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	Public

Draft Capital Strategy 2027 – 2037

Cabinet Member:	Councillor Roger Evans – Portfolio Holder for Finance
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Electoral Divisions Affected	All / Name of individual Electoral Division(s)
Key Decision?	Key
Cabinet Forward Plan	Yes – 13th August 2026
Report considered by	N/A

1. Purpose of Report

1.1. The Council is required to have a Capital Strategy as part of the CIPFA Prudential Code for Capital Finance in Local Authorities. This report provides updates to the existing Capital Strategy agreed by Council in February 2026. This update is in advance of a final update to Cabinet in January and formal agreement by Council in February 2027.

1.2. This update is required at this time in order to capture all potential funding requirements to be incorporated within the Council's Medium Term Financial Plan. It also allows for the expansion of the Capital Strategy to a ten year horizon giving better visibility of the Council's potential needs.

1.3. This report also considers the future of a number of schemes paused in February 2026, some new essential schemes and some aspirational programmes. Subject to approval in principle, these schemes will require further work by officers.

1.4. The report proposes new arrangements for the agreement to the allocation of Community Infrastructure Levy (CIL) with special oversight from the group of statutory officers in consultation with the Director of Place. This is to ensure the application of Community Infrastructure Levy (CIL) and s106 to the most appropriate schemes and at the earliest opportunity and to optimise the funding of the capital programme for infrastructure projects.

1.5. The capital strategy aligns with the priorities set out in the Council Plan and other key council strategies. The strategy is integrated with the Medium Term Financial Plan (MTFP) and treasury management strategy.

2. Recommendations

2.1 Cabinet is asked to:

A. Support the extension of the programme to give a ten year horizon of funded projects and unfunded projects that will remain subject to affordability.

B. Support the current Capital Programme as set out in Appendix A;

C. Support the proposed sources of financing set out in Appendix B, with delegated authority given to the s151 Officer to ultimately determine the most appropriate source of financing for each scheme for subsequent approval by Cabinet.

D. Approve subject to agreement from Council in February 2027 the addition of proposed new projects to the Capital Programme in Appendix C.

E. Support the continued pausing and deferral of prior year schemes as set out in Paragraph 4.4 subject to further due diligence.

F. Support the continued flexible use of capital receipts for 2027/28, as set out in paragraph,4.6 in accordance with statutory guidance in place until 2030, with use subject to agreement by the s151 Officer and reported through in-year monitoring reports to Cabinet and Council, as appropriate.

G. Instruct the Chief Executive and s151 Officer in consultation with other officers to update of the Council's CIL policy and related procedures in order to expedite the allocation of CIL and s106 funds to appropriate capital projects for approval by Cabinet.

H. Support that a further update to the Capital Strategy including any revisions to funding and new schemes will be submitted to Cabinet in January 2027 for approval in advance of agreement to the Strategy by Council in February 2027.

3 Background

3.1 This capital strategy is an overarching document which sets the policy framework for the development, management and monitoring of capital investment. The strategy focuses on core principles that underpin the council's capital programme - its short, medium and long term objectives; the key issues and risks that will impact the delivery of the programme; and the governance framework required to ensure that the capital programme is delivered providing value for money for residents of Shropshire.

3.2 As part of the financial emergency declared in 2025, the Council carried out a thorough review of the 2026/27 capital programme, paused schemes so as to prioritise projects that maintain Council assets, meet health and safety requirements and improve the Council's financial position over the period of the MTFP.

3.3 Key principles of the review included:

- Ensuring the Council can meet its operational, statutory compliance, legal and health and safety responsibilities.
- Prioritising income generating projects; both those which generate on going revenue income but also those which generate a capital receipt for the Council.
- Prioritising revenue reduction projects that support the Council to reduce annual running costs.

3.4 Appendix A sets out the current approved Capital Programme for 2027/28 to 2029/30.

3.5 The Projects which remain paused following the review include:

- Swimming in Shropshire Sundorne Leisure Centre - paused pending a review of Shropshire's overall Leisure Centre Requirements and Leisure Strategy Development; the total expenditure to date is £1.91m.
- Smithfield / Riverside Development - except for the park construction which is already committed, underway and fully funded from Levelling Up funding, the remaining project to be paused pending a site masterplan review, there has been no expenditure to date.
- Oxon Link Road - paused pending an options paper to be reported to Cabinet following the cancellation of the Northwest Relief Road project, the total expenditure to date is £6.088m.
- Pride Hill Shopping Centre Regeneration - paused pending an options paper to be reported to Cabinet; the total expenditure to date is £1.530m.
- Maesbury Solar Farm - paused pending a review of the Business Case, Cabinet now to receive a report early in 2027 on the future of the project; the total expenditure to date is £0.133m.

3.6 The investments made to date in the paused projects are listed in paragraph 4.4. If these projects do not restart, the expenditure to date may need to revert to revenue unless related and relevant projects can be substituted.

3.7 Each year the Council has approved the flexible use of capital receipts in line with MHCLG guidance issued in 2016, which was subsequently extended until March

2030 to enable councils to spend up to 100% of capital receipts on the revenue costs of transformation projects that result in revenue savings. The Council has historically utilised this flexibility to fund redundancy costs resulting from service redesign and restructure changes and transformation investment. This report proposes to continue with this flexible use of capital receipts and for such use to be agreed by the s151 Officer and reported via the in-year monitoring reports to Cabinet and Council as appropriate.

3.8 A priority for the Council will continue to be to seek external funding opportunities and fully and efficiently utilise Government grant allocations. Where appropriate, the Council will seek to develop a pipeline of projects to enable grant applications to be made as funding opportunities arise. Such projects will continue to be subject to robust due diligence to ensure the costs to the Council of construction and administrative overheads are kept to a minimum and are affordable.

Core Principles that underpin the capital programme

3.9 Underlying the Capital Strategy is the recognition that the financial resources available to meet capital expenditure priorities are constrained by a significant reduction in financial resources and now the need to use borrowing through Exceptional Financial Support (EFS) as a priority to manage the revenue budget.

3.10 The Council's approach to investment must therefore be to make investment decisions, relating to projects which maintain essential assets and which are funded through external funding or deliver a return to the Council and fund the investment.

Governance Arrangement

3.11 To ensure that available resources are allocated optimally and deliver value for money, capital programming decisions need their own planning and approval process working in parallel with the service and revenue budget planning process within the framework of the MTFP. Decisions are of course reserved in any event for Cabinet and for Council.

3.12 New capital schemes and programmes will need to be appraised along with other investments and grant programmes following a clearly defined set of criteria and gateway processes as necessary. The Council will make use of officers' advice and expertise supported by external professional advisors where appropriate. The key objective will be to ensure that robust capital investment decisions are made on the basis of relevant evidence. Advice includes technical, financial, legal, property and economic outcomes. At all times, the needs of residents and communities will be at the forefront of all decisions, even those that are more difficult to take but are necessary in the context of the financial emergency and other priorities.

3.13 The next Capital Strategy report to Cabinet will outline for their approval, details of revised arrangements for governance of the capital programme to include the allocation of CIL funding to individual schemes.

3.14 The authority has an appraisal mechanism in place which will seek to ensure that there is an integrated approach to addressing cross-cutting issues, both internal and external to the authority, developing and improving service delivery through transformation and its investment in pursuance of the authority's over-arching aims.

The appraisal mechanism and governance process are currently under review, however in the meantime, the governance arrangements as listed below will continue. This includes Officer Groups which bring together a range of service interests and professional expertise, including:

- Democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the Capital Programme.

- The Council's senior officers oversee the investment portfolio. It is supported by a group of officers who appraise all business plans using independent external advisors if necessary. This will assist the making of investment decisions based on full site investigations, due diligence, funding package, undertaking full risk and reward assessments, lifetime costings, asset replacement and monitoring the outcome and reviewing those projects already in progress.

- The Capital Steering Group will oversee and review business cases for investments prior to sign off and submission to Cabinet/Council approval.

3.15 For projects and programmes an Expression of Interest (EOI) will be submitted that needs to include the investment levels required, source of funding, outcomes to be delivered, risk assessments, appropriate due diligence, repayment mechanisms, revenue impacts and full lifetime costings. These will be reviewed against an agreed weighting and appropriate recommendations made to the Capital Steering Group.

3.16 Subject to the EOI proposal being approved, a detailed Outline Business Case (OBC) will be submitted and appraised in line with the Council approved methodology of the Treasury 5-case model, prior to a Full Business Case being completed and appended to a Council report. A suite of template documents is appended to the OBC to ensure a consistent approach to project delivery. These include:

- Risk Register.
- Cash Flow Modelling.
- Gantt Chart for project timeline.
- Project Board Terms of Reference and Agenda.
- Procurement considerations.
- Project closure report.

3.17 Officers and Members involved in the decision making process in relation to proposed projects and programmes will have the appropriate capacity, skills, and information to enable them to take informed decisions to acquire specific investments, to assess investments in the context of the Council's strategic objectives and risk profile and to understand how decisions have changed the overall risk exposure of the Council.

3.18 Quarterly Capital Programme reports will continue to be submitted to Cabinet that identify changes to the approved programme to reflect:

- New resource allocations
- Rescheduling in programme delivery
- Programmes reduced or removed
- Virements between schemes and programmes to maximise delivery.
- Revisions to spend profile and funding to ensure ongoing revenue costs are minimised.
- Monitor the funding of the programme
- Capital receipts generated

4 Summary of Main Proposals

4.1 The current approved Capital Programme which has been revised at quarter 2 2026/27 financial year is set out in Appendix A including the current funding of the capital programme in Appendix B.

4.2 The council is planning to borrow £2.036m to fund projects currently in the capital programme and previously approved. For 2027/8 onwards, it can be seen from Appendix B that the Council is heavily reliant on the timing of future capital receipts in order to meet funding commitments, a timing difference in realisation of capital receipts would result in a short term need to incur borrowing until such time the assets disposals take place. It is essential therefore that the Council accelerates its asset disposal programme with the aim of:

- preventing a timing difference in the use of capital receipts for current schemes and;
- to enable consideration of a capitalisation direction request to the Government to convert capital receipts to revenue resources. This would alleviate pressure on revenue budgets to fund contributions to revenue reserves, such as General Fund Balances.

4.3 Appendix B sets out details of the financing required to fund the current Capital Programme in Appendix A prior to the addition of new scheme proposals.

4.4 The new Capital schemes to be included within the 10-year Capital Programme for 2027/28 onwards have been reviewed, and the proposals for inclusion in the budget are set out in Appendix C. Alongside this is the proposed funding methodology that will be reflected in the financing of the programme.

4.5 As part of the strategy, consideration was given to Future Capital Projects the Council are seeking to invest in but not considered a priority over the medium term. These projects are set out in Appendix D in no particular order and remain on the future capital projects list to be reviewed on a regular basis and may be bought forward as priority schemes at any point. There are no significant implications to the delivery of council services if these projects are deferred to a later date.

Asset Management Planning and Capital Receipts

4.6 The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable.

4.7 The council will realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions.

4.8 When a capital asset is deemed as surplus, it may be sold so that the proceeds, known as capital receipts, can be spent on planned capital expenditure. Repayments of capital grants, loans and investments also generate capital receipts. The Council already has budget commitments within the current capital programme of projects expected to be funded from capital receipts as set out in Appendix B.

4.9 As a result of the challenges facing the council and requirement to fund the revenue budget through Exceptional Financial Support there is an urgent need to call upon capital receipts to fund this before using external borrowing which adds further pressure to the council budget gap.

4.10 As at Quarter 2 2026/27, the current position of expected capital receipts against budget commitments is as follows:

	2026/27	2027/28	2028/29	2029/30	2030/31
Corporate Resources Allocated in Capital Programme	13,685,685	17,478,508	8,580,000	4,326,000	-
Capital Programme Ring-fenced receipt requirements	450,000	7,682,095	10,500,000	8,181,991	5,164,303
Transformation activities	-	-	-	-	-
Total Commitments	**14,135,685**	**25,160,603**	**19,080,000**	**12,507,991**	**5,164,303**
Capital Receipts in hand/projected:					
Brought Forward in hand	22,379,581	16,491,303	- 7,329,301	- 26,344,301	- 38,852,292
Generated 2026/27 YTD	4,370,287	-	-	-	-
Projected - 'Green'	3,877,120	1,340,000	65,000	-	
Total in hand/projected	**30,626,988**	**17,831,303**	**- 7,264,301**	**- 26,344,301**	**- 38,852,292**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 16,491,303**	**7,329,301**	**26,344,301**	**38,852,292**	**44,016,595**
Further Assets Being Considered for Disposal (Amber/Red)	596,000	39,553,709	4,753,080	-	-

4.11 In 2026/27 there is currently a projected surplus of capital receipts of £16.491m and in 2027/28, 2028/29 and 2029/30 there are currently projected cumulative shortfalls of capital receipts of £7.329m, £26.344m and £38.852m respectively.

4.12 These surplus and shortfall positions are 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	2026/27	2027/28	2028/29	2029/30	2030/31
Corporate Resources Allocated in Capital Programme	12,339,116	14,778,508	4,580,000	3,326,000	-
Capital Programme Ring-fenced receipt requirements	450,000	3,554,000	8,500,000	6,181,991	5,164,303
Transformation activities	-	-	-	-	-
Total Commitments	**12,789,116**	**18,332,508**	**13,080,000**	**9,507,991**	**5,164,303**
Capital Receipts in hand/projected:					
Brought Forward in hand	12,643,100	5,640,250	- 11,352,258	- 24,367,258	- 33,875,249
Generated 2026/27 YTD	2,902,346	-	-	-	-
Projected - 'Green'	2,883,920	1,340,000	65,000	-	-
Total in hand/projected	**18,429,365**	**6,980,250**	**- 11,287,258**	**- 24,367,258**	**- 33,875,249**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 5,640,250**	**11,352,258**	**24,367,258**	**33,875,249**	**39,039,552**
Further Assets Being Considered for Disposal (Amber/Red)	596,000	39,553,709	4,753,080		

HRA	2026/27	2027/28	2028/29	2029/30	2030/31
Corporate Resources Allocated in Capital Programme	1,346,569	2,700,000	4,000,000	1,000,000	-
Capital Programme Ring-fenced receipt requirements	-	4,128,095	2,000,000	2,000,000	-
Transformation activities	-	-	-	-	-
Total Commitments	**1,346,569**	**6,828,095**	**6,000,000**	**3,000,000**	**-**
Capital Receipts in hand/projected:					
Brought Forward in hand	9,736,481	10,851,053	4,022,958	- 1,977,042	- 4,977,042
Generated 2026/27YTD	1,467,941	-	-	-	-
Projected - 'Green'	993,200	-	-		
Total in hand/projected	**12,197,623**	**10,851,053**	**4,022,958**	**- 1,977,042**	**- 4,977,042**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 10,851,053**	**- 4,022,958**	**1,977,042**	**4,977,042**	**4,977,042**
Further Assets Being Considered for Disposal (Amber/Red)	-	-	-		-

4.13 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 2027/28, 2028/29 and 2029/30 there are currently projected cumulative shortfalls of capital receipts of £11.352m, £24.367m and £33.875m respectively.

4.14 The shortfall in capital receipts from 2027/28 onwards may need to be financed from Prudential Borrowing if they cannot be addressed by progressing the disposals programmed for future years and will incur future year revenue costs that are not budgeted for in the revenue financial strategy.

4.15 Assets currently being considered for disposal total £44.903m which if realised would be sufficient to resolve the currently projected shortfall in capital receipts up to 2028/29. Of these disposals £36.502m and £8.401m 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.

4.16 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.

4.17 The Council is committed to delivering a refreshed Asset Management Strategy as part of its Financial Sustainability and Recovery Strategy which will focus on maximising the capital receipts to be realised and minimising the period to achieve that receipt.

Community Infrastructure Levy (CIL)

4.18 The Council collects Community Infrastructure Levy (CIL) receipts from chargeable development. Subject to the statutory provisions for administration and neighbourhood funding, Council-retained CIL is used to fund infrastructure that supports development of the area. The allocation arrangements below distinguish the statutory provisions from the Council’s current policy for Local and Strategic CIL

- Administration Charge up to 5% (Regulation 61 of the Community Infrastructure Levy Regulations 2010)
- **Neighbourhood CIL:** 15% of relevant receipts, subject to the statutory cap, or 25% where the relevant neighbourhood planning provisions apply, is passed to the relevant Town or Parish Council under Regulation 59A.

- **Council CIL:** The remaining CIL is retained by Shropshire Council and applied under Regulation 59 to fund the *"provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area."*
    - **90% CIL Local:** allocated under the Council's current policy to the relevant Place Plan area.
    - **10% CIL Strategic:** allocated under the Council's current policy for strategic infrastructure.

4.19 At Q2 2026/27 there is £35.086m held within the CIL reserves.

4.20 The Council has authority to apply Council CIL to infrastructure in accordance with Regulation 59. Under the Council's current policy, Council CIL is divided between 90% CIL Local, allocated to the relevant Place Plan area, and 10% CIL Strategic. The current Strategic CIL balance is £6.143m and the Local CIL balance is £28.220m. Place Plan infrastructure projects are currently being reviewed, including their eligibility, prioritisation and deliverability, before appropriate projects are brought forward through the Capital Programme.

4.21 Work is underway to review the Council's approach to the allocation of CIL, including the relationship between CIL, Place Plan infrastructure priorities and the Capital Programme. This will provide greater visibility of the infrastructure requirements that may require CIL funding and support consideration of future allocation priorities.

4.22 The governance arrangements for CIL allocation are also being reviewed, including the respective roles of officers, Members and the Internal Infrastructure Group in prioritising projects, allocating funding and monitoring delivery within the Council's statutory and financial framework.

Section 106 Developer Contributions

4.23 A Section 106 (S106) agreement is a legally binding agreement between the Council and parties with an interest in the development land. It secures financial contributions and/or other obligations to mitigate the impacts of the development and make it acceptable in planning terms.

4.24 The key purposes and requirements of Section 106 contributions are:

- Affordable Housing: Requiring developers to provide a percentage of new homes as affordable housing or make a financial contribution toward it.
- Infrastructure Improvements: Funding or building local transport, road networks, and highway access.
- Community Facilities: Providing financial support or land for schools, healthcare clinics, sports facilities, and public open spaces.
- Incorporating green spaces, flood mitigation, or Biodiversity Net Gain (BNG) measures.

4.25 The Council currently holds £14.202m in S106 reserves as at the 25/26 financial year end.

4.26 Each Section 106 agreement is unique in its terms and delivery requirements and can be time restrictive, which could result in payments being returned to the developer if the Council does not act on the obligations within the agreement.

4.27 Each developer payment is recorded in detail and expiry dates noted and this is monitored regularly to ensure projects are bought forward and delivered as part of the Capital Programme within the timeframe requirements.

4.28 Again, moving forward, the Statutory Officers Group will take oversight of the allocation of the s106 programme in consultation with the Director of Place and the IIG. This will seek to accelerate the allocation of s106 funds to relevant projects at the earliest opportunity to satisfy Council and local priorities. Allocation of S106 contributions will remain subject to the permitted purposes, spending deadlines and other conditions of each agreement.

5. Key Risks

5.1 A number of strategic risks to the council are relevant to the budget and these specific financial risks are set out in the annual governance statement. In general, controllable risks are mitigated through the budget process and referenced against the financial sustainability and recovery strategy. However, a number of risks are beyond the council's control and can only be mitigated as part of the budget by using prudent assumptions with regard, for example, inflation, pay, demand growth, domestic and global economy, etc...

5.2 The 2025/26 Annual Governance Statement set out 12 key strategic risks many of which refer to the financial challenges of the Council and therefore impact on the Capital Strategy. These are set out below together with high level mitigations. Over and above strategic risks sit departmental risk registers that will contain specific service pressures insofar as they impact of finance. The arrangements for risk management are currently subject to review and will be presented to Audit and Governance Committee later in September.

Risk	Mitigation
The Council has reported Limited Assurance on the Internal Audit Control Framework for seven years, limiting confidence in the standards of governance in place within the organisation.	Linked to the strategic risk of a failure of officers and members to adhere to governance arrangements, there is an acknowledged need for further action. Leadership Board regularly reviews the status of audit recommendations and the Statutory Officers Group, introduced in October 2025, further monitors the implementation of Internal Audit recommendations and provides direction as necessary to improve overall responsiveness.
The external auditor felt bound to issue statutory recommendations as part of their annual audit for	The Improvement Plan included actions and activity that responded to the statutory recommendations. An updated response to the recommendations (which included

2024/25 which cast doubt on the integrity of the Council's value for money arrangements.	activity undertaken during 2025/26) was reported to the Finance and Improvement Overview and Scrutiny Committee and Cabinet in June 2026 as part of an Improvement Plan update report. Some recommendations require extensive and ongoing work; others have been independently reviewed in specific functional areas such as children's and adult social care. The recommendations will continue to be reflected in the improvement plan for some time to come, especially insofar as they impact on the Council's budget and business planning process.
Exceptional Financial Support (EFS) incurs costs of debt for both interest and principal of a fixed number of years and creates an additional overhead over and above the costs of additional demands for services and the inflation that goes with it.	This is a specific additional dimension of the risk of an inability to contain overall committed expenditure within the current available resources within this financial year. As part of its Medium-Term Financial Plan, approved by Full Council in February 2026, the Council committed to developing a Financial Sustainability Strategy that sets out how the Council will take steps to reduce reliance on EFS. In any event in order to pay for the additional costs of debt, the Council will be prioritising Council Tax increases up to the maximum allowed and will need to find offset savings in the cost of services to balance the budget without recourse to further EFS.
Despite a three-year settlement, government funding continues to reduce as a proportion of public sector investment in real terms and continues to transfer additional burden to local taxpayers.	The additional increase in Council Tax for 2025/26 is one manifestation of mitigation necessary to address this risk, and there is likely to be further impacts as the Council reduces its expenditure. The Improvement Plan acknowledges the risk that residents see service performance reducing rather than improving as the Council implements the plan. Looking forward, the Council will need to stress on Government the need for funding to tackle sparsity and rurality and the demographic and geographical dynamics of the borough. The Council does, however, recognise that in the context of a new three-year settlement and the recent fair funding changes, short-term solutions seem unlikely.
The national and global economy remains volatile	Persistent inflationary pressures, rising energy and fuel costs, interest rate

and continues to present significant financial risks to the Council.	fluctuations and wider economic uncertainty can create additional unfunded burdens on Council budgets. Continued economic instability may also impact residents' financial resilience, increasing demand for Council services at a time when resources remain constrained. The Council will continue to make best assumptions in MTFPs to cover such risks although events such as the Gulf issues do nothing but increase uncertainty.
Cyber security remains as an ongoing threat to all organisations, not least the public sector and local government, in terms of the impact of lost, corrupted or stolen data with serious implications for potential financial loss and reputational damage.	As the Council continues to rely on digital technologies to deliver and transform services and hold sensitive information, maintaining effective cyber security controls, staff awareness and incident response arrangements will remain essential to mitigating this risk.
Workforce capacity and capability must be in place to deliver existing services to minimum standards but also to support the significant transformation and improvement activity required to address the Council's financial challenges.	Maintaining a stable, skilled and resilient workforce remains critical to achieving financial sustainability and delivering the Council's strategic objectives – and is at the heart of the Improvement Plan and People Plan. Budget has been applied in 2026/27 budgets to restore capacity previously removed. While this mitigates some risk, it is recognised that recruitment and retention remains a concern and that in some cases capacity and capability may need to be sought from other third parties.
Abnormal financial position compromising decision making processes.	The necessity to deliver significant savings, reduce expenditure and reliance on EFS may limit strategic flexibility and increase the risk that decisions prioritise immediate financial outcomes over longer-term service sustainability and demand prevention. Robust governance, decisive and transparent decision making and effective scrutiny arrangements will be essential to ensuring that financial pressures do not detract from long-term strategic decision making although there will inevitably be some compromises, not least around asset management and disposal, recovery of Council balances over time, etc.

External scrutiny and threat of intervention:	A consequence of EFS is an increased likelihood of external scrutiny over and above the Improvement Board arrangements established in November 2025. There remains an ongoing risk of Government intervention, including the appointment of envoys or commissioners, should the Council be unable to provide assurance that it has a credible strategy to reduce its reliance on EFS and achieve financial sustainability. The Council is very aware of this risk and would wish to retain control of its own decisions and direction; it is, however, aware of intervention in other authorities where Government have thought it to be necessary. Continued delivery of outcomes from the Improvement Plan and clear evidence of progress will be essential in mitigating this risk.
Breakdown of major contract arising from provider insolvency, poor performance, workforce shortages, contractual disputes or market instability, resulting in service disruption, financial loss, reputational damage and additional management costs.	Given the Council's reliance on a number of significant contracts to deliver statutory and essential services, effective contract management and performance monitoring (part of the Improvement Plan) and business continuity arrangements are critical to reducing the likelihood and impact of this risk.
A catastrophic physical, climatic or pandemic event severely disrupts the delivery of Council services and compromises the Council's ability to meet statutory requirements.	While these events are largely beyond the control of the Council, there is a continued need for emergency planning capacity and fully tested business continuity plans. These will continue to be subject to continuous review across all Council departments to confirm that they remain current and complete.
Transformation programmes and significant projects are delayed, deferred or fail to deliver on their objectives leading to loss of opportunities and adverse financial impacts.	EFS has allowed the Council to set aside finance for investments in major transformation programmes. These will need to be created and challenged through the Budget, Transformation and Change Panel, a group of senior Council Officers. Transformation and other projects will be subject to oversight of the new Programme Management Office with regular reports to Cabinet and Finance and Improvement Scrutiny. Risk management arrangements for major projects are being reviewed, and

		it is recognised that, for some projects, these have been less than successful in the past.

5.3 These risks are now being contained and managed within Improvement Plan which also include responses to MHCLG and CPC recommendations. They also form an integral part of the Council's Annual Governance Statement, and Risk Management Strategy.

6 Council Priorities

6.1 A new Corporate Plan for 2026-2030 was approved by Cabinet and Full Council in May 2026. The Plan summarises the priority ambitions the Council will focus on – including the ambition to be a Council that is financially sustainable, with clear priorities and purpose, and a workforce that is supported to excel. This report outlines the management of the current year's budget which is an important step in moving towards this ambition.

7 Financial Implications

7.1 Financial Implications are set out within this report.

8 Legal and HR implications

8.1 The Council is required to have a Capital Strategy to meet the requirements of the Prudential Code for Capital Finance. It is important because it sets out the Council's considerations when formulating its capital programme. It should be seen as a key element of the wider budget setting process. The report sets out the risks and legal advice will be provided on an ongoing basis on individual projects as and when required to ensure the Council also meets its legal obligations in furtherance of the strategy.

9 Electoral Division Implications

9.1 None

10 Health, Social (including "Child Friendly Shropshire") and Economic Implications

10.1 None

11 Equality and Diversity Implications

11.1 There are no equality and diversity implications arising directly from this report.

12 Climate Change, Biodiversity and Environmental Implications

12.1 There are no specific implications arising directly from this report.

13 Background Papers

1. Draft 2026/27 General Fund budgets and medium-term Financial Plan 2026/27 – 2030/31

14 Appendices

Appendix A – Current Capital Programme
Appendix B – Capital Financing
Appendix C – New Scheme priorities
Appendix D – Potential Future Projects

Appendix A - Current Capital Programme

Scheme Description	2027/2028 Budget £	2028/2029 Budget £	2029/2030 Budget £
Commissioning Capital			
Leisure Capital			
Church Stretton Leisure Centre - Replacement Sports Hall Floor	39,916		
Bishops Castle SpArc PSDS Decarbonisation Project	750,000		
Total Commissioning Capital	**789,916**	**0**	**0**
Communities & Customer Capital			
Housing Services Capital			
Disabled Facilities Grants	4,500,000	4,500,000	4,500,000
Warm Homes Capital Projects Housing Services Capital			
Shropshire Warm Homes Grant Wave 3 WHLG DESNZ	1,035,314		
Telford & Wrekin Warm Homes Grant Wave 3 WHLG DESNZ	982,221		
Herefordshire Warm Homes Grant Wave 3 WHLG 053 DESNZ 2025	637,116		
SHDF Wave 3 Shropshire Rural Grant	672,267		
Total Communities & Customer Capital	**7,826,918**	**4,500,000**	**4,500,000**
Infrastructure Capital			
National Landscapes & Outdoor Partnerships Capital			
DEFRA - Area of Outstanding Natural Beauty Grant	9,000		
DEFRA - Farming in Protected Landscapes Capital Grant (FIPL)	781,033	781,033	
Highways Infrastructure Capital			
A5191 DfT Safer Road Scheme Grant	300,000		
Structural Maintenance of Bridges and Structures: Right of Way Programme	200,000	200,000	200,000
Structural Maintenance of Bridges and Structures: Maintenance	1,650,000	1,500,000	1,500,000
Structural Maintenance of Bridges and Structures: Welsh Bridge Shrewsbury Parapet Replacement		1,500,000	
Structural Maintenance of Bridges and Structures: Bridgnorth Low Town Bridge Refurbishment	500,000		

Scheme Description	2027/2028 Budget £	2028/2029 Budget £	2029/2030 Budget £
Structural Maintenance of Bridges and Structures: Castlewalk Footbridge Shrewsbury Replacement		1,000,000	1,500,000
Structural Maintenance of Bridges and Structures: Malehurst No 2 Replacement	350,000		
Structural Maintenance of Bridges and Structures: Boreton Road Bridge Replacement		400,000	
Structural Maintenance of Bridges and Structures: Crew Green Bridge Holding Match	1,000,000	2,700,000	
Structural Maintenance of Roads: Countywide Drainage	1,200,000	1,400,000	1,600,000
Structural Maintenance of Roads: Countywide Landslip/Embankment Works	300,000	300,000	300,000
Structural Maintenance of Roads: Countywide Depot Overhead Fixed Costs	2,750,000	3,025,000	3,327,500
Structural Maintenance of Roads: Countywide Depot Overhead Fixed Costs	2,750,000	3,025,000	3,327,500
Structural Maintenance of Roads: Countywide Footway Programme (Slurry Sealing)	1,360,000	1,675,000	2,052,500
Structural Maintenance of Roads: Countywide Surface Dressing Programme	6,569,025	7,682,500	8,790,000
Structural Maintenance of Roads: Countywide Resurfacing Programme	10,669,000	9,152,000	13,785,000
Structural Maintenance of Roads: Staff Capitalisation	525,000	550,000	575,000
Structural Maintenance of Roads: Local Improvement Schemes North Shropshire	300,000	330,000	360,000
Structural Maintenance of Roads: Local Improvement Schemes Central Shropshire	300,000	330,000	360,000
Structural Maintenance of Roads: Local Improvement Schemes South Shropshire	300,000	330,000	360,000
Street Lighting Maintenance Programme	1,100,000	1,100,000	1,100,000
Active Travel Infrastructure Capital			
Programme of improving walking and cycling routes (LCWIP)	200,000	200,000	200,000
Programme of Safer Routes to Schools Infrastructure Improvements	200,000	200,000	200,000
Expand Shrewsbury e-bike scheme	200,000		
Oswestry Innovation Park Connectivity	52,700	447,300	
The Coppice Clayton Way Active Travel Route	169,600		
First and last mile access at rail stations			300,000
Local Transport Plan Consolidated Fund			
Rolling programme of traffic signal, zebra, and electrical signs upgrades	1,000,000	100,000	700,000
Introduce Moving Traffic Enforcement infrastructure in appropriate locations	500,000		
ADS Replacement Programme	250,000		
Programme of introducing 20mph outside schools	500,000		
Rolling programme of targeted accident reduction schemes	500,000	500,000	500,000

Scheme Description	2027/2028 Budget £	2028/2029 Budget £	2029/2030 Budget £
Programme of prioritised traffic engineer led schemes to improve perception of road safety	240,000	240,000	240,000
Shrewsbury - Strategic Network Review (including SMPSS)	1,000,000	2,500,000	
Market Town Traffic Improvement Programme	500,000	1,500,000	500,000
Inclusive Taxi and PHV service plan		250,000	
Air Quality Action Plans Mitigation		500,000	500,000
Retained Integrated Transport Fund CDEL- to allow review of emerging LTP capital	10,782,000	2,315,000	10,811,300
Bus Grant			
Park and Ride Infrastructure Improvements	500,000	500,000	
Bus stop upgrades and improved passenger facilities at busiest locations	350,000	350,000	
Grant funding provided to Community Transport Consortium	105,000	105,000	
Bus Priority	404,000	404,000	
Total Infrastructure Capital	**59,747,333**	**57,084,433**	**63,671,300**
Place Shaping Capital			
Growth & Development Capital			
Oswestry Innovation Park Infrastructure	7,000,000		
Waste Capital			
Contribution to Waste In-Vessel Composting Facility	325,000		
Property & Assets Capital			
Shrewsbury Town Centre Riverside Redevelopment - Levelling Up Fund 2 Project 1	1,000,000		
Corporate Landlord Estate Maintenance Programme	1,000,000	1,000,000	1,000,000
Shrewsbury Castle Walls West Elevation Remedial Works	1,500,000		
Corporate Landlord Building Suitability Programme	500,000	500,000	500,000
Broadband Infrastructure Capital			
Broadband Project - Phase 5 - BDUK Gigabit Voucher Scheme Top Up Funding	500,000		
Total Place Shaping Capital	**11,825,000**	**1,500,000**	**1,500,000**

Scheme Description	2027/2028 Budget £	2028/2029 Budget £	2029/2030 Budget £
Enabling Capital			
ICT Infrastructure Capital			
IT Laptop Replacement Programme	850,000	850,000	850,000
IT Peripheral Kits Replacement Programme	300,000	150,000	150,000
IT Mobile Phone Replacement Programme			416,000
IT Hardware Upgrades - LAN Hardware Replacement	80,000	10,000	10,000
IT Hardware Upgrades - WI-FI Replacement	250,000		
IT Hardware Upgrades - Main Firewall		600,000	
IT Hardware Upgrades - Nutanix Hardware			400,000
IT Hardware Upgrades - Rubrik	1,000,000		
Total Enabling Capital	**2,480,000**	**1,610,000**	**1,826,000**
Children and Young People & Children's Social Care Capital			
Children and Young People Capital			
School Place Planning	600,000		
St Andrews Shifnal - DfE School Rebuilding Programme - SC additional contribution	800,000		
Schools Future Place Planning Phase 4 Contingency	976,500	1,000,000	
Belvidere Secondary - 6 classroom extension		3,000,000	
Meole Brace Secondary - Dining Room/Hall expansion	1,000,000		
St Giles Primary - 4 classroom extension		2,000,000	
Moreton Say Primary - expansion	1,000,000		
Lakelands Secondary - 4 classroom expansion	2,000,000		
Corbet Secondary - 2 classroom expansion	500,000		
Mary Webb Secondary - 3 classroom expansion	1,250,000		
Ludlow Infants & Juniors Amalgamation	2,000,000		
Ironbridge New School		3,200,000	
Schools Capital Maintenance Programme	2,000,000		
Schools SEN Capital Funding	3,062,937		
SEN High Needs - Ludlow New SEN Specialist School		2,500,000	

Scheme Description	2027/2028 Budget £	2028/2029 Budget £	2029/2030 Budget £
SEN High Needs - TBC Shrewsbury Secondary Resourced Provision	1,000,000		
Schools Devolved Formula Capital Grant	150,000		
Total Children & Young People & Children's Social Care Capital	**16,339,437**	**11,700,000**	**0**
Total General Fund Capital Programme	**99,008,604**	**76,394,433**	**71,497,300**

Appendix B Capital Financing

Financing	2027/2028 Budget £	2028/2029 Budget £	2029/2030 Budget £
Borrowing	**(2,036,293)**	**0**	**0**
Prudential Borrowing	(2,036,293)	0	0
Government Grants	**(79,804,233)**	**(66,379,180)**	**(68,171,300)**
GG Capital DfT Highways Consolidated Fund	(40,204,000)	(43,492,000)	(49,720,000)
GG Capital DfT Highways Local Transport Fund	(16,594,200)	(10,923,600)	(12,034,900)
GG Capital DfT Bus Grant	(1,453,400)	(1,482,100)	(1,510,700)
GG Capital DEFRA Grant	(790,033)	(781,033)	0
GG Capital DoH Better Care Fund	(4,500,000)	(4,500,000)	(4,500,000)
GG Capital DoE Devolved Formula Capital Grant	(150,000)	0	0
GG Capital DoE Basic Need Grant	(6,210,953)	(2,261,270)	0
GG Capital DoE School Condition Grant	(1,869,029)	(33,477)	0
GG Capital DoE Special Provisions Fund	(4,000,000)	(2,500,000)	0
GG Capital DfT Capital Block Funding Specific Grant	(405,700)	(405,700)	(405,700)
GG Capital DfT Safer Roads Fund	(300,000)	0	0
GG Capital DESNZ Warm Homes Social Housing Fund Wave 3	(2,654,651)	0	0
GG Capital DESNZ Social Housing Decarbonisation Fund Wave 3	(672,267)	0	0
Other Grants	**(750,000)**	**0**	**0**
GG Capital Salix PSDS Grant	(750,000)	0	0
Other Contributions	**(1,800,000)**	**(5,435,253)**	**0**
Capital Contributions Section 106	0	(2,705,253)	0
Capital Contributions Community Infrastructure Levy (CIL)	(1,800,000)	(2,730,000)	0
Revenue Contributions to Capital	**(39,916)**	**0**	**0**
Revenue Contributions to Capital - GF	(39,916)	0	0
Capital Receipts	**(14,578,162)**	**(4,580,000)**	**(3,326,000)**
Total General Fund Financing	**(99,008,604)**	**(76,394,433)**	**(71,497,300)**

Appendix C Draft New Scheme Priorities

Scheme	Estimated Capital Cost £m	Delivery Timeframe										
		2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	Total
Primary Education Facility Former Power Station Site	2.371			2.371								2.371
Expansion of William Brookes School	4.400			2.400	2.000							4.400
Swimming in Shropshire	32.000							16.000	16.000			32.000
Maintenance Condition Requirements Leisure Assets	12.458	2.473	1.203	1.640	0.632	2.155	1.209	0.256	0.724	0.120	2.046	12.458
Estates Compliance requirements for Council Buildings	1.500	0.500	0.500	0.500								1.500
Estates Capital Maintenance of Council Estate	12.600				1.500	1.600	1.700	1.800	1.900	2.000	2.100	12.600
Estates Suitability for Rationalisation Plan	5.600				0.500	0.600	0.700	0.800	0.900	1.000	1.100	5.600
IT Laptop Replacement Programme	7.600				0.850	0.850	0.850	2.500	0.850	0.850	0.850	7.600
IT Peripheral Kits Replacement Programme	1.400				0.200	0.200	0.200	0.200	0.200	0.200	0.200	1.400
IT Mobile Phone Replacement Programme	0.416								0.416			0.416
IT Hardware Upgrades - LAN Hardware Replacement	0.520				0.010	0.200	0.080	0.010	0.010	0.010	0.200	0.520
IT Hardware Upgrades - WI-FI Replacement	0.250								0.250			0.250
IT Hardware Upgrades - Main Firewall	0.600									0.600		0.600
IT Hardware Upgrades - Nutanix Hardware	0.600			0.100					0.500			0.600
IT Digital Mailroom	0.300	0.150					0.150					0.300
IT Print Device Replacement	0.040	0.020					0.020					0.040
IT Teams Room Solutions Replace MS Surface Hubs	0.500				0.250				0.250			0.500
IT Teams Phones	0.060		0.015		0.010			0.020		0.015		0.060
IT Guildhall UPS Refresh	0.090	0.050				0.020				0.020		0.090
Total Priority Additions	**83.305**	**3.193**	**1.718**	**7.011**	**5.952**	**5.625**	**4.909**	**21.586**	**22.000**	**4.815**	**6.496**	**83.305**

	Proposed Funding against timeframe										
Funding Method	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**	**2035-36**	**2036-37**	**Total**
External Grant											0.000
S106			2.371								2.371
CIL			2.400	2.000			0.250	0.250			4.900
Revenue Contribution											0.000
External Contributions											0.000
Borrowing							13.750	13.750			27.500
Capital Receipts	3.193	1.718	2.240	3.952	5.625	4.909	7.586	8.000	4.815	6.496	48.534
Total	**3.193**	**1.718**	**7.011**	**5.952**	**5.625**	**4.909**	**21.586**	**22.000**	**4.815**	**6.496**	**83.305**

Appendix D - Potential Future Projects

Service Area	Scheme	Scheme Description
Commissioning	Market Drayton Swimming Centre	Refurbishment and upgrade to Leisure Facilities
Commissioning	Church Stretton Leisure Centre	Refurbishment and upgrade to Leisure Facilities
Commissioning	Cleobury Mortimer Sports and Fitness Centre	Refurbishment and upgrade to Leisure Facilities
Commissioning	South Shropshire Leisure Centre, Ludlow	Refurbishment and upgrade to Leisure Facilities
Commissioning	Oswestry Leisure Centre	Refurbishment and upgrade to Leisure Facilities
Commissioning	Much Wenlock Leisure Centre	Refurbishment and upgrade to Leisure Facilities
Commissioning	SpArC Bishop's Castle	Refurbishment and upgrade to Leisure Facilities
Commissioning	Shrewsbury town centre community swimming facility	To explore options to replace the Quarry Pool when it reaches the end of its operational life.
Commissioning	Oswestry Adult Day Services	Centre Refurbishment/relocation
Commissioning	Investment in Supported Living Accommodation	Acquisition or build of more supported accommodation facilities
Commissioning	Maesbury Metals Workshop	Support options to combine facility with Day Services
Place Shaping	The Mere at Ellesmere	Support redevelopment of Swan Hill Depot to visitor centre.
Place Shaping	Shrewsbury Castle: Restoration Proposals and Improvement Scheme	Renovation and Reconfiguration of the Town Centre Heritage Asset to increase visitor numbers and usage - part of the Big Town Plan. Also addresses improvements to the fabric of the buildings to address Health and Safety issues and safeguard the heritage.
Place Shaping	Shrewsbury Riverside Development	Following on from the demolition, investment in development of the site for end use - part of the Big Town Plan.
Place Shaping	Corporate Buildings LED Lighting Replacement Scheme	Explore Grant Funding for Conversion of all Corporate owned Buildings to LED Lighting to meet requirements of Climate Strategy by 2030
Place Shaping	Corporate Buildings Insulation and Energy Conservation	Explore Grant Funding for Insulation and Energy improvements on all Corporate owned Buildings to meet requirements of Climate Strategy by 2030
Place Shaping	Shrewsbury Northern Corridor Regeneration	Facilitate regeneration of Shrewsbury Northern Corridor
Place Shaping	Shropshire Parkway Station	Facilitate progression of Shropshire Parkway Station proposal from SOC to OBC and FBC
Enabling	Digital Transformation	Consideration of Capital Investment Need for Digital Roadmap Cabinet Paper 05/08/26
Place Shaping	Broadband Infrastructure	Consideration of Capital Investment to support agreed Strategy Policy.
Infrastructure	Oxon Park and Ride	Support relocation of existing Park & Ride Site to a more suitable location

Service Area	Scheme	Scheme Description
Infrastructure	Harlescott Park and Ride	Support relocation of existing Park & Ride Site to a more suitable location
Infrastructure	Market Drayton town centre traffic and public realm works	To deliver improvements to Town Centre and associated public realm works.
Infrastructure	Bridgnorth town centre traffic and public realm works	To deliver improvements to Town Centre and associated public realm works.
Infrastructure	Highways Depot Rationalisation Plan	Review location of current Site - North Shropshire
Infrastructure	Highways Depot Rationalisation Plan	Review location of current Site - Central Shropshire
Infrastructure	Highways Depot Rationalisation Plan	Review location of current Site - South Shropshire
Infrastructure	Install Solar arrays on car parks	Explore Grant Funding Opportunities
Infrastructure	Purchase of Shrewsbury Park & Ride vehicle fleet	Improving fleet to modern sustainable standards. Own and lease back to operators or operate internally.
Infrastructure	Upgrade or possible relocation of County Bus Station	Support opportunities for a new county bus station as part of the Smithfield Riverside redevelopment.
Infrastructure	Additional level(s) at Frankwell car park, Shrewsbury	Explore options to add a deck to increase capacity at Frankwell car park to increase capacity as well as to increase flood resilience
Infrastructure	Additional level(s) at Abbey Foregate car park, Shrewsbury	Explore options to add a deck to increase capacity at Abbey Foregate car park to increase capacity as well as to increase flood resilience
Infrastructure	Abbey Foregate to Rail Station footpath link	Explore the re-establishment of link to train station from Abbey Foregate car park, previously severed when residential development came forward.
Infrastructure	Frankwell Footbridge	Improve access to Town Centre and Railway Station from Frankwell Car Park with consideration to user access across footbridge.
Infrastructure	Upgrade/replacement of Greyfriars footbridge, Shrewsbury	To upgrade/replace Greyfriars Bridge in Shrewsbury in line with LCWIP scheme s.76
Children & Young People - CSC	Fostering - capacity increase through property investment	Support grant scheme/loan facilities or property acquisition to support Fostering increase.
Children & Young People - CSC	Accommodation/Supported housing for YP 16+/Care Leavers	Explore cost of accommodation provision
Communities & Customer	Outreach Bus (Health, Wellbeing & Prevention)	Investment in Outreach Bus Services
Communities & Customer	Service Integration Facility - Family/Community/Health Hubs (Health, Wellbeing & Prevention)	Investment in Community Facilities across place plan areas
Communities & Customer	Introduction of Self-Serve Kiosks in Libraries	
Place Shaping	Rowley's House, Structural Safety	Heritage at Risk Asset - explore grant options
Place Shaping	White Horse, Wem Structural Safety	Heritage at Risk Asset - explore grant options

Service Area	Scheme	Scheme Description
Infrastructure	Oxon Link Road (OLR)	Support options for delivering Highways Improvements to facilitate Housing development in Shrewsbury West
Place Shaping	Pride Hill Shopping Centre Regeneration	Explore future use options
Place Shaping	Raven Meadows Car Park, Shrewsbury	Consideration to longer term maintenance requirements
Place Shaping	Mardol House, Shrewsbury	Options for best future use
Place Shaping	Market Hall, Shrewsbury	Consideration to longer term maintenance and regeneration requirements
Place Shaping	Darwin Shopping Centre, Shrewsbury	Consideration to longer term maintenance and regeneration requirements
Place Shaping	Lord Hill Column	Heritage Asset - long term maintenance of structure
Place Shaping	Llanymynech Limeworks Heritage Area	Heritage Asset - long term maintenance of structures including Hoffmann Kiln and Chimney
Place Shaping	Snailbeach Lead Mine	Heritage Asset - long term maintenance of structures
Place Shaping	English Bridge Workshops, Shrewsbury	Consideration to longer term maintenance requirements
Place Shaping	The Bog Mine, Stiperstones	Heritage Asset - long term maintenance of structures
Place Shaping	Shrewsbury Museum	Consideration to longer term maintenance requirements