Committee	Cabinet 18th November 2026
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	Public

Draft Medium Term Financial Plan 2027-2031

Cabinet Member:	Councillor Roger Evans – Portfolio Holder for Finance
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Electoral Divisions Affected	All Divisions
Key Decision?	Key Decision
Cabinet Forward Plan	Yes – 12 May 2026
Report considered by	Cabinet – 18 November 2026

1. Purpose of Report

1.1. This report updates Cabinet on the Council's Medium Term Financial Plan (MTFP) for 2027/28 and beyond which was last presented to Cabinet in July 2026.

1.2. This update reflects the revenue budget challenges for 2027/28 and 2028/29 and especially actions necessary to set a balanced budget for 2027/28. This includes the need for Exceptional Financial Support (EFS) from Government that will be required to achieve this, not only for 2027/28 but for the foreseeable future.

1.3. This report is based on a critical assumption of achieving a balanced outturn financial position for 2026/27. The 2026/27 forecast outturn is subject to a

separate report on this Cabinet's agenda and at Q2 projects a near to balanced position at the end of this financial year.

1.4. This report also includes updated assumptions for government funding, inflation and pay awards, fees and charges, savings and demand growth and commitments. These are indicative assumptions at this time and will require further and ongoing due diligence in respect of both local and national conditions.

1.5. A detailed review of fees and charges is underway. The findings will be presented to Cabinet in December. The final proposals will be included in the next MTFP update to Cabinet in February 2027, including the budget impact.

1.6. Some detail contained within this report provides an indication of work carried out since July through departmental budget challenge panels. These have given rise to both growth and savings proposals that will remain subject to ongoing review over the coming weeks and months leading to Council in February 2027. Essentially, this period will focus on the need to contain growth and increase savings to meet previous MTFP targets as a minimum.

1.7. Current resource estimates required for transformation that formed part of the 2026/27 and 2027/28 MTFP projections are included in MTFP assumptions. These remain subject to further due diligence and particularly assessment of benefits including future savings and foregone costs arising from the programmes.

1.8. The impact of this work will be subject to a further MTFP report to Cabinet early in the new year and in advance of Council's budget setting meeting on 25th February 2027.

2. Recommendations

2.1 Cabinet is recommended to approve, support and note:

A. The continued uncertainty surrounding local government finance in spite of last year's medium term settlement and that the Council has been a net loser from the fair funding review with further risks of losses in funding through business rate retention and grants and unclear conditions relating to the rollout of an overnight levy.

B. That the quarter two monitoring report for 2026/27 is currently forecasting a balanced position for the year at outturn and is subject to a separate report on this Cabinet agenda.

C. That the current estimated EFS requirement for 2026/27 stands at around £87m subject to a balanced budget position at year end, significantly less than the £121m originally projected.

D. The updated budget assumptions for 2027/28 and 2028/29 as set out in Section 4 and the latest forecast position to 2030/31.

E. That a further update of the MTFP with final budget and council tax proposals for 2027/28 will be presented to Cabinet in February 2027.

F. Provisional growth and savings set out in Appendix B and C that will be subject to further due diligence before formal approval by Cabinet in February.

G. The current estimated budget shortfall for 2027/28 of £108.424m, which is subject to further economic assumptions and budget adjustments throughout November and December and the provisional funding settlement that will be announced in December.

H. That Cabinet will not be continuing with the previous policy of being a 'Commissioning Council' adopted in 2018 and due process will be followed in reaching decisions in the best interests of residents and whatever provides the best outcomes.

I. That officers be instructed to suspend the current Climate Strategy and present an updated Strategy to Cabinet approval as soon as possible, noting that this strategy must be affordable by the Council.

J. That the Chief Executive and S151 Officer will enter into provisional discussions with MHCLG regarding a further request for EFS for 2027/28 on the basis of current assumptions as set out in this report and work continuing through to February, and these discussions will include a request for the Council again to be allowed to raise Council Tax at a level above the current cap of 4.99%.

K. The impact of the ongoing pressures on Shropshire Council's financial position being created by both demand and price pressures, exacerbated by recent funding settlements that have fallen below the real terms increase being experienced.

3. Background

3.1. The Council approved the Budget for 2026/27, with a request to MHCLG for up to £121m of Exceptional Financial Support (EFS). This was in addition to £71m of EFS approved to support the 2025/26 financial year.

3.2. EFS was essential to restabilise the Council budget as a result of the need to:

- fill the structural deficits that had been created especially in adults and children's social care budgets;
- allow unachievable savings targets to be removed from the base budget;
- account for further anticipated growth in demand and costs increases;
- allow for capacity and capability to be rebuilt across the Council;
- Recognise the limited opportunity to generate savings (£5m were committed) in a year of stabilisation and the need to transform and change the way the Council operates.

3.3. Ultimately, without this EFS, the Council would have been unable to set a balanced budget for the year and it would have been necessary for the s151 Officer to issue a s114 notice.

3.4. An updated MTFP was presented to Cabinet in July 2026 which included revised budget assumptions for 2026/27 and beyond. At that time Cabinet also agreed a Financial Sustainability and Recovery Strategy that set out a series of financial objectives that will be required by the Council in order to reduce future dependence on EFS from government, conceding that this will take a number of years to remove entirely.

3.5. The s151 Officer is minded that this is likely to be at least five years given the scale of the task and savings that will need to be identified, the need to continue to deliver statutory services even at a minimum level, the prospect of continuing demand pressures in children's and adults social care, limitations over the certainty of government grant funding and the broader volatility of the economic climate.

3.6. The July Cabinet report also set out a new framework for budget setting that has been underway throughout the summer, officers working in each department to draw up proposals for budget savings and transformation projects and also to identify areas of growth within service areas. This work will continue through to February 2027 when a balanced budget will be presented to Council for approval.

3.7. Economic conditions have changed over the past six months, not least impacts from inflation, pay awards and fuel prices with pressures remaining on cost of living. This report therefore focuses on the revised assumptions and what they mean for the Council's likely requirement for Exceptional Financial Support (EFS) in 2027/28 and subsequent years.

3.8. The July MTFP set out a revised EFS requirement for 2026/27 of c£87m, approximately £34m less than the sum approved in principle in February of £121m. The latest budget monitoring position is reported to Cabinet alongside this report and forecasts the council is working within the approved budget for 2026/27.

3.9. For 2027/28, the MTFP identified a revised gap of c£99m, again some £24m less than identified in February 2026. For 2028/29, the estimated EFS requirement was reduced by c£26m to c£121m. The main reasons for these changes arise from:

- A revised strategy for the recovery of the Council's General Fund Balance to a targeted £35m over a longer period;
- A review of assumptions for inflation and pay;
- The inclusion of known new commitments not known at the time of preparing the previous MTFP;
- A review of estimates for future fees and charges;
- A revised assumption of the scale and timing of the use of capital receipts from the Council's asset disposals plan to help reduce the call on EFS.

3.10. This report updates the forecasted financial position for 2027/28 and 2028/29, reflecting a further detailed review of budget assumptions and current savings plans undertaken during the summer and autumn budget-setting process. The current forecast indicates a 2027/28 funding gap of between £95.6m and £143.2m, with the most likely outcome around £108.4m, the details of which are set out within this report.

3.11. For 2027/28, the range provided at this time reflects a prudent approach as the Council continues to develop its plans to reduce expenditure, deliver efficiencies and savings through transformation, improvement and change, and to provide statutory services to residents at no less than minimum required levels. This compares with the estimated requirement of £123m reported to Cabinet and Council in February 2026.

3.12. The principal reason for the movement in the 2027/28 projection since July has been unexpectedly high levels of additional service growth set out in Appendix B. Officers continue to work to reduce the extent of this growth and to identify further savings. In particular, these additional savings are expected to emerge from increased analysis of benefits to arise from the transformation programme that will be set out in full at Cabinet in February.

3.13. The council has a statutory duty to set a balanced budget each year. This requirement remains despite the impacts of reductions in funding in real terms from the Government over a number of years, Council Tax caps, increasing demand across a range of services and especially children's and adults social care, short- and longer-term economic pressures.

3.14. To meet its statutory duty to set a balanced budget, the Council will need to seek Government approval for a further year of EFS in 2027/28. The amount required will be determined later, allowing more time to develop plans for transformation, improvement and change and assess any further savings and reduced growth which could be delivered in 2027/28.

3.15. It is imperative the council reduces the need for EFS as this represents permission to borrow to fund ongoing revenue costs. Such borrowing incurs costs in order to repay principal on the loan over 20 years plus the payment of interest on the debt, all chargeable to the Council's general fund incurring the need for further budget savings and a weighting on Council Tax.

3.16. This means that at current costs of borrowing (c 5.6% interest rate through the Public Works Loans Board) plus MRP to £1m of borrowing represents additional annual costs of approximately £85,000. The council has been given approval in principle to borrow up to £219.3m of EFS over the period 2024/25 to 2026/27 which could cost up to £18.091m to fund if the maximum value was utilised. The proposals set out in the revised MTFP result in the need for £7.957m in 2027/28 of additional funding for debt charges based on the reduction in EFS required in 2026/27 financial year and the reprofiled capital programme for 2026/27.

3.17. This report also provides an update on the Financial Sustainability and Recovery Strategy stretching beyond 2026-27, budget planning arrangements for 2028/29 and the budget guiding principles currently being followed in setting the budget.

3.18. This report outlines the main funding sources for the council which are:

- Settlement Funding Assessment (SFA) and Revenue Support Grant (RSG)
- Core revenue grants
- Council Tax
- Sales, fees and charges

- Exceptional Financial Support (EFS)

3.19. All assumptions have been reviewed and revisions made to the key component parts for pay and inflation, demand growth and debt financing. Grant funding was set as part of the final three-year local government settlement in January, so no changes have been made with the exception of increasing the level by inflation under a best-case model.

3.20. At this stage there are a great many assumptions and uncertainties, and the financial and economic conditions are continually changing. The Council will continue to face demands and pressures on our services, from the cost-of-living crisis and additional support for the most vulnerable, social care and homelessness.

3.21 Despite these challenges the Council remains committed to delivering services for our residents and ensuring it supports the most vulnerable in line with the Shropshire Plan. The latest budget assumptions are based on best estimates at the time of this report and will change prior to the final budget report being presented to Cabinet in February 2027. The Budget Forum will continue to receive updates from officers between now and then.

4. Main Budget Proposals

4.1. The budget assumptions set out within this report are the most likely budget gap as set out within table 1 below.

Autumn Budget

4.2. The Autumn Budget, announced on 28 October 2026, offered little support for Shropshire Council's 2027/28 budget setting despite a poor fair funding settlement which has significantly contributed to the Councils budget gap.

4.3. The Government acknowledged rising inflation and its impact on borrowing and energy costs however there was no reference to providing financial support to Councils suffering financial hardship. The Council is experiencing these cost increases alongside growing demand for services reflected in the budget assumptions which further widen the budget gap.

4.4. There is still no clarity over a number of specific grants, not least the Improved Better Care Fund which is subject to review and potential repurposing. There have been no indications of understanding of the impacts of the loss of Rural Services Delivery Grant and changes in Fair Funding which has limited recognition of rurality and sparsity.

4.5. Neither is there any indication of details for the Council to assess the impact of 100% retention of business rates, not least in the context of the Council's relatively low levels of business rates (another rurality factor) and what any redistribution may mean.

4.6. The ability to charge overnight levies is interesting in that it may generate resources to reinvest across the Council. However, the proposition at this time

seems over dependent on the regional mayoral status of Councils. This remains a matter of uncertainty.

Funding Assumptions

4.7. The Summary MTFP position as set out in Table 1 and Appendix F is forecasting a £108.4 budget gap for 2027/28 and £133.1m for 2028/29. The 2027/28 most likely position includes all the assumptions set out in this report.

Table 1 – Summary MTFP Position

	2027/28 Likely - Current MTFP £	2028/29 £	2029/30 £	2030/31 £
Settlement Funding Assessment	137,310,186	131,246,161	133,352,095	135,521,206
Government Grants	254,967,454	253,368,794	249,635,311	249,592,297
Other Income	162,667,299	163,882,704	165,158,880	166,438,094
Council Tax & Business Rate Growth	252,030,932	269,098,495	286,109,692	303,300,690
Total Resources	**806,975,872**	**817,596,154**	**834,255,977**	**854,852,287**
Prior Year Budget	**889,412,753**	**915,399,882**	**950,716,436**	**989,455,953**
Inflation and Pay	21,088,029	22,000,000	25,400,000	26,700,000
Commitments and Growth	26,935,995	25,816,554	25,839,517	30,450,986
Reserves	-4,250,000	0	0	0
Budget Before Savings & Efficiencies	**933,186,777**	**963,216,436**	**1,001,955,953**	**1,046,606,939**
Savings	-17,786,895	-12,500,000	-12,500,000	-12,500,000
Total Budget	**915,399,882**	**950,716,436**	**989,455,953**	**1,034,106,939**
Funding Gap to be supported by EFS	**108,424,010**	**133,120,282**	**155,199,976**	**179,254,652**

4.8. The Council's Band D Council Tax for the 2026/27 financial year is £1,969.09. The Council has the opportunity to make an application to MHCLG to increase the rate of Council Tax over and above the 4.99% cap for 2027/28 financial year.

4.9. The best-case model includes an increase of 8.99% which would bring the Band D Council Tax to £2,146.11 and an additional £9.741m to the Council income for 2027/28 reducing the budget gap and requirement for EFS to £97.375m. It should be noted that a 1% increase in the council tax rate generates an additional £2.4m in revenue. Any rise above the cap requires explicit agreement from MHCLG.

4.10. In the current financial emergency, the s151 Officer will be making the recommendation to Council that, in the event of MHCLG giving dispensation, the Council should raise Council Tax to the maxim possible level.

4.11. The Table below illustrates where Shropshire would rank with a 4.99% increase in council tax against statistical neighbours assuming all increase their Council Tax by 4.99%.

Table 2 – Council Tax

Statistical Nearest Neighbours	Increase 2026/27 %	Council Tax 2026/27 £	Potential Increase 2027/28 4.99%	Estimate 2027/28 £
Northumberland	4.99	2,382.00	4.99%	2,500.86
Stockport	4.99	2,179.65	4.99%	2,288.41
Sefton	4.99	2,164.58	4.99%	2,272.59
Isle of Wight	4.99	2,103.77	4.99%	2,208.75
Cornwall	4.99	2,086.36	4.99%	2,190.47
Wirral	4.99	2,081.37	4.99%	2,185.23
Cheshire West and Chester	4.99	2,076.79	4.99%	2,180.42
Herefordshire	4.99	2,067.63	4.99%	2,170.80
Wiltshire	4.99	1,981.15	4.99%	2,080.01
BCP	6.74	1,980.46	4.99%	2,079.28
Cheshire East	4.99	1,975.95	4.99%	2,074.55
Shropshire	8.99	1,969.09	4.99%	2,067.35
East Riding of Yorkshire	4.99	1,964.47	4.99%	2,062.50
North Somerset	6.99	1,954.57	4.99%	2,052.10
Bath and North East Somerset	4.99	1,914.03	4.99%	2,009.54
Average		**2,058.79**		**2,166.78**

4.12. The Local Government Finance settlement is the annual determination of funding to local government and was announced earlier this year. The announcement covered the period 2026-27 to 2028-29. It is expected that the provisional settlement for 2027-28 will be announced during December and in line with what has already been announced.

4.13. A detailed review of fees and charges is being undertaken and the outcome will be presented to Cabinet in December. If the recommendations on uplifts are approved, the financial impact will be included in full within the final budget report to Cabinet in February. The fees and charges increased as part of the updated MTFP includes assumed annual increase of 5% for 2027-28 and future years for all income not fixed by regulation or representing cost recovery services.

Grants (Appendix A)

4.14. As part of the final settlement the Government confirmed the level of some grants which are set out in Appendix A. Confirmation of grant allocations will be received as part of provisional and final settlement.

Expenditure Assumptions

4.15. The assumptions set out within this report are best estimates and there is a risk inflation and pay awards may be more than what our assumptions are reporting. The pressures the Council are experiencing due to the economy as set out in the

Governments Autumn Budget Statement are significant and within the following areas:

- Cost of fuel
- Cost of Energy
- Increased borrowing costs
- Higher inflation
- Pay awards

4.16. The expenditure assumptions have been reviewed and based on the best estimates however there is the risk they could be more. The best estimates are:

4.17. **Pay award:** The 2027/28 budget forecast assumes a pay award of 3.5%, which is consistent with the assumption made in the approved February budget. This reflects the latest CPI rate of 3.5% in September 2026 and the 2026/27 pay award of 3.3%.

4.18. **Pension contributions:** The pension contribution rate was reviewed in 2025/26 and the resulting three-year contribution rate has been reflected in the MTFP.

4.19. **Contract inflation:** Contract inflation has been increased in accordance with the relevant contractual terms, using CPI, RPI or another specified measure. The inflation is based on the contract terms giving an average of 3.57%.

4.20. **Demographic Growth:** The budget includes demographic growth of £15.095m, as detailed in Appendix B. The growth has been set using current trends and expected demographic pressures due to changes in population and other known economic factors as at September 2026.

4.21. In addition to demographic growth required there is other growth identified, as part of the second round of budget challenge sessions, alternative plans will be explored to manage them.

4.22. The growth built into the MTFP presented to Cabinet in July 2026 was £12.86m, hence the need to challenge and minimise growth requirements to be brought in line with this original assumption. If growth requirements cannot be reduced, it will be necessary to identify additional savings to reduce the pressure on the Council's financial position.

Savings Proposals

4.23. The MTFP presented to Cabinet in February and July 2026 included a £10m savings target which has now been identified as detailed in Appendix D. These proposals have undergone an assurance review, and further assurance reviews will take place over the coming months with final savings proposals to be presented to Cabinet in January 2027. The savings have been reviewed against the transformation plan themes and within Income and commercial and organisational Improvement and efficiency.

4.24. In addition to the savings proposals identified work is underway to develop the recovery strategy to ensure the council is financially sustainable over the medium

term the details are set out in section 5 of this report. The MTFP will be updated when plans have been assured and sufficiently robust for inclusion in the MTFP.

Budget Setting Process and Timetable

4.25. As part of the MTFP presented to Cabinet in July 2026, a Financial Sustainability and Recovery Strategy was agreed, which underpins future budget setting for the council for the foreseeable future. The report also included details of a new framework for preparing council budgets which continues to be implemented. This process includes rounds of budget challenges for departments, for the Chief Executive and S151 Officer. These challenges enable assessment of budget challenges and opportunities facing service directors and have sought proposals for both savings and new commitments over the next three years.

4.26. Following two rounds of challenges a number of budget proposals have been presented, and a number are included within this MTFP. Round three challenges are now in progress with the specific objective of identifying further savings and reducing future commitments.

4.27. MTFP reported to Cabinet in January and February will reflect the outcome of this ongoing work and will be subject to approval by cabinet in advance of council tax setting at council on 25 February 2027.

4.28. The budget setting timeline is set out in Appendix E.

Debt Financing

4.29. The debt financing budget has been estimated based on the level of borrowing required to deliver the current capital programme and £26.820m of borrowing for EFS for 2024/25, £61.857m for 2025/26, £87.278m for 2026/27 and £108.186m for 2027/28 which is based on the proposed application to be made to MHCLG. The cost to borrow £1m is circa. £0.085m, however this is based on current PWLB rates of around 5.6%. Should interest rates increase higher than this level, there will be a need to identify further savings to offset interest costs or accelerate asset sales.

Reserves

4.30. The Council holds both earmarked reserves and a General Fund Balance. At the start of 2026/27, earmarked reserves totalled £29.814m, and the General Fund Balance was £5m. Earmarked reserves are held for specific purposes and generally cannot be used for other purposes without affecting the delivery of Council commitments. The General Fund Balance is unallocated to any specific activities or projects and is designed to act as a financial backstop in the event of any significant event.

4.31. Over the last three financial years, total reserves have reduced from £59.672m to £34.814m at the end of 2025/26 as a consequence of drawing on reserves to help manage the financial position over recent years. The low level of balances held has been highlighted by our external auditors in reference to the financial resilience of the Council.

4.32. The forecast level of general fund reserves at 31 March 2027 assumes the 2026/27 budget is delivered and there is no call upon reserves to balance the financial position. The July MTFP proposed to amend the contribution to the General Fund to £10m in 2026/27 budget. This proposal would replenish the reserve to £35m by 2028/29. It would also defer the occurrence of debt financing costs to pay for the accumulation of those balances.

4.33. Subject to the General Fund being required to manage the in-year budget position, this proposal would:

- lower the requirement for Exceptional Financial Support in-year; and
- reduce borrowing costs in 2026/27 and across the MTFP period.

4.34. The Dedicated School Grant deficit reserve was £45.655m at 1 April 2026. The council has received notification from DFE that £41m of this will be funded from the High Needs Stability Grant, following successful approval of the SEND Reform Plan, and the payment is expected during November 2026. The current year overspend is forecast to be a deficit of £40.112m which will increase the deficit by the end of this financial year to £45.668m. The government has an override in place allowing the council to hold this deficit reserve and this is expected to end 31 March 2028. External Auditors may consider the need to establish sufficient reserves to withstand the removal of the override but this is simply not affordable in the context of the financial emergency and other DSG priorities.

4.35. The Council's total reserves are projected to be £49.583m as at 31 March 2027, as set out in Appendix D.

5. Financial Sustainability and Recovery Strategy

5.1 The Council is committed to restoring financial stability and ending reliance on Exceptional Financial Support (EFS) from Government at the earliest opportunity. The Financial Sustainability and Recovery Strategy included in the Medium-Term Financial Plan report to Cabinet in July 2026 outlines the approach to this challenge.

5.2 The Strategy combines transformation programmes, asset rationalisation, income maximisation, and strengthened financial management. Key initiatives include service transformation (children's social care and adult services), advancing digital innovation, and implementing a programme to optimise or dispose of property assets. Additional measures focus on improving tax collection, reviewing council tax levels, enhancing efficiency, rebuilding reserves, and optimising debt and capital expenditure. Alongside these, the Council will continue advocating for fairer government funding and promoting economic growth. Together, these actions aim to deliver a resilient financial position, reduce costs and demand, and secure long-term sustainability for the organisation.

5.3 Central to this strategy is a balance between transformation, prudent financial management, and long-term investment choices, ensuring that the Council can deliver sustainable, high-quality services for residents while addressing current and future fiscal and demand pressures.

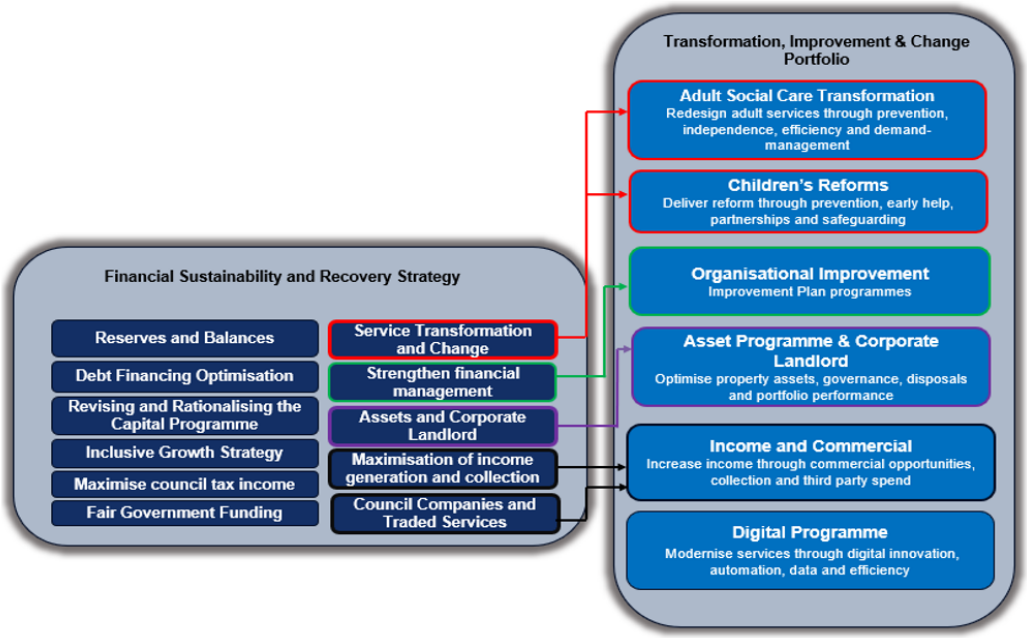
5.4 The Strategy will be subject to regular review in the context of existing and emerging Council priorities. At all times the key priority will be to enable the Council to set a legally balanced budget within the resources available while maintaining adequate levels of reserves and balances as determined by s151 Officer. It recognises the financial emergency facing the Council, and that these are exceptional times which will require the highest standards of governance associated with pace and innovation. It notes that there may be occasions or events where exceptional decisions may be required that would not be either necessary or preferred under normal conditions.

5.5 During the course of budget challenges throughout the summer, it has been clear that there are legacy policies that are no longer appropriate in this financial emergency and in a wider context. In particular, the 'Commissioning Council' may act to counteract the most appropriate outcome to decision taking and climate strategies are now outdated and not in line with policy nationally and in other local Councils across the country.

5.6 The Strategy sits alongside the Council's wider Improvement Plan which focuses on rebuilding and strengthening organisational capacity and capability. The Improvement Plan (incorporating the People Plan) sits as part of the Council's Transformation, Improvement and Change (TIC) Portfolio which brings together a coordinated set of actions and programmes to reduce costs, manage demand, and improve efficiency across services, while enhancing income and financial resilience.

Transformation, Improvement and Change (TIC) Portfolio

5.6 The Transformation, Improvement and Change (TIC) Portfolio provides a single framework and structure for our transformation, improvement and change activity over the medium term (next 3-4 years). It recognises that alongside financial recovery there is a need to pursue organisational improvement. The one will not be achievable without the other. The Portfolio comprises of six programmes focused on service transformation, assets disposal and management, organisational improvement, income generation, and enhancing the use of digital technology to improve and enable service delivery. Together they will help deliver key facets of the Financial Sustainability and Recovery Strategy:



5.7 The six programmes making up the Portfolio are:

1. **Adult Social Care Transformation Programme**: The programme responds to rising demand, increasing complexity of need, workforce pressures and affordability challenges and brings together key projects across four strategic themes: Access, Prevention and Community Support; Independence and Recovery; Complex Care and Accommodation; and Commissioning and Financial Sustainability. The programme will enable people to live independently with greater choice and control, shift support upstream through prevention and earlier intervention, reduce or delay reliance on formal care, and improve outcomes while strengthening financial sustainability and managing the market. An overview of the programme was reported to Cabinet on 14th October 2026: Adult Social Care Transformation Programme . Since that time detailed diagnostic work has been undertaken and will continue. In part this work will help to identify transformation priorities and a clearer indication of potential savings and their timing. Some indicative savings are already set out in Appendix C.

2. **Children's Transformation Programme:** the programme covers three key components. The first brings together the Council's response to major national reforms, including Families First Partnership, SEND reform, Best Start in Life and youth transformation, supporting the ambition for a child-friendly Shropshire. It will shift services towards earlier intervention and prevention, with more joined-up support across education, health, social care and community partners, including Family Hubs and locality-based multi-agency teams. By providing the right help earlier, the programme aims to improve outcomes for children and families, reduce escalation into statutory services and care, manage growing demand and support the longer-term financial sustainability of children's services (responding to CIPFA Recommendation 6). An overview of the programme was considered by Cabinet on 10th June 2026: Update on the Children's Services Reforms. Alongside this core component, two new key components are being developed by December 2026, the second focusses on immediate actions to reduce cost pressure and growth

requirements (responding to CIPFA Recommendation 16), the third component focusses on Education Transport Transformation (Responding to CIPFA Recommendation 16 and longer term Recommendation 6). More recently, the Budget Recovery Board has identified three key themes for savings and foregoing costs that will be critical in reducing 2026/27 projected adverse variations, principally through the management of demand. Further details will be provided in the Q3 monitor in January.

3. **Organisational Improvement and Efficiency:** An updated Improvement Plan People Plan provide the basis of this programme with a focus on becoming a well-run, efficient and high-performing organisation, with clear priorities, strong governance and accountability, effective leadership and an enabled and engaged workforce. The programme will drive continuous improvement, and greater productivity and efficiency through better processes, stronger corporate disciplines, service improvement activity, and more effective use of resources. The annual review and refresh of the Improvement Plan will be presented to Cabinet on 2nd December 2026.

4. **Assets Strategy and Corporate Landlord Review:** The programme will set how the Council uses, invests in and disposes of its land and buildings. A new Asset Strategy will be developed, for the next five years and will implement a Corporate Landlord model under which the estate is held and managed as a single corporate portfolio, aligned to the Council's corporate plan and operating model. It will optimise the estate by identifying opportunities to retain, reuse, co-locate, invest in or release assets, while accelerating appropriate disposals, reducing running costs and maximising income. Ultimately, it is anticipated to create a smaller, more efficient and sustainable estate, aligned to the Council's priorities and demonstrating best value. An overview of the programme is being reported to Cabinet on 18th November 2026 and benefits are continuing to be assessed for inclusion in the MTFP in February

5. **Digital Programme:** The programme will transform how the Council works through better use of digital, data, automation and technology. It will make services simpler and more connected for residents, improve access and enable earlier, more preventative support. For staff, it will reduce manual processes, improve access to information and release capacity to focus on higher-value activity. The programme will strengthen cyber resilience, modernise core systems and make better use of data and AI. Digital transformation will be a key enabler of wider service transformation - including children's services and adults social care - and improved organisational performance and efficiency. This is in line with the national direction and drive for more preventative, productive and joined-up public services. A Digital Roadmap consolidates digital transformation and service improvement activity and was presented to Cabinet on 5th August 2026: Digital Roadmap Report

6. **Income and Commercial:** The programme will strengthen the Council's financial sustainability by maximising income, improving collection and ensuring commercial activity delivers clear financial and strategic value. It will review traded services, council companies and other commercial activity to identify opportunities to grow income, improve performance or reconsider activity that is not delivering sufficient value. The programme will also strengthen debt recovery and income collection through investment in

Revenues and Benefits, alongside a systematic annual review of fees and charges and opportunities for new income. Together, this will create a more consistent, commercially focused approach that supports the Council's wider financial recovery. All commercial undertakings of the Council are currently being reviewed with special focus on their continued viability and affordability and the outcomes of theses reviews will be returned to Cabinet for decisions.

5.8 The challenge facing the Council is stark. Financial recovery and reducing reliance on EFS is the priority. But significant organisational improvement is required to deliver the Financial Sustainability and Recovery Strategy. The pace and scale of our transformation, improvement and change must be aligned with the organisational capacity and capability, and our ability to manage additional capacity and external support that is commissioned to help us deliver it.

5.9 The current base budget includes £10m of funding provision to invest in services to transform, improve and change to deliver corporate priorities and achieve a balanced budget over the medium term. Effectively, this is a revenue resource made possible through EFS. There have been a number of proposals put forward and approved through the Budget, Transformation and Change Panel (BTCP) and the initial estimated investment from transformation funding is set out in Table 3 below.

5.10 The proposals for funding in 2026/27 is currently standing at approximately £3.532m and at over £11m for 2027/28. These are for a wide variety of activities that will need detailed planning, development and implementation. They range from relatively small projects to much larger projects such as transformation programmes for adults and children's services that have recently been reported to Cabinet and the Digital programme that is under development. Significant investment will also be required in respect of assets and the property estate. The asset issues are subject to a separate report on this Cabinet Agenda.

5.11 The savings proposals resulting from this investment are currently being reviewed in detail and clear plans being developed which will form part of the MTFP savings once assurance on delivery has been achieved and the timing of the savings is clear. This is to avoid previous difficulties where savings have been identified within budgets without sufficient confidence in their delivery. It should be recognised that not all projects will save money as they represent the further rebuilding of the Council capacity to deliver services. The BTCP considers proposals for transformation, improvement and change to ensure they are strategically aligned to council priorities. It challenges and assesses investment requirements, return on investment, and risks. Supported proposals require benefits realisation monitoring including the delivery of savings as appropriate. This approach supports informed decision making, maximises impact from limited resources, and strengthens overall financial sustainability.

Other budget savings and income opportunities

5.12 In addition to the TIC Portfolio, a number of 'business-as-usual' activities will identify an ongoing pipeline of savings and income opportunities – such as business planning and budget challenge sessions, annual reviews of fees and charges, and service and spend reviews. Delivering efficiency, increased

productivity and value for money needs to be embedded in how we plan and deliver services. It needs to be part of an embedded continuous improvement culture across the Council, and an element of how we achieve financial stability and sustainability.

5.13 The Council will continue to proactively seek internal and external challenge, and sector-led support to strengthen its proposals and plans required to deliver the portfolio's programmes – including internal audit, Improvement Board, peer review and specialist support. The Improvement Board will also play a role to check, challenge and validate delivery of the TIC portfolio – considering monthly reports in TIC delivery and financial position.

6. Budget Consultation

6.1. The budget consultation process is currently in preparation and will commence on 2 December 2026 and will run to a date close to the end of January 2027. This work will be subject to the agreement of the Cabinet Member for Finance and Budget Forum will be advised accordingly.

7. Key risks and Opportunities

7.1. A number of strategic risks to the council are relevant to the MTFP 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...

7.2. The 2025/26 Annual Governance Statement set out 12 key strategic risks many of which refer to the financial challenges of the Council. These are set out below together with high level mitigations. Over and above strategic risks sit departmental risk register that will contain specific service pressure 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 regular 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

2024/25 which cast doubt on the integrity of the Council's value for money arrangements.	recommendations (which included 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 (due for Cabinet consideration in July 2026) 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 and continues to present significant financial risks to the Council.	Persistent inflationary pressures, rising energy and fuel costs, interest rate 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.

7.3. 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.

8. Council Priorities

8.1. 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. The Medium-Term Financial Plan and Financial Sustainability and Recovery Strategy are key enablers of achieving that ambition.

9. Financial Implications

9.1. There are no financial implications arising directly from this report although it importantly sets out the current estimated gap between resources required to balance the Council's budget for 2027-28 and beyond on the basis of current assumptions.

9.2. The MTFP report considers the Financial Sustainability and Recovery Strategy that was presented to Cabinet in July and demonstrates the requirements for the Council to move to a point where EFS will no longer be required. It is noted that this will take a number of years given the scale of the budget shortfall.

9.3. A further update of the MTFP will be reported to Cabinet in January 2027 however this report will form the basis of submitting a request for EFS from Government. It is expected that this report will include an update on the progress being made in delivering council services in 2026/27 within budget, final proposals for budget savings in 2027/28 and the impact of transformation programmes in 2027/28 and beyond. The report will review again the current assumptions for pay, inflation due to the current economic climate and growth and any potential variations to the multi-year local government funding settlement set earlier this year.

9.4. The report has fully reviewed the original MTFP assumptions included as part of the February budget report. As a consequence, and subject to delivering the realigned 2026/27 budget on target and to working in line with the standards set out in the Financial Sustainability and Recovery Strategy, the call on EFS is estimated to reduce from £121m to approximately £87.0m in 2026/27.

10. Legal and HR implications

10.1. The Council is required to set a balanced budget and council tax for 2027/28 before 11 March 2027. In doing so, it must have regard to the statutory advice of the Section 151 Officer on the robustness of the estimates and the adequacy of reserves.

10.2. The Council's budget proposals will be developed and consulted upon in accordance with the Budget and Policy Framework Procedure Rules before the final budget is considered by Full Council.

10.3. EFS is subject to Government approval and any conditions attached to that approval. EFS does not remove the Council's obligation to set a lawful and balanced budget and, where provided through a capitalisation direction, represents permission to fund specified revenue expenditure through capital resources, including borrowing. The Council must therefore continue to demonstrate a credible and sustainable plan to reduce its reliance on EFS and return to financial sustainability.

10.4. Individual savings, transformation proposals and service changes arising from the MTFP will remain subject to any specific legal, consultation, equality, procurement and employment requirements before implementation.

11. Electoral Division Implications

11.1. None

12. Health, Social (including "Child Friendly Shropshire") and Economic Implication

12.1. None

13. Equality and Diversity Implications

13.1. There are no equality and diversity implications arising directly from this report although subsequent budget decisions will require impact assessments when these are considered at Council in February 2027.

14. Climate Change, Biodiversity and Environmental Implications

14.1. None

15. Background Papers

1. MTFP July Cabinet

16. Appendices

Appendix A – Government Grants
Appendix B – Demography Growth
Appendix C – Savings
Appendix D – Reserves
Appendix E – Budget Timetable
Appendix F – MTFP

Appendix A

Government Grants

	2027/28 £
Improved Better Care Fund (IBCF)	14,635,454
DHSC - Individual Placement Support Grant	274,640
DHSC - The Accelerating Reform Fund (ARF)	2,470
Assessed & Supported Year in Employment (ASYE)	28,000
Local Reform & Community Voices Grant	199,730
Dedicated Schools Grant	145,737,300
Pupil Premium Grant	4,159,690
Pupil Premium Grant Post 16	75,830
KS2 Modernisation	13,640
Families First Partnership	2,872,140
Unaccompanied Asylum Seeking Children (UASC)	3,969,900
Public Health Grant	17,429,988
Mandatory Rent Allowances: Subsidy	38,000,000
Rent Rebates: Subsidy	8,100,000
Housing Benefit Administration Subsidy	531,006
Single Fraud Investigation Service	2,200
Welfare Reform New Burdens	66,090
Universal Credit	13,856
HB Accuracy Initiative	26,600
Bikeability	160,000
RPA Higher Level Stewardship (Parks & Sites)	30,000
AONB Core Grant	228,110
DEFRA - Farming in Protected Landscapes	700,000
Homelessness, Rough Sleeping and Domestic Abuse Grant	2,671,003
Homelessness Reduction Act	88,040
DfE - Holiday Activities and Food Programme	753,030
Arts Council - National Portfolio Organisations	188,999
Crisis Resilience Fund	3,671,847
Historic England - Offa's Dyke Project	51,630
Waste - Private Finance Initiative	3,185,610
Extended Producer Responsibility Grant	5,578,000
Quality in Community Services - Private Finance Initiative	1,522,650
Total Specific Grants	**254,967,454**
Grants included in Core Funding:	
Improved Better Care Fund (IBCF)	-14,635,454
Families First Partnership	-2,872,140
Homelessness, Rough Sleeping and Domestic Abuse Grant	-2,671,003
Specific Grants (Excluding Core Grants)	**234,788,856**

Appendix B

Demography Growth and Contract Price Inflation

	Baseline Built into MTFP £	Additional Growth to be considered* £	Total £
Demographic Growth			
Adults	6,116,662		6,116,662
Children's	7,000,000	10,950,673	17,950,673
Home to School Transport	1,978,000	2,000,000	3,978,000
Total Demographic Growth	**15,094,662**	**12,950,673**	**28,045,335**
Service Growth:			
Commissioning - Business Support	249,060		249,060
Care & Wellbeing	340,220		340,220
Children's - EHCPs, Education Psychology	1,584,520		1,584,520
Children's SC - Placements - Shortfall in Income contributions	747,612		747,612
Children's SC - Agency	462,014		462,014
Children's SC - UASC	880,610		880,610
Place Shaping	250,000		250,000
Infrastructure - Highways contracts transition	950,000		950,000
Infrastructure - Support for DFT Highways Grant Programme	500,000		500,000
Infrastructure - Adoption of new Estates requiring Street Scene services	614,935		614,935
Infrastructure - Litter Picking of High Speed Trunk Roads	300,000		300,000
Infrastructure - Play area Inspections and Maintenance	50,000		50,000
Infrastructure - Management Resources for Parking	100,000		100,000
Infrastructure - Park & Ride Services	353,000		353,000
Infrastructure - Sunday Park & Ride	114,000		114,000
Infrastructure - Contribution to Severe Weather	100,000		100,000
Enabling - ERP contract renewal	368,357		368,357
Enabling - HR income	89,040		89,040
Enabling - Training	500,000		500,000
Legal & Governance - Coroner	115,000		115,000
Legal & Governance - Procurement Staffing	250,420		250,420
Legal & Governance - Removal of Purchasing Rebates Income	300,000		300,000
Public Health NR - Emergency Planning	15,000		15,000
Communities & Customer - Statutory Archives	184,407		184,407
Strategy - Removal of histoircal unachievable saving	106,380		106,380
Strategy - Local and Strategic Partnership Team	500,000		500,000
Total Service Growth	**10,024,575**	**0**	**10,024,575**

*Additional Growth to be considered has not been built into the MTFP yet, as further work and decisions are to be made around whether additional growth can be accommodated within the MTFP or relevant mitigations can be identified to reduce this pressure.

Service Area	Contract Price Inflation £	2027/28 Corporate Landlord Price Inflation £	Total £
Care & Wellbeing	7,004,446	0	7,004,446
Children & Young People	1,194,560	0	1,194,560
Children & Young People - CSC	3,004,797	0	3,004,797
Commissioning	53,235	0	53,235
Communities & Customer	31,519	0	31,519
Enabling	351,724	0	351,724
Executive Management Team	0	0	0
Infrastructure	1,729,260	0	1,729,260
Legal & Governance	37,287	0	37,287
Pensions	0	0	0
Place Shaping	251,419	562,682	814,101
Public Health Non-Ringfenced	0	0	0
Public Health - Ringfenced	0	0	0
Section 151 - Finance	13,666	0	13,666
Strategy	3,162	0	3,162
Corporate	153,361	0	153,361
Total	**13,828,437**	**562,682**	**14,391,119**

Appendix C

Savings Proposals

Service Area	Saving Proposal	2027/28 £	2028/29 £	2029/30 £
Adult Social Care	Transformation Projects	-3,000,000		
Commissioning	Reduction in Leisure budgets dependant on Contract retender from 1/8/27		-700,000	
Communities and Customer	Housing - Termination of contracts	-160,000		
Communities and Customer	Libraries – Service Changes	-75,000	-75,000	
Communities and Customer	Theatre Severn increase in income	-50,000	-300,000	-50,000
Communities and Customer	Customer Services - Transfer of Shrewsbury CCTV service to Shrewsbury Town Council		-100,000	
Communities and Customer	Customer Services - Reduction in customer services non-pay expenditure		-100,000	
Enabling	ICT - Warwickshire County Council rental charges	-81,000		
Enabling	Health & Safety - Staffing restructure	-64,000		
Enabling	Payroll – Efficiencies resulting from implementation of new recruitment system	-30,000		
Infrastructure	Additional Street works Income based on Business Case (Team Restructure)	-750,000		
Infrastructure	Car Parking Tariffs	-2,750,000		
Infrastructure	Highways Grant Programme Capitalisation	-300,000		
Legal & Governance	Savings resulting from Procurement of a Managed Service for low value Procurement Contracts (below £30k). Total value of contracts across council £76m		-250,000	-250,000
Place Shaping	Increased Grant Income within Waste	-1,125,000		
Place Shaping	Office moves budget	-600,000		
Place Shaping	Shirehall costs saving (inc. NNDR)	-364,000		
Place Shaping / Corporate	Recovery of CIL Administration costs	-300,000		
Corporate	Review of Corporate Finance accounting arrangements	-2,727,680		
	Savings Identified to date	**-12,376,680**	**-1,525,000**	**-300,000**

Service Area	Saving Proposal	2027/28 £	2028/29 £	2029/30 £
TBC	Additional Savings to offset emerging Growth (to be identified)	-5,286,895		
TBC	Transformation Savings to be identified and confirmed	-123,320	-10,975,000	-12,200,000
	Total Revised Savings Target	**-17,786,895**	**-12,500,000**	**-12,500,000**

Appendix D

Reserves

General Fund

The General Fund Balance as at 31st March 2026 stood at £5.000m, significantly below its optimum desired balance.

The 2026/27 budget strategy included a contribution of £42.675m to the General Fund balance which would then reach £47.675m. This would represent an appropriate level for the general fund reserve given the scale of Shropshire Council operations and the risks that underly the business of all Councils.

In the context of the financial emergency and in line with the Financial Sustainability and Recovery Strategy, it is important that the Council attempts to recover the General Fund Balance to this level over time. MTFP. The General Fund Balance provides Councils with the flexibility to help mitigate any unforeseen financial shocks (such as ongoing local or national inflationary increases, new burdens, rapid reductions in available resources due to changed national policy, etc.) while permanent mitigations are put in place.

Independent advice is that general fund un-earmarked reserves should equate to 5%-10% of net spending, subject to the risk profile of the Council. The current financial position faced by the Council is, in itself, an indication of the extent of that risk.

In the Adequacy of Reserves assessment within the Financial Strategy approved by Council in February 2026, confirmed the need to hold a risk assessed level of £45.815m within the General Fund Balance.

The speed of recovery in the General Fund Balance will be dependent in the short to medium term on EFS. In other words the Council will incur debt in order to restore the Balance to reasonable levels. For this reason, the Council will need to be measured in assessing the appropriate pace required for the recovery.

The updated MTFP presented to Cabinet in July considered the potential for reducing the contribution to the General Fund Balance which would substantially reduce the amount of EFS required by the Council in 2026/27 thereby reduce the debt burden. This will be considered further over the winter period and in advance of Cabinet meetings in January and February 2027. Final decisions will be highly influenced by the ability of the Council to manage within budget in 2026/27 and other current and emerging financial risks, not least demand pressures across social care.

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General Fund	**£'000**
Balance as at 1st April 2026	5,000
Budgeted Contribution as agreed in revised MTFP presented to Cabinet in July 2026	10,000
Budgeted General Fund Balance as at 31st March 2027	**15,000**
2026/27 projected outturn position (Q2)	51
Balance as at 31 March 2027	**15,051**

The update MTFP in July assumed a base budget contribution of £10m to the General Fund in 2027/28 and future years. This is reflected in the further updated but will be subject to further review in advance of January and February Cabinet meetings. In particular, progress in containing financial pressures on social care budgets and the costs of borrowing will be key considerations in determining whether the pace of recovery of balances can be slowed.

Earmarked Reserves

The council held earmarked reserves of £25.113m (excluding school balances) as at 1st April 2026. There are a number of transactions planned from earmarked reserves during the course of this financial year. Earmarked reserves are held in respect of unspent ring fenced grants (e.g. public health), projects in progress, technical accounting, capital and specific financial risks

The current projections for the year-end balance in earmarked reserves is £34.532m (£29.831m excluding school balances) as set out in the table below.

These reserves will be reviewed through accounts closing processes at the end of the financial year and updated accordingly.

Reserves	Purpose of Balance	Balance Brought Forward	Movement Out 2025/26	Movement In 2025/26	Balance Carried Forward
		(£'000)	(£'000)	(£'000)	(£'000)
Corporate Reserves					
Redundancy	Required to meet one-off costs arising from approved staffing reductions, allowing the full approved savings in salaries or wages to reach the revenue account.	0	0	0	0
Development Reserve	Required to fund development projects or training that will deliver efficiency savings.	4,919	-5	0	4,914
Invest to save Reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	567	0	164	731
External Fund Reserve	Reserves held where the Council is the administering body for trust funds or partnership working.	2,455	-256	130	2,329
		7,941	**-261**	**294**	**7,973**
Reserves retained for service departmental use					
Building Control	Required to manage the position regarding building control charges.	272	0	0	272
Care Act & IBCF Reserve	Required to fund the costs of implementing the Care Act requirements within the Council. This will be committed to the costs of one off posts required to implement the changes and training costs for staff within Adult Services. Plus unspent IBCF monies required to fund the IBCF programme in future years.	271	-147	7	130
Debt Recovery Reserve	Established to provide resources for improving the recovery of debts across the Council and Collection Fund.	253	0	0	253
Economic Development	Established to meet the costs of major maintenance of Economic Development Workshops.	163	0	0	163
Education Welfare Reserve	Eastblished from the traded Education Welfare Service for reivestment in the service.	110	0	0	110
Highways Development & Innovation Fund	Set aside funds for pump priming the Development and Innovation programme.	100	0	0	100
Housing Reserve	To fund known housing developments that will suppot the General Fund.	99	0	0	99
Improvement Plan Reserve	Established from external funds received towards the Improvement Plan	115	0	0	115
Planning Reserve	Set aside to fund developments within the Local Plan and any planning inquiry costs.	79	0	0	79
Public Health Reserve	This reserve includes balances committed to specific public health projects.	3,389	-14,111	13,475	2,753
Repairs & Maintenance Reserve	Set aside for known repairs and maintenance required to Council owned properties.	214	0	0	214
Revenue Commitments from Unringfenced Revenue Grants	Established from unapplied unringfenced Grant balances. Commitments have been made against these balances in 2024/25	4,620	-371	2	4,252
Schools Building Maintenance Insurance	The schools building maintenance insurance scheme is a service provided by Property Services for schools. In return for an annual sum all structural repairs and maintenance responsibilities previously identified as the "authority's responsibility" are carried out at no additional charge to the school.	1,527	0	0	1,527
Severe Weather	Required to meet unbudgeted costs arising from the damage caused by severe weather. The policy of the Council is to budget for an average year's expenditure in the revenue accounts and transfer any underspend to the reserve or fund any overspend from the reserve.	0	0	0	0
Shire Catering and Cleaning Efficiency	Built up from trading surpluses to invest in new initiatives, to meet exceptional unbudgeted costs or cover any trading deficits.	0	0	0	0
Streetworks Reserve	Established from additional income generated within the service to be reinvested in the service	439	-211	0	228
TMO Vehicle Replacement	Set up to meet the costs of replacement vehicles by the Integrated Transport Unit.	37	0	0	37
		11,688	**-14,840**	**13,483**	**10,331**

Reserves	Purpose of Balance	Balance Brought Forward	Movement Out 2025/26	Movement In 2025/26	Balance Carried Forward
		(£'000)	(£'000)	(£'000)	(£'000)
Capital Investment Reserves					
Revenue Commitments for Future Capital Expenditure	Comprises of underspends against budgeted revenue contributions available for capital schemes. The underspends have arisen due to slippage in capital schemes or because other funding streams were utilised during the year so as to maximise time limited grants.	1,740	0	0	1,740
		1,740	**0**	**0**	**1,740**
Insurance Reserves					
Fire Liability	Required to meet the cost of excesses on all council properties.	526	-431	464	558
Motor Insurance	An internally operated self-insurance reserve to meet costs not covered by the Council's Motor Insurance Policy.	570	0	80	650
		1,096	**-431**	**544**	**1,208**
Financial Risks					
Financial Strategy Reserve	Established specifically to provide one off funding for savings proposals in the Financial Strategy	1,049	0	5,930	6,979
Financial Risk - Adult Social Care	Established to address the financial risk of additional unforeseen Adult Social Care Demand	700	0	0	700
Financial Risk - Children's Social Care	Established to address the financial risk of additional unforeseen Children's Social Care Demand	400	0	0	400
Financial Risk - Economic Risk	Established to address the financial risk arising from changing economic conditions that may impact on the Council	500	0	0	500
		2,649	**0**	**5,930**	**8,579**
School Balances					
Balances held by schools under a scheme of delegation	Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion.	4,701	0	0	4,701
		4,701	**0**	**0**	**4,701**
Total Reserves		**29,814**	**-15,533**	**20,251**	**34,532**

Appendix E – Budget Timetable

Date	Meeting / Eventa	Main Purpose
2/ 16 November 2026	One Shropshire Board	Finance Update
3 November 2026	Contact MHCLG	EFS Application & Council Tax Flexibility
9 November 2026	Improvement Board	Finance Update
16 November 2026	Budget Forum	Finance Update
18 November 2026	Cabinet	MTFP Capital Strategy Q2 Monitoring
30 November 2026	Finance Scrutiny Committee	MTFP Q2 Monitoring Capital Strategy
2 December 2026	Budget Consultation begins	Budget and EFS Application
December 2026	Provisional Settlement Announced	Budget Updated
2 December 2026	Cabinet	Proposed Fees & Charges uplifts Report to Cabinet Setting the Council Taxbase
4/18/24 January 2027	One Shropshire Board	Finance Update
11 January 2027	Budget Forum	Budget Update
20 January 2027	Cabinet	MTFP - Final Budget Capital Strategy Fees & Charges
10 February 2027	Cabinet	Final Budget and MTFP
15 February 2027	Budget Forum	Final Budget
25 February 2027	Full Council	2027/28 Budget and Council Tax setting Capital Strategy

Appendix F

Medium Term Financial Plan 2028/28 – 2030/31

	2027/28			2028/29	2029/30	2030/31
	Worst £	Likely - Current MTFP £	Best £	£	£	£
Revenue Support Grant	77,469,007	77,469,007	77,469,007	70,197,777	72,303,711	74,472,822
Business Rate Baseline	59,841,179	59,841,179	59,841,179	61,048,384	61,048,384	61,048,384
Settlement Funding Assessment	**137,310,186**	**137,310,186**	**137,310,186**	**131,246,161**	**133,352,095**	**135,521,206**
Improved Better Care Fund	0	14,635,454	14,635,454	14,635,454	14,635,454	14,635,454
Families First Partnership	2,872,140	2,872,140	2,872,140	2,453,091	2,453,091	2,453,091
Homelessness Grant	2,671,003	2,671,003	2,631,012	2,701,694	2,701,694	2,701,694
Specific Grants (excluding Core Funding Grants above)	234,788,856	234,788,856	234,788,856	233,578,554	229,845,071	229,802,057
Government Grants	**240,331,999**	**254,967,454**	**254,927,462**	**253,368,794**	**249,635,311**	**249,592,297**
Total Government Funding	**377,642,186**	**392,277,640**	**392,237,649**	**384,614,955**	**382,987,405**	**385,113,503**
Other Grants and Contributions	45,161,860	45,161,860	45,161,860	45,161,860	45,161,860	45,161,860
Internal Recharges	11,367,110	11,367,110	11,367,110	11,367,110	11,367,110	11,367,110
Fees & Charges	104,980,800	106,138,329	106,138,329	107,353,734	108,629,910	109,909,124
Other Income	**161,509,770**	**162,667,299**	**162,667,299**	**163,882,704**	**165,158,880**	**166,438,094**
Council Tax (assumed 4.99% increase)	253,910,932	253,910,932	253,910,932	268,398,495	284,609,692	301,800,690
MHCLG permission for additional 4%	0	0	9,741,049	0	0	0
Council Tax Reduction Scheme	-800,000	-800,000	-800,000	-800,000	0	0
Council Tax collection fund surplus/(deficit)	-1,400,000	-900,000	-400,000	0	0	0
Business Rate - Energy Renewable Schemes	1,500,000	1,500,000	1,750,000	1,500,000	1,500,000	1,500,000
Business Rate Growth	0	0	0	0	0	0
Business Rate collection fund surplus/(deficit)	-1,680,000	-1,680,000	0	0	0	0
Council Tax & Business Rate Growth	**251,530,932**	**252,030,932**	**264,201,982**	**269,098,495**	**286,109,692**	**303,300,690**
Total Resources	**790,682,888**	**806,975,872**	**819,106,930**	**817,596,154**	**834,255,977**	**854,852,287**

	2027/28			2028/29	2029/30	2030/31
	Worst £	Likely - Current MTFP £	Best £	£	£	£
Prior Year Budget	**889,412,753**	**889,412,753**	**889,412,753**	**915,399,882**	**950,716,436**	**989,455,953**
Inflation and Pay						
Pay Awards	6,696,910	6,696,910	6,696,910	7,000,000	7,400,000	7,700,000
Pension	0	0	0	0	0	0
Contractual Inflation	14,391,119	14,391,119	14,391,119	15,000,000	18,000,000	19,000,000
Commitments and Growth						
Demographic Growth	28,045,335	15,094,662	15,094,662	17,000,000	17,000,000	17,000,000
Other Service Growth	10,024,575	10,024,575	10,024,575	-52,450	705,000	5,000
Debt Financing (incl. EFS)	7,305,676	7,305,676	7,305,676	10,467,664	11,868,000	13,489,000
Grant Changes	-4,488,918	-4,488,918	-4,488,918	-1,598,660	-3,733,483	-43,014
Invest to Save	0	0	0	0	0	0
Feasibility Study	-1,000,000	-1,000,000	-1,000,000	0	0	0
Technical Adjustments	0	0	0	0	0	0
Reserves						
General Fund Balance	0	0	0	0	0	0
Financial Risk Reserve	-4,250,000	-4,250,000	-4,250,000	0	0	0
Budget Before Savings & Efficiencies	**946,137,449**	**933,186,777**	**933,186,777**	**963,216,436**	**1,001,955,953**	**1,046,606,939**
Savings						
New Savings	-12,000,000	-17,786,895	-17,786,895	-12,500,000	-12,500,000	-12,500,000
Total Budget	**934,137,449**	**915,399,882**	**915,399,882**	**950,716,436**	**989,455,953**	**1,034,106,939**
Funding Gap to be supported by EFS	**143,454,561**	**108,424,010**	**96,292,952**	**133,120,282**	**155,199,976**	**179,254,652**