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Financial Monitoring Report Quarter 3 2025/26

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1. Synopsis

This report highlights a marginal deterioration in the forecast outturn position to £53.261m, which can be managed within existing earmarked reserves. The Council continues to take emergency actions to ensure the financial survival of the Council in the current year.

2. Executive Summary

2.1. This report provides a detailed review of the Council's financial position projected to year end using information as at the 31 December 2025. The key issues highlighted by this report are:

- A. A projected overspend as at 31st December 2026 of £53.261m. This has deteriorated by £2.516m since Period 7 and therefore it has been deemed necessary to release £2.516m from the established Financial Strategy Reserve. Since declaring a financial emergency in September 2025, the Council has been working closely with the LGA to support actions to rectify the current position.
- B. An initial General Fund Balance of £34.280m indicates that the projected variance would not be accommodated. Contingency funding has been

identified within earmarked reserves to provide further resilience over the remainder of the financial year which includes the winter period.

C. The Council has submitted an application to the Government, via the Ministry for Housing, Communities and Local Government, for Exceptional Financial Support for 2025/26 and future years.

2.2. The financial position of the council remains highly challenging. Officers and Members across the Council are working under a declared financial emergency and every action is being taken to ensure in-year spend is minimised and income maximised. The key overall indicator of financial health for the Council is the General Fund Balance. However, a wide range of factors impact on that value. As such, the overall financial position has been analysed into seven separate areas that underpin the strategic risk "Inability to Contain overall committed Expenditure within the Current Available Resources within this Financial Year". See table at paragraph 4.2 and Table 2 at paragraph 4.4.

2.3. Table 1 below highlights the scenarios relating to the Council's revenue position only, presenting a range of possible outcomes.

Table 1 – Forecast as at 31 December showing the Revenue Monitoring central forecast and other possible scenarios

Scenario	Potential variation to budget £'000	Available General Fund Balance £'000	Unfunded Overspend £'000
Favourable	48.745	-34.280	14.465
Central	50.745	-34.280	16.465
Adverse	53.745	-34.280	19.465

2.4. The Council's financial position is complicated significantly by two further issues; funding for transformation activity through to March 2026 from Capital Receipts generation, and funding for the North West Relief Road should it be cancelled and/or unfunded from Department for Transport. A description of all seven risks referred to in 2.2 above and the current perspective on these is set out in the table 2 below.

2.5. The Council has submitted an application for in-principle Exceptional Financial Support of up to £71.4m made up of the following elements:

- £22.4m to support revenue expenditure
- £10.0m for transformation activity that cannot be accommodated through capital receipts generation.
- £39.0m to fund any revenue costs arising from the need to write off of spending relating to the North West Relief Road Project should the scheme be cancelled.

3. Recommendations

3.1. It is recommended that Cabinet Members:

- Ensure emergency action is continued by all Officers during the last quarter of the financial year to improve further the Council's projected year end position. Such action should predominantly focus on reducing spend,

increasing income, delivering remaining savings and significant mitigating actions to control in-year spending pressures.

- B. Support the review of the Operations Boards, which have been in place from August 2025, to ensure these are delivering the greatest impact in terms of challenging spend across the Council. The impact of these boards will continue to inform future Finance Monitoring reports.
- C. Consider the projected spend over budget at Period 9 of £53.261m, adjusted to £50.745m following the release of £2.516m from the Financial Strategy Reserve.
- D. Consider the indicative level of savings delivery at Period 9 of £18.177m (30%).
- E. Consider the projected General Fund Balance of £5m if the Council secures Exceptional Financial Support in 2025/26.
- F. Cabinet Members note the projected deficit on the Dedicated Schools Grant and the approach to reviewing this.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. A more regular review of the emerging financial position for the year is an essential part of the risk management approach of the council during the coming year. The level of savings delivery and financial pressures in the current year are a recognised risk for the 2025/26 budget and continued focus and action are being put in place to address this.

4.2. Risk table

<i>Risk</i>	<i>Mitigation</i>
Savings delivery is below the targeted level; mitigations to unachieved savings are not secured at reasonable levels. Savings of £59.9m were agreed for the 2025/26 budget including £7.7m new savings, £10.9m of demand management activity in social care, and £41.3m of savings carried forward from 2024/25.	Savings delivery is divided into two main areas of activity – service-led activity and organisational-wide initiatives – each with different approaches. Organisational savings are the bulk of the carried forward savings from 2024/25 and are subject to support from the Project Management Office with further, deeper, initiatives proposed to mitigate shortfalls. Some areas of savings proposed by service leads have not yet been wholly achieved (or mitigated). Action must be taken in these areas to secure the savings as planned, or to mitigate unachieved savings through other measures.
That management actions required to bring the budget into balance do not yield the results being targeted, leading to a larger pressure on the general fund balance.	Engagement and action planning through the Leadership Board and Service Director's respective teams will provide mitigation to this risk. This includes visibility and closer scrutiny of all spending decisions in both pay and non-pay areas. Implementation of operations boards, with enhanced Service Director scrutiny to oversee spending and recruitment will help enforce management actions. Leadership Board now receive details on any key assumptions and risks underpinning the financial projections, so that an informed position can be agreed for the financial year

	<p>and appropriate action taken, where necessary, to mitigate any known risks. Budget holder engagement has also been flagged with the Leadership Board to ensure that all areas of the budget are being reviewed by the relevant accountable officers for the budget. This should drive better engagement and ensure that all relevant officers are sighted on actions they can take to manage their budget areas.</p>
Insufficient reserves to cover projected overspending or other deficit	<p>Improved budget preparation process with more analysis of current and future activity trends will help mitigate this risk. Modelling of current and future reserves levels, including both earmarked and unearmarked, against likely levels of pressure and impact on securing the desirable level of unearmarked (general) reserves. Review of ways in which further funds can be brought into unallocated general fund balances and reserves to support balance sheet repair and reserves improvement. The immediate aim is to retain a General Fund Balance of at least £5m by year end and then increase in line with the risk-assessed level for 2026/27.</p>
Other unbudgeted risks arise before the end of the financial year	<p>The general fund balance is reviewed as part of setting the budget each year and compared with known areas of local risks (such as the pay settlement for staff, supply chain inflation, resident need for different services). The assessment at the start of the year indicated that the balance at 1 April would be sufficient to cover a range of risks. The current forecast indicates that risks are exceeding this assessment and cannot be sustained.</p>

4.3. The key opportunity is that there are a further two months following consideration of this report at Cabinet, where action can be taken to secure an improved financial position for the financial year.

4.4. The Council continues to review 7 key risks around financial pressures, as set out in previous reports. These summarise key areas which could substantially change the overall position of the Council. Table 2 (below) summarises the nature of each risk and the P9 view on the position for each, as well as how those might change, both favourably and unfavourably.

Table 2 – Analysis of Three Forecast Scenarios with commentary

Survival factor	MTFS assumption	Periods		
		Fav	Central	Adv
1. Savings delivery	Budget and MTFS assume 100% delivery of all savings on a recurrent basis. For 2025/26 a mitigation against in-year optimism bias was included in the GFB calculation at £11.5m (equating to c75% delivery against the 2025/26 target of £59.9m (excluding demand mitigations))	43.485 tracker reds @ 31 Dec are £43.485m of which £37.147m relates to brought forward savings from 2024/25 for which there are not robust delivery plans in place.	43.485 tracker reds @ 31 Dec are £43.485m of which £37.147m relates to brought forward savings from 2024/25 for which there are not robust delivery plans in place.	43.485 tracker reds @ 31 Dec are £43.485m of which £37.147m relates to brought forward savings from 2024/25 for which there are not robust delivery plans in place.
2. Social care demand pressure beyond budget estimates	Demand reduction measures assumed to support delivery within budget. Excess demand beyond that will impact overall financial performance.	36.575 No more favourable position currently identified.	36.575 Social Care Demand pressures in Adults and Childrens are not managed to available budget. Aim to mitigate against higher overspends in future months. Plus an increased risk of insufficient health contributions towards complex cases in light of increased CHC transfers.	38.575 Social Care Demand pressures in Adults and Children's are not managed to existing overspend, generating higher overspends in future months. Plus an increased risk of insufficient health contributions towards complex cases in light of increased CHC transfers.
3. Other unbudgeted pressures (-benefits)	The budget assumes all material considerations are included in the estimates. Other pressures outside those estimates are not included, hence the provision of a general fund balance (although other Councils include a revenue contingency budget).	-31.315 Assumes an improvement in one-off savings delivery.	-29.315 No material pressures identified beyond those in the two sections above. Significant one-off savings currently identified offsetting pressures in savings delivery and social care. Use of remaining General Fund Balance	-28.315 Assumes a deterioration in one-off savings delivery.
Subtotal - Revenue Monitoring Postion		48.745	50.745	53.745
4. Capital receipts sufficiency	Capital receipts are generated at a level that, when added to 'in-hand' and 'de-committed' amounts, will cover VR costs plus transformation costs (capitalised). Any shortfall in capital receipts generated or increase in transformation costs could cause an additional pressure	8.000 Assumes a partial improvement in realising capital receipts in 2025/26	10.000 Delays in realisation of capital receipts in 2025/26, suggest a potential shortfall during the year, available to fund transformation activities.	10.000 No further delays anticipated beyond those already projected.
5. External factors	A number of factors are known to be able to impact the financial position indirectly, but the timing or likelihood of these is unknown at the time of setting the budget. The GFB level is set on the basis of being a fund of last resort in the face of such pressures.	0.000 Assume no in-year costs arising from regulator reports.	0.000 Assume no in-year costs arising from regulator reports.	1.000 Other financial risks that may arise including application of specific grants, cost implications of winter pressures and risks involving partner organisations
6. Project risks	No direct or indirect implications are assumed in the budget. Possible risks include the withdrawal of funding for major capital projects which may lead to revenue pressure as "sunk" costs are written off. This must be balanced against the risk of increased borrowing requirements in the event of continuing with significantly increased project costs. NWRR is currently paused pending review in light of increasing borrowing requirement of £155m.	0.000 No indications of any unidentified additional in-year costs likely to arise before March.	13.495 Decision taken to pause NWRR. If Council decide to cancel the scheme, spend to date of £38.895m needs to be accounted for. Central assumption: £20.4m DfT LLMF retained. £4.2m LEP funding for OLR retained £0.8m other OLR spend retained. Balance £13.495m would need a Capitalisation Direction through EFS to enable write off to revenue funded from borrowing.	38.895 Decision taken to pause NWRR. If Council decide to cancel the scheme, spend to date of £38.895m needs to be accounted for. Adverse assumption: All funding clawed back All spend would need a Capitalisation Direction through EFS to enable write off to revenue funded from borrowing.
7. Cash position (Liquidity)	The MTFS assumes that day-to-day liquidity is planned for and maintained. Failure to do this, or a rapid deterioration in the council's financial position may lead to unbudgeted finance costs, and reputational damage .	0.000 No more favourable position currently identified.	0.000 Detailed day-to-day cash forecast in place. MUFG (treasury advisors) engaged and advising on externalisation of previous internal borrowing. Clear management with £20m cash buffer. Projected borrowing required for 2025/26 built into monitoring position	0.000 All borrowing anticipated for 2025/26 has been built into the P7 monitoring position.
Total - Risk Assessed Position		56.745	74.240	103.640

4.5. The Council has submitted an application for Exceptional Financial Support of £71.4m for 2025/26. Confirmation of Exceptional Financial Support to the value of £71.4m, alongside the establishment of a contingency reserve of £5.478m and a proposed year end balance of £5m will ensure that the central, favourable and adverse scenarios can be accommodated would remove the need for a section 114 Report to be issued. This assessment is underpinned by legal advice from a leading barrister in this area.

5. Financial Implications

- 5.1. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
 - scaling down initiatives,
 - changing the scope of activities,
 - delaying implementation of agreed plans, or
 - extending delivery timescales.
- 5.2. This report sets out the financial projections for the Council in the 2025/26 Financial Year as at Period 9. A summary of the key elements for managing the Council's budget are detailed elsewhere in this report.

6. Climate Change Appraisal

- 6.1. The Council's Financial Strategy supports its strategies for Climate Change and Carbon Reduction in several ways. A specific climate change revenue budget is held. The climate change schemes involving the Council's assets or infrastructure are included within the capital programme. These two areas of expenditure are anticipated to have a positive contribution towards climate change outcomes.
- 6.2. Securing a robust and sustainable financial base will help the Council meet the challenges of climate change – this is not separate to our budget management, but integral to it, as set out in the objectives of The Shropshire Plan and our aim to secure a Healthy Environment.

7. Background

- 7.1. Given that the financial position of the council remains highly challenging, summary budget monitoring reports highlighting the anticipated year end projection are produced monthly for Cabinet, with detailed updates reported quarterly to Cabinet.

8. Forecast Revenue Outturn Position as at Quarter 3

- 8.1. At Quarter 3 (April 1 – December 31), the Council is reporting a forecast overspend of £53.261m. This forecast is based on the current projections for savings delivery and levels of demand and pressures being catered for that exceed available budgets. It has been agreed that £2.516m will be released from the Financial Strategy Reserve to minimise the impact on the General Fund Balance. While this report provides an update on the in-year position, it is important to reference the work being done alongside this in improvement

planning that aims to create a more stable financial position for 2026/27 moving to a sustainable financial position over the coming years.

8.2. Table 3 below summarises the position by service area (see also Appendix 1)

Table 3: 2025/26 Forecast Revenue Outturn by Service Area

	Revised Budget (£'000)	YTD Actual (£'000)	Projected Outturn (£'000)	(Under)/Overspend (£'000)	RAGY Classification	P7 (Under)/Overspend (£'000)	DoT
Service Area							
Care & Wellbeing	134,982	143,080	151,773	16,791	R	17,722	↓
Children & Young People	79,845	167,295	91,954	12,109	R	10,976	↑
Commissioning	42,623	38,364	39,875	(2,748)	Y	(2,707)	↑
Communities & Customer Enabling	14,757	13,797	12,607	(2,150)	Y	(2,385)	↓
Executive	6,426	47,354	9,155	2,730	R	2,682	↑
Management Team	3,011	862	3,207	15	G	13	↑
Infrastructure	42,484	33,641	45,174	2,690	R	2,668	↑
Legal, Governance & Planning	4,904	5,190	2,996	(1,908)	Y	(751)	↑
Pensions	29	2,251	29	0	G	0	-
Strategy	(199)	17,635	(146)	53	A	170	↓
Service Delivery Budgets	328,863	469,469	356,444	27,582		27,389	
Net Expenditure	288,586	481,716	341,847	53,261		50,746	
Release Financial Strategy Reserve	0	0	(2,516)	(2,516)		0	
Net Expenditure after adjustment	288,586	481,716	339,331	50,745		50,746	
Funding							
Council Tax	(219,283)	0	(219,283)	0	G		
Business Rates	(46,683)	0	(46,683)	0	G		
Top Up Grant	(11,025)	(11,025)	(11,025)	0	G		
Revenue Support Grant	(8,668)	(7,887)	(8,668)	0	G		
Collection Fund (Surplus)/Deficit	(2,927)	0	(2,927)	0	G		
Total Funding	(288,586)	(18,912)	(288,586)	0			
Total	0	462,804	50,745	50,745			

8.3. The current forecast overspend can be summarised as:

- £41.699m of savings not yet identified or without a clear delivery plan in place. The majority of these savings were brought forward from previous year and were dependent upon a clear transformation plan built around the new operating model. While savings are generally deliverable within service areas, several overarching savings are shown mostly within the 'Corporate' line in the table above. Work to create an Improvement Plan and subsequent Corporate Plan are essential to reconfigure the Council and revise service delivery ambitions to create a sustainable financial position. This will be set out in future Medium Term Financial Strategies.
- £18.605m spend over budget against net purchasing costs within Adult Social Care operations shown within the Care and Wellbeing line as purchasing pressures identified in 2024/25 outturn are continuing. Demand on the service continues to rise as we see increased complexity and cases transferring from health. The service is forecasting (as part of the purchasing costs) to deliver mitigations of (£12.4m) in increased income from client contributions and Continuing Healthcare joint funded packages. The service is working to mitigate the growing costs from people being

transferred from health services to the Local Authority and people that have funded care and fallen below the funding threshold.

- £14.745m spend over budget forecast on External Residential Placements shown within the Children and Young People line. We continue to see similar trends to the last financial year with an increase in number of placements including across the Disabled Children's Team where placement costs are higher due to the needs of the children and young people.

8.4. The main variances in the projected outturn position since Period 7 are:

- A continued review of third-party savings has been undertaken to confirm whether the savings projected have been realised in the relevant service areas. This review has shown that £1.785m has been delivered in other service areas such as Care & Wellbeing and Children's Social Care, which will be consolidated in their respective projected outturn with other demand changes. Therefore, the additional £2.751m of third-party savings projected against the savings target held in Corporate Budgets has now been removed.
- A net increase of £0.753m in purchasing costs in Care & Wellbeing due to new long term client placements. Also there has been an additional income billed in relation to Better Care Fund which has offset the increased cost pressure as at Q3.
- A £1.132m increase in Children & Young People relating to additional agency social worker costs in the Children Looked After Service and Case Management Teams and an increase in external residential placements during November and December.
- Additional planning income of £1.157m is now expected based on actual levels of income received and a review of all known charges due.

8.5. The Council has implemented a series of Operations Boards focussing on controlling spend within the organisation to help deliver short term financial survival. There are three Operations Boards in place:

- A. Spending Control Board – overseeing all items of expenditure processed through the Council's ERP (financial) system over £500.
- B. Workforce Review Board – overseeing all recruitment and staffing activity
- C. Technical Board – overseeing all income and grant funding

8.6. The Spend Control Board has been meeting three times a week, the Workforce Review Board and Technical Board meeting weekly/fortnightly. The benefits analysis of each of the Operations Boards is being assessed and will feed into projections shown within future monitoring reports. There are several more detailed meetings, boards or processes that sit below the Operations Boards to inform them. These include Commissioning and Procurement Boards and Adults and Children's Forums. As the Operations Board have been in operation for almost six months now, a review has been carried out to ensure that all future Operations Boards are delivering the greatest impact in terms of challenging spend across the Council. It is now proposed that responsibility for spend control is managed directly by Service Directors, and the Technical Board will now focus and review specific areas of spend across the Council to see if further efficiencies and savings can be achieved.

8.7. Emergency action is necessary to deliver reduced projected spend, increased income and greater mitigation against demand pressures, and the Leadership Board of the Council are actively pursuing options to deliver this where possible in the remaining months of the year.

9. Income

9.1. The revenue budget is funded by £478.421m of income including specific government grants and other service income. Grant values are advised in the settlement before the start of the year and are unchanged. Income through discretionary fees and charges is included in budgets for service area net spending. Appendix 2 provides analysis of the current projection of specific government grant income by service area, including any new allocations, and highlights the current delivery of income through fees and charges charged in services.

10. Savings

10.1. The summary position on savings delivery as at 31 December is that the Council anticipates delivery of 30% of targeted savings for the year. This is shown in table 4 below.

10.2. Table 4 shows the analysis of savings targeted in the year based on the origin of the savings. There are three areas of origin. These are:

- New savings approved in the 2025/26 budget (£7.721m). These are to be cashable and recurrent to avoid a savings challenge being carried forward to future years.
- Demand management initiatives approved in the 2025/26 budget (£10.989m). These represent areas of anticipated demand pressure in social care that could be addressed, thereby reducing care costs in the year. Adopting sustainable approaches to this will help ensure that budget pressures in future years are minimised or reduced.
- Savings carried forward from 2024/25 budget as they had not been delivered on an ongoing basis (£41.116m), and which were therefore required to be delivered in base budget from 2025/26 onwards.

Table 4 – Summary of savings delivery forecast at 31 December

Analysis by Savings Origin	Savings target (£'000)	31 December Forecast Delivery (£'000)	31 December Forecast Delivery %
New savings approved for 2025/26 budget	7,721	4,483	58
Demand management initiatives in the 2025/26 budget	10,989	7,890	72
Savings carried forward from 2024/25 to be delivered on an ongoing basis	41,166	5,804	14
Total	59,876	18,177	30

10.3. Table 4 shows that the anticipated level of delivery by year end, across all savings headings, is 30% as at 31 December. This compares with 52% secured in the last financial year. The key reason for this is twofold:

- Many of the brought forward savings from 2024/25 were transformation related and required plans to be developed in summer 2025 to reconfigure the Council around the new operating model following the implementation of a new senior leadership team from March 2025.
- New savings were identified within service areas, and the minimal amount identified (at £7.7m) reflects the fact that remaining options have been exhausted. Put another way, the easier to achieve savings have all been taken, reinforcing the need for longer-term, structural transformation to deliver the majority of the brought forward savings.

The outcome of these two factors is that delivery of the brought forward savings is now considered unachievable within the remainder of the financial year.

11. Reserves

11.1. The Council holds earmarked reserves and a general reserve referred to as the General Fund Balance (GFB). Earmarked reserves are held for a specific purpose and cannot, generally, be used to cover the impact of overspends or non-delivery of savings proposals.

11.2. The 2024/25 year ended with a General Fund Balance (GFB) of £4.825m, which was brought forward into the new year. The 2025/26 budget included a contribution of £29.455m to the GFB. The total on hand in this reserve at the beginning of the year was therefore £34.280m. This was considered a safe level given the profile of financial risks as anticipated when the budget was set by Council in February and before the final outturn position for 2024/25 was established, at a significantly deteriorated position. As the current year is progressing, maintenance of our level of GFB appears, currently, impossible and it is of great concern that the Council has minimal resilience against any unforeseen variances. This was established at Period 4 and has deteriorated further as at Period 6. The GFB would be exhausted and if projections are borne out, and the authority would be in an illegal financial position. This position is under constant review with the aim to retain a higher GFB of at least £5m before year end. This is shown in the table below, and in Appendix 5.

11.3. Considering the Council's difficult financial position, and current GFB projections, conversations continue to be held with Ministry for Housing, Communities and Local Government (MHCLG) to discuss and consider the Council's short term financial viability and potential requirements for Exceptional Financial Support (EFS). The approach is to maintain open dialogue with MHCLG, including the intention to submit a provisional EFS request, as advised by the LGA and in line with best practice for authorities facing significant financial risk. Updates on EFS discussions and any related actions will be included in future monitoring reports, to maintain transparency and oversight of the Council's financial resilience strategy.

Table 5: General Fund Balance

General Fund	£'000
Balance as at 1 st April 2025	4,825

Budgeted Contribution 2025/26	29,455
Budgeted General Fund Balance as at 31st March	34,280
Projected overspend (central projection as at Quarter 3)	(50,745)
Estimated Balance as at 31 March 2026	(16,465)
Exceptional Financial Support	21,466
Potential Balance as at 31 March 2026	5,001

12. Capital

12.1. The current capital programme and actual spend is detailed in Table 6 below, including updated projections on financing of the programme. Further detail is provided in Appendix 6.

Table 6: Projected Capital Programme Outturn

Service Area	2025/26 Revised Capital Programme (£'000)	2025/26 Actual Spend (£'000)	2025/26 % of Budgeted Spend %	2026/27 Capital Programme (£'000)	2027/28 Capital Programme (£'000)
Care & Wellbeing	4,245	202	47.59	-	-
Children & Young People	7,767	3,373	43.43	11,173	26,942
Commissioning	3,013	2,044	67.85	2,250	1,075
Communities & Customer	7,379	7,762	105.19	7,209	7,155
Enabling	8,404	5,085	60.50	19,915	4,000
Infrastructure	47,737	19,535	40.92	31,040	28,039
Legal & Governance	1,248	506	40.54	316	200
Strategy	6,131	5,081	82.88	5,800	4,000
Total	82,103	43,588	53.09	77,703	71,410
Housing Revenue Account	22,204	13,104	59.02	20,666	17,700
Total Capital Programme	104,307	56,693	54.35	98,369	89,110
Financed By*:					
Borrowing	19,103			24,618	11,433
Government Grants	64,366			54,178	47,917
Other Grants	492			12	-
Other Contributions	4,379			2,918	14,400
Revenue Contributions	1,513			374	-
Major Repairs Allowances	6,911			5,000	5,000
Capital Receipts	7,543			11,269	10,360
Total Financing	104,307			98,369	89,110

* Actual financing of the capital programme is determined at closedown

12.2. Capital schemes within the capital programme are not only continually monitored in terms of current year actual expenditure against budget but also in terms of scheme forecast outturn compared to budget and scheme delivery against profile. At Quarter 3 forecast outturn against budget and scheme delivery against profile for schemes in the approved capital programme are within acceptable limits.

12.3. The financing of the current capital programme assumes a level of capital receipts being realised. Capital receipts are a particular class of capital funding which can be used to support revenue costs of transformation, where the link to genuinely transformational changes lasting several years can be demonstrated. Appendix 7

summarises the current capital receipt position and highlights both opportunities to secure receipts and the risk of increased revenue costs in future years.

12.4. The capital receipt projections for 2025-26 include a significant requirement of £26.008m to fund the Council's transformational activities. This projection includes a projection of £10.863m for the Voluntary Redundancy Programme (with a further £3.468m required in 2025-26), £0.226m for compulsory redundancies, £7.844m for transformation projects and £7.075m for the Council's Strategic Transformation Partner. The capital receipts requirement of actual voluntary redundancies is updated monthly as redundancies actually occur. Compulsory redundancies expenditure of £0.226m represents actual payments to the end of November 2024. All capital receipts requirement estimates are constantly refined as further details on actual costs are determined.

13. **Housing Revenue Account**

13.1. At Quarter 3 (Period 9), the HRA is projecting a minor overspend of £0.846m (4% of gross budget) due to a marginal shortfall in dwellings rents due to delays in development schemes and increases in supplies and services costs. The year end projection has improved since Quarter 2 and will continue to be monitored during the remainder of the year. Further action will be taken to try to improve this position further, however any residual overspend will be financed through the HRA reserve.

14. **Dedicated Schools Grant**

14.1. The overall 2025-26 outturn against centrally retained DSG is forecast to be £24.524m in deficit as at the end of December 2025. It should be noted that this figure is the in-year deficit and needs to be added to the £17.566m revised deficit carried forward from 2024-25 in order to give an overall cumulative DSG deficit position of £42.089m. This figure is currently managed through a Statutory Override agreed nationally by government for DSG deficits through to March 2028.

14.2. In 2025/26, Shropshire continues to face many of the same budget pressures as other Councils, with sustained high numbers of new requests for EHCPs combined with the ongoing duties for children and young people with existing EHCPs. There are three main areas of spend over budget namely;

- an increase in "top-up" funding to mainstream schools (£6.691m),
- increases to state-funded special school funding through a recent review of top-up funding banding levels (£5.565m), and
- further growth in children and young people placed with Independent Providers (£8.671m).

With the increased funding levels to mainstream schools and state-funded special schools, the Council is striving to minimise the increase in demand in the independent sector by building capacity in our mainstream settings through investing in SEND Hubs attached to mainstream schools and increasing top-up funding to our state-funded Special Schools; Severndale School, Woodlands School and Keystone School. These strategies are proving successful as whilst spend on Independent Providers remains over budget, the rate of increase has

slowed from a 64% increase during 2023/24 to a 31% increase during 2024/25 and a 27% forecast increase in 2025/26.

15. Financial Management

15.1. Financial Management of the Council's resources is undertaken in several ways including;

- Revenue and Capital strategy and budget development.
- In year financial monitoring, as set out in this report.
- Review of financial controls and processes and the internal control environment which forms part of the annual Internal Audit plan.
- External audit review
- The Council's Statement of Accounts
- Section 25 report of the S151 Officer
- Benchmarking including review of the CIPFA Financial Resilience Index
- Performance indicators including Treasury Management Indicators and other key measures.

15.2. Key indicators of financial management can be examined through the management of routine financial transactions that the Council undertakes on a day-to-day basis.

15.3. In paying suppliers, the Council has adopted a no Purchase Order, no pay process which ensure that transactions are only processed with a valid, authorised purchase order, thereby ensuring prompt payments to suppliers on receipt of invoice.

15.4. Another key indicator of financial management is the level of aged debt that the Council is managing. These indicators are tracked over the course of the financial year to monitor progress. The indicators as at Quarter 2 are detailed in Appendix 8.

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

Financial Strategy 2025/26 – 2029/30 – Council, 27 February 2025

Financial Monitoring Report Quarter 1 2025/26 – Cabinet, 10th September 2025

Financial Rules

Local Member: All

Appendices

- Appendix 1A – 2025/26 Detailed Projected Revenue Outturn by Service
- Appendix 1B – 2025/26 Projected Revenue Outturn by Service – Movement from Period 7
- Appendix 1C – 2025/26 Projected Revenue Outturn by Portfolio Holder
- Appendix 2 – 2025/26 Income Projections
- Appendix 3 – Delivery of 2025/26 Savings Proposals
- Appendix 4 – Amendments to Original Budget 2025/26
- Appendix 5 – Reserves 2025/26
- Appendix 6 – Projected Capital Programme Outturn 2025/26 – 2027/28
- Appendix 7 – Projected Capital Receipts
- Appendix 8 – Financial Management Indicators

APPENDIX 1A**2025/26 DETAILED PROJECTED REVENUE OUTTURN BY SERVICE**

Service Area	Budget £'000	YTD Actual £'000	Forecast Outturn £'000	Forecast Variance £'000	RAGY
Care & Wellbeing	134,982	143,080	151,773	16,791	R
Children & Young People	79,845	167,295	91,954	12,109	R
Commissioning	42,623	38,364	39,875	(2,748)	Y
Communities & Customer	14,757	13,797	12,607	(2,150)	Y
Corporate Budgets	(40,277)	12,247	(14,598)	25,679	R
Enabling	6,426	47,354	9,155	2,730	R
Executive Management Team	3,011	862	3,027	15	G
Infrastructure	42,484	33,641	45,174	2,690	R
Legal & Governance	4,904	5,190	2,996	(1,908)	Y
Pensions	27	2,251	27	0	G
Strategy	(199)	17,635	(146)	53	A
Total	288,586	481,716	341,847	53,261	

NOTE: Release of the financial strategy reserve (£2.516m) is not shown in the above table but assumed in the overall reported position for Period 9 as per Table 3 in the report.

Service Area Summary

A2R045: Care & Wellbeing	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Adult Social Care Management	942,080	697,932	556,648	-385,432	Y	<ul style="list-style-type: none"> (£0.335m) capitalisation of posts
Adult Social Care Provider Services	5,151,670	6,496,997	4,521,874	-629,796	Y	<ul style="list-style-type: none"> £0.226m Glenview costs previously purchase expenditure (£0.525m) spend below budget on salaries due to vacant posts in START team and Day Services (£0.184m) additional income Four Rivers Nursing Home (£0.118m) spend below budget on External Provider Services
Adult Social Care Operations	126,346,680	140,847,565	144,241,122	17,894,442	R	<ul style="list-style-type: none"> £18.605m spend over budget purchasing made up of: <ul style="list-style-type: none"> £16.596m SPOT Gross purchasing - £8.303m Residential care due to a continued increase in the number of capital reductions coming through to the service, £5.550m increase in nursing due to complexity and Continuing Healthcare cases transferred from health to local authority, £4.109m increase in spend on Individual Service Funds due to an increase in domiciliary care at home, £0.424m increase in spend over budget in college placements, this is offset by the reduction in forecast of Children turning 18. (£1.400m) additional contribution over budget from Direct Payment and Individual Service Fund clawbacks, (£0.289m) spend under budget on forecast children turning 18. £13.073m BLOCK Gross purchasing increase in spend over budget on supported living and supported living Individual Service Funds due to an increase in complexity of care and provider market challenges around capacity and uplifts £1.427m Reablement increase in spend over budget, a budget virement reallocation of the Better Care Fund to address this (£12.415m) increase income from client contributions

							including Deferred Payment Agreement contributions and Continuing Healthcare joint funded packages and includes one off back dated contributions for 2024/25 and 2023/24. <ul style="list-style-type: none"> £0.588m reduction in forecasted income against telecare charging project (£1.205m) spend below budget on salaries due to vacant posts
Professional Development Unit	214,070	170,440	218,088	4,018	G	• Minor variance to budget as at Period 9	
Care & Wellbeing Projects	-7,080	-6,326,400	-530,309	-523,229	Y	• £0.566m Care Tech Programme reserves adjustment • (£1.089m) Additional Better Care Fund income not previously billed	
Enable	291,050	920,133	746,419	455,369	R	• £0.187m Savings to be identified • £0.165m reduction in fees & charges for services provided to external organisations • £0.088m spend over budget on client expenses	
Service Director Care & Wellbeing	2,043,880	272,984	2,019,308	-24,572	Y	• Minor variance to budget as at Period 9	
Total A2R045: Care & Wellbeing	134,982,350	143,079,651	151,773,149	16,790,799			

A2R043/A2R044: Children & Young People	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Shire Services	0	322,908	31,276	31,276	G	• Minor variance to budget as at Period 9

							<ul style="list-style-type: none"> £0.088m forecast spend over budget relates to the fully-traded Schools Library Service (£0.026m) relates to Academy conversion income from schools exceeding expenditure (£0.039m) forecast spend under budget relates to ongoing pension compensation payments relating to former teaching staff (£0.061m) relating to the capitalisation of a post as a one-off working on transformational projects within Learning & Skills Business Support (£0.138m) relating to the maximisation of various external funding streams in Education Improvement Service (£0.170m) one-off efficiencies across both staffing and non-staffing budgets within Learning & Skills Business Support. (£0.179m) savings across the Education Access service as a result of traded income exceeding costs
Learning and Skills	5,096,540	94,835,872	4,591,904	-504,636	Y		<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Director Children's Services	213,280	323,237	213,240	-40	Y		<ul style="list-style-type: none"> £2.005m spend over budget forecast on staffing budgets across the service. The majority of this relates to Agency Social Workers covering vacancies, but in 2025/26 there is another budget pressure resulting from additional staffing implemented following the Ofsted Staff Improvement plan. £0.105m of this variance relates to Social Worker Retention Payments £0.988m forecast spend over budget relates to Disabled Children's budget area with £0.759m of the value explained by Disabled Children's Team (DCT) prevention and Support payments, £0.278m explained by spend over budget on DCT Short Breaks Contracts. £0.048m spend under budget relates to Disabled Children's Direct Payments. £0.416m forecast spend over budget relates to Adoption Services. There is a £0.449m spend over budget on Adoption Allowances, the remaining variance relates to the Together4Children (T4C) permanency hub where the percentage contribution from other another Local Authority has reduced in 2025/26.
Children's Social Care and Safeguarding	23,144,250	20,777,081	26,369,624	3,225,374	R		

						<ul style="list-style-type: none"> • £0.062m forecast spend over budget relates to taxi costs or other transport related costs across the Social Work teams. • (£0.246m) forecast spend under budget relates Public Law Outline Support packages which includes legal fees, and other court ordered expenditure such as medical assessments
Children's Placements	48,921,130	47,955,318	58,732,325	9,811,195	R	<ul style="list-style-type: none"> • £14.745m spend over budget forecast on External Residential Placements. £11.470m is an increase in External Residential Spot/Framework placements leading to an increase in expenditure in 2025/26. £2.280m relates to the Disabled Children's Team residential expenditure budget where we have had 5 new high-cost placements since January 2025. The remaining £0.995m of this £14.050m pressure relates to a shortfall in contributions from other partners towards joint funded social care led residential placements. • £0.080m spend over budget forecast on Supported Accommodation or Supported Lodgings Placements for 16-18 year olds. • (£0.493m) spend under budget against Internal Residential Children's Homes due to Devonia being temporarily closed until late 2025. • There is a credit of (£1.707m) spend under budget relating to Stepping Stones Project. The majority of this relates to a one-off capitalisation of posts, while £0.196m relates to the use of the new Children's Social Care Prevention Grant to fund Family Group Conferencing posts previously funded by base budget. • (£2.814m) forecast spend under budget relates to Fostering placements budgets (£2.598m External Fostering and £0.217m Internal Fostering). External fostering placements were anticipated to increase in 2025/26 hence growth was built into the budget, however instead numbers have decreased by 13% between 31/3/25 and 30/9/25.

Children's Early Help	1,798,890	2,629,960	1,543,652	-255,238	Y	<ul style="list-style-type: none"> £0.200m forecast spend under budget on Early Help due to £0.200m additional Public Health grant contribution towards the Council's Early Help family hubs
Youth Support Services	671,350	450,183	472,084	-199,266	Y	<ul style="list-style-type: none"> (£0.199m) forecast under spend against budget on Youth Support Team due to temporary vacancy management savings and maximisation of Local Youth Transformation pilot external funding
Total A2R043/A2R044: Children & Young People	79,845,440	167,294,559	91,954,105	12,108,665		

A2R042: Commissioning	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Adult Social Care Business Support	4,378,300	3,744,309	4,044,849	-333,451	Y	<ul style="list-style-type: none"> (£0.190m) Savings on Payments to contractors (£0.143m) savings on staff salaries
Bereavement Services	-251,020	-52,798	-299,864	-48,844	Y	<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Leisure	2,385,110	1,797,749	3,108,680	723,570	R	<ul style="list-style-type: none"> £0.520m Shortfall on Savings Targets £0.173m Spend above Budget on other minor works across Leisure Facilities £0.154m Spend above budget on Contract Tender Support £0.156m Shortfall on income resulting from the Temporary Closure Market Drayton Pool (£0.280m) Spend below budget on Utility costs across the Leisure Estate
Waste Management	34,797,770	30,968,999	31,969,497	-2,828,273	Y	<ul style="list-style-type: none"> £0.600m shortfall on Green Waste Income Target due to no price increase in 25-26 £0.196m shortfall on PFI Grant income (£2.624m) Contract Savings as a result of lower than budgeted inflationary increases (£1.000m) Additional Energy Share contribution through Annual Reconciliation
Insurance	1,430	647,997	-25,810	-27,240	Y	<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Commissioning Development and Procurement	134,610	365,928	-66,839	-201,449	Y	<ul style="list-style-type: none"> (£0.171m) Spend under budget on staff salaries (£0.030m) Spend under budget across supplies and services budgets
Housing Development and HRA	35,550	7,245	33,637	-1,913	Y	<ul style="list-style-type: none"> Minor variance to budget as at Period 9

Armed Forces Support	8,990	-5,147	7,577	-1,413	Y	• Minor variance to budget as at Period 9
Community Services	465,420	391,712	472,773	7,353	G	• Minor variance to budget as at Period 9
Quality Assurance & Independent Review Unit	474,900	378,004	479,907	5,007	G	• Minor variance to budget as at Period 9
Child Placement Service	192,100	120,410	150,729	-41,371	Y	• Minor variance to budget as at Period 9
Total A2R042: Commissioning	42,623,160	38,364,408	39,875,137	-2,748,023		

A2R048: Communities & Customer	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Housing Services	3,990,040	8,652,307	4,134,757	144,717	R	<ul style="list-style-type: none"> £0.410m Activity higher than budget for Temporary Accommodation £0.132m Additional compliance work required on properties for the homeless (£0.273m) Spend under budget in relation to Salaries (£0.125m) Spend under budget in relation to Contractor costs
Regulatory Services	1,874,400	1,817,447	1,768,160	-106,240	Y	<ul style="list-style-type: none"> (£0.039m) spend under budget in relation to vacancy management (£0.059m) savings through management charges regarding grant funded activity
Business and Consumer Protection	2,191,810	1,060,457	1,645,847	-545,963	Y	<ul style="list-style-type: none"> (£0.546m) payroll savings through the Voluntary Redundancy programme and vacancy management
Ring Fenced Public Health Services 2	1,224,050	722,809	1,224,050	0	G	• No variance to budget as at Period 9
Culture, Leisure & Tourism Development	61,500	7,968	17,573	-43,927	Y	• Minor variance to budget as at Period 9
Libraries	3,282,280	2,021,442	3,112,388	-169,892	Y	<ul style="list-style-type: none"> (£0.200m) Additional Public Health Substitution
Museums and Archives	1,137,940	951,532	984,076	-153,864	Y	<ul style="list-style-type: none"> £0.085m Spend over budget in relation to storage & rationalisation of museum collection (£0.235m) additional museum support grant income
Theatre Services	236,840	-3,905,781	-442,073	-678,913	Y	<ul style="list-style-type: none"> (£0.679m) increased income generation across Theatre Services
Head of Culture, Leisure & Tourism	221,300	968,232	108,303	-112,997	Y	<ul style="list-style-type: none"> (£0.113m) Net forecast spend under budget relating to Vacancy Management across the area
Customer Services	536,720	1,500,751	54,287	-482,433	Y	<ul style="list-style-type: none"> (£0.482m) Net forecast spend under budget relating to Vacancy Management across Customer Services

Total A2R048: Communities & Customer	14,756,880	13,797,167	12,607,368	-2,149,512		
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A2R029: Corporate Budgets	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Corporate Budgets	-40,277,000	12,246,937	-14,597,544	25,679,456	R	<ul style="list-style-type: none"> £31.057m savings currently unachieved, to be reallocated across services £3.190m pressures against interest payable relating to borrowing costs £0.057m additional forecasted costs against external audit fees (£0.156m) Forecast under budget across QICS PFI against the Unitary Charge (£0.391m) Development Fund base budget assumed not required, reserves will meet expenditure requirements in-year (£0.560m) increased income from profit share WME estimates (£0.890m) interest receivable forecasted above budget (£2.000m) release of gain share from contract relating to Broadband project (£2.012m) release of funds held to cover pay award on review of estimated costs (£2.539m) release of funds held for minimum revenue provision in relation to financing of capital investments
Total A2R029: Corporate Budgets	-40,277,000	12,246,937	-14,597,544	25,679,456		

A2R047: Enabling	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Corporate Landlord, Property and Development	826,210	8,219,313	3,340,195	2,513,985	R	<ul style="list-style-type: none"> £2.500m Asset rationalisation savings target unachieved. £0.500m forecast for asset rationalisation saving achieved, showing against facilities in corporate landlord. £0.952m Shirehall unrealised saving (£0.733m) Savings achieved - asset rationalisation (£0.491m) Savings on Property & Development

						(Vacancy Management) •(£0.144m) additional Income relating to museum collection storage at Bishops Castle •(£0.070m) Facilities contribution to running operations of community hubs for warm spaces
Technology	373,530	8,828,326	-552,065	-925,595	Y	•£0.651m relating to savings target showing against management (being met across wider IT teams) •(£0.946m) spend under budget relating to the IT restructure which is currently being implemented as a part of rightsizing. •(£0.092m) spend under budget relating to rental costs. •(£0.094m) net savings on Hardware & Licences. •(£0.424m) capitalisation of staff working on the transformation activity
Human Resources and Organisational Development	-5,870	2,468,026	-151,070	-145,200	Y	•£0.148m income under budget relating to Service Level Agreement income. •(£0.270m) net vacancy efficiencies across the service.
Health & Safety	21,530	327,964	-86,808	-108,338	Y	•(£0.125m) spend under budget relating to Voluntary Redundancy programme and vacancy efficiencies.
Finance	2,284,490	2,669,648	1,506,040	-778,450	Y	•(£0.755m) spend under budget relating to Voluntary Redundancy programme and vacancy efficiencies.
Revenues and Benefits	2,353,970	24,150,609	4,522,728	2,168,758	R	• £1.100m relating to income not to be achieved against overpayments recovery of Housing Benefits, unrealistic when compared to last year's actuals • £1.545m unachieved savings. Savings target from previous financial year of £1m achieving £0.455m relating to anticipated cost reductions arising from improvement of in-house Temporary Accommodation provision, additional savings target in current financial year unachievable • (£0.489m) relating to spend under budget against vacancy management and Voluntary Redundancy programme.
Personal Assistants	44,180	521,960	27,584	-16,596	Y	• Minor variance to budget as at Period 9
Service Director Enabling	527,590	168,244	548,758	21,168	G	• Minor variance to budget as at Period 9

Total A2R047: Enabling	6,425,630	47,354,090	9,155,361	2,729,731		
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A2R049: Executive Management Team	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Executive Management Team	3,011,420	862,304	3,026,895	15,475	G	• Minor variance to budget as at Period 9
Total A2R049: Executive Management Team	3,011,420	862,304	3,026,895	15,475		

A2R046: Infrastructure	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Partnerships & Economic Development	1,574,720	2,944,880	1,481,370	-93,350	Y	• Minor variance to budget as at Period 9
Highways & Transport	12,093,960	6,279,602	13,338,453	1,244,493	R	• £1.335m Shortfall on Parking Income • £0.970m Shortfall of Highways staff capitalisation & Repair Gangs • £0.300m Spend over budget on Kier overheads • £0.240m Spend over budget on 'Ash Die Back' • (£1.056m) Additional Streetworks Income • (£0.358m) Spend under budget on Street Lighting • (£0.100m) Spend under budget on Street Cleaning and Grounds Maintenance. • (£0.087m) Spend under budget across the service
Shropshire Hills National Landscape	59,170	584,050	59,170	0	Y	• No variance to budget as at Period 9
Outdoor Partnerships	988,190	707,219	1,110,975	122,785	R	• £0.126m unachieved savings target
Assistant Director Infrastructure	-562,000	253,504	158,516	720,516	R	• £0.750m unachieved savings target • (£0.038m) other minor spends under budget
Highway Policy & Strategic Infrastructure	1,735,150	1,579,356	1,677,587	-57,563	Y	• Minor variance to budget as at Period 9
Public Transport	7,033,000	7,004,435	6,426,336	-606,664	Y	• (£0.397m) Additional Department for Transport grant draw down • (£0.200m) Spend under budget on concessionary travel
Care & Wellbeing Transport	1,422,420	1,127,216	1,452,249	29,829	G	• Minor variance to budget as at Period 9

Home to School Transport	18,139,660	13,160,935	19,469,158	1,329,498	R	<ul style="list-style-type: none"> £1.905m Spend above budget on SEND Transport costs (£0.575m) Spend below budget on Primary & Secondary Transport costs
Total A2R046: Infrastructure	42,484,270	33,641,195	45,173,815	2,689,545		

A2R041: Legal & Governance	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Registrars and Coroners	598,730	180,035	512,109	-86,621	Y	<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Planning Services	344,440	-3,428,781	-1,014,866	-1,359,306	Y	<ul style="list-style-type: none"> (£1.080m) Additional income relating to Planning applications and a review of fees and charges. (£0.140m) Additional income relating to a review of fees and charges on Building Regulations & Street Naming. £0.209m Spend above budget on consultancy marketing and legal as a result of increased planning income (£0.325m) Net vacancy efficiencies across the service.
Policy and Environment	1,904,410	1,595,714	1,750,962	-153,448	Y	<ul style="list-style-type: none"> (£0.150m) Spend under budget in relation to vacancy management
Democratic Services	11,920	1,533,197	-1,704	-13,624	Y	<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Elections	1,290,090	1,646,961	1,089,833	-200,257	Y	<ul style="list-style-type: none"> (£0.200m) forecast spend lower than budgeted across Council Elections from the current financial year
Legal Services	128,500	2,250,489	150,428	21,928	G	<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Policy and Governance	65,590	614,496	-103,449	-169,039	Y	<ul style="list-style-type: none"> (£0.170m) spend under budget relating to vacancy management
Overview & Scrutiny	198,540	216,840	269,100	70,560	A	<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Feedback and Insights	11,490	445,013	-2,593	-14,083	Y	<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Service Director Legal & Governance (MO)	350,210	135,935	346,601	-3,609	Y	<ul style="list-style-type: none"> Minor variance to budget as at Period 9
Total A2R041: Legal & Governance	4,903,920	5,189,900	2,996,419	(1,907,500)		

A2R034: Pensions	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
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Pensions	28,610	2,251,342	28,610	0	G	• No variance to budget as at Period 9
Total A2R034: Pensions	28,610	2,251,342	28,610	0		

A2R040: Strategy	Budget	YTD Actuals	Outturn	Controllable Variance	RAGY	Period 9 Narrative - variance to Budget
Ring Fenced Public Health Services	-1,207,640	9,708,739	-1,207,640	0	G	• No variance to budget as at Period 9
Adult Social Care Training	370,390	364,412	312,010	-58,380	Y	• Minor variance to budget as at Period 9
Children & Young People Learning & Development	172,380	149,481	131,015	-41,365	Y	• Minor variance to budget as at Period 9
Partnerships & Economic Development	220	-743,585	43,315	43,095	G	• Minor variance to budget as at Period 9
Emergency Planning	31,510	110,970	71,633	40,123	G	• Minor variance to budget as at Period 9
Broadband	100,610	170,391	85,187	-15,423	Y	• Minor variance to budget as at Period 9
Domestic Abuse	17,790	848,530	17,790	0	G	• No variance to budget as at Period 9
Communications	278,400	423,039	11,240	-267,160	Y	• (£0.234m) Vacancy Management efficiencies achieved • (£0.033m) Additional Public Health Grant contributions no longer applicable
Business Improvement: Data, Analysis and Intelligence	55,210	1,027,110	125,418	70,208	A	• Minor variance to budget as at Period 9
Risk Management	-24,020	68,728	-4,970	19,050	G	• Minor variance to budget as at Period 9
Commercial Services Business Development	-67,060	25,870	-20,679	46,381	G	• Minor variance to budget as at Period 9
Climate Change	-191,580	-22,183	-20,444	171,136	R	• £0.171m shortfall on Pyrolysis and solar farm Income
Programme Management	264,810	5,503,369	309,662	44,852	G	• Minor variance to budget as at Period 9
Total A2R040: Strategy	-198,980	17,634,872	-146,461	52,519		

NOTE: Release of the financial strategy reserve (£2.516m) is not shown in the above table but assumed in the overall reported position for Period 9 as per Table 3 in the report.

APPENDIX 1B**2025/26 PROJECTED REVENUE OUTTURN BY SERVICE – MOVEMENT FROM PERIOD 7**

Service Area	Forecast Outturn Variance at P7 £'000	Forecast Outturn Variance at Q3 £'000	Movement from P7 to Q3 £'000	Reason for Movement
Care & Wellbeing	16,722	16,791	69	<ul style="list-style-type: none"> • £0.753m increase in purchasing from Period 7 to Period 9 - £1.395m increase in gross SPOT purchasing, this is made up of £0.784m residential placements with 10 new long term client placements, £0.260m nursing placements, £0.255m increase in Individual Service Funds and £0.112m increased spend on college placements for the new academic year. -£0.596m increase in gross BLOCK expenditure, this is made up of £0.325m of supported living and £0.224m residential and nursing block placements - £0.405m increase in gross expenditure on Reablement - £0.171m increase in expenditure waiting provider selection identified but not yet on ContrOCC - (£0.540m) Additional income from client contributions and deferred payment agreements - (£1.273m) Additional income from Continuing Healthcare between P7 and P9, this includes settlement of a dispute case totalling £0.242m • (£0.092m) movement on salaries due to vacant posts in social work teams • £0.566m Care Tech Programme reserves adjustment • (£0.982m) Better Care Fund income 25/26 not previously forecasted • £0.126m reduction in fees and charges to external organisations across Enable • (£0.186m) Application of reserves to fund START Community Reablement programme
Children & Young People	10,976	12,109	1,132	<ul style="list-style-type: none"> • £0.816m increase in spend over budget forecast on Agency Social Work teams particularly in the CLA Service and Case Management Teams • £0.695m increase in spend over budget forecast on External Residential Placements due to a number of new placements in November and December (Period 8 and Period 9) • (£0.200m) increase in forecast spend under against budget on Early Help due to £0.200m additional Public Health grant contribution towards the Council's Early Help family hubs • (£0.116m) increase in use of external funding in the Education Improvement Service
Commissioning	(2,707)	(2,748)	(41)	<ul style="list-style-type: none"> • Minor variance from Period 7 to Period 9
Communities & Customer	(2,385)	(2,150)	236	<ul style="list-style-type: none"> • £0.500m adverse movement due to transfer of Public Health substitutions. This is an internal movement within the Corporate Budgets, In P6 500K was drawn down from public health reserves to support transformation activity to a single cost centre in Customer and Communities to be allocated to the appropriate costs centres in P9 following due diligence in terms of spend in line with the terms of the grant. This took place in P9 and accounts for the adjustment to Libraries £0.200m (in this area), Communications £0.100m (in this area), Family hubs £0.200m (in Children & Young People)
Corporate Budgets	23,357	25,679	2,323	<ul style="list-style-type: none"> • £2.751m removal of savings forecast which are being met through other service areas

				<ul style="list-style-type: none"> • (£0.391m) Development Fund base budget assumed not required, reserves will meet expenditure requirements in-year
Enabling	2,682	2,730	47	<ul style="list-style-type: none"> • £0.480m revised projections based on the mid-year subsidy claim have identified a lower than forecasted savings arising from homelessness subsidy claims. • (£0.233m) corrections to forecasting relating to building rental contracts • (£0.094m) net savings on Hardware & Licences. • (£0.070m) Facilities contribution from a grant to running operations of community hubs for warm spaces
Executive Management Team	13	15	2	<ul style="list-style-type: none"> • Minor variance from Period 7 to Period 9
Infrastructure	2,668	2,690	22	<ul style="list-style-type: none"> • Additional Spend under budget on Streetlighting • unachieved savings target
Legal & Governance	(751)	(1,908)	(1,157)	<ul style="list-style-type: none"> • (£1.080m) Additional income relating to Planning applications and a review of fees and charges • (£0.065m) Additional income relating to a review of fees and charges on Building Regulations
Pensions	-	0	-	<ul style="list-style-type: none"> • No variance from Period 7 to Period 9
Strategy	170	53	(117)	<ul style="list-style-type: none"> • Public Health substitutions increased by £0.100m in Period 9
GRAND TOTAL:	50,745,586	53,261,156	2,515,570	

NOTE: Release of the financial strategy reserve (£2.516m) is not shown in the above table but assumed in the overall reported position for Period 9 as per Table 3 in the report.

APPENDIX 1C

2025/26 PROJECTED REVENUE OUTTURN BY PORTFOLIO HOLDER

Portfolio Holder	Revised Budget £'000	YTD Actual £'000	Forecast Outturn £'000	Forecast Variance £'000	RAGY
Portfolio Holder Social Care	214,351	217,938	243,788	29,436	R
Portfolio Holder Transport & Economic Growth	1,484	2,350	1,589	105	R
Deputy Leader and Portfolio Holder Communities	1,751	7,877	847	(904)	Y
Portfolio Holder Children & Education	23,622	108,470	24,405	783	R
Portfolio Holder Finance	(33,234)	66,285	(5,107)	28,126	R
Portfolio Holder Housing & Leisure	12,407	11,796	12,244	(163)	Y
Portfolio Holder Health	6,247	16,915	5,204	(1,043)	Y
Portfolio Holder Highways & Environment	55,098	46,077	53,562	(1,536)	Y
Leader of the Council	4,610	5,842	4,579	(32)	Y
Portfolio Holder Planning	2,249	(1,833)	736	(1,513)	Y
Council Total	288,586	481,716	341,847	53,261	

NOTE: Release of the financial strategy reserve (£2.516m) is not shown in the above table but assumed in the overall reported position for Period 9 as per Table 3 in the report.

APPENDIX 2

2025/26 INCOME PROJECTIONS

Specific Government Grants

The original revenue budget for 2025/26 included specific Government Grants of £324.274m. The majority of these budgets will be based on known allocations that the Government has announced for Shropshire Council. During the year, however, the Council will also bid for additional grant funding to support activities. This table tracks the overall position as it emerges.

Government Grants	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Care & Wellbeing			
Market Sustainability and Fair Cost Fund	(6,098)	(6,098)	0
Improved Better Care Fund	(1,786)	(1,786)	0
Other Grants	(755)	(754)	1
Total Care & Wellbeing	(8,639)	(8,638)	1
Children & Young People			
Dedicated Schools Grant	(146,880)	(146,880)	0
Pupil Premium Grant	(6,177)	(6,177)	0
Unaccompanied Asylum Seeking Children Grant	(3,608)	(2,986)	622
Children's and Families Grant	(1,831)	(1,251)	580
Other Grants	(911)	(1,756)	(845)
Total Children & Young People	(159,407)	(159,050)	357
Commissioning			
Extended Produced Responsibility Grant	(5,578)	(5,578)	0
SWP PFI	(3,186)	(2,988)	198
Other Grants	(181)	(358)	(177)
Total Commissioning	(8,945)	(8,924)	21
Communities & Customer			
Homeless Prevention Grant	(1,542)	(1,805)	(263)
Other Grants	(1,281)	(3,391)	(2,110)
Total Communities & Customer	(2,823)	(5,196)	(2,373)
Corporate Budgets			
Social Care Support Grant	(32,675)	(32,675)	0
Business Rate Retention Scheme – s31 Grant	(21,170)	(21,170)	0
Improved Better Care Fund	(12,668)	(12,668)	0
Household Support Fund	(3,760)	(3,760)	0
Employers NICs	(2,504)	(2,504)	0
New Homes Bonus	(2,034)	(2,034)	0
Other Grants	(1,523)	(1,523)	0
Total Corporate Budgets	76,334	76,334	0
Enabling			
Mandatory Rent Allowances: Subsidy	(38,000)	(38,000)	0
Rent Rebates: Subsidy	(8,100)	(8,100)	0
Other Grants	(1,064)	(1,197)	(133)
Total Enabling	(47,164)	(47,297)	(133)

Government Grants	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Executive Management Team			
Other Grants	0	(1)	(1)
Total Executive Management Team	0	(1)	(1)
Infrastructure			
UK Shared Prosperity Fund	(2,893)	(3,079)	(186)
Bus Service Improvement Plan Plus	(161)	(2,917)	(2,756)
Other Grants	(1,631)	(2,035)	(404)
Total Infrastructure	(4,685)	(8,031)	(3,346)
Legal, Governance & Planning			
Other Grants	(103)	(87)	16
Total Legal, Governance & Planning	(103)	(87)	16
Strategy			
Public Health Grant	(14,410)	(14,410)	0
Other Grants	(2,851)	(3,032)	(181)
Total Strategy	(17,261)	(17,442)	(181)
Total	(325,361)	(331,000)	(5,639)

Income from Fees and Charges

The forecast income from discretionary sales, fees and charges is generally on budget however there are variances in some services, with additional income generated within Theatre Services, streetwork charges and income relating to the Severn Valley Water Management Scheme. This has been offset by a pressure in Corporate budgets relating to a saving target for increases in Fees and Charges Income.

Fees and Charges Income	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Care & Wellbeing	(4,056)	(3,942)	114
Children & Young People	(6,737)	(6,651)	86
Commissioning	(6,713)	(6,184)	529
Communities & Customer	(8,174)	(9,946)	(1,772)
Corporate	(3,849)	0	3,849
Enabling	(5,097)	(4,590)	507
Infrastructure	(10,485)	(11,749)	(1,264)
Legal & Governance	(2,355)	(2,879)	(524)
Pensions	(21)	(21)	0
Strategy	(247)	(1,761)	(1,514)
Total	47,734	47,723	11

APPENDIX 3

DELIVERY OF 2025/26 SAVINGS PROPOSALS

3.1 Summary

The savings projections for 2025/26 are being tracked monthly with savings delivery being mapped against projected delivery during the course of the year.

The table below summarises the position as at 31st December 2025.

Savings Target	Delivered	Projected Delivery	Indicative Plans	Delivery to be Confirmed
£59,876,040	£15,707,829	£18,176,974	£0	£41,699,067
% Delivered	% Projected Delivery	% Indicative Plans	% Delivery to be Confirmed	
26.23%	30.36%	0.00%	69.64%	

Despite projected delivery being in place for over 30% of the savings identified as at Period 9, several of these may be being achieved through one off means, rather than an ongoing basis. The MTFS for future years sets out removal of some of these unachieved savings with new financial year savings plans to be progressed to ensure that savings proposals can be delivered on an ongoing basis in order to eliminate any future savings pressures.

Details by individual savings are below.

Individual Savings List 25/26

Savings Name	Savings Target	Delivered to Date (One-off)	Delivered to Date (Ongoing)	Delivered to Date Total	Projected Delivery (One-off)	Projected Delivery (Ongoing)	Projected Delivery Total	Indicative Plans in Place	Delivery to be Confirmed
EFF45 - Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	£1,790,350	£1,790,350	£0	£1,790,350	£1,790,350	£0	£1,790,350	£0	-£0
EFF81 - New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	£645,220	£468,760	£176,460	£645,220	£468,760	£176,460	£645,220	£0	£0
EFF83 - New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Legal and Democratic).	£57,330	£57,330	£0	£57,330	£57,330	£0	£57,330	£0	£0
EFF84 - New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Finance and IT).	£20,740	£20,740	£0	£20,740	£20,740	£0	£20,740	£0	-£0
MD001 - 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	-£200,000	-£200,000	£0	-£200,000	-£200,000	£0	-£0
MD012 - Supported living - Reduce the need for 24 hour provision and increase independence through alternative resources such as technology	£873,190	£0	£345,794	£345,794	£0	£345,794	£345,794	£0	£527,396
MD016 - ASC - night-time care and support service enabling people to stay at home	£520,000	£0	£0	£0	£250,000	£0	£250,000	£0	£270,000
MD019 - The council would need to encourage more people to foster across the county	£1,375,000	£0	£1,410,018	£1,410,018	£0	£1,415,064	£1,415,064	£0	-£40,064
MD020 - Stepping Stones	£3,758,000	£0	£2,237,445	£2,237,445	£0	£2,717,029	£2,717,029	£0	£1,040,971
MD021 - Increase in income from care contributions	£1,000,000	£0	£583,333	£583,333	£0	£1,000,000	£1,000,000	£0	£0
MD022 - Increase in in-house provider charges	£60,000	£0	£60,000	£60,000	£0	£60,000	£60,000	£0	£0
MD023 - Partnership working CHC and 117	£650,000	£0	£650,000	£650,000	£0	£650,000	£650,000	£0	-£0
MD026 - Shared lives cost avoidance delivered through increase in capacity	£300,000	£0	£111,090	£111,090	£0	£111,088	£111,088	£0	£188,912
MD027 - Supporting independence through Reviews (including DSL/DPS and Tech etc)	£1,610,000	£0	£1,610,000	£1,610,000	£0	£1,610,000	£1,610,000	£0	£0
MD028 - Fee uplift review	£1,500,000	£0	£0	£0	£0	£0	£0	£0	£1,500,000
MD029 - ASC contracts and performance management	£600,000	£0	£600,000	£600,000	£0	£600,000	£600,000	£0	£0
MD030 - Home to school transport - academic days	£178,900	£0	£178,900	£178,900	£0	£178,900	£178,900	£0	-£0
NI003 - ASC Telecare	£500,000	£0	£0	£0	£400,000	£0	£400,000	£0	£100,000
NI004 - Expand the Handy Person service to a wider range of customers, including fee payers, supporting independent living	£10,000	£0	£0	£0	£0	£10,000	£10,000	£0	-£0
NI006 - Increase income from Museums and Archives services	£100,000	£81,440	£18,560	£100,000	£81,440	£18,560	£100,000	£0	£0
NI007 - Increase income from an enhanced memorial and ceremony offer at Council sites	£10,000	£0	£10,000	£10,000	£0	£10,000	£10,000	£0	-£0
NI008 - Increase income from an improved range of wedding and partnership ceremony packages	£2,000	£0	£2,000	£2,000	£0	£2,000	£2,000	£0	£0
PPR0 - Rightsizing	£11,723,400	£0	£0	£0	£0	£0	£0	£0	£11,723,400
PRF&CO - Income	£3,848,740	£0	£0	£0	£0	£0	£0	£0	£3,848,740
PRR1 - Legal & Governance Resizing	£100,000	£0	£0	£0	£0	£34,680	£34,680	£0	£65,320
PRR2 - Enabling Resizing	£1,256,000	£0	£0	£0	£0	£0	£0	£0	£1,256,000
PRR4 - Children's Rightsizing	£2,000,000	£0	£0	£0	£0	£0	£0	£0	£2,000,000
PRR5 - Infrastructure Resizing	£850,000	£0	£0	£0	£0	£0	£0	£0	£850,000
PRR6 - Care & Wellbeing Rightsizing	£1,300,000	£0	£0	£0	£0	£0	£0	£0	£1,300,000
PRTP50 - Third Party	£12,991,240	£0	£1,785,449	£1,785,449	£0	£1,785,449	£1,785,449	£0	£11,205,791
RC003 - Further increase allocation of the public health grant to support preventative initiatives at the children's, adults and customer front-door.	£70,000	£0	£70,000	£70,000	£0	£70,000	£70,000	£0	£0
RC004 - 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	-£1,000,000	-£1,000,000	£0	-£1,000,000	-£1,000,000	£0	£0
RC011/19 - Review and right size business support function	£312,500	£0	£312,500	£312,500	£0	£312,500	£312,500	£0	£0
RC016 - Agency Staff - reducing use of agency staff; promote permanent staffing.	£85,000	£0	£0	£0	£0	£0	£0	£0	£85,000
RC025 - Review and resize the Housing Services team	£64,000	£64,000	£0	£64,000	£64,000	£0	£64,000	£0	£0
RC026 - Review and potential reduction of some leisure provision to achieve cost reductions.	£100,000	£0	£70,000	£70,000	£0	£70,000	£70,000	£0	£30,000
RC029 - Review staffing and resize the Rights of Way team	£6,460	£0	£6,460	£6,460	£0	£6,460	£6,460	£0	-£0
RC030 - Review staffing and resize the Outdoor Partnerships team	£13,840	£0	£13,840	£13,840	£0	£13,840	£13,840	£0	-£0
RC032 - Review Library Services to ensure maximum efficiencies including funding reviews and reshaping/reductions of services	£220,540	£49,340	£151,200	£200,540	£49,340	£151,200	£200,540	£0	£20,000
RC040 - Dispose of Shirehall quicker and relocate services	£1,300,000	£0	£1,005,540	£1,005,540	£0	£1,005,540	£1,005,540	£0	£294,460
RC074 - Anticipated cost reductions in Revenues & Benefits arising from improvement of in-house Temporary Accommodation provision.	£1,000,000	£0	£0	£0	£0	£455,860	£455,860	£0	£544,140
RC078 - New model for future delivery of the Council's Out of Hours calls triage and Shrewsbury Town Centre CCTV monitoring	£47,310	£0	£30,000	£30,000	£17,310	£30,000	£47,310	£0	£0
RC083 - Review and secure cost reductions in the pooled training budget	£17,270	£0	£17,270	£17,270	£0	£17,270	£17,270	£0	£0
RC087 - DSG funding of SEND pressures	£500,000	£0	£500,000	£500,000	£0	£500,000	£500,000	£0	-£0
RC088 - Increased charges for car parking in Shrewsbury and Ludlow but retaining Park and Ride Services	£250,000	£0	£250,000	£250,000	£0	£250,000	£250,000	£0	-£0
RC089 - Increased charges for car parking across the County	£500,000	£0	£0	£0	£0	£0	£0	£0	£500,000
RC090 - Residents' only parking will be enforced for an annual residents fee	£100,000	£0	£0	£0	£0	£0	£0	£0	£100,000
RC091 - More fixed penalties issued for dog fouling, littering and illegal parking.	£300,000	£0	£0	£0	£0	£0	£0	£0	£300,000
RC092 - Large scale switch off of street lights to reduce energy costs and carbon emissions.	£150,000	£0	£226,000	£226,000	£0	£226,000	£226,000	£0	-£76,000

RC094 - 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	£387,000	£387,000	£0	£387,000	£387,000	£0	£600,000
RC096 - Asking other organisations (commercial companies) to manage our leisure centres for us.	£200,000	£0	£0	£0	£0	£0	£0	£0	£200,000
RC097 - Management of green spaces and areas of outstanding natural beauty will be passed to town or parish councils, where they choose to take that on.	£200,000	£0	£200,000	£200,000	£0	£200,000	£200,000	£0	£0
SC002 - Review education transport arrangements - changes to policy and delivery models (mainstream and SEND)	£400,000	£0	£0	£0	£0	£400,000	£400,000	£0	£0
SC008 - Review staffing and resize the Empty Homes service	£47,010	£0	£47,010	£47,010	£0	£47,010	£47,010	£0	£0
SC013 - Rationalise property and buildings to secure revenue savings (e.g. utilities, security, repairs and maintenance etc). Use reductions to secure additional capital receipts.	£3,000,000	£0	£500,000	£500,000	£0	£500,000	£500,000	£0	£2,500,000
TO001 - Explore shared emergency planning resource and resilience with partners.	£15,000	£0	£0	£0	£0	£0	£0	£0	£15,000
TO002 - Review the use of the UK Shared Prosperity Fund (UKSPF) to maximise grant funding	£60,000	£0	£60,000	£60,000	£0	£60,000	£60,000	£0	£0
TO004 - Review funding arrangements and contributions from external sources to higher cost placements	£500,000	£0	£500,000	£500,000	£0	£500,000	£500,000	£0	-£0
TO009 - Review service synergies to secure cost reductions across Highways, Maintenance, and Outdoors services.	£1,000,000	£0	£250,000	£250,000	£0	£250,000	£250,000	£0	£750,000
Total	£59,876,040	£2,531,960	£13,175,869	£15,707,829	£3,199,270	£14,977,704	£18,176,974	£0	£41,699,067

	Total	Care & Wellbeing	Children & Young People	Commissioning	Communities & Customer	Corporate	Enabling	Executive Management Team	Infrastructure	Legal & Governance	Pensions	Strategy
Quarter 2 Revised Budget (as a result of Wholescale Council Restructure implemented July 2025)	288,586	136,184	90,785	42,646	16,678	(59,544)	6,580	5,160	43,737	5,847	228	285
Quarter 3 Virements:												
Reallocate budget for 25/26 MRP Interest Charge	0			646		(873)	226					1
25/26 Pay Award Adjustment	0	144	179	44	110	(811)	141		65	78	11	39
Quarter 3 Structure Changes:												
Service Director Care & Wellbeing	0	2,100					(2,100)					
Quarter 3 Revised Budget	288,586	138,428	90,964	43,336	16,788	(61,228)	6,947	3,060	43,802	5,925	239	325

APPENDIX 5

RESERVES 2025/26

General Fund

The general fund reserve at 31st March 2025 stood at £4.825m, significantly below its optimum desired balance.

The 2025/26 budget strategy included a contribution of £29.455m to the General Fund balance which would then reach £34.280m, which is a safer level given the current profile of financial risks.

It is essential that the council maintains the General Fund Balance as assumed within the medium term financial strategy, otherwise it would limit the ability of the council to mitigate any further unforeseen shocks such as ongoing inflationary increases, climate events such as flooding and drought, or rapid reductions in available resources due to changed national policy.

Independent advice is that general fund un-earmarked reserves should equate to 5%-10% of net spending (or 2%-4% of gross revenue).

In the Adequacy of Reserves assessment within the Financial Strategy approved by Council in February 2025, the Council identified potential high risk areas that the General Fund may need to contribute to in 2025/26. £9m of this related to Social Care, and the current P2 position has highlighted a projected pressure in this area, therefore it is anticipated that this will need to be released. Also £11.5m was earmarked for potential non delivery of savings based on historical levels of non-achievement. Given the projected position on savings, this balance is anticipated to be required for 2025/26.

The Council is looking to retain a balance of £5m as at the year end, therefore the Financial Strategy Reserve will be the first call should the outturn position deteriorate further between Q3 and the year end.

General Fund	£'000
Balance as at 1 st April 2025	4,825
Budgeted Contribution in 2025/26	29,455
Budgeted General Fund Balance as at 31st March 2026	34,280
Projected overspend (central projection as at Quarter 3)	(50,745)
Estimated Balance as at 31 March 2026	(16,465)
Exceptional Financial Support	21,466
Potential Balance as at 31 March 2026	5,001

Earmarked Reserves

The council held balances of £25.455m (excluding school balances) in earmarked reserves as at 1st April 2025. There are several transactions planned from earmarked reserves during the course of the year. The current projections for the year-end balance in earmarked reserves is detailed in the table below.

Earmarked Reserves	1st April 2025	Forecast Net Contribution to/from Reserve	31st March 2026
	£'000	£'000	£'000
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations	4,904	(1,070)	3,834
Insurance reserves	1,450	(233)	1,217
Reserves of trading and business units	0	0	0
Reserves retained for service departmental use	10,844	(258)	10,586
Reserves held for schools	8,257	0	8,257
Total	25,455	(1,561)	23,894

APPENDIX 6

PROJECTED CAPITAL PROGRAMME OUTTURN 2025/26 – 2027/28

The capital budget for 2025/26 is continuously being monitored and changed to reflect the nature of capital projects which can be profiled for delivery over several years. In Quarter 3 the capital budget for 2025/26 was subjected to a detailed review of the position of all projects and reprofiling where required into future years and this will continue in Quarter 4. In Quarter 3 there has been a net budget decrease of £15.592m for 2025/26, compared to position reported at Quarter 2 2025-26. The budget decrease is due to reprofiling of -£20.254m and virements of £4.662m.

Budget virements actioned in Quarter 3 totalled £4.662m as result of grant award notifications and scheme budget approvals. These virements are detailed below by service area.

- Commissioning £1.197m: budget agreed for Bishops Castle SpArc Leisure Pool Tank Replacement Scheme £1.100m and various leisure schemes £0.097m
- Communities & Customer £0.210m: DFG allocation of grant repayments totalling £0.378m following approval by Council in Quarter 1 2025/26 to ringfence these capital receipts, reduction of HUG 2 budget allocation to reflect the closedown statement -£0.165m, various miscellaneous budget reductions -£0.010m and additional Private Sector Contributions totalling £0.007m to fund the acquisition of Museum Heritage Assets.
- Infrastructure £2.703m: primarily as a result of DEFRA Farming in Protected Landscapes grant award £0.770m, UKSPF Parks & Countryside grant award £0.249m, NWRR £0.269m, SEND High Needs vehicles £0.267m, Broadband budget no longer required - £0.487m, S106 funded road safety scheme £0.362m, Flood Defence & Water Management schemes £1.600m and budget no longer required for the OZEV Onstreet Residential Charging Scheme – Phase 2 £-0.379m.
- Strategy £0.050m in relation to Shrewsbury BID grant funded through capital receipts.
- Enabling £0.035m: various Corporate Landlord scheme budget virements to reflect delivery.
- Legal & Governance £0.752m: £0.004m budget increase to reflect grant expenditure, S106 Developer Contributions of £0.703m to the Affordable Housing Contributions Grant scheme, CIL approved project funding of £0.045m.
- Children & Young People -£0.526m: removal of remaining budget allocation for the completed Children's Homes Phase 1 Scheme - £0.195m, various SEN High Needs schemes -£0.267m, various schools Energy Efficiency Improvement Grant schemes -£0.018m, various schools Devolved Formula Capital Grant schemes -£0.046m.
- HRA £0.303m: LAHF -£0.012m, House purchases £0.315m

Capital schemes within the approved Capital Programme were also reprofiled during Quarter 3 to reflect the anticipated delivery of schemes. Total reprofiling of -£20.254m into future years was undertaken and is summarised below by service area.

- Within Commissioning, the Swimming in Shropshire and Bishops Castle SpArc Pool Tank Replacement scheme budgets were reprofiled into future years by -£0.200m and -£0.600m respectively.
- Within Infrastructure, budget reprofiling totalling -£6.128m was undertaken as detailed below:
 - National Landscapes & Outdoor Partnerships scheme -£0.003m
 - S106 funded Local Road Safety schemes -£0.300m
 - Rights of Way schemes £0.085m
 - Structural Maintenance of Principal Roads -£1.178m
 - Structural Maintenance of Secondary Roads -£0.100m
 - Integrated Transport Plan schemes -£1.601m
 - LEP schemes -£0.140m
 - Flood Defences & Water Management schemes -£0.621m
 - Bus Grant Award -£1.000m
 - Broadband schemes -£1.100m
- Within Strategy, budget reprofiling totalling -£3.500m was undertaken: Oswestry HIF Fund -£3.000m and Pride Hill Shopping Centre Reconfiguration -£0.500m.
- Within Enabling, budget reprofiling totalling -£7.589m was undertaken: Smithfield / Riverside Development -£6.000m, Corporate Asset Maintenance & Suitability Programme schemes -£0.400m, Corporate Investment Programme -£0.994m (primarily the Maesbury Solar Farm scheme -£1.000m) and Travellers Transit scheme -£0.195m.
- In Legal & Governance, budget reprofiling of Affordable Housing schemes totalling -£0.166m was undertaken.
- In Children & Young People, budget profiling totalling -£2.072m was undertaken: Unallocated Schools grants -£0.130m, School Future Place Planning Phase 2 -£1.442m and Schools Devolved Formula Capital schemes -£0.500m.

The tables below summarise the overall movement, between that already approved and changes for Quarter 3.

Shropshire Council - Capital Programme 2025/26 - 2027/28**Capital Programme Summary - Quarter 3 2025/26**

Service Area	Revised Budget Quarter 2 £	Budget Virements Quarter 3 £	Revised Budget Quarter 3 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2026/27 Revised Budget £	2027/28 Revised Budget £	2028/29 Revised Budget £
<u>General Fund</u>											
Care & Wellbeing Capital	416,510	8,252	424,762	202,135	222,627	47.59%	424,762	0	0	0	0
Children & Young People & Children's Social Care (CSC)	10,364,287	(2,597,560)	7,766,727	3,373,376	4,393,351	43.43%	7,766,727	0	11,173,053	26,941,500	2,500,000
Commissioning Capital	2,616,305	397,088	3,013,393	2,044,484	968,909	67.85%	3,013,393	0	2,250,000	1,075,000	0
Communities & Customer Capital	7,168,676	210,446	7,379,122	7,762,438	-383,316	105.19%	7,379,122	0	7,209,483	7,154,651	0
Enabling Capital	15,997,744	(7,593,656)	8,404,088	5,084,820	3,319,268	60.50%	8,404,088	0	19,914,590	4,000,000	1,500,000
Infrastructure Capital	51,162,718	(3,425,502)	47,737,216	19,534,753	28,202,463	40.92%	47,737,216	0	31,040,492	28,038,921	0
Legal & Governance Capital	661,138	586,418	1,247,556	505,757	741,799	40.54%	1,247,556	0	315,613	200,346	0
Strategy Capital	9,610,565	(3,480,000)	6,130,565	5,080,729	1,049,836	82.88%	6,130,565	0	5,800,000	4,000,000	0
Total General Fund	97,997,943	(15,894,514)	82,103,429	43,588,491	38,514,938	53.09%	82,103,429	0	77,703,231	71,410,418	4,000,000
Housing Revenue Account	21,901,048	302,874	22,203,922	13,104,398	9,099,524	59.02%	22,203,922	0	20,666,079	17,700,001	10,700,001
Total Approved Budget	119,898,991	(15,591,640)	104,307,351	56,692,889	47,614,462	54.35%	104,307,351	0	98,369,310	89,110,419	14,700,001

The actual capital expenditure at Quarter 3 is £56.693m, which represents 54.35% of the revised capital budget at Quarter 3, 75% of the year. This is low in comparison to the total revised budget, however, as previously noted, further budget reprofiling will be undertaken in Quarter 4, and this, alongside significant expenditure anticipated to be incurred in Quarter 4, will increase the percentage of actual capital expenditure compared to the revised capital budget. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the remainder of the year. Based on recent years, the capital programme has out turned at around 85% of the outturn budget, which on average has been around 20% lower than the budget at this point in the year, due to further re-profiling later in the year.

The level of spend is slightly low across the programme in some areas, but equal to the level of spend in the previous year at this period. In terms of the major areas the spend position is as follows: Care & Wellbeing 47.59% (budget £0.425m), Children & Young People & Children's Social Care (CSC) 43.43% (budget £7.767m), Commissioning 67.85% (budget £3.013m), Communities & Customer 105.19% (budget £7.379m), Enabling 60.50% (budget £8.404m), Infrastructure 40.92% (budget £47.737m), Legal & Governance 40.54% (budget £1.247m), Strategy 82.88% (budget £6.131m) and HRA Major Repairs & New Build Programme 59.02% (budget £22.204m).

Shropshire Council - Capital Budget Monitoring Report Quarter 3 2025/26

Service Area	Revised Budget Quarter 2 £	Budget Variements Quarter 3 £	Revised Budget Quarter 3 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2026/27 Revised Budget £	2027/28 Revised Budget £	2028/29 Revised Budget £
General Fund											
Care & Wellbeing	416,510	8,252	424,762	202,135	222,627	47.59%	424,762	0	0	0	0
Adult Social Care Operations Capital	416,510	8,252	424,762	202,135	222,627	47.59%	424,762	0	0	0	0
Children & Young People & Children's Social Care (CSC)	10,364,287	-2,597,560	7,766,727	3,373,376	4,393,351	43.43%	7,766,727	0	11,173,053	26,941,500	2,500,000
Children's Residential Care Capital	240,428	-195,188	45,240	2,417	42,823	5.34%	45,240	0	0	0	0
Non Maintained Schools Capital	3,109,911	75,755	3,185,666	1,158,745	2,026,921	36.37%	3,185,666	0	5,708,270	18,615,000	2,500,000
Primary School Capital	3,470,965	-95,324	3,375,641	1,729,857	1,645,784	51.25%	3,375,641	0	292,000	5,450,000	0
Primary School Managed Capital	1,251,160	-48,700	1,202,460	420,364	782,096	34.96%	1,202,460	0	0	0	0
Secondary School Capital	782	0	782	0	782	0.00%	782	0	0	0	0
Secondary School Managed Capital	58,236	0	58,236	0	58,236	0.00%	58,236	0	0	0	0
Shropshire Music Service Capital	105,727	0	105,727	34,831	70,896	32.94%	105,727	0	11,748	0	0
Special Schools Capital	23,281	0	23,281	20,251	3,030	86.98%	23,281	0	0	0	0
Special Schools Managed Capital	8,354	0	8,354	6,911	1,443	82.73%	8,354	0	0	0	0
Unallocated School Capital	2,095,443	-2,334,103	-238,660	0	-238,660	0.00%	-238,660	0	5,161,035	2,876,500	0
Commissioning	2,616,305	397,088	3,013,393	2,044,484	968,909	67.85%	3,013,393	0	2,250,000	1,075,000	0
Leisure Capital	2,616,305	397,088	3,013,393	2,044,484	968,909	67.85%	3,013,393	0	2,250,000	750,000	0
Waste Capital	0	0	0	0	0	0.00%	0	0	0	325,000	0
Communities & Customer	7,168,676	210,446	7,379,122	7,762,438	-383,316	105.19%	7,379,122	0	7,209,483	7,154,651	0
Community Hubs & Libraries Capital	279,189	0	279,189	214,895	64,294	76.97%	279,189	0	0	0	0
Housing Services Capital	6,886,791	203,446	7,090,237	7,534,065	-443,828	106.26%	7,090,237	0	7,209,483	7,154,651	0
Museums & Archives Capital	2,696	7,000	9,696	13,478	-3,782	139.00%	9,696	0	0	0	0
Theatre Services Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Enabling	15,997,744	-7,593,656	8,404,088	5,084,820	3,319,268	60.50%	8,404,088	0	19,914,590	4,000,000	1,500,000
ICT Infrastructure Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Property & Asset Capital	15,997,744	-7,593,656	8,404,088	5,084,820	3,319,268	60.50%	8,404,088	0	19,914,590	4,000,000	1,500,000

Service Area	Revised Budget Quarter 2 £	Budget Variements Quarter 3 £	Revised Budget Quarter 3 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2026/27 Revised Budget £	2027/28 Revised Budget £	2028/29 Revised Budget £
Infrastructure	51,162,718	-3,425,502	47,737,216	19,534,753	28,202,463	40.92%	47,737,216	0	31,040,492	28,038,921	0
Broadband Capital	3,197,810	-1,587,184	1,610,626	1,004,536	606,090	62.37%	1,610,626	0	1,600,000	501,921	0
Environment and Transport (Public Transport) Capital	1,398,474	-733,150	665,324	50,000	615,324	7.52%	665,324	0	1,000,000	0	0
Highways - Central Area Division Capital	265,000	0	265,000	1,987	263,013	0.75%	265,000	0	0	0	0
Highways - Flood Defence & Water Management Capital	2,457,419	1,004,489	3,461,908	1,016,816	2,445,092	29.37%	3,461,908	0	1,854,718	0	0
Highways - Integrated Transport Capital	7,163,031	-2,056,678	5,106,353	941,158	4,165,195	18.43%	5,106,353	0	3,678,626	1,638,000	0
Highways - North West Relief Road (NWRR)	0	269,477	269,477	539,077	-269,600	200.05%	269,477	0	0	0	0
Highways - Northern Area Division Capital	265,000	0	265,000	29,891	235,109	11.28%	265,000	0	0	0	0
Highways - Oxon Relief Road (OLR)	0	0	0	0	0	0.00%	0	0	1,127,973	5,000,000	0
Highways - Southern Area Division Capital	365,000	0	365,000	37,964	327,036	10.40%	365,000	0	0	0	0
Highways - Street Lighting Capital	1,130,000	0	1,130,000	670,256	459,744	59.31%	1,130,000	0	0	0	0
Highways - Structural Maintenance of Bridges Capital	2,673,985	0	2,673,985	212,193	2,461,792	7.94%	2,673,985	0	0	0	0
Highways - Structural Maintenance of Roads Capital	31,276,533	-1,278,598	29,997,935	14,501,796	15,496,139	48.34%	29,997,935	0	21,691,297	20,899,000	0
National Landscapes and Outdoor Partnerships Capital	970,466	956,142	1,926,608	529,079	1,397,529	27.46%	1,926,608	0	87,878	0	0
Legal & Governance	661,138	586,418	1,247,556	505,757	741,799	40.54%	1,247,556	0	315,613	200,346	0
Development Management Capital	144,525	4,322	148,847	78,048	70,799	52.44%	148,847	0	0	0	0
Planning Policy Capital	516,613	582,096	1,098,709	427,709	671,000	38.93%	1,098,709	0	315,613	200,346	0
Strategy	9,610,565	-3,480,000	6,130,565	5,080,729	1,049,836	82.88%	6,130,565	0	5,800,000	4,000,000	0
Climate Change Capital	1,697,865	0	1,697,865	1,625,810	72,055	95.76%	1,697,865	0	1,300,000	0	0
Communications and Engagement Capital	106,029	-30,000	76,029	76,029	0	100.00%	76,029	0	0	0	0
Growth & Development Capital	7,806,671	-3,450,000	4,356,671	3,378,890	977,781	77.56%	4,356,671	0	4,500,000	4,000,000	0
Transformation Capital	0	0	0	0	0	0.00%	0	0	0	0	0
Total General Fund	97,997,943	-15,894,514	82,103,429	43,588,491	38,514,938	53.09%	82,103,429	0	77,703,231	71,410,418	4,000,000
Housing Revenue Account	21,901,048	302,874	22,203,922	13,104,398	9,099,524	59.02%	22,203,922	0	20,666,079	17,700,001	10,700,001
HRA Dwellings Capital	21,901,048	302,874	22,203,922	13,104,398	9,099,524	59.02%	22,203,922	0	20,666,079	17,700,001	10,700,001
Total Approved Budget	119,898,991	-15,591,640	104,307,351	56,692,889	47,614,462	54.35%	104,307,351	0	98,369,310	89,110,419	14,700,001

APPENDIX 7

PROJECTED CAPITAL RECEIPTS

The current capital programme relies on the Council generating capital receipts to finance part of the capital programme. There is a high level of risk in these projections as they are subject to changes in property and land values, the actions of potential buyers and being granted planning permission on sites. The table below summarises the current allocated and projected capital receipt position across 2025/26 to 2028/29. A RAG analysis has been included for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Disposals rated marked “Green” are highly likely to be completed by the end of the financial year, those rated “Amber” are achievable but challenging and thus there is a risk of slippage, and those rated “Red” are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in any financial year as there may be delays between exchanging contracts and completing.

	2025/26	2026/27	2027/28	2028/29
Corporate Resources Allocated in Capital Programme	7,543,347.67	7,058,395	12,646,055	-
Capital Programme Ring-fenced receipt requirements	10,995,771	2,450,000	9,054,000	7,346,294
Transformation activities	13,304,162	-	-	-
Total Commitments	31,843,281	9,508,395	21,700,055	7,346,294
Capital Receipts in hand/projected:				
Brought Forward in hand	24,432,326	3,965,464	6,008,418	- 15,626,637
Generated 2025/26 YTD	7,450,887	-	-	-
Projected - 'Green'	3,925,532	11,551,349	65,000	-
Total in hand/projected	35,808,745	15,516,813	6,073,418	- 15,626,637
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	- 3,965,464	- 6,008,418	15,626,637	22,972,931
Further Assets Being Considered for Disposal (Amber/Red)	2,564,872	26,172,250	8,931,170	-

In 2025/26 there is currently a projected surplus of capital receipts of £3.965m. In 2026/27 there is a projected cumulative surplus of £6.008m, however, cumulative shortfalls of £15.627m and £22.973m are projected in both 2027/28 and 2029/30 respectively.

These surplus and shortfall positions are significantly impacted and mitigated by the capital receipts surplus position in relation to the Housing Revenue Account (HRA). Analysis of the General fund and HRA requirement for capital receipts are shown in the tables below.

General Fund	2025/26	2026/27	2027/28	2028/29
Corporate Resources Allocated in Capital Programme	5,960,663	5,837,075	12,646,055	-
Capital Programme Ring-fenced receipt requirements	360,312	2,450,000	9,054,000	7,346,294
Transformation activities	13,304,162	-	-	-
Total Commitments	19,625,137	8,287,075	21,700,055	7,346,294
Capital Receipts in hand/projected:				
Brought Forward in hand	10,992,861	- 763,148	2,501,126	- 19,133,929
Generated 2025/26 YTD	4,516,064	-	-	-
Projected - 'Green'	3,353,065	11,551,349	65,000	-
Total in hand/projected	18,861,989	10,788,201	2,566,126	- 19,133,929
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	763,148	- 2,501,126	19,133,929	26,480,223
Further Assets Being Considered for Disposal (Amber/Red)	2,564,872	26,172,250	8,931,170	-

HRA	2025/26	2026/27	2027/28	2028/29
Corporate Resources Allocated in Capital Programme	1,582,685	1,221,320	-	-
Capital Programme Ring-fenced receipt requirements	10,635,459	-	-	-
Transformation activities				
Total Commitments	12,218,144	1,221,320	-	-
Capital Receipts in hand/projected:				
Brought Forward in hand	13,439,465	4,728,612	3,507,292	3,507,292
Generated 2025/26 YTD	2,934,823	-	-	-
Projected - 'Green'	572,468	-	-	-
Total in hand/projected	16,946,756	4,728,612	3,507,292	3,507,292
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	- 4,728,611.97	- 3,507,292	- 3,507,292	- 3,507,292
Further Assets Being Considered for Disposal (Amber/Red)	-	-	-	-

These tables clearly demonstrate that capital receipts for the HRA are in a healthy surplus position over the period, however, there is severe pressure arising from the capital receipts requirement of the General Fund. In 2025/26, 2027/28 and 2028/29 there are currently projected cumulative shortfalls of capital receipts of £0.763m, £19.134m and £26.480m respectively, with a surplus of cumulative capital receipts of £2.501m only being projected in 2026/27.

The requirement for capital receipts arising from the approved 2025/26 capital programme has been mitigated as far as possible by reprofiling and the use of alternative funding; the current projection being only £5.961m in contrast to a requirement of £14.062m at Quarter 2. The significant requirement for capital receipts in 2025/26 is primarily due to the Council's transformational activities. This projection includes £3.368m for the Council's Voluntary Redundancy Programme, £5.600m for transformation projects and £4.336m for the Council's Strategic Transformation Partner. All capital receipts requirement estimates are constantly refined as further details on actual costs are determined.

The 2025/26 capital receipts shortfall of £0.763m is dependent on the realisation of disposals totalling £3.353m by the 31st March 2025. Failure to achieve any of these disposals will exacerbate the capital receipts shortfall.

The 2025/26 capital receipt requirement is primarily needed to fund transformational activities by utilising the flexible use of capital receipts legislation. To mitigate the risk of a shortfall in capital receipts and to enable funding of the estimated £13.304m for 2025/26 transformation spend, a total of £10.000m has been included within the Council's 2025/26 application for Exceptional Financial Support (EFS) submitted in December 2025. Should the Council be successful in its EFS request for 2025/26, the projected requirement for capital receipts will be adjusted accordingly.

Assets currently being considered for disposal total £37.688m which if realised would be sufficient to resolve the currently projected shortfall in capital receipts peaking at £26.480m in 2028/29. Of these disposals £12.385mm and £25.283m are currently RAG rated "Amber" and "Red" respectively, meaning that they are either achievable but challenging or highly unlikely to complete within the relevant financial years.

There is a significant and urgent pressure, therefore, to progress the disposals programmed for future years, to ensure that they are realised, together with realising the revenue running cost savings from some of the properties. Considerable work is required to realise these receipts, with generally a lead in time of at least 12 to 18 months on larger disposals.

Furthermore, finalisation of the Capital Strategy 2025-26 to 2030-31, a key element of which is to determine the Council's priority capital schemes for future years, may further increase the requirement for capital receipts funding.

APPENDIX 8

FINANCIAL MANAGEMENT INDICATORS

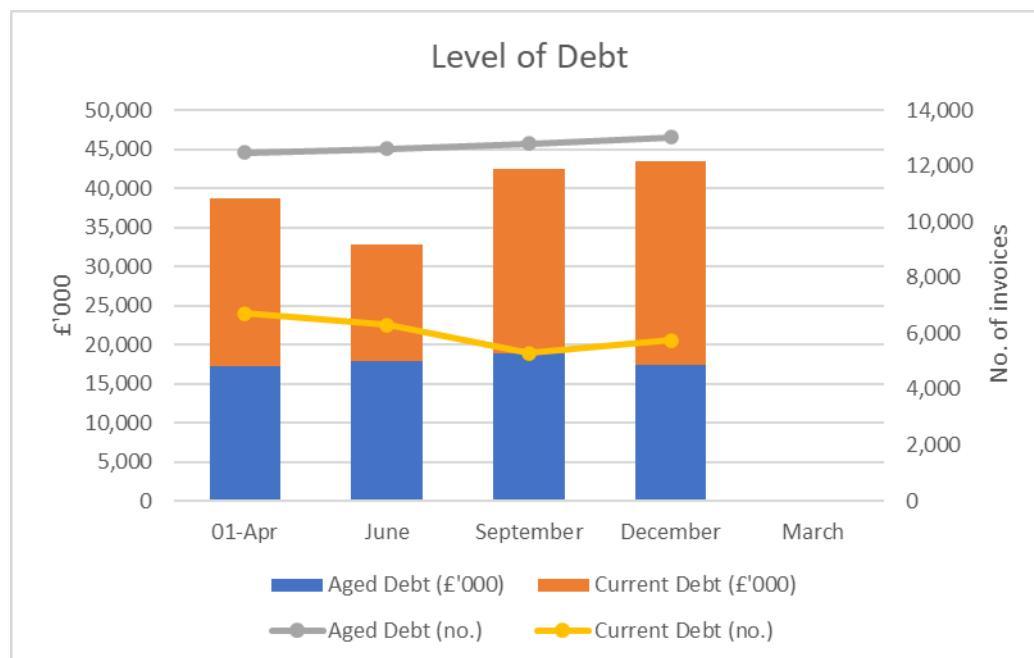
The two financial indicators detailed below will be tracked during the course of the financial year to provide assurance on the Council's financial management processes.

Payment of Invoices

April – December 2025	% of invoices	No. of invoices
Paid within 30 days	81.17	96,857
Invoices not paid within 30 days	18.83	22,473
Total	100	119,330

Aged Debt

As at 31 Dec 2025	Value (£'000)	No. of invoices
Aged Debt	17,354	13,045
Current Debt	26,188	5,761
Total	43,542	18,806



The payment of invoices indicator demonstrates that the council is paying just over 80% of invoices to suppliers within 30 days. This indicator has improved during the course of 2025/26 however there is still progress that could be made. Ideally, invoices should be raised for payments due to the council within 30 days, and purchase orders for all new supplies should be raised ahead of delivery. Statistics on late submission of invoices and production of retrospective orders are produced all budget holders and available to the Leadership Board to scrutinise.

The value of aged debt has reduced during the third quarter in terms of value despite the number of invoices increasing. Work continues within the Council to improve internal

processes to try to prevent debtors converting to aged status and improve recovery processes. It should be noted that the value of current debt has also increased significantly during the third quarter, and it is important to ensure that the Council obtains prompt payment for this, otherwise significant debt will be added to the aged debt position.