

Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
Shropshire SY2 6ND

Date: 9th March 2021

My Ref:

Your Ref

Dear Prime Minister

Shropshire Council welcomes the opportunity to bid for key projects through the Levelling Up Fund announced in last week's Budget as it could to begin to tackle the long-standing impact of underinvestment in social care and other services that only a fair funding deal for rural areas like Shropshire can start to address.

One of our key duties as a council is keeping our vulnerable adults and children safe, however we are now able to do so only by shifting funding away from things like highways and into social care, while being forced to make council taxpayers foot an ever increasing share of this bill.

As Leader of the Council, it is becoming ever harder for me to ask our residents to pay more in Council Tax as a result of government underfunding and to then use their money to fund essential social care services that most will probably never see.

We have just set a balanced budget by using one-off funds and reserves. However, an underlying funding gap of £40m (£61m less £21m Collection fund deficit funded from one-off grant) rising to £58m by 2025/26.

Shropshire Council has been hard hit by the extraordinary economic challenge from the COVID-19 pandemic, coupled with the year on year reduction in Government funding.

Since Shropshire Council became a Unitary Authority in 2009 it has set savings targets in excess of £246m with the dual aim of delivering a balanced budget, while diverting funds to critical services. In 2015/16 the Council set a net budget of £216m of which **55%** (£119m) was funded by local Council Tax. Between 2015/16 and 2020/21 the amount raised from Council tax rose £44m raising to £164m in 2020/21. The Council's net budget, however, has risen by only £10m over this time and stood at £226m in 2020/21. As a result, Council Tax rises have not increased the amount the Council can spend in real terms; instead a marginally increased net budget is now funded at almost **73%** by the local taxpayer.

Despite reduced Government funding, the cost of and complexity of delivering services increases each year; mainly as a result of more demand on services and changes in our demographic make-up.

Shropshire's Adult Social Care and Children's Social Care costs are growing at an unsustainable rate and we expect this to further worsen as our population grows older. With reduced Government funding, it means other services must be cut to fund this growth. The Coronavirus pandemic has also had a profound impact on Children's Safeguarding and associated costs have risen at a faster rate than ever seen before.

In 2020/21, **64%** of the Council's net budget is allocated to Adults and Children's Social Care. This compares to just **43%** in 2015/16. Despite the financial and welfare implications of social care across Shropshire, the number of people who benefit from these services remains below 10,000 – equivalent to 3% of our population. The remaining 97% of Shropshire's 320,000 population do not access social care services. They do, however, use many other Council services such as highways, transport, public protection, leisure, parks and open countryside. Some of these facilities have provided havens during the pandemic. Yet these are the very areas that see their funding under most pressure, with funding diverted to support social care. To almost **97% of local taxpayers** this creates a simple and unfortunate outcome: they pay more money in Council Tax, fees and charges yet receive reduced services because of the pressures on social care, particularly taking account of the higher costs of this in a rural county like Shropshire.

We believe that more funding, particularly for social care, is necessary on a national scale. Furthermore, we believe that a fairer distribution will enable funds to be targeted to the areas of greatest need and help level up areas such as Shropshire. The current funding formula disadvantages Shropshire due to our sparsity, our rurality, our demography and our ability to raise resources locally, from Council Tax and Business Rates. We stress the equal importance that should be placed upon relative resources and transitional arrangements.

Shropshire Council also has one of the largest road networks in England and the resources required to maintain its highways and footways have been substantially reduced to meet the unfunded cost pressures in social care. We strongly believe that as part of the review of fair funding this must address the historic underfunding of highways and footways to bring this vital infrastructure asset up to the standard our residents expect.

Prime Minister, our need is great, and we would like to invite you to Shropshire for an opportunity to show you around and discuss in greater detail the challenges we are facing.

Yours sincerely



Peter Nutting
Leader