



Committee and Date

Transformation and
Improvement Overview and
Scrutiny Committee

11 February 2024

TRANSFORMATION AND IMPROVEMENT OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the meeting held on 20 January 2025

In the Shrewsbury Room

2.00 - 3.38 pm

Responsible Officer: Amanda Holyoak

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Present

Councillor Claire Wild (Chair)

Councillors Joyce Barrow (Vice-Chair), Thomas Biggins, Rosemary Dartnall, Roger Evans, David Minnery, Peggy Mullock and Andrew Sherrington

Also In Attendance

Andy Begley – Chief Executive, Claire Braddock – Overview and Scrutiny Officer, Councillor Gwilym Butler – Portfolio Holder for Finance, Corporate Resources and Communities, Tom Dodds – Scrutiny Manager, Amanda Holyoak – Committee Officer, Ben Jay – Assistant Director Finance and Technology (Via MS Teams), Councillor Ian Nellins – Deputy Leader, Councillor Lezley Picton – Leader, James Walton – Executive Director of Resources, Billy Webster – Assistant Director of Transformation (via MS Teams)

All members of the Cabinet were also present in the meeting room or via Teams.

47 Apologies

Apologies were received from Councillors Dan Thomas and Robert Tindall. Councillor Rob Gittins substituted for Councillor Thomas.

48 Disclosable Interests

None were declared.

49 Minutes of Previous Meeting

Minutes of the meeting held on 2 December 2024 were confirmed as a correct record.

50 Public Question Time

There were no public questions

51 Member Question Time

There were no member questions.

52 Financial Monitoring Period 8

The Executive Director Resources introduced the Financial Monitoring Period 8 Report highlighting key issues.

The financial forecast for the Council at the end of November 2024 was a budget overrun of £37.311m by 31 March 2025, a deterioration from previous forecasts due to additional borrowing costs for the highways maintenance programme. A review of the corporate borrowing position of the capital programme would be conducted in Period 9 to identify compensatory savings. The financial position remained challenging, with various factors impacting the General Fund Balance and seven key financial factors identified, set out in the report, that could affect the Council's ability to manage expenditure within available resources.

The Portfolio Holder for Finance and Corporate Resources, the Leader, Deputy Leader and Assistant Director Finance and Technology, responded to questions raised by committee members relating to: the reasons for slippage in savings delivery; why additional borrowing costs had not already been built in; level of reserves; and specifically about the Waste PFI contract renegotiation, shortfall in predicted income from introduction of charging for green waste; progress in the pyrolysis plant project and generation of income; the status of income strip proposals intended to fund costs related to transformation and redundancy, and whether there was confidence in the capacity and technical capability to deliver the savings that would be more difficult to achieve.

The Portfolio Holder for Finance and Corporate Resources said that the Council was facing many challenges, including delivering £27m in staffing savings, with £18m still to come. PWC had helped to provide capacity, but timing issues and market environment complexities were causing some delays in achieving savings. It was an extremely complicated picture across the board and this was the biggest savings target ever set, on the back of that saved last year. Any organisation of the size and complexity of the council was likely to undergo slippage but the year would balance using reserves as on previous occasions. He reminded members of the situation this time last year when reserves were predicted to be about £2.3m until the final settlement.

The Assistant Director of Transformation and the Chief Executive referred to efforts focused on digitalization and prioritizing the resources of the Transformation Team around delivering savings. The council was working collectively to deliver plans and manage resources effectively, aiming to become right sized and sustainable without the constant need to make savings.

Responding to a member comment, the Leader reiterated that local government could never be as agile as commercial companies as structures and decision-making were completely different. She reminded members of the need to save at least £450m since 2012. Budgets were incredibly tight, and she referred to the now significant number of councils across the country who had asked for emergency funding.

The Chair proposed and it was seconded that the Committee note the report. It was also proposed and seconded this be amended to 'note the report with concern'. On putting the amendment to the vote it fell, and it was

RESOLVED to note the report.

53 Draft Financial Strategy 2025/26 - 2029/30

The Executive Director of Resources introduced the report emphasising that the Shropshire Plan aimed to align resources with the Council's Healthy Organisation priority.

The provisional Local Government Financial Settlement (LGFS) for 2025/26 had included several key changes and uncertainties, impacting Shropshire's budget planning. Changes in funding policies would leave the council significantly worse off than would otherwise be the case. There would be a need to find further savings of nearly £22.8m to balance the budget in 2025/26 due to a reduction in Core Spending Power resulting from these changes. This would be on top of the £37.7m in outstanding savings as at period 8. The Council would need to identify further savings to balance the budget while managing significant demand pressures in Social Care and service delivery over a large rural area.

The unexpected removal of the Rural Services Delivery Grant and other adjustments in funding policies disproportionately affected rural councils with low population density and dispersed small pockets of localised deprivation like Shropshire. The main measure for council finances, Core Spending Power (CSP), shows a 3.1% increase for Shropshire, this being below previous minimum increase growth floor of 4%. This was the third lowest increase in the country, with only Rutland and Herefordshire receiving less. This represented a reduction in actual government funding and the impact would be passed to local residents and council taxpayers.

The Assistant Director of Finance and Technology also drew attention to distinct stages in local government funding, the first being the provisional statement with the final settlement expected within the few weeks. It was possible for change to be made within this period, for example, reinstating the 4% minimum funding floor would be of low overall cost to the government. Lobbying was also underway around the Rural Services Delivery Grant which had appeared to have been withdrawn without the usual process of consultation or impact assessment. It was hoped that there might be some changes made prior to finalisation of the settlement,

The consultation around future funding of local government for 2026/27 and beyond, was expected to conclude around September time and further changes to the pattern of funding for all councils were expected. He cautioned that some of the elements that had been removed to the detriment of Shropshire and other rural councils might, if not addressed before then, become firmly established at that point. It was absolutely essential for the council, officers and councillors to convince the government of the differences in providing services over a large geographical area, by illustration Shropshire, covering 1200m², was twice the area of all 33 London Boroughs combined (600m²).

Members were encouraged to view the robust response the Council Rural Services Network had made to the government, expressing deep concern over the allocation of government funding which did not take into account the unique challenges faced by communities in rural areas.

Officers went on to respond to questions in relation to: information set out in the tables within the report; the public budget consultation; and planned demand management measures in social care. The Assistant Director of Finance and Technology explained

measures in place to help manage and mitigate demand and associated costs, particularly in areas like adult social care.

In relation to recommendation 3.2 of the report, a suggestion was made that a clear graphical explanation of the situation in terms of service delivery be added to represent the council's position. Members heard that the consultation response mechanism did not accept pictures or charts but a letter being put together on the Leader's behalf would include graphics prepared by colleagues to clearly illustrate the issues.

It was agreed to amend Recommendation 2 to make reference to the recommendation of the committee to include graphic representation of the situation.

The Committee agreed to:

- Note the revised estimates for 2025/26 expenditure and resources;
- Note the revised estimated resources for 2025/26 and the overall outcome for this Council;
- To consider opportunities to advocate for an improved position in the financial settlement, and include clear pictorial and graphic explanations when representing the position;
- To note the uncertainty affecting estimates for 2026/27 and the period 2026-2030.

54 **Work Programme**

The Scrutiny Manager confirmed that the Quarter 3 Performance and Finance reports would be presented to the next meeting on 11 February 2025.

55 **Date of Next Meeting**

Tuesday 11 February 2025 at 10.00 am

Signed (Chairman)

Date: