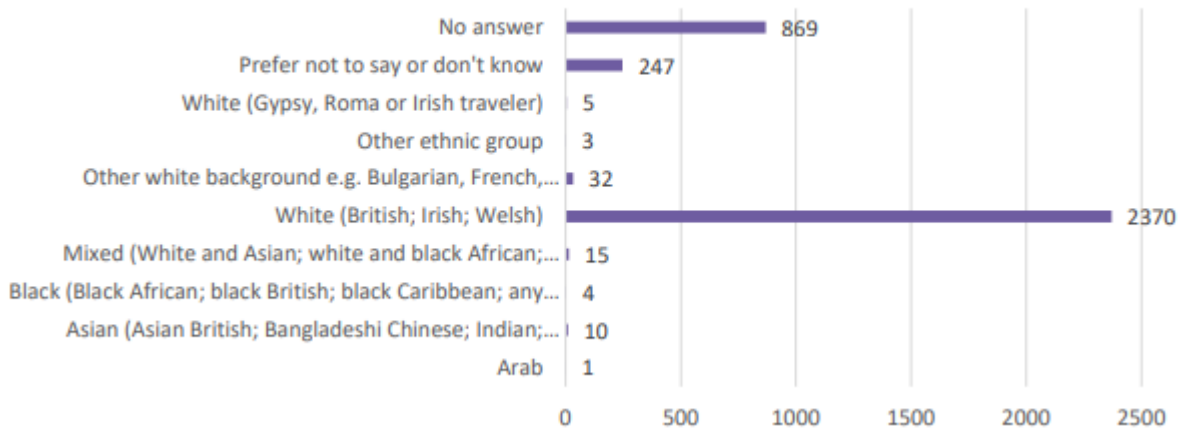
Figure 4 illustrates the distribution of responses by age group. Interestingly the distribution of respondents by age group is not typical of Shropshire Council survey respondents which tend to see a skew towards older age groups. Within this survey the 31-54 age group was dominant with slightly lower than average responses for the 55-69 and 70-79 age groups. This may reflect the fact that social media was the most successful form of consultation (perhaps with fewer older people relying on social media as a main communication method).

**Figure 4 Age group of survey respondents**



In any consultation it is important to understand whether people of all characteristics are represented and often people of different ethnic backgrounds can be underrepresented in surveys. Figure 5 shows that the response to the budget consultation was fairly typical proportionately, but the larger sample helped to ensure a little diversity. 66.6% of the respondents were White British, Irish and Welsh with 2% from other ethnic groups and a significant proportion preferring not to say (24.4%).

**Figure 5 Ethnicity of survey respondents**



Household size was the next characteristic explored within the online survey. This information will be used alongside other information e.g. responses to waste service questions to inform decision making. Figure 6 shows that most individuals responding to the budget consultation survey live in households where there are no more than 2 individuals aged over 16. 45.6% of respondents are from households with 2 people aged 16 or over and 11.9% from households with one person aged 16 or over. This result reflects the demographics of Shropshire with its older population.

**Figure 6 Number of individuals over 16 in respondent households**

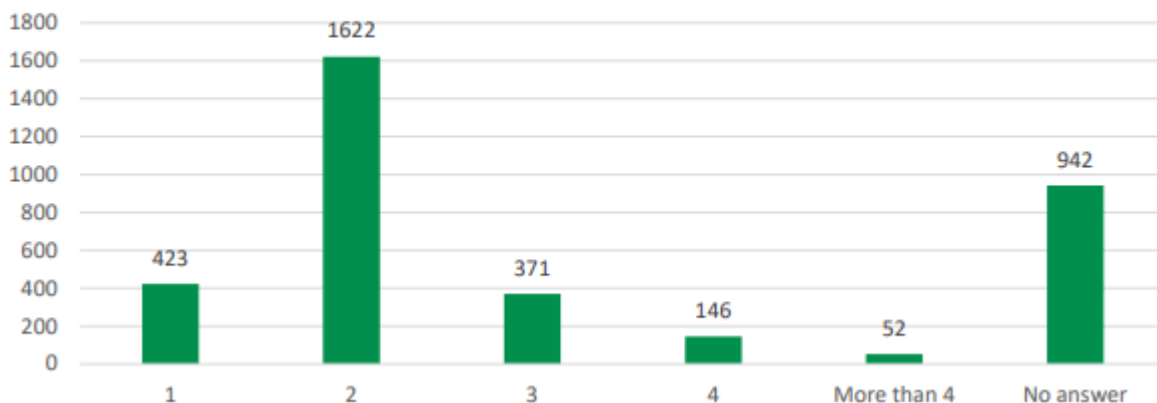
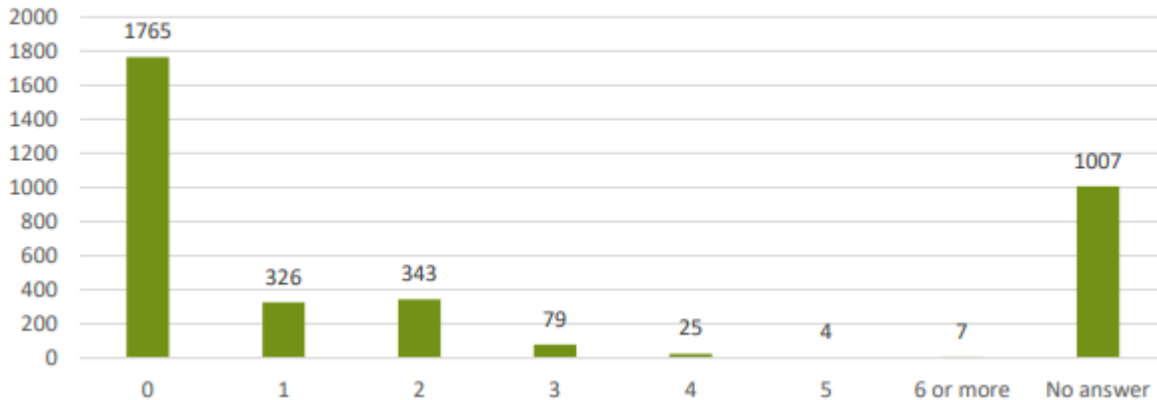


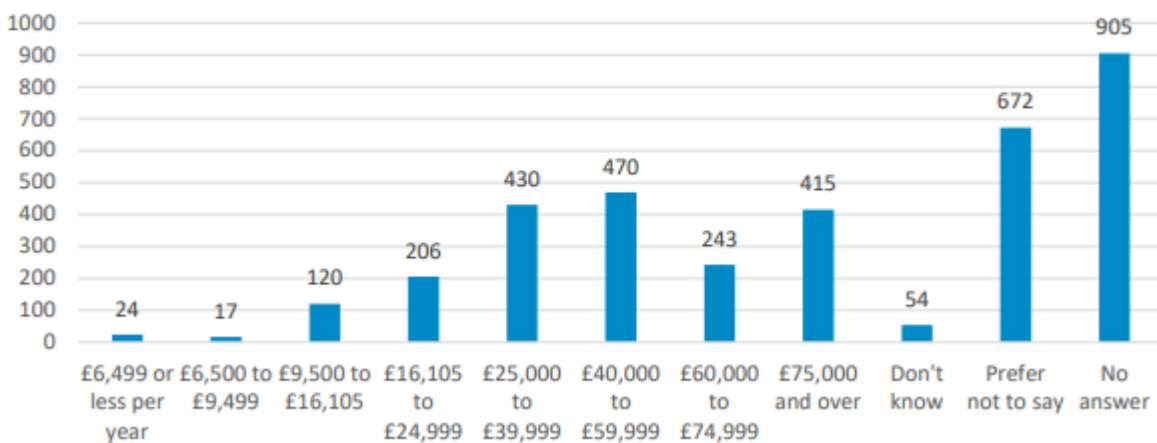
Figure 7 confirms the results above and highlights that 49.6% of respondent households do not have any children aged 15 or under living within them (22.0% of respondents do live with one or more children aged 15 or under).

**Figure 7 Number of children 15 or under in respondent households**



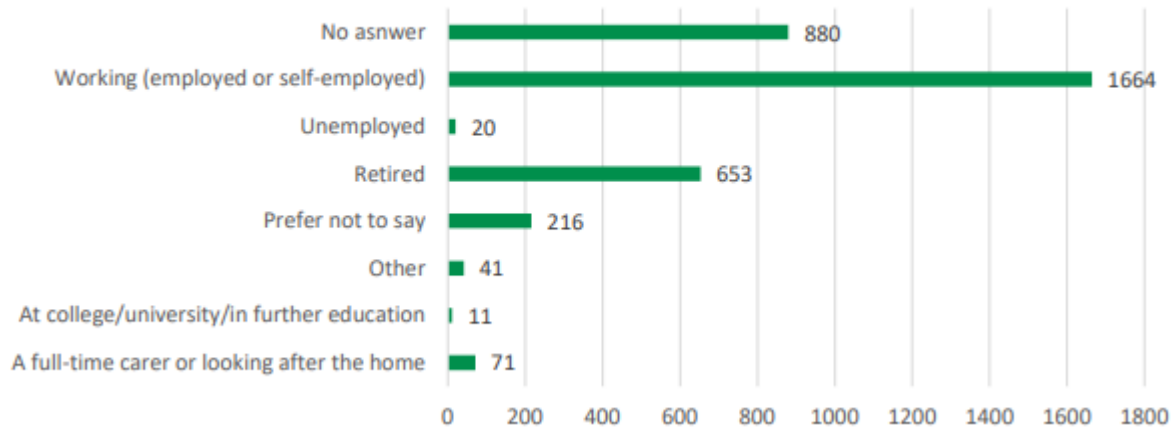
The budget consultation collected information on household income bands due to the financial impact of many of the difficult decisions that will need to be taken over the coming months and year. Figure 8 below shows that 4.5% have a household income of 16,015 or below, 31.1% have a household income between £16,105 and £59,999 and 18.5% have a household income of £60,000 or more. Many survey respondents preferred not to say or did not answer the question.

**Figure 8 Respondent household incomes**



The survey was also used to gather information on occupation and the results can be seen in Figure 9. Most respondents (46.8%) are working as employees or in self-employed roles. This links to the earlier results highlighting that 33.5% are aged 31-54 and 23.6% aged 55-69 (many below retirement age). 18.4% of survey respondents are retired. Very few students or people who are unemployed completed the survey.

**Figure 9 Respondent occupations**



Shropshire Council is conscious that full impact assessments are needed before any difficult decisions impacting service provision are undertaken. To help in this work to assess impact, questions were included in the survey to determine if survey respondents have disabilities, caring responsibilities or come from residential or foster care backgrounds. Figure 10 below displays the proportion of respondents whose daily activity is limited through disability or long-term illness. 49% do not have limitations to daily activity whilst 13% have their daily activity limited a little and 4% a lot.

**Figure 10 Respondents by whether they have a disability or long-standing illness limiting daily activity**

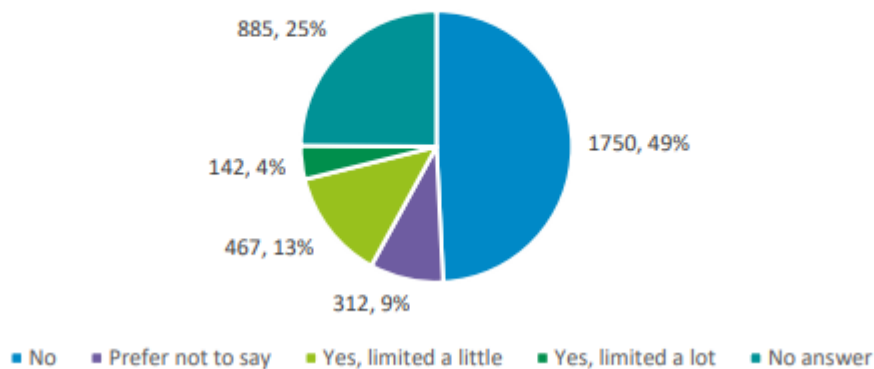


Figure 11 highlights that very few people who have previously been in residential or foster care are represented within the survey sample, but it is encouraging that some are (33 people). This may be too small a proportion to undertake significant additional analysis but could be interesting to use within additional analysis should a more in-depth view be needed for some of the budget decisions.

**Figure 11 Respondents by whether they have ever been in residential or foster care**

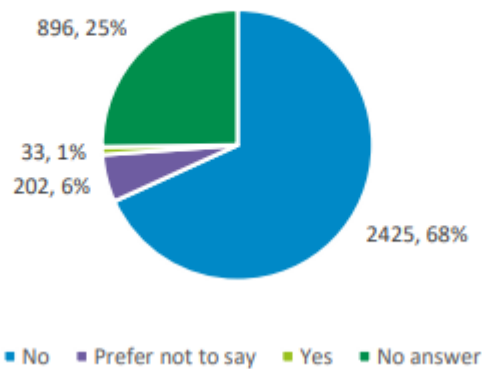
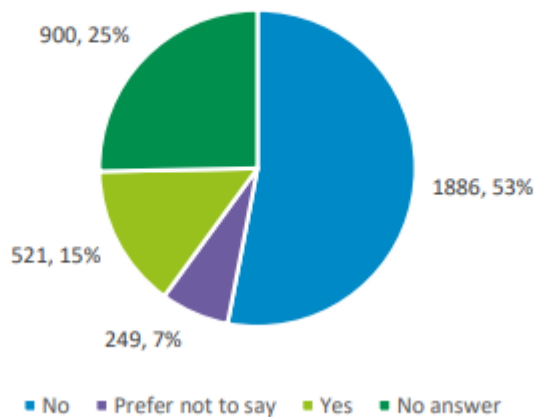


Figure 12 suggests that unpaid carers are represented within the survey sample with 521 unpaid carers having taken the time to support Shropshire Council by sharing their views on the budget proposals set out within the consultation. In the same way as other characteristics will be used in impact assessment, caring responsibilities are important and Shropshire Council will be seeking to minimise the impact of service changes on unpaid carers where that is possible (recognising the need to ensure services can be sustainable with available budgets and resources). Regular engagement with unpaid carers is undertaken and will be increasingly important as service changes are required over time. Unpaid carers form 15% of the survey sample.

**Figure 12 Respondents by whether they have caring responsibilities (regular care and support as an unpaid carer)**



### Prioritisation

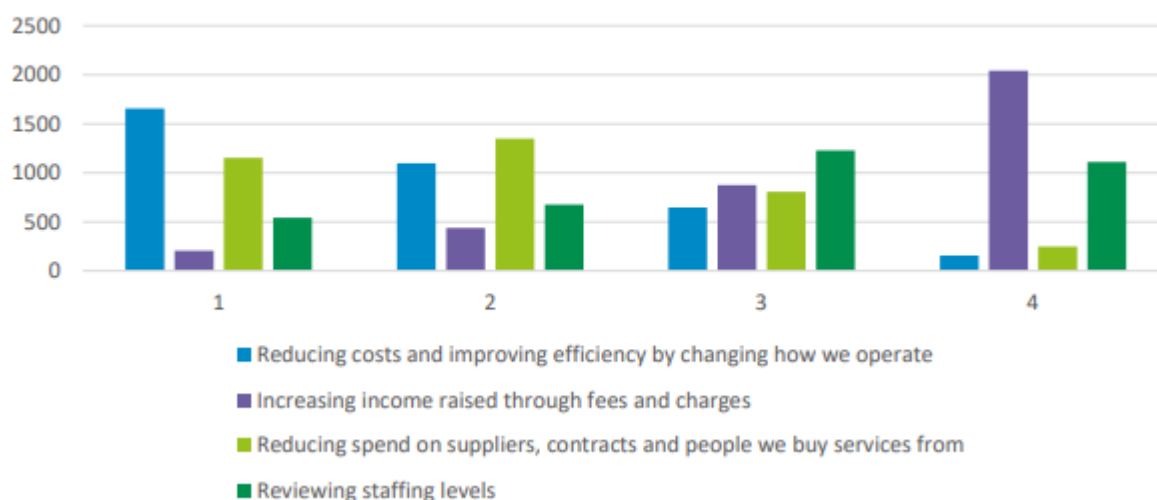
The budget consultation survey set out the following approaches that can be used to achieve a balanced budget:

- Reducing costs and improving efficiency by changing how we operate
- Increasing income raised through fees and charges
- Reducing spend on suppliers, contracts and third parties
- Reviewing staffing levels

Survey respondents were asked to rank these approaches to suggest which should be prioritised. Figure 13 displays the results. The results are quite clear and although there are more mixed views on which of the 4 approaches should be ranked third the majority view presents the options in the following order:

1. Reducing costs and improving efficiency by changing how we operate
2. Reducing spend on suppliers, contracts and third parties
3. Reviewing staffing levels
4. Increasing income raised through fees and charges

**Figure 13 Respondents' views on the prioritisation of approaches**



Increasing income through fees and charges is the least popular option (ranked 4<sup>th</sup> by 57.4% of the survey respondents). There are more mixed views on reviewing staffing levels. The most popular approach ranked top by 46.6% of respondents (and second by 30.8%) is to reduce costs and improve efficiency within the way Shropshire Council operates. Reducing spend on suppliers and contracts was ranked second overall. To understand the views of respondents to a greater extent there was an opportunity to add a comment to explain the ranking selected.

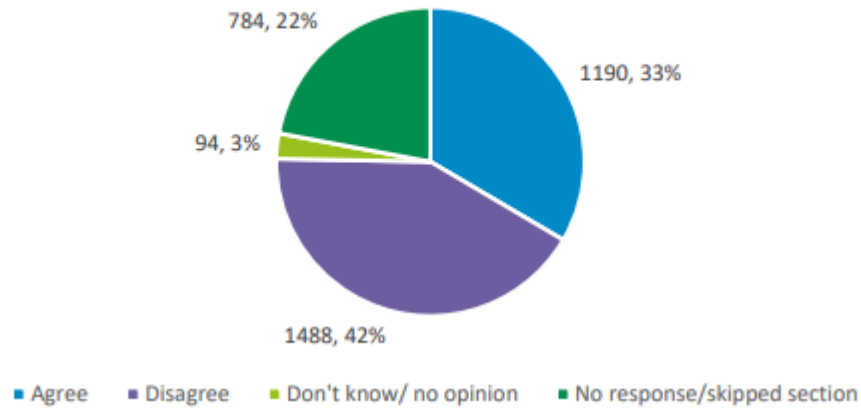
1,053 survey respondents added a comment. Each of these comments has been read and categorised. The top theme was reducing the cost of agency staff and consultants followed by protecting core services and stopping any unnecessary activity. The third top theme was reducing the wages of senior managers and minimising spend on management costs and organisational hierarchy.

### Council Tax

2,837 of the 3,556 survey respondents chose to answer the section of the survey linked to council tax increases (17.7% skipped this section and 2.5% viewed the section but did not necessarily wish to comment). Survey respondents were asked 'What is your view on Shropshire Council's proposal to increase council tax by 4.99% (2.99% on council tax, 2% on the adult social care precept)? This is equivalent to an extra £1.65 a week for a band D property.' The results are shown in Figure 14 below. Of all respondents, 33%

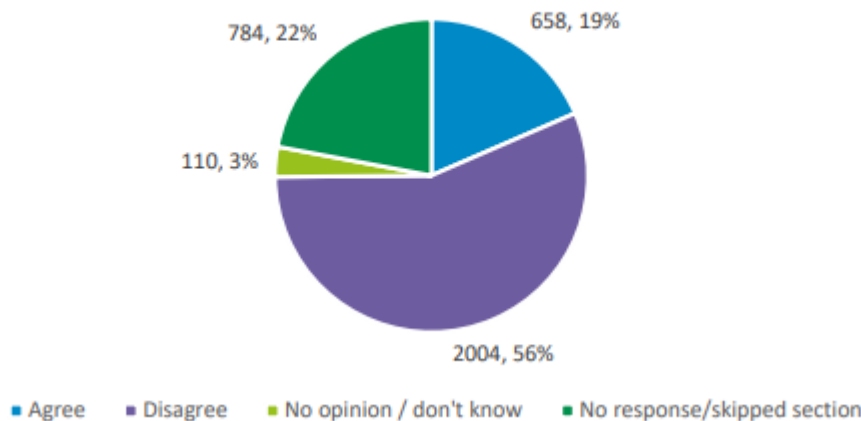
agree and 42% disagree with the proposal (removing those who skipped the question, the result is: 43% agree; 54% disagree; 3% don't know).

**Figure 14 Views on proposed 4.99% council tax increase**



The survey also asked 'If allowed by Government, please indicate whether you would agree or disagree with applying council tax increases at a higher level? (For example, on a band D property, 2% additional council tax above the 4.99% increase would be equivalent to an additional 66p per week.)' Figure 15 displays the response.

**Figure 15 Views on a higher level of council tax**



The result is that 658 of 3,556 would be happy to pay a higher level of council tax if agreed by the Government (18.5% of all respondents). Removing those who skipped this section of the survey or didn't respond, the result is 24% agree, 72% disagree and 4% don't know.

1,291 people added a comment on council tax. Every comment was read and categorised. 92 comments were made expressing agreement with council tax increases, but the majority of comments expressed some concerns. Concerns ranged from criticism of Shropshire Council's management of finances and efficiency to suggestions that savings/income should be obtained in other ways or that central government should be lobbied for additional resources. The top themes are detailed below:

- 25% of comments highlighted that service delivery is poor and council tax increases do not result in any benefit for the council taxpayer.
- 23% expressed concerns around their ability to afford an increase in council tax.
- 12% suggested that the council could improve efficiency and use other methods as an alternative to increasing council tax

The large response to the survey suggests that concerns have increased as council tax increases have been necessary over recent years. Now many of the comments received highlight concerns about the way Shropshire Council is using its resources and many question value for money and whether Shropshire Council is being run as efficiently as needed to limit the financial impact on residents.

### Household Waste and Recycling

The survey included text to explain that Shropshire Council is exploring changing how frequently it collects non-recyclable waste bins. Currently, nonrecyclable waste is collected every two weeks, recyclable waste is collected every two weeks, and garden waste is collected every two weeks. It is suggested that garden waste should continue on a two-week collection cycle. However, the suggestions are that savings could be made through three-week collections of either non-recyclable waste collections or both non-recyclable waste and recycling collections. In 2026, Shropshire Council will be introducing a free weekly food collection.

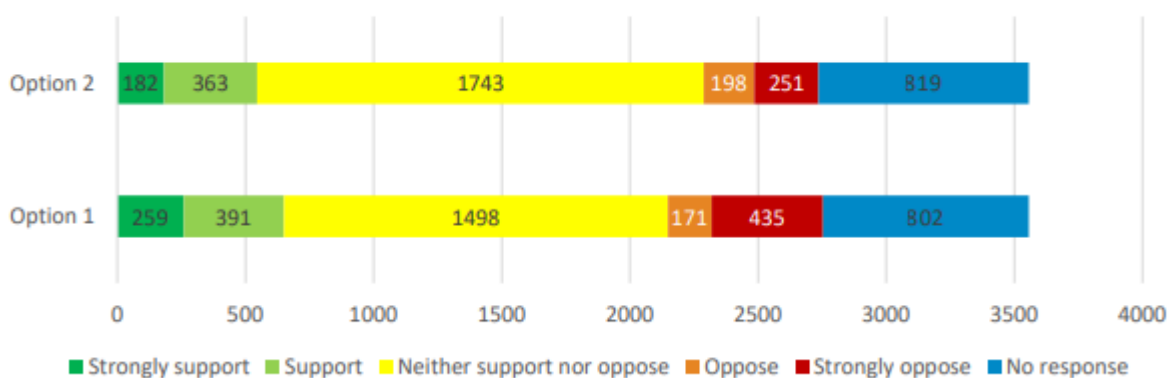
The two proposed options were presented as follows:

**Option 1** Your non-recyclable waste bin would be emptied every three weeks. All recycling would continue to be collected every two weeks. Garden waste subscription collections would remain every two weeks. This option could start from April 2025 at the earliest.

**Option 2** Both non-recyclable waste and other recycling would now be on a three-week schedule. Garden waste subscription collections would remain every two weeks.

Survey respondents were asked which of the two options they preferred, and the results are shown in Figure 16.

**Figure 16 Views on Household Waste Options**



As Figure 16 illustrates, there is more support overall for option 2 although neither option is popular, and the results are fairly close. To clarify the result, it is helpful to remove the nil responses. When this assessment is undertaken the calculations are:

**Option 1** – 23.6% support or strongly support (650), 54.4% have a neutral view (1498) and 22% oppose or strongly oppose (606).

**Option 2** – 19.9% support or strongly support (545), 63.7% have a neutral view (1743) and 16.4% oppose or strongly oppose (449).

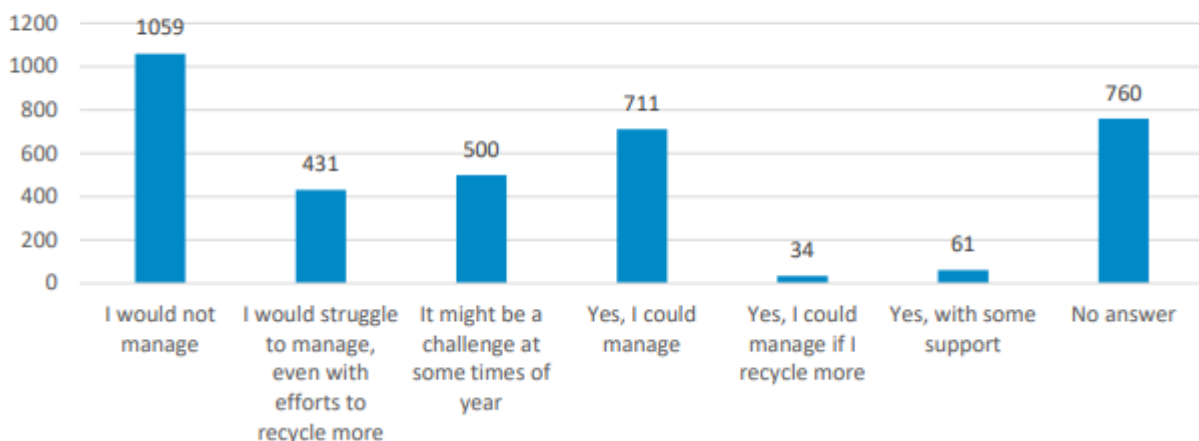
More people both support and oppose Option 1 and fewer people support and oppose option 2. Large proportions have no opinion.

Top themes within comments were that general waste should be collected every 2 weeks (961 mentions), that recycling could be collected at 3-week intervals (389 comments) and that general waste collection every 3 weeks will lead to health hazards including smells, rodents and other concerns. Fly-tipping and the impact on larger households were also commonly mentioned within the comments received.

There were 28 written responses to the budget consultation. Of the 28, 22 were predominantly, or exclusively, on the theme of household waste and recycling. 20 of the 22 were linked to the proposal to reduce the general waste collection to a 3-week collection frequency and 2 were comments about Household Recycling Centres (HRCs).

The next question asked survey respondents if they could manage if the non-recyclable waste collection was every 3 weeks. Figure 17 displays the response. 29.8% say they would not manage and 12.1% say they would struggle. 14.1% would find it a challenge at certain times of year. 22.7% would manage.

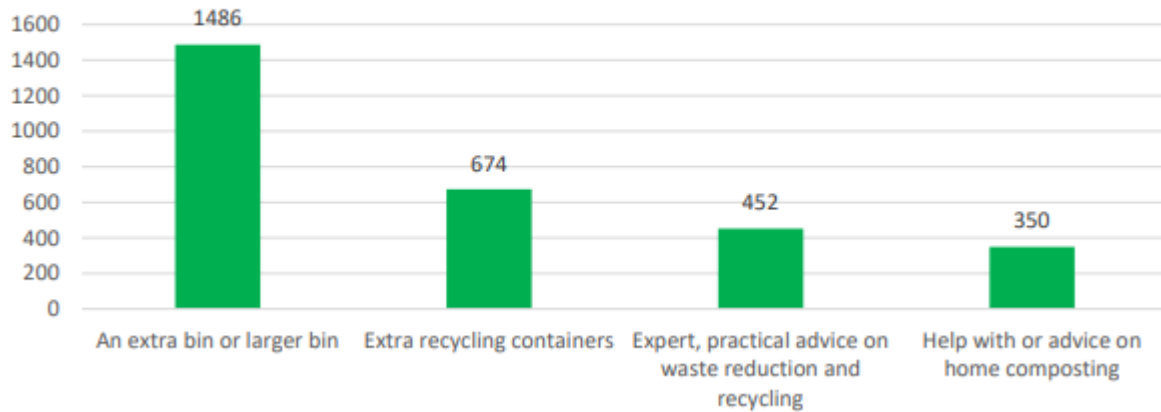
**Figure 17 Views on a 3 week collection for non-recyclable waste.**



Of the 22.7% who would manage, 1.7% suggest they would manage with some support. The next question asked about the types of support that could be helpful. The question read 'Is there any additional support the Council could provide, which would make it easier for people to manage a reduced non-recyclable waste bin collection?' Figure 18 displays the response. Multiple options could be selected and there were 2,962 responses in total from approximately 1,486 respondents – many disagree with the

proposal so did not answer the question. The most popular type of support is an extra bin or larger bin followed by extra recycling containers.

**Figure 18 Support that may make it easier to manage a 3 week non-recyclable waste collection.**



People were asked for any other suggestions. There were 1,133 comments made and some comments covered multiple themes. 223 comments were made expressing concerns about the impact of the proposal. There was also a top theme related to smells and health impacts of uncollected waste, a lack of collection of food waste and the suggestion that the proposal would lead to increased costs rather than savings.

Top themes within the comments included:

#### Concerns

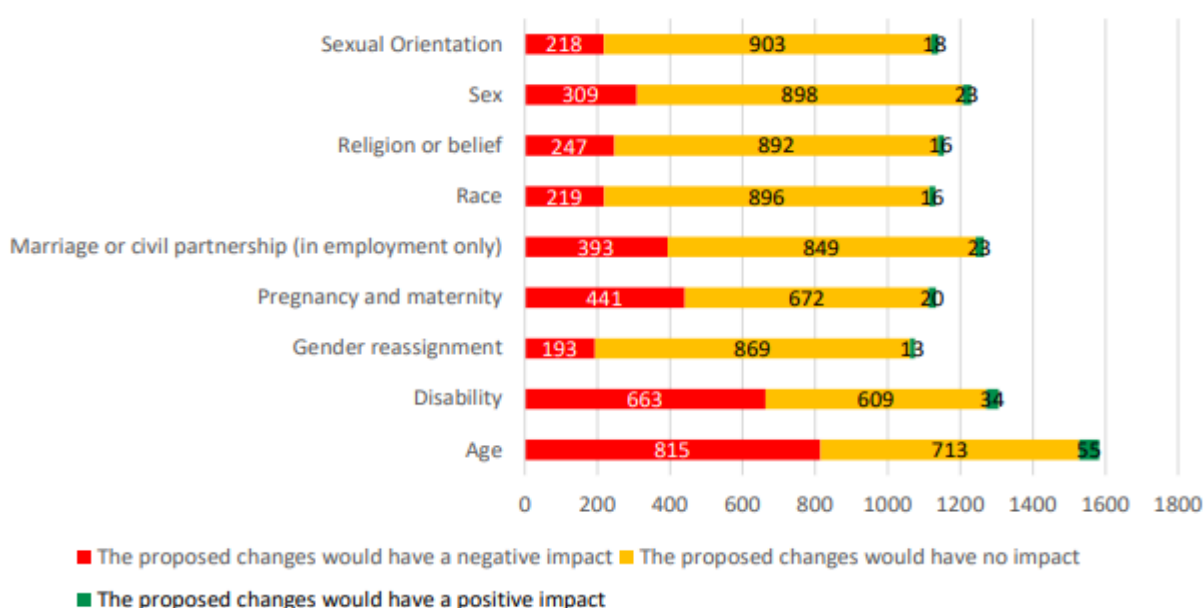
- Concerns about the proposals and calls to keep collections as they currently are at 2 weeks.
- Concerns that 2026 is not soon enough for the food waste service.
- Concerns about the blue recycling bag and calls for better containers for recycling and cardboard (to keep it dry).
- Concerns larger bins will be too heavy, difficult for people to manage or lack space for more bins.
- Comments that the HRC booking system is unhelpful and people should be allowed to drop off waste at any time.
- Concerns about the impact of less frequent collections of waste including rats, smells, public health concerns and increased fly tipping.
- Concerns that Shropshire Council has not understood the challenges some households face with examples including large household sizes, lack of gardens for composting, lack of space for bins and containers etc.
- Comments expressing dissatisfaction with Shropshire Council and its efficiency.

#### Suggestions

- Suggested larger bins will be helpful.
- Suggestions of dog waste, nappy and incontinence collections.
- Suggestions of an expanded recycling offer with additional recyclable materials collected.
- Suggestions that Shropshire Council allows food waste to be added to the green waste.
- Suggestion that free composting bins should be provided.

A proportion of the comments touched on equalities impact (for example disabilities and mobility limiting ability to move waste containers, pregnancy and maternity leading to the need to dispose of nappies etc.) However, to understand impact more, members of the public were asked to answer a question which read ‘Shropshire Council works to meet the Equalities Duty and consider social inclusion and health impact within all policy and service changes. We would like to know if the proposals would affect you because of your protected characteristics. There are nine protected characteristics defined in the Equality Act 2010. For each of the protected characteristics below, please say if the proposals would have a positive, or negative, or no effect on you because of your protected characteristic. If you do not meet one of these protected characteristics, you do not need to answer this question.’ The results are shown in Figure 19.

**Figure 19 Equalities Impact - Household waste proposals**



### Street Lighting

Shropshire Council used the budget consultation to propose three options for achieving savings through changes to street lighting. Each of these options would require some capital investment, usually equipment or machinery, but would save crucial day-to-day costs of running this service. The options being considered are:

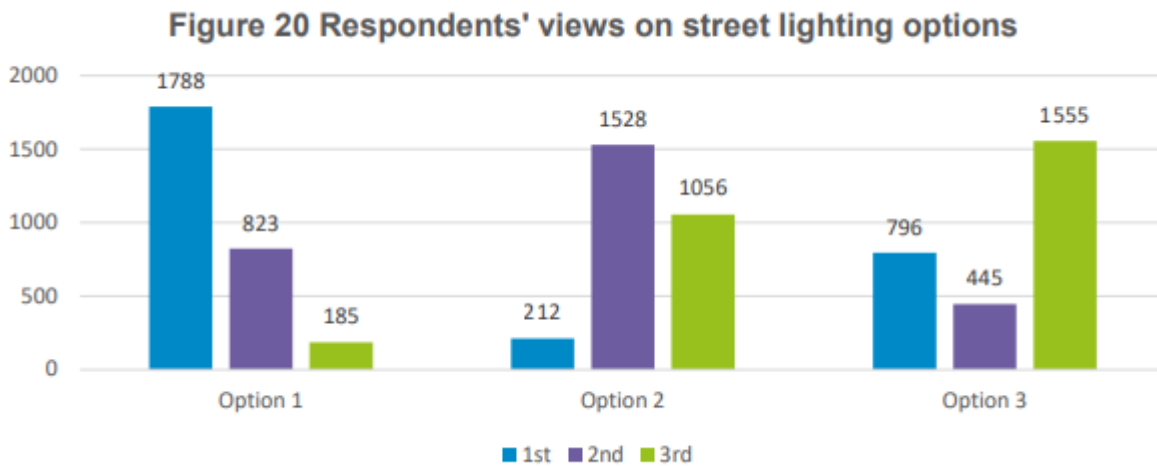
**Option 1:** Convert all remaining streetlight bulbs to LEDs (circa 1133 lights). This would require capital investment of £500,000 but yield estimated revenue savings of £109,000 per year.

**Option 2:** Convert Heritage Lantern bulbs to LEDs (circa 950 lanterns). These are street lamps in a historic style. This would require capital investment of £950,000 but yield an estimated revenue savings of £104,000 per year.

**Option 3:** The council currently turns streetlights off for several hours during the dark hours every night. Currently, in some areas, streetlights remain on all night in areas where there are more people and traffic, typically at junctions. We could shut off some or

all of these during dark hours, which could save up to £209,000 of revenue per year with a £395,000 capital investment.

Figure 20 displays the results when survey respondents were asked to rank the options from preferred to least preferred.



As figure 20 shows, the majority prefer the options in the order in which they were presented: option 1, option 2 then option 3. Of all respondents, 50.3% chose option 1 first (a proportion skipped the question). 22.4% preferred option 3 and only 6% preferred option 2. To clarify these results a question was included in the survey which read 'Please tell us to what degree you would support each option.' The feedback is shown in Figure 21.

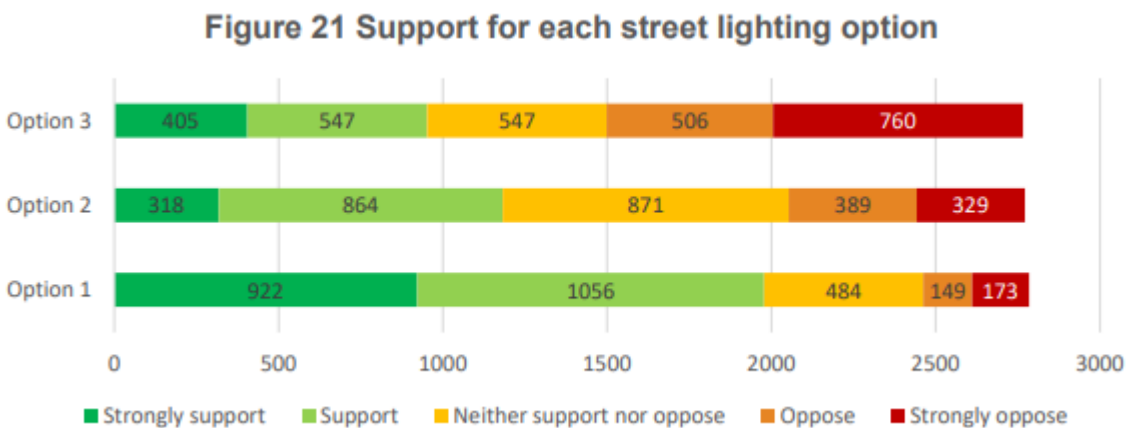


Figure 21 even more clearly highlights respondents' views on the streetlighting proposals set out. Option 1 has the most support and least number of people who oppose or strongly oppose the option. Option 2 is second most popular and option 3 least popular.

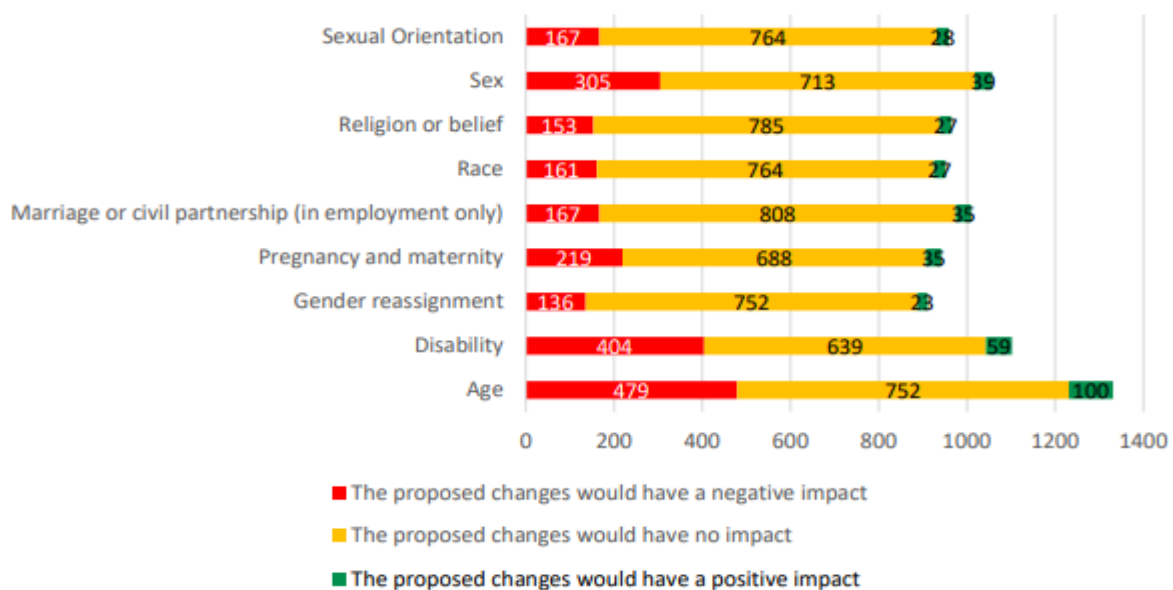
A space was included within the survey to allow people to comment. 746 people added a comment (many made more than one different point). A theme commonly raised within the comments related to ensuring value for money and questioning costs, within this theme there were suggestions that Shropshire Council may not be in a position to make the investment to deliver the options outlined. The second top theme within the

comments related to safety concerns if streetlighting is reduced or not as bright. Many people mentioned concerns for people with particular characteristics including women, children and the potential to increase crime and anti-social behaviour (ASB).

Some people support the proposals for reasons including cost savings, environmental impact and the fact that rural areas manage without the same level of street lighting. Others strongly oppose any reduction in streetlighting due to concerns over crime and safety, loss of light using LED bulbs and concerns that heritage designed lighting options will be removed. Overall, there is more support for the proposed options than opposition. Members of the community seem to understand that this is a difficult financial decision and their concerns need to be understood to minimise impact. To understand concerns further, a question was included to assess equality impact.

Figure 22 presents summary views on equality impact of the street lighting proposals. The protected characteristics most likely to be impacted are considered to be age, disability and sex. This is reflected in the previous comments linked to concerns around the potential of reduced street lighting to influence crime and community safety. People were given the option of adding comments to explain their answers or to raise any further concerns they may have.

**Figure 22 Equalities Impact - Streetlighting proposals**

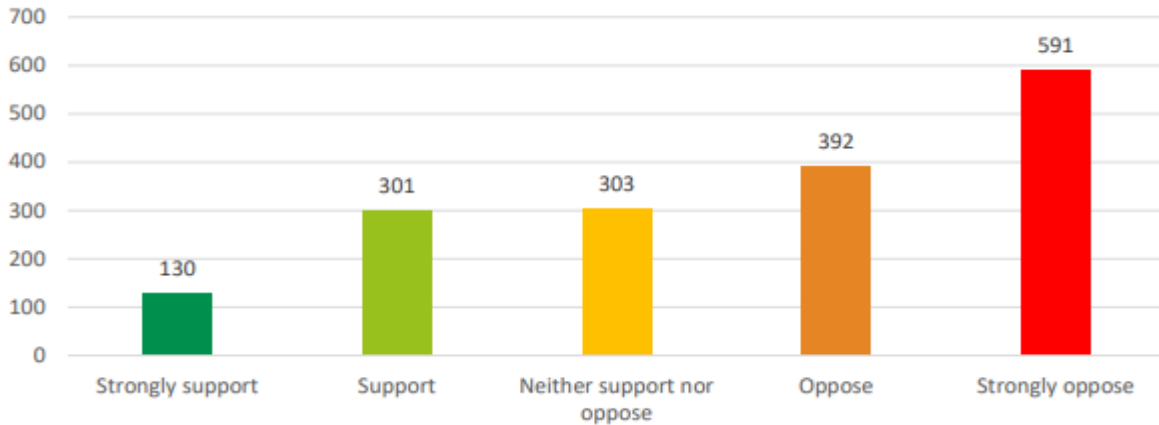


### Parking and Park & Ride

Of the 3556 survey respondents, 1,250 decided that they did not wish to respond to the survey questions on parking and park & ride. The remaining survey respondents were asked 'To what extent do you support the proposal to increase car parking charges across the county?'

Figure 23 shows that more people oppose the proposal to increase car parking charges across the county than those in support. Overall, 12.1% support or strongly support the proposal, 8.5% have a neutral view and 27.6% oppose or strongly oppose (51.7% chose not to respond).

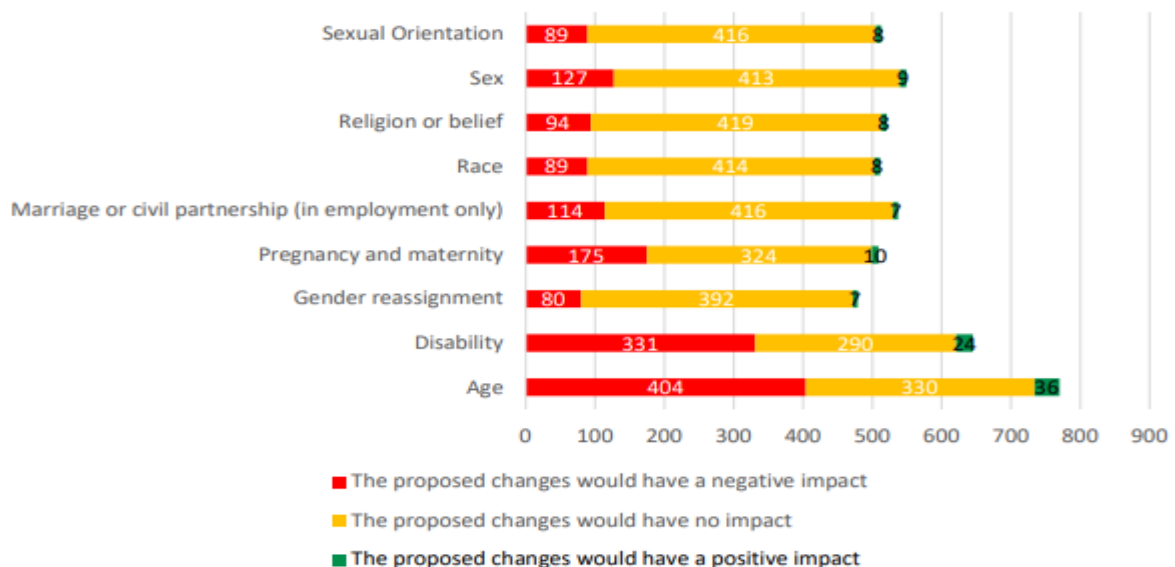
**Figure 23 Views on proposals for parking and Park & Ride**



Survey respondents were asked if they had any comments to make and 735 people made a comment (many made more than one main point). The top theme mentioned within comments was the concern that increased car parking charges will discourage people from using shops and negatively impact on local businesses and the economy (21% of the comments). The second top theme (12%) called for increases in public transport and the third most commonly mentioned issue was the suggestion that car parking charges should be reduced, and incentives used to encourage visitors and bring in income for local businesses.

As illustrated Figure 23 above, very few people agree with the proposal. Due to the opposition to the proposal it is even more important to understand how this could impact on people with protected characteristics or negatively influence equality and social inclusion. All respondents were asked about impact. Comments highlight that many people don't understand the importance of assessing impact. Those who responded highlight that the impact on age and disability are likely to be top concerns. Figure 24 displays the results.

**Figure 24 Equalities Impact - Parking charges proposal**



The top concern is for the impact on people who are disabled, use disabled car parking spaces or have limited mobility. The second main concern is less related to protected characteristics and more linked to the economic impact that increased car parking could have, by reducing footfall within town centres

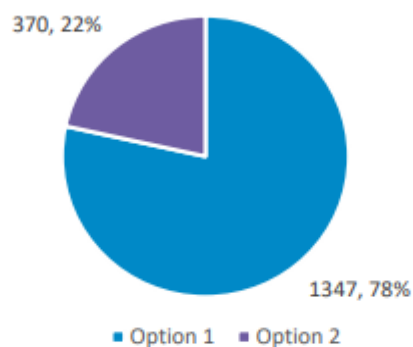
The next question was focused on park & ride. Two options to achieve budget savings in relation to Shrewsbury Park & Ride services were presented within the consultation. The options are shown below:

**Option 1:** Increase usage of Park & Ride to reduce its costs. The council could invest some of the funding allocated through the Bus Service Improvement Plan process, increasing the frequency of the service to provide more journeys between the sites and the town centre. As a result of those frequency improvements, we believe that passenger numbers would grow and revenues increase, which would bring about a reduction in overall council costs.

**Option 2:** Pause or cease Park & Ride services to realise a cost reduction in public transport of £250k.

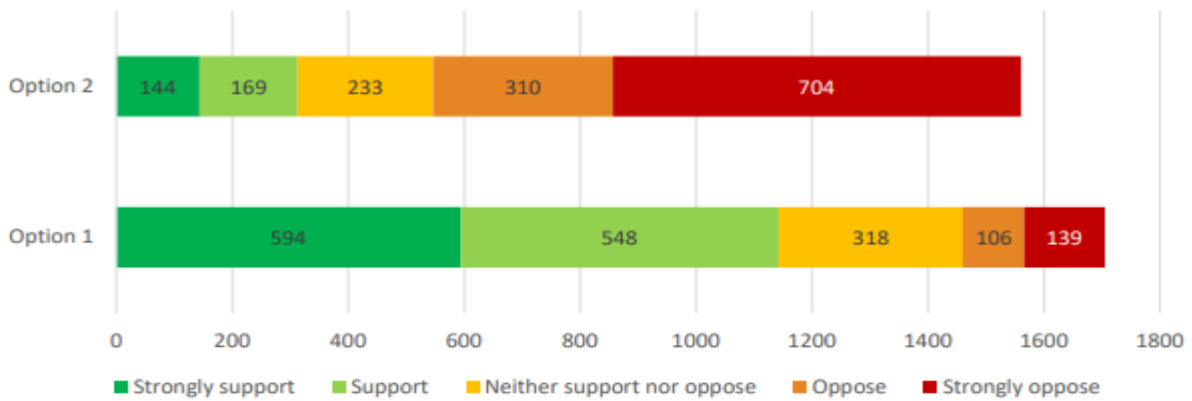
Figure 25 shows that there is a strong preference for option 1 (Shropshire Council's preferred option) which aims to increase service routes, frequency, usage and result in the generation of revenue. Of those with an opinion, 78% prefer option 1 compared to 22% who prefer option 2.

**Figure 25 Respondents' preferred option for Park & Ride**



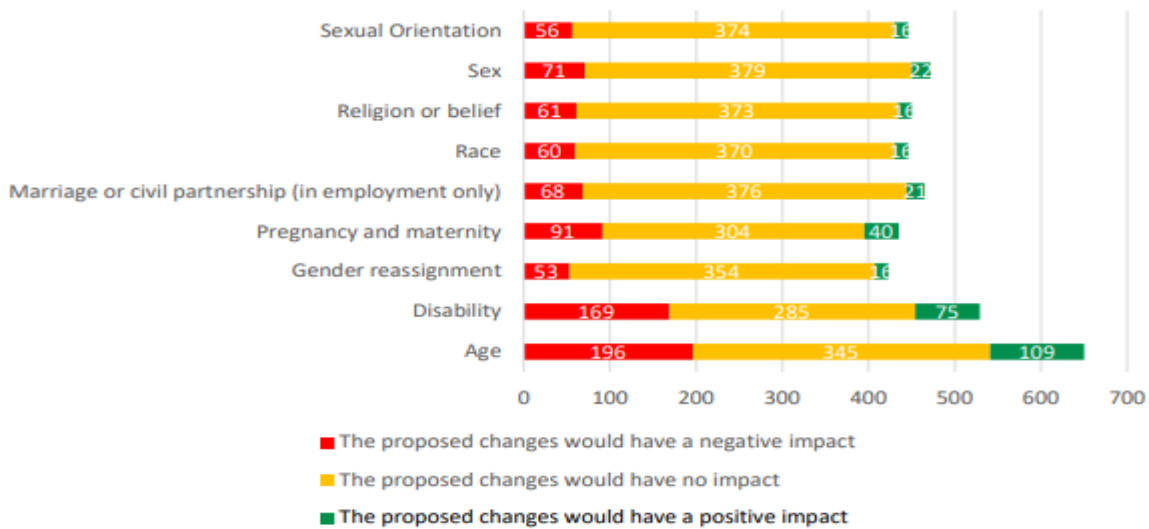
To check preferences, a question was included to confirm views on the two options. Figure 26 shows considerably more support for option 1 (67% of question respondents strongly support or support this option and 14.4% oppose or strongly oppose. For comparison, 20.1% support or strongly support option 2 and 65% oppose or strongly oppose.

**Figure 26 Support for each Park & Ride option**



To better understand potential impacts of this proposal, survey respondents were asked about any impacts on those with protected characteristics. Figure 27 shows that most concerns relate to age and disability with fewer for the other groupings.

**Figure 27 Equalities Impact - Park & Ride Proposals**



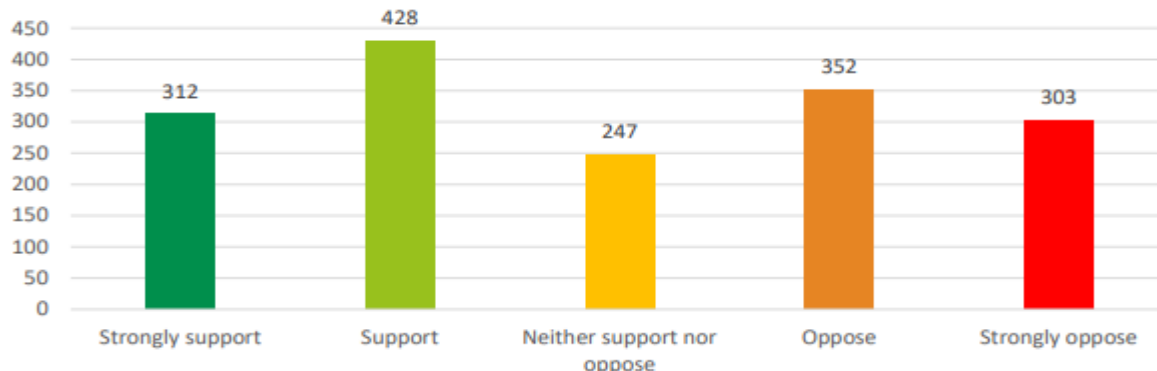
Shrewsbury Museums and Art Galleries

All 3,556 budget consultation survey respondents were asked if they would like to answer questions related to Shrewsbury Museums and Art Galleries. 1,300 chose not to respond to this section of the survey. This could also have been influenced by the fact the survey was longer than surveys are usually. Despite the slightly lower interest in this area of service there was still an excellent response. The first question asked was whether people support the savings proposal outlined. This is shown in the box below:

Savings Proposal: It is proposed that a change of operating hours at Shrewsbury Museum & Art Gallery (SM&AG) and Shrewsbury Castle is implemented from early 2025. Under current operating hours, both facilities close on a Monday from November to April. It is proposed that from early 2025, these sites move to closure on a Sunday and a Monday all year round, opening Tuesday to Saturday. It is estimated that this change will help to meet a savings target of under £50,000.

Figure 28 displays the response to the proposal. The feedback was very mixed overall with 740 people (45.1% of those who responded) supporting the proposal and 655 (39.9%) opposing (15% had no opinion).

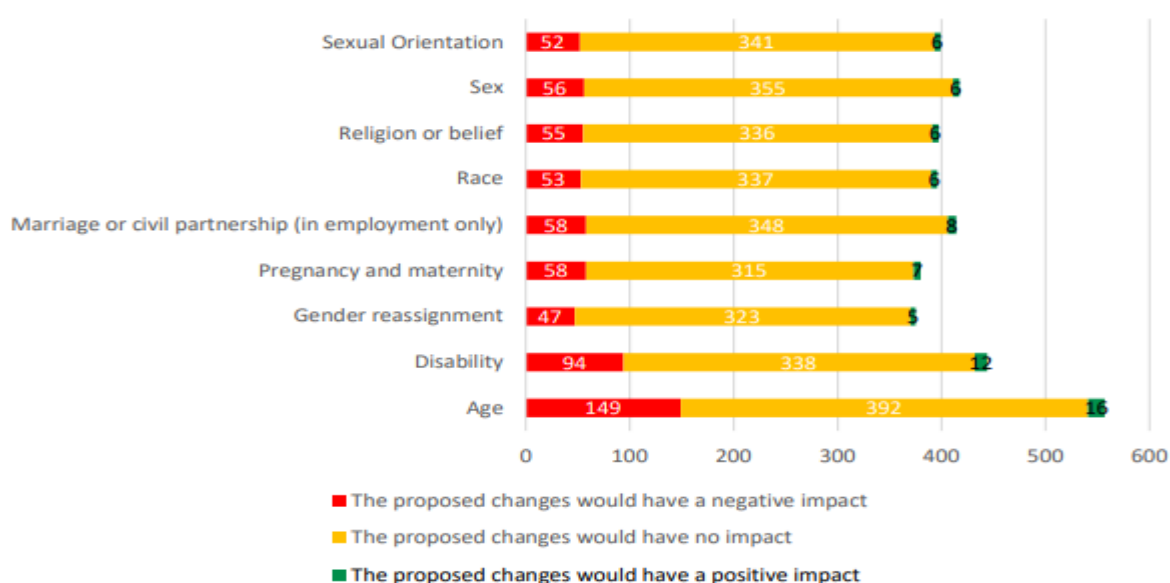
**Figure 28 Views on the proposal for Shrewsbury Museums and Art Galleries**



To understand the feedback a comment box was included to gather views and explanations. The most common theme within the comments was a request for closure during the week (some suggested a Monday rather than a Sunday). The next top theme related to the impact Sunday closures will have on visitors and tourism followed by impact on local residents (children were often mentioned within the comments). The example comments presented on the following page help to provide a better insight into the views of local people.

In the same way as for previous service proposals, survey respondents were asked their views on the equality impact of this proposal to reduce opening hours for Shrewsbury Museums and Art Galleries. Figure 29 highlights that age and disability are considered to be the protected characteristics in need of most attention for this proposal.

**Figure 29 Equalities Impact - Shrewsbury Museums and Art Galleries Proposal**



## Other savings proposals

The budget consultation was used to explain that Shropshire Council is considering a number of possible options for achieving the necessary savings or generating income to offset budget pressures. 9 suggested actions were set out:

1. Increasing the number of foster carers across the county (estimated £1.375m savings)
2. Increasing debt collection by the council (estimated £1.4m savings)
3. Household recycling centres will be closed on certain days (estimated £0.39m)
4. Greater enforcement of car parking tickets, littering fines, and other civil measures (estimated £0.30m savings)
5. Introduce and enforce residential parking permits (estimated £0.1m savings)
6. Review and potentially reduce some leisure provision (estimated £0.35m savings)
7. Asking other organisations (such as town or parish councils) to take on and run council operated leisure centres. (estimated £0.2m savings)
8. Management of green spaces will be passed to town or parish councils, where they choose to take that on. (estimated £0.2m savings)
9. Asking people self-funding for social care to make a greater contribution (estimated £1m savings)

The overall views on each of these options were collected and the combined response is shown in Figure 30. The majority of survey respondents strongly support or support increasing debt collection and increasing the number of foster carers in Shropshire. There is also more support than objection for the proposal to increase enforcement of fines. The proposals with very limited support are the review and reduction of leisure provision and asking for greater contributions for social care. Closing Household Recycling Centres (HRCs) is another a proposal which attracted a high number of oppose and strongly oppose responses. To summarise briefly:

### **General Support**

- Proposal 2 Debt Collection – 80.7% strongly support or support and 4.6% oppose or strongly oppose.
- Proposal 1 Foster Carers – 76.5% strongly support or support and 2.9% oppose or strongly oppose.
- Proposal 4 Enforcement and collection of fines – 60.8% strongly support or support and 16.2% oppose or strongly oppose.
- Proposal 8 Town and Parish Council management of green spaces – 51.4% strongly support or support and 18.6% oppose or strongly oppose.

### **Mixed Views**

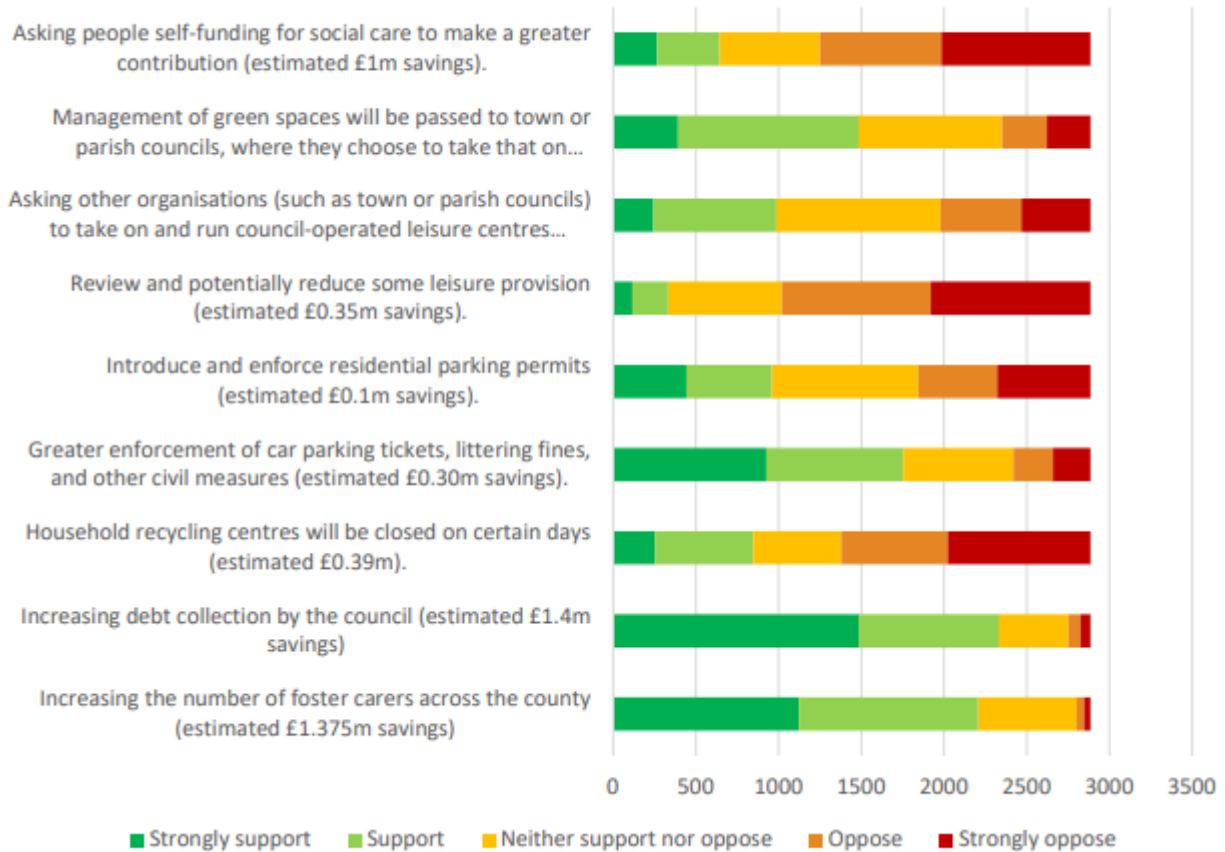
- Proposal 5 Parking permits – 33.3% strongly support or support and 36.1% oppose or strongly oppose.
- Proposal 7 Town and Parish Council or other led leisure centres – 34.2% strongly support or support and 31.4% oppose or strongly oppose.

### **General Opposition**

- Proposal 6 Reductions in leisure provision – 11.5% strongly support or support and 64.7% oppose or strongly oppose.
- Proposal 9 Contributions for social care –22.3% strongly support or support and 56.7% oppose or strongly oppose.

- Proposal 3 HRC opening hours – 29.3% strongly support or support and 52.3% oppose or strongly oppose

**Figure 30 Views on Other Savings Proposals**



To understand feedback at a more granular level comments were gathered for each proposal and these have been analysed below. For each a table is used to show the themes contained within the comments and example comments are used to illustrate the type of feedback received. This information should assist in decision making around whether to develop these proposals further and implement future consultations.

### 1. Increasing the number of foster carers across the county

There was overall support for this proposal. 294 comments were made by survey respondents resulting in 343 separate points which were categorised. The main areas of concern relate to the need for improved support for foster carers (including financial incentives) and the challenge of finding additional foster carers. Others expressed concerns that this proposal would not necessarily result in cost savings when other factors were considered (e.g. vetting, social worker support, training etc.)

### 2. Increasing debt collection by the council

360 people wrote comments in response to the proposal to increase debt collection. There was widespread support for the proposal. The main theme was that Shropshire council should be collecting outstanding debts followed by a call from some to be sympathetic to people's individual circumstances.

### **3. Household recycling centres will be closed on certain days**

Information on the proposal to close household recycling centres on certain days was captured through the recent focused consultation on Garden Waste and Household Recycling Centres which ran from 8th April 2024 to 20th May 2024. Full reports of the findings have been published. The consultation resulted in widespread concerns about reductions in access to Household Recycling Centres, but budget pressures mean Shropshire Council must continue to explore savings in this area. There were 885 individual comments in response to this proposal resulting in 1,103 separate points categorised into the table below. As mentioned in the section earlier in the report on Waste and Recycling, 22 of the 28 written consultation responses focused on the topic of waste and recycling and these included comments relating to the importance of good access to HRCs.

Dominant themes within the feedback received were concerns about the impact of reducing access to Household Recycling Centres (HRCs) including concerns about increases in littering and fly-tipping (263 comments) and the inconvenience of the new booking system (243). Calls for weekend and bank holiday opening featured strongly within the feedback (126 comments). A proportion of people felt the proposals were contradictory and that reductions in household waste collections should lead to increased opening of HRCs (104 comments). Others supported reducing opening on quiet days (103 comments).

### **4. Greater enforcement of car parking tickets, littering fines, and other civil measures**

456 people made comments in response to the proposal to increase enforcement and collect fines. This resulted in 571 separate points matched into the categories shown in the table below. The feedback was spread out over quite a few themes and many resulted in similar numbers of responses. It was clear from the feedback that there is much more support for enforcement in relation to littering than for car parking and other measures. Many people felt littering, dog mess and fly-tipping have become greater issues within communities and need to be addressed, however, in relation to parking tickets there was considerably less support. Some commented that it will require investment (including staffing) to undertake increased enforcement, others raised concerns regarding the impact on communities should the perception of enforcement 'drive people away' or present a view of a 'less welcoming and accepting community'. Some encouraged better education and provision of other facilities and support to resolve issues and more felt that the proposal was not based on sound economic assessment.

### **5. Introduce and enforce residential parking permits**

The proposal to introduce and enforce residential parking permits was responded to with 339 comments, and 417 separate points within those comments. Many people believe residents should be able to park by their homes without permits, and many also feel that the suggestion will not be that financially successful. There was more mixed feedback on this proposal but overall, more concerns than support.

### **6. Review and potentially reduce some leisure provision**

The proposal to review and potentially reduce some leisure provision (estimated at £0.35m savings) was responded to with 588 comments. Leisure issues are a key concern. The 588 comments contained 719 separate points which were then

categorised. A top theme within the comments (37.8%) was that reductions in investment in leisure services would potentially lead to an increased need for other services due to the positive impact leisure services has on health and reducing the need for health and social care services. Another top theme was a concern that the proposal was not specific enough and lacked information (84 mentions). Other themes within the feedback was the concern that leisure provision in Shropshire is limited, that leisure services are essential for children and young people, that rural areas need access to leisure facilities and that existing services should be retained.

#### **7. Asking other organisations (such as town or parish councils) to take on and run council operated leisure centres.**

496 people made comments in response to the proposal to ask other organisations (such as town or parish councils) to take on and run council operated leisure centres (estimated £0.2m savings). The 496 comments resulted in 618 separate points being made. 196 people asked questions about how this could work and whether savings could be made (32% of the points raised). Other common themes were that the proposal was merely passing on the financial burden and not finding a solution, and others commented that they would support this but only if town and parish councils or other organisations were willing to take on leisure centres. Many people felt the proposal was too general and that more specific information was needed in relation to options for each leisure centre.

#### **8. Management of green spaces will be passed to town or parish councils, where they choose to take that on.**

Proposal 8 was that the management of green spaces will be passed to town or parish councils, where they choose to take that on, leading to an estimated £0.2m of savings. 419 people took the time to add a comment in relation to this proposal and those 419 comments included 476 separate points. Top themes were that resources would be needed to enable the proposal to be implemented, agreement that it could work well, concerns that this would be passing on the financial burden to another organisation and concerns that town and parish councils may not agree to take on such a responsibility.

#### **9. Asking people self-funding for social care to make a greater contribution**

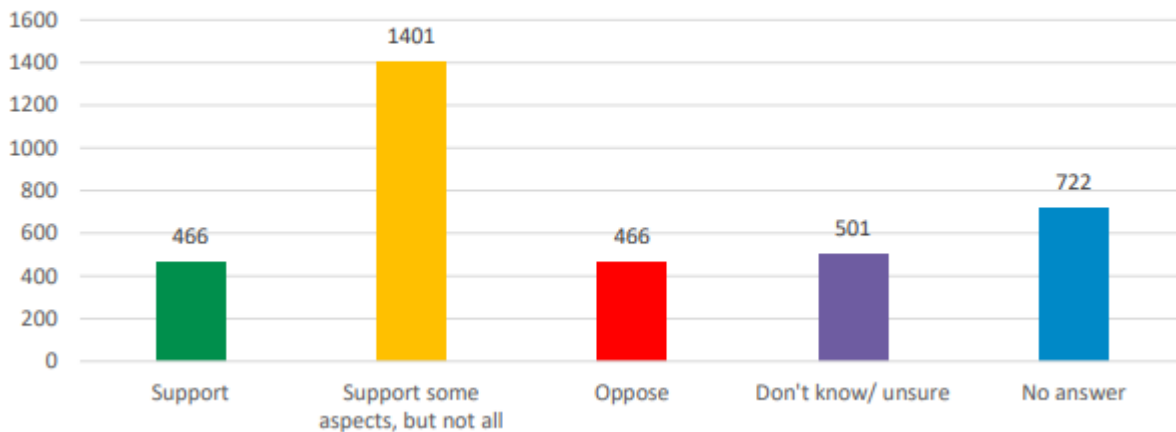
The last proposal to ask people self-funding for social care to make a greater contribution (estimated £1m savings) was met with strong opposition. 22.3% strongly support or support this suggestion and 56.7% oppose or strongly oppose. The comments received contained some strong feelings on this subject. There were a lot of different themes covered within the comments made. The top theme (155 mentions) was in relation to how unfair this proposal is, and people expressed that those who have worked and saved should not be asked to pay more to subsidise the costs of others. Other top themes include concerns that charging people more will mean they will need funded support sooner or risk losing their homes, and there were concerns that self-funders are already paying too much for care.

#### **Capital Programme**

Shropshire Council's budget consultation briefly outlined a £143m programme of capital investment for 2025/26. Capital projects are one-off investments typically into buildings or infrastructure or machinery. Capital funding cannot by law be used to meet the day-to-day costs of running council services - for example a local authority cannot move money from a capital scheme to pay for adult social care costs. However, the aim is to invest in

projects that will help deliver the Shropshire Plan priorities and schemes that may help deliver efficiencies within the revenue budget. The first question on this topic within the online survey asked 'Overall, how supportive are you of Shropshire Council's plans for investment in capital schemes as outlined for 2025/26?' The results are shown in Figure 31. 13.1% support the investment in capital schemes, 39.4% support some elements but not all, and 13.1% oppose. The remainder did not answer the question or didn't know.

**Figure 31 Views on Shropshire Council's plans for investment in capital schemes 2025/26**



The consultation explained that the Council identifies high priority capital schemes which, once a clear business case has been approved, will be included in the capital programme. The Council has currently identified a further £239m of such schemes to be considered over the next 5 years.

The outline areas of spend for the priority schemes includes developments. Investing in maintaining and improving primary and secondary schools across the county, measures to reduce the carbon footprint of the Council's housing stock, and development of new social and affordable housing for local people. Other specific projects across the county include SpArC Leisure Centre in Bishops Castle, Whitchurch Civic Centre, Whitchurch Leisure Centre, the Shrewsbury Smithfield Riverside Development, Swimming in Shropshire, and Highways projects including the North West Relief Road.

To obtain feedback members of the public were asked three main questions:

- Please tell us which capital investment plans you particularly like.
- Please tell us which capital investment plans you particularly don't like.
- Please tell us anything else you wish to about Shropshire Council's capital investment plans for 25/26.

The area of capital investment that attracted the most support is for capital investment in school improvements and education (334, 21.3%). Second most popular was investment in highways projects including the North West Relief Road (NWRR) (291, 18.6%) followed by investment in leisure facilities including the swimming in Shrewsbury and Whitchurch, SpArC Leisure Centre in Bishops Castle, and Whitchurch Civic Centre (268, 17.1%). Investment in social and affordable housing was also commonly mentioned as an area that should see capital investment.

Within the other comments category there were lots of comments highlighting that capital investment was not benefitting towns across the county and seemed to be concentrated in particular areas, including Shrewsbury.

To ensure balanced feedback survey respondents were also asked to explain anything about the capital programme they dislike. There were 1,111 comments and some people included more than one theme within their response. A significant proportion of the comments (484 mentions) related to people expressing that they do not wish to see investment in the North West Relief Road (although this was also a theme for others in what they like best about the capital programme).

Other feedback covers concerns that carbon reduction investment cannot be a priority at the current time; concerns relating to housing development and a lack of investment in infrastructure and services to meet the needs of an increased population. Other concerns relate to a lack of investment across Shropshire (repeating concerns highlighted within the previous question).

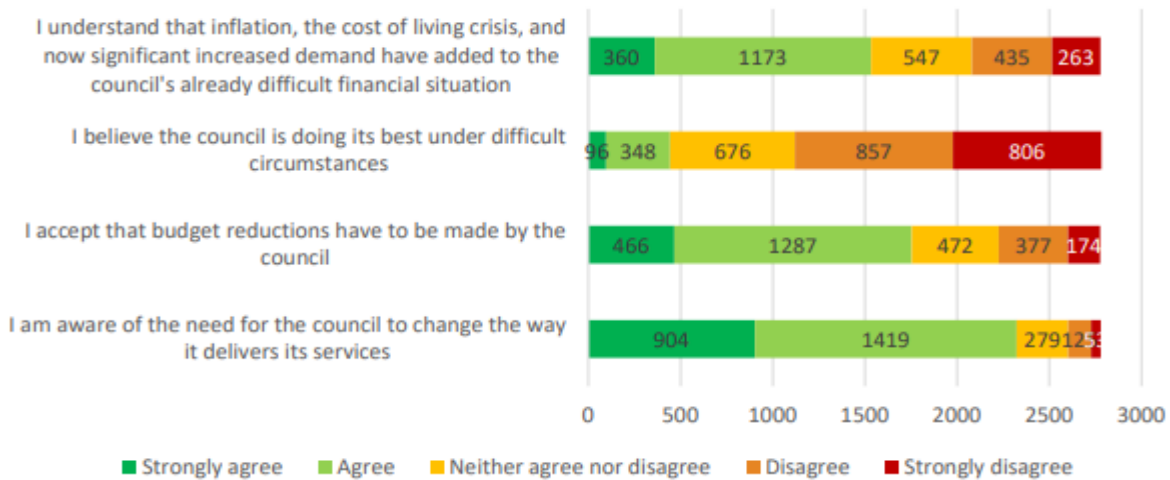
### **Overall Feedback**

Survey respondents were presented with a series of statements and asked to give their view for each:

- I am aware of the need for the council to change the way it delivers its services
- I accept that budget reductions have to be made by the council
- I believe the council is doing its best under difficult circumstances
- I understand that inflation, the cost of living crisis, and now significant increased demand have added to the council's already difficult financial situation

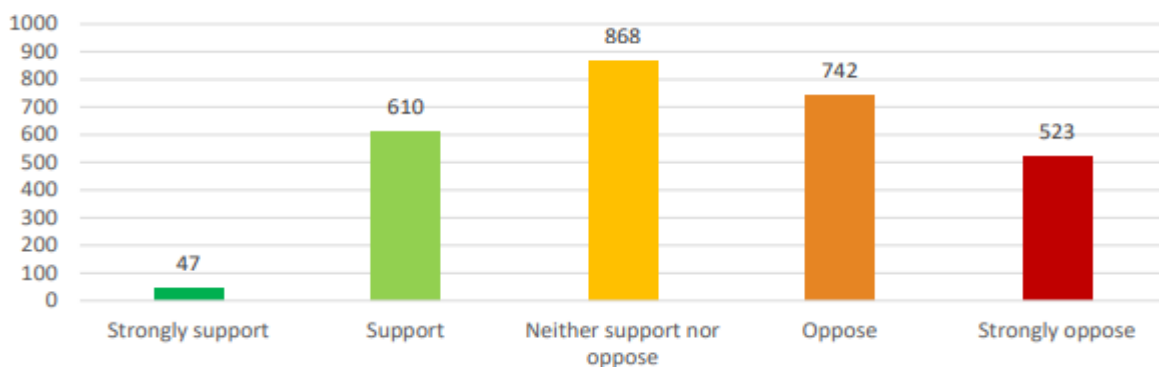
Figure 32 displays the result. There is overall agreement that Shropshire Council needs to change the way it delivers its services (83.6% strongly agree or agree and 6.4% disagree or strongly disagree). There is a relatively high level of agreement that budget reductions have to be made (63.1% strongly agree or agree and 19.8% disagree or strongly disagree). There is also more agreement than disagreement that the costs of living crisis and increased demand have added to a difficult financial situation (55.2% strongly agree or agree and 25.1% disagree or strongly disagree). The disagreement with the last statement is quite striking and should be a cause of concern that is explored further. 59.8% disagree or strongly disagree that the council is doing its best under difficult circumstances (compared with only 16.0% of respondents agreeing or strongly agreeing with this statement).

**Figure 32 Overall views on Shropshire Council's approach and budget proposals for 2025/26**



The survey included a question to measure overall agreement with the council's budget plan for 2025/26. Figure 33 shows that 1,265 respondents (45.3% of those who responded to the question) oppose the budget plan and 657 support it (23.5%). There were also significant numbers with no opinion.

**Figure 33 Support for Shropshire Council's budget plan**



The last main question within the online survey read 'Please share your ideas for how we might make further savings or provide any alternative suggestions to those set out within the proposals. The council will consult further on any significant changes to services or policy as it works to implement the agreed budget plan.' 939 people took the time to add a comment. 1,122 points were made within those comments.

Many members of the public expressed criticism for the management of the organisation (180 comments). Others feel that Shropshire Council is not working efficiently and needs to reduce staffing, salaries or prevent work from home (150 comments). There were 246 suggestions and themes within those suggestions included:

- Reducing staffing levels
- Scrapping the North West Relief Road
- Not increasing council tax
- Reversing decisions on waste services

- Using volunteers
- Selling assets including the shopping centre and council buildings
- Promoting tourism, economic growth and business development
- Adopting better environmental practices
- Increased use of technology (a few used libraries as an example)
- Improved procurement and commissioning practice
- In-house rather than external delivery
- Improved community engagement

The feedback from this consultation will help Shropshire Council make informed decisions and identify areas where further public engagement is needed.

Lastly it is important to thank all those who participated in the consultation and took the time to write comments and share their views which has resulted in over 18,000 comments being read and considered by the Council.

## **9.2 Collaborative Budget Process**

In recent years and further to decisions of Full Council opposition groups submit 'alternative budget' proposals.

In the current budget round and responding to the ongoing financial pressures, it was decided collectively by the political group leaders to engage in a new process around preparing a 'collaborative budget'. The work was linked to the Transformation and Improvement Overview and Scrutiny Committee workplan and built on the model of member scrutiny already established in the council.

This created an environment in which Cabinet leads and political group leaders could meet with officers to scrutinise specific aspects of the budget and MTFs, sharing the process of developing lines of questioning and understanding different policy options. This process has proved valuable and has been supported by all political groups on the Council.

It is hoped that such engagement will continue into the future, enabling cross-party areas of concern to be discussed in a supportive way and for officers to be enabled to provide candid updates on current and future challenges.

The working group has been supported by officers in different ways and have considered a range of issues including - the overall processes active in MTFs and budget planning - more detailed updates on all main service areas, supported by lead officers - options for further budget savings proposals - the impact of the financial settlement for 2025/26 and response to government on this. The proposals in the current budget and MTFs include elements that arise from this process.

### **Work done**

The group has considered a wide range of data and information ranging from the growth pressures and savings options through the draft local government financial settlement.

In carrying out their work they heard from the Executive Director of People, Executive Director of Place, The Executive Director of Resources, and the Executive Director of Health, and from the Chief Executive, as well as from the Assistant Director Finance and Technology and other Assistant Directors from across the Council.

The following summarises the areas of focus of the group over the past four to five months:

<b>Meeting date</b>	<b>Focus</b>
30 September	<ul style="list-style-type: none"> <li>• Kick-off meeting, confirmation of topics</li> <li>• Medium-Term Financial Strategy (MTFS) Background and Analysis.</li> </ul>
14 October	<ul style="list-style-type: none"> <li>• People Directorate growth pressures</li> </ul>
21 October	<ul style="list-style-type: none"> <li>• Follow-up on the 14 October meeting outputs</li> </ul>
28 October	<ul style="list-style-type: none"> <li>• Place Directorate pressures and revenue savings</li> <li>• Third Party Spend (Part 1)</li> <li>• Capital Strategy</li> <li>• Cornovii Developments Ltd</li> <li>• CIL and S.106 in the context of the MTFS and Budget</li> </ul>
4 November	<ul style="list-style-type: none"> <li>• Responses to questions from the 28 October meeting</li> <li>• Officer views on the Autumn Budget Statement and the implications and opportunities for the Council.</li> </ul>
11 November	<ul style="list-style-type: none"> <li>• Growth pressures and savings for the Health and Wellbeing Directorate</li> <li>• Third Party Spend (Part 2)</li> </ul>
18 November	<ul style="list-style-type: none"> <li>• Spend Control/Third Party Spend - Top 10-15 Contracts</li> <li>• Update on the revised funding gap and summary position around savings</li> <li>• Review and discussion of the final position of the group [on pressures, growth, areas for savings, and the capital strategy]</li> </ul>
25 November	<ul style="list-style-type: none"> <li>• To confirm the final position and report of the group</li> </ul>
2 December	<ul style="list-style-type: none"> <li>• Report to Transformation and Improvement OSC</li> </ul>
4 December	<ul style="list-style-type: none"> <li>• Report to Cabinet</li> </ul>
6 December	<ul style="list-style-type: none"> <li>• Discuss the key points to be put forward to be covered in the Budget Consultation</li> </ul>
8 December	<ul style="list-style-type: none"> <li>• Confirm the key points to be put forward to be covered in the Budget Consultation</li> </ul>
20 December	<ul style="list-style-type: none"> <li>• Receive and discuss the draft local government funding settlement [for consultation]</li> </ul>

Meeting date	Focus
8 January	<ul style="list-style-type: none"> <li>• Consider more detailed analysis of the draft local government funding settlement [for consultation]</li> <li>• Discuss and confirm the key points to be included in the responses to the consultation questions</li> </ul>
13 January	<ul style="list-style-type: none"> <li>• Receive and discuss an update on fees and charges</li> <li>• Update on the Budget Consultation</li> <li>• Response to the consultation on the draft local government funding settlement</li> <li>• Period 8 Financial Monitoring Report</li> <li>• Draft MTFS</li> <li>• County Council Network (CCN) survey</li> </ul>
20 January	<ul style="list-style-type: none"> <li>• Meeting with the Local Government Agency (LGA) to discuss the Collaborative Budget approach</li> <li>• Review of the savings ahead of the next meeting of the group on the 27 January</li> </ul>
27 January	<ul style="list-style-type: none"> <li>• Budget Consultation – sample based interim report</li> <li>• Fees and charges</li> <li>• Savings proposals</li> <li>• Transformation Investment</li> </ul>
3 February	<ul style="list-style-type: none"> <li>• Transformation Investment - PwC attendance to discuss 25/26 approach</li> <li>• Period 9 Financial Monitoring Report (short presentation)</li> <li>• Draft MTFS</li> <li>• NWRR Scenario Planning</li> <li>• RSN Draft Response</li> <li>• Capital Strategy</li> </ul>
10 February	<ul style="list-style-type: none"> <li>• ASC uplifts 25/26</li> <li>• Report Budget Consultation</li> <li>• MTFS – update for Council report</li> <li>• Position of the group on the Collaborative Budget [report of the work of the group will be written and appended to the MTFS Council report]</li> <li>• Feedback Survey on the Collaborative Budget approach</li> </ul>
17 February	<ul style="list-style-type: none"> <li>• Results of the Feedback survey on the Collaborative Budget approach</li> <li>• Draft Final MTFS to Council 27 February</li> </ul>

### **Outputs and confirmation of the savings proposals and wider draft MTFS**

Having considered the feedback received through the Budget Consultation and discussed the options relating to the savings proposals there was general agreement on the revenue savings, with differences remaining across the group on the Northwest

Relief Road. These have been recognised in the drafting of the recommendations for the MTFs report.

Examples of the savings proposals that were debated by the group to reach this general agreement include:

- Shrewsbury Museum – to propose that it remains open on a Sunday through the year but that closure on a working day a week should be pursued.
- That the move to a three weekly bin collection would not be viable before April 2026 when the weekly food waste collection would start, as per national guidance. However, options to minimise waste should be pursued in 2025/26.
- Increasing uptake of the green bin (garden waste) service during the first 12 months.

Following the meeting of the group on the 10 February 2025 the Liberal Democrat Group confirmed that they would no longer be taking part in the Collaborative Budget Group.

### **Feedback and Learning on the Collaborative Budget Approach**

As this has been the first time that the Council has used the Collaborative Budget approach it has been important to seek the views of the members of the group and the officers who have worked with them, to understand what has gone well, what could be improved, and whether they feel that the approach should be used in the future.

To do this, members of the group offered feedback in their meeting on the 10 February 2024, and through a brief survey. The Summary of the survey results is set out at the end of this section

The feedback identifies the following key points

- The Collaborative Approach is viewed by the majority of those responding and providing feedback to have added value and been positive.
- They also recommended that the approach should be used again and should be written into the constitution, replacing the Alternative Budget approach.
- [This would need to be progressed in the appropriate way for this recommendation to be set out, considered and a decision taken at an early stage following the Local Election 2025.]

Some of the Particular aspects that should be maintained if the approach should be used in the future include:

- A single cross-party working group
- Openness and listening to all in discussions
- Thorough review of all challenges and ideas
- Frankness of officers answering questions in a confidential environment
- Agreeing public consultation requirements cross party

Opportunities to improve the approach should it be used again included:

- Start the process earlier (perhaps May/June before the first MTFs in July)

- Have a steadier pace [to the work] with more time between meetings
- Keep the focus inclusive of resident outcomes and not solely financial figures
- Have earlier consultation with the public [on savings options and proposals] to provide more time to take on board their feedback/issues
- Find a way to summarise the complex information and debate and keep all members not in the group up to date in a timely way
- Identification of ‘bear traps’ - the potential impacts of savings proposals on the frontline [and communities]

With a further eye to continuous improvement of the approach feedback was also sought on what respondents felt it would have been useful to understand before starting. Responses included:

- A simple outline of the nature of the way our Council finances are structured/tabulated
- How the Council’s fiscal year fits into the national picture/timetable used by government.
- How appropriate information from the [Collaborative budget] group will be disseminated, and the political (rather than the officer's) critical path.
- Confirmation and understanding by all involved of the Members’ role and officers’ role i.e. how far should members deep dive or leave to officers

**Summary results from the Survey of the members of the Collaborative Budget group and officers supporting them are set out below:**

**Q1. From your experience, did the Collaborative Budget approach add value compared to other approaches such as the Alternative Budget approach?**

4 out of 5 respondents felt that the collaborative budget approach added value compared to other approaches including the alternative budget approach.

- Helped to build [common] understanding
- Working well across the political groups
- Openness to receiving and debating ideas
- Questions asked and answered freely
- Information produced once and shared in the same forum where messages can be clarified
- Helped to reduce apparent distrust between the opposition for the Administration.

*“Much better than the previous process, where opposition alternatives were not given, in our view, the same level of investigation or understanding as is the case in the current collaborative approach.”* (quote from a Member)

One Member highlighted that they *“had reservations about the commitment to the process of some significant individuals .... leading to the impression we are involved in a box ticking exercise.”*

**Q2. What were the three things that you feel went well/you valued the most from the approach that you feel should be built into any future Collaborative Budget approach (or similar activity)?**

- A single cross-party working group
- Developing and maintaining a common understanding of the Councils position (All political groups and officers)
- Openness and listening to all in discussions
- Thorough review of all challenges and ideas
- Commitment to achieving a shared goal and seek compromise to do this
- Flexible approach – responsive to new information and understanding as it arises
- Dedicated time and access to senior officers (was greatly appreciated)
- Officer explanations provided in simple terms
- Frankness of officers answering questions in a confidential environment
- Benchmarking with other Local Authorities
- Agreeing public consultation requirements cross party

**Q3. What three things do you think would have made this year's Collaborative Budget approach better that you feel should be built into any future Collaborative Budget approach (or similar activity)?**

- Start the process earlier (perhaps May/June before the first MTFS in July)
- Run to the process for longer through the year
- Have a steadier pace [to the work]
- More time between meetings
- Keep the focus inclusive of resident outcomes and not solely financial figures
- Total strategic approach – need to avoid looking at individual issues and locations
- Have earlier consultation with the public [on savings options and proposals] to provide more time to take on board their feedback/issues
- A wider range of savings options to enable greater flexibility to meet the budget
- Find a way to summarise the complex information and debate and keep all members not in the group up to date in a timely way
- More cross-party working in general at the Council – better relationships – underpin collaborative working
- Where consensus is not achieved - perhaps having 3 options to go to Council for debate and agreement
- Transcription of meetings with summarised notes to ensure expectations are met
- Identification of 'bear traps' - the potential impacts of savings proposals on the frontline

**Q4. Having been involved in the Council's first use of the Collaborative Budget approach, what would you have found most useful to understand about the approach before you started?**

- A simple outline of the nature of the way our Council finances are structured/tabulated
- How the Council's fiscal year fits into the national picture/timetable used by government.

- More one-on-one time with finance officers ahead of the process (which is difficult under the current (alternative budget) process)
- How other authorities have managed the Collaborative Budget approach
- How appropriate information from the [Collaborative budget] group will be disseminated, and the political (rather than the officer's) critical path.
- Confirmation and understanding by all involved of the Members' role and officers' role i.e. how far should members deep dive or leave to officers

**Q5. Would you recommend that the Collaborative Budget approach is used in the future?**

4 out of 5 respondents confirmed their view that the Collaborative Budget approach should be used in the future.

A respondent highlighted that they were neutral on the matter and if the approach were to be used it needed to start earlier in the year, be carried out through the year and feature full involvement from all political groups and Cabinet members.

**Q6. Should the Collaborative Budget approach be written in to the Constitution?**

4 out of 5 respondents confirmed their view that the Collaborative Budget approach should be written into the Constitution.

**Q7. Should it replace the Alternative Budget approach?**

4 out of 5 respondents confirmed their view that the Collaborative Budget approach should replace the Alternative Budget approach.

It was highlighted by a respondent that such as change would be dependent on the outcome of the Local Elections in May and what that administration sees as the best way forward.

## 10. Schedule of Movements



## 10.1 Movements in MTFS Position

The movements in the MTFS position since the updated MTFS was presented to Transformation and Improvement Overview & Scrutiny Committee in January 2024 are as follows:

Estimated Resources	2025/26 @	Movement	2025/26 @
	Jan T&IOSC		Feb Cabinet
	£	£	£
<b>Council Tax</b>	219,282,837	0	219,282,837
<b>Business Rates:</b>			
Business Rates Collected	41,194,586	3,823,940	45,018,526
Business Rates - Energy Renewable Schemes	1,000,000	664,470	1,664,470
Top Up Grant	11,025,089	0	11,025,089
<b>RSG</b>	8,667,579	0	8,667,579
<b>Collection Fund:</b>			
Council Tax	0	1,377,957	1,377,957
Business Rates	0	1,549,238	1,549,238
<b>NET BUDGET</b>	<b>281,170,092</b>	<b>7,415,605</b>	<b>288,585,696</b>
<b>Grants included in Core Funding:</b>			
Improved Better Care Fund	14,635,454	0	14,635,454
New Homes Bonus	2,034,452	0	2,034,452
Rural Services Delivery Grant	0	0	0
Social Care Support Grant	32,675,158	0	32,675,158
Market Sustainability and Improvement Funding	6,097,977	0	6,097,977
Discharge Funding	0	0	0
Services Grant	0	0	0
Children's Social Care Prevention Grant	614,942	51,361	666,302
Domestic Abuse Safe Accommodation	751,393	0	751,393
Recovery Grant	0	0	0
NI Funding Grant	2,551,597	-47,696	2,503,901
<b>CORE FUNDING</b>	<b>340,531,065</b>	<b>7,419,269</b>	<b>347,950,334</b>
<b>Local Income</b>			
Fees and charges (including income savings deliverable from prior years)	98,525,470	5,333,000	103,858,470
Other Grants and contributions	36,829,400	3,629,950	40,459,350
Specific Grants (excluding Core Funding Grants above)	263,926,112	983,682	264,909,794
Internal Recharges	11,574,290	-1,745,110	9,829,180
<b>TOTAL FUNDING</b>	<b>751,386,337</b>	<b>15,620,791</b>	<b>767,007,128</b>

Figure 40: Movement in Resources between current position and January 2024 Transformation and Improvement Overview & Scrutiny Committee


This table shows increased resource of £15.6m between the estimates in January and those confirmed in February. Approximately 50% of this relates to local income. Local income is targeted to specific activities and Specific Grants, which has seen a significant increase of £8.4m between the predicted level in January and the confirmed values in February. This relates to additional income generated from fees and charges and other contributions which are helping to fund increases in expenditure. Other significant increases from January include an additional £4.5m in Business Rates, however some of this has been offset by a reduction in Section 31 Grants received which relate to business rate reliefs. Also, the Collection Fund estimates for 2024/25 have generated surpluses that can be released into 2025/26.

Figure 41: Movement in Expenditure between current position and January 2024 Transformation and Improvement Overview & Scrutiny Committee

Estimated Expenditure	2025/26 @ Jan		2025/26 @
	T&IOSC	Movement	Feb Cabinet
	£	£	£
<b>Original Gross Budget Requirement</b>	<b>761,650,104</b>	<b>0</b>	<b>761,650,104</b>
<b>Inflationary Growth :</b>			
Pay	6,307,250	-1,110,000	5,197,250
Apprenticeship Levy	12,440	0	12,440
Pensions	0	0	0
Corporate Landlord inflation	-179,575	0	-179,575
Contract inflation	5,321,035	-189	5,320,846
<b>Demography &amp; Demand</b>	<b>26,251,332</b>	<b>-11,100</b>	<b>26,240,232</b>
<b>Service Specific Pressures:</b>			
Revenue Growth arising from capital programme	1,387,990	-1,387,990	0
Ongoing Budget Pressures	2,532,000	0	2,532,000
<b>Local Generated Pressures:</b>			
Elections	700,000	-	700,000
Specific Grants Changes between years	24,774,747	5,355,077	30,129,824
Ongoing reduction in New Homes Bonus (pressure)	0	0	0
Grants Rolled into RSG, Core Funding	512,100	0	512,100
Estimated Cost of Investment - <i>Approved</i>	1,023,450	1,387,990	2,411,440
Contribution to General Fund	-1,224,839	96,194	-1,128,645
Contribution to Development Reserve - Transformation	0	0	0
MTFS reserve (savings slippage/optimism bias)	0	0	0
Capital Investment/Transformation Fund	0	0	0
Climate Change/Energy Efficiency Fund	0	0	0
Adjustment to Gross budget offset by Income changes	0	7,217,840	7,217,840
<b>Demand Mitigations</b>	<b>-10,989,400</b>	<b>0</b>	<b>-10,989,400</b>
<b>Savings</b>			
<i>Savings Agreed in Previous Financial Years</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>TOM Budget Savings</i>	<i>-1,015,000</i>	<i>0</i>	<i>-1,015,000</i>
<i>Reduce Cost Budget Savings</i>	<i>-2,274,843</i>	<i>-2,687,000</i>	<i>-4,961,843</i>
<i>Manage Demand Budget Savings</i>	<i>90,000</i>	<i>-1,265,000</i>	<i>-1,175,000</i>
<i>New Income Budget Savings</i>	<i>-122,000</i>	<i>0</i>	<i>-122,000</i>
<i>Charge More Budget Savings</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Stop/Cease Budget Savings</i>	<i>-447,010</i>	<i>0</i>	<i>-447,010</i>
<b>TOTAL EXPENDITURE</b>	<b>814,309,781</b>	<b>7,595,822</b>	<b>821,905,603</b>

The table above sets out overall expenditure changes of £7.6m. Key elements of this are the changes to grant spending, which reflects the ring-fenced or targeted nature of these funds (i.e. they are not available for the overall financial position but must be spent on specific activities), and changes to expenditure budgets as a result of increased income as detailed in Figure 41. The savings plans have since been refined, following public consultation, to reflect the savings detailed in Section 11.

Figure 43: Movement in Funding Gap between current position and January 2024 Transformation and Improvement Overview & Scrutiny Committee

Funding Gap	2025/26 @		2025/26 @
	Jan T&IOSC £	Movement £	Feb Cabinet £
Resources (incl savings plans)	751,386,337	15,620,791	767,007,128
Expenditure (incl savings plans)	814,309,781	7,595,822	821,905,603
<b>Gap in year</b>	<b>62,923,444</b> 	<b>-8,024,968</b>	<b>54,898,475</b>
<b>One off Grants &amp; Reserves:</b>			
Improved Better Care Funding	-12,668,194	0	-12,668,194
New Homes Bonus - One Off	-286,942	0	-286,942
Rural Services Delivery grant	0	0	0
Social Care Grant - One Off	-32,675,158	0	-32,675,158
Services Grant	-6,097,977	6,097,977	0
Market Sustainability and Fair Cost Fund	-614,942	-5,483,036	-6,097,977
Children's Social Care Prevention Grant	0	-666,302	-666,302
NI funding	-2,551,597	47,696	-2,503,901
<b>TOTAL ONE OFF FUNDING</b>	<b>-54,894,810</b>	<b>-3,664</b>	<b>-54,898,475</b>
<b>Remaining Gap/(Surplus) to be Funded</b>	<b>8,028,633</b>	<b>-8,028,633</b>	<b>0</b>

# 11. Proposed Spending Reductions



## 11.1 Proposed Spending Reductions

The following tables provide relevant detail on the proposed spending reductions for 2025/26 and later years. To interpret the tables:

- Values in 2025/26 are positive for a proposed spending reduction. Negative values are a spending pressure or increase in expenditure budget.
- Values in 2025/26 are assumed to be continued into 2026/27 (i.e. a recurring, base budget proposal).
  - o Where there is no new value in 2026/27, the value therefore remains the same.
  - o Where there is a positive value in 2026/27 this is a further increase on the 2025/26 proposal.
  - o Where there is a negative value in 2026/27 then the value anticipated in 2025/26 reduces by that amount in 2026/27.

Figure 44: Example of how proposed spending reductions are represented:

	2025/26	2026/27	Impact on base budget
<b>Proposal A</b>	100,000	0	Permanent reduction of £100,000
<b>Proposal B</b>	100,000	-100,000	Reduction of £100,000 in 2025/26 only, reversed in 2026/27. No net reduction.
<b>Proposal C</b>	100,000	50,000	Permanent reduction of £100,000 in the first year, increased by £50,000 in year 2. A total impact on the base budget of £150,000.

All proposed savings are made as changes to the 'base budget' of the council. The 'base budget' is the ongoing or recurrent budget. The recurrent base budget is amended from year to year to reflect 'one off' or 'non-recurrent' items. This is set out within the detailed budget proposals at the start of each year. All proposed savings are applied from 1 April in order to set a balance budget. Where savings are not achieved to the planned level, underachievement will cause an 'overspend' to be reported, and an overachievement will cause an 'underspend' to be reported. To secure the delivery of the budget in 2025/26 it is essential that all savings are either delivered as planned, or that alternative spending reductions to the same value are applied. This is also set out in the Financial Rules of the Council, approved by Full Council in 2019, and part of the Council Constitution.

The budget proposals have been consulted on publicly and discussed with opposition councillors as part of the collaborative budget process. The proposals included in this section of the MTFs were considered by Cabinet working together with the Collaborative Budget Group to recommend the savings below to be accepted by Council. Full Council will debate and agree (or not) the proposals to be taken forward. That does not, however, mean that all proposals are then accepted. Where decisions are 'key decisions' as per the Constitution, or where they affect agreed policy, or simply where Cabinet may decide to do so, further consultation may follow. These proposals, if adopted by Council, will not all be binding without further action by Officers and Members.

Figure 45: Detailed Saving Proposals for 2025/26 – 2026/27

Ref	Option Type	Date Agreed	Directorate	Service Area	Saving Proposal	2025/26 £	2026/27 £
RC003	Reduce Cost	Agreed in 24/25	Health, Wellbeing & Prevention	Public Health	Allocation the public health grant to support preventative initiatives at the children's, adults and customer front-door (the first point of contact).	70,000	0
RC004	Reduce Cost	Agreed in 24/25	Health, Wellbeing & Prevention	Public Health	Capitalisation of reserves as one off for staff and projects relating to transformation work to further increase funding of public health reserves to support preventative initiatives. This is for 2024/25, in addition to 1,000,000 in 23/24. This is being removed in 2025/26.	-1,000,000	0
RC025	Reduce Cost	Agreed in 24/25	Place	Homes & Communities	Efficient use of external funding to meet Housing Services team costs	64,000	0
RC026	Reduce Cost	Agreed in 24/25	Place	Homes & Communities	In line with prior agreements, the implementation of management changes at Much Wenlock Leisure Centre and Church Stretton Leisure Centre, and removal of subsidies at Ludlow and Cleobury Mortimer Leisure Centres; also, agreement of additional funding support from local councils. Additional income also planned at Meole Brace golf course further to improved greenkeeping standards.	100,000	254,000
RC029	Reduce Cost	Agreed in 24/25	Place	Homes & Communities	Review staffing and resize the Rights of Way team	6,465	0
RC030	Reduce Cost	Agreed in 24/25	Place	Homes & Communities	Review staffing and resize the Outdoor Partnerships team	13,840	0
RC032	Reduce Cost	Agreed in 24/25	Health, Wellbeing & Prevention	Integration and Healthy People - Non Ringfenced	Continue to deliver spending reductions in Library Services through ongoing improvements to overall efficiency including increased income and enhanced partnership working with services in communities. Further, separate, plans are being prepared for 2026-27, and appropriate consultation will take place in line with our statutory duties when required.	220,538	112,050
RC040	Reduce Cost	Agreed in 24/25	Place	Growth & Infrastructure	Dispose of Shirehall quicker and relocate services	1,300,000	0
RC074	Reduce Cost	Agreed in 24/25	Resources	Finance & Technology	Anticipated cost reductions in Revenues & Benefits arising from improvement of in-house Temporary Accommodation provision.	1,000,000	0
RC087	Reduce Cost	New 25/26	People	Learning & Skills	DSG funding of SEND pressures	500,000	0
RC088	Reduce Cost	New 25/26	Place	Growth & Infrastructure	Use of DfT funding to increase frequency of Park and Ride Services in Shrewsbury, thereby generating additional revenue.	250,000	0
RC089	Reduce Cost	New 25/26	Place	Growth & Infrastructure	Increased charges for car parking across the County.	500,000	0

Ref	Option Type	Date Agreed	Directorate	Service Area	Saving Proposal	2025/26 £	2026/27 £
RC090	Reduce Cost	New 25/26	Place	Growth & Infrastructure	Residents' only parking will be enforced for an annual residents fee. Will require some investment in enforcement activities (which may be capital and or non-recurrent).	100,000	0
RC091	Reduce Cost	New 25/26	Place	Growth & Infrastructure	More fixed penalties issued for dog fouling, littering (including fly tipping) and illegal parking. Will reflect wider efficiency reviews in highways and streetscene. Will require some investment in enforcement activities (which may be capital and or non-recurrent).	300,000	0
RC092	Reduce Cost	New 25/26	Place	Growth & Infrastructure	Since 2014, over 95% of the c. 20,000 streetlights have been converted yielding over £600k savings in energy consumption and considerable carbon emission reductions. This proposal relates to ongoing capital investment to secure the last 5% (around 1,000 streetlights), removing older lights and replacing them with more energy efficient LED lanterns. Will require capital investment.	150,000	0
RC094	Reduce Cost	New 25/26	Place	Homes & Communities	Waste contract efficiencies across the waste service including review of garden waste collection costs and HRC opening times to be delivered through negotiated changes to the contract.	987,000	0
RC096	Reduce Cost	New 25/26	Place	Homes & Communities	Seek cost reductions through contracting leisure centre management, alongside additional funding from local councils	200,000	0
RC097	Reduce Cost	New 25/26	Place	Homes & Communities	The council manages a range of green outdoor spaces, including areas of outstanding natural beauty (now designated as National Landscapes and largely funded via government (DEFRA) grants) to smaller pockets or parcels of green spaces (for example village greens and verges). This proposal relates to the many small green spaces located across the towns and villages in Shropshire. Management of green spaces will be subject to an efficiency review, and may also be passed to town or parish councils where they choose to take that on.	200,000	0
<b>TOTAL REDUCE COST SAVINGS</b>						<b>4,961,843</b>	<b>366,050</b>
Ref	Option Type	Date Agreed	Directorate	Service Area	Saving Proposal	2025/26 £	2026/27 £
MD001	Manage Demand	Agreed in 24/25	Health, Wellbeing & Prevention	Public Health	Further increase funding of public health reserves to support preventative initiatives at the children's, adults and customer front-door (earliest point of contact). Was included in the 2024/25 budget for one year only and is shown here as being removed.	-200,000	0
MD019	Manage Demand	New 25/26	People	Children's Social Care	The council would need to encourage more people to foster across the county	1,375,000	0
<b>TOTAL MANAGE DEMAND SAVINGS</b>						<b>1,175,000</b>	<b>0</b>

Ref	Option Type		Directorate		Saving Proposal	2025/26 £	2026/27 £
NI004	New income	Agreed in 24/25	Place	Homes & Communities	Expand the Handy Person service to a wider range of customers, including fee payers, supporting independent living	10,000	10,000
NI006	New income	Agreed in 24/25	Place	Homes & Communities	Increase income from Museums and Archives services	100,000	0
NI007	New income	Agreed in 24/25	Resources	Legal & Governance	Increase income from an enhanced memorial and ceremony offer at Council sites	10,000	5,000
NI008	New income	Agreed in 24/25	Resources	Legal & Governance	Increase income from an improved range of wedding and partnership ceremony packages	2,000	5,000
<b>TOTAL NEW INCOME SAVINGS</b>						<b>122,000</b>	<b>20,000</b>
Ref	Option Type		Directorate		Saving Proposal	2025/26 £	2026/27 £
TO001	TOM	Agreed in 24/25	Health, Wellbeing & Prevention	Emergency Planning	Explore shared emergency planning resource and resilience with partners.	15,000	0
TO009	TOM	Agreed in 24/25	Place	Growth & Infrastructure	Review service synergies to secure cost reductions across Highways, Maintenance, and Outdoors services.	1,000,000	0
<b>TOTAL TARGET OPERATING MODEL SAVINGS</b>						<b>1,015,000</b>	<b>0</b>
Ref	Option Type		Directorate		Saving Proposal	2025/26 £	2026/27 £
SC002	Stop/Cease	Agreed in 24/25	People	Learning & Skills	Review education transport arrangements - changes to efficiency and delivery models (mainstream and SEND)	400,000	0
SC005	Stop/Cease	Agreed in 24/25	People	Children's Social Care	Review the development of a solo children's home to enable discussions about a joint funded model with Health. 24/25 and 25/26 only	0	-400,000
SC007	Stop/Cease	Agreed in 24/25	Place	Homes & Communities	Review and Minimise Museums and Archives service costs	0	50,000
SC008	Stop/Cease	Agreed in 24/25	Health, Wellbeing & Prevention	Public Health	Review staffing and resize the Empty Homes service	47,010	0
<b>TOTAL STOP/CEASE SAVINGS</b>						<b>447,010</b>	<b>-350,000</b>
<b>TOTAL SAVINGS</b>						<b>7,720,853</b>	<b>36,050</b>

## **12. Equality, Social Inclusion and Health Impact Assessment (ESHIA)**



## 12. Equality, Social Inclusion and Health Impact Assessment (ESHIA)

The Council is committed to its Public Sector Equality Duties and as such, Equality, Social Inclusion and Health Impact Assessments (ESHIA) on areas of budget reductions outlined in the Medium-Term Financial Strategy will be undertaken, where relevant, by service leads. In line with relevant duties and policies, service specific ESHIAs will consider the impacts and mitigations on people with protected characteristics. Alongside these, as a Council we recognise the important role that broader factors have in supporting, improving and protecting the health and wellbeing of our population, and ESHIA assessments of the impact and mitigations of changes on these broader factors will also be undertaken – Examples of these factors include:

- Access to transport
- Access to good quality education
- Routes to sustainable employment
- Access to health and wellbeing provision
- Impact of living in a rural setting
- Households on low incomes.
- Climate change impacts

The Council also recognises that people from certain groups of society are more at risk and vulnerable to negative impacts of changes, recognising that these can contribute to inequalities. ESHIAs will therefore pay close attention to identifying and mitigating where possible impacts for:

- Safeguarding vulnerable people and those with care and support needs
- Children and young people, including children who are looked after and care leavers,
- People with learning disabilities, autism, mental health needs, drug and alcohol needs, and people living with dementia
- All age carers
- People from the Armed Forces and Veterans
- People within traveller communities
- People resettling into Shropshire, and impacted by global unrest
- People living in rural areas and the accessibility factors that are associated with it. Use of the Rural Proofing for Health Toolkit will continue to be adopted and applied.

The Council remains committed to prioritising the eligible needs of people requiring statutory care and support across all ages. It will also retain its commitment within resources available to an early help and preventative offer to help us to support people at an earlier stage and to help us to manage the demand for statutory social care interventions and services.

ESHIA's undertaken by service leads will be shared as part of reports to Council, Cabinet, and / or Overview & Scrutiny committees (as appropriate) regarding policy decisions where these are required. This will include any new ESHIA's undertaken in relation to achieving any reallocated un-delivered savings.

The Council's Senior Leadership Team will continue to monitor impacts on our residents through The Shropshire Plan Performance Framework, Joint Strategic Needs Assessment, Service Specific data, customer and Elected Member feedback, and through our stakeholder relationships and strategic partnerships.