Shropshire Council
Legal and Democratic Services
Guildhall,
Frankwell Quay,
Shrewsbury
SY3 8HQ

Date: Tuesday, 8 July 2025

Committee:
Audit Committee

Date: **Wednesday, 16 July 2025**
Time: **10.00 am**
Venue: **Council Chamber, Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ**

You are requested to attend the above meeting. The Agenda is attached

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click here to view the livestream of the meeting on the date and time stated on the agenda

The recording of the event will also be made available shortly after the meeting on the Shropshire Council Youtube Channel Here

Tim Collard
Service Director – Legal, Governance and Planning

Members of Audit Committee

Kate Halliday
Duncan Kerr
Carl Rowley
Rhys Gratton
Malcolm Myles-Hook

Independent Member: Jim Arnold

Your Committee Officer is:

Michelle Dulson Committee Officer
Tel: 01743 257719
Email: michelle.dulson@shropshire.gov.uk

AGENDA

1 Apologies for Absence / Notification of Substitutes

2 Disclosable Pecuniary Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Minutes of the previous meeting held on the 26 June 2025 (Pages 1 - 14)

The Minutes of the meeting held on the 26 June 2025 are attached for confirmation.
Contact Michelle Dulson (01743) 257719

4 Public Questions

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 12 noon on Thursday 10 July 2025.

5 Member Questions

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 12 noon on Thursday 10 July 2025.

6 Second line assurance: Annual Whistleblowing report (Pages 15 - 20)

The report of the Assistant Director of Workforce is attached.
Contact: Sam Williams (01743) 252817

7 Second line assurance: Annual Treasury Report (Pages 21 - 32)

The report of the Section 151 Officer is attached.
Contact: James Walton (01743) 258915

8 Second line assurance: Financial outturn report 2024/25 (Pages 33 - 80)

The report of the Section 151 Officer is attached.
Contact: James Walton (01743) 258915

9 Second line assurance: Approval of the Council's Draft Statement of Accounts 2024/25 (Pages 81 - 308)

The report of the Section 151 Officer is attached.
Contact: James Walton (01743) 258915

10 **Third line assurance: Annual review of Internal Audit, Quality Assurance and Improvement Programme (QAIP) 2024/25** (Pages 309 - 320)

The report of the Section 151 Officer is attached.
Contact: James Walton (01743) 258915

11 **Third line assurance: Annual Assurance report of Audit Committee to Council 2024/25** (Pages 321 - 336)

The report of the Section 151 Officer is attached.
Contact: James Walton (01743) 258915

12 **Third line assurance: Internal Audit Plan 2025/26** (Pages 337 - 362)

The report of the Head of Policy and Governance is attached.
Contact: Barry Hanson 07990 086409

13 **Third line assurance: Pension Fund Audit Plan 2024/25** (Pages 363 - 402)

The report of the Engagement Lead is attached.
Contact: Avtar S Sohal (0121) 232 6420

14 **Date and Time of Next Meeting**

The next meeting of the Audit Committee will be held on the 26 September 2025 at 10.00 am.

15 **Exclusion of Press and Public**

To RESOLVE that in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

16 **Exempt Minutes of the previous meeting held on the 26 June 2025** (Pages 403 - 404)

The Exempt Minutes of the meeting held on the 26 June 2025 are attached for confirmation.
Contact Michelle Dulson (01743) 257719

17 **Third line assurance: Fraud, Special Investigation, RIPA and Exemptions Update (Exempted by Categories 1,2,3 and 7)** (Pages 405 - 408)

The exempt report of the Internal Audit Manager is attached.
Contact: Katie Williams 07584 217067

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Shropshire Council

Committee and Date

Audit Committee

16 July 2025

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 26 JUNE 2025
10.00 AM - 12.50 PM

Responsible Officer: Michelle Dulson
Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present
Councillor Duncan Kerr (Chairman)
Councillors Kate Halliday (Vice Chairman), Alan Holford and Carl Rowley

Independent Member: Jim Arnold

The Chairman thanked the previous members of the Audit Committee, and in particular the Chair, Brian Williams for his service to the Council. He requested that a letter of thanks be sent to former Councillor, Brian Williams from the new Committee for his long years of service to the Council.

5 **Apologies for Absence / Notification of Substitutes**

An apology was received from Councillor Myles-Hook. Councillor Holford substituted for him.

6 **Disclosable Pecuniary Interests**

Members were reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

7 **Minutes of the previous meetings held on the 6 February 2025 and 22 May 2025**

RESOLVED:

That the Minutes of the meetings of the Audit Committee held on the 6 February and 22nd May 2025 be approved as a true record and signed by the Chairman.

8 **Public Questions**

A public question had been received from Mr John Palmer. Mr Palmer read his question, and the Executive Director of Resources (Section 151 Officer) provided the response on behalf of the Committee.

A full copy of the question and response provided are attached to the web page for the meeting.

9 **Member Questions**

There were no questions from members.

10 **First line assurance: NWRR Management Update**

The Committee received the report of the Assistant Director of Growth and Infrastructure which provided an update on actions taken to address the recommendations contained in the Internal Audit report and the review by the Council's External Auditors, Grant Thornton.

The Assistant Director of Growth and Infrastructure reported that since the Audit Committee meeting in February 2025, 13 of the 18 recommendations had been fully implemented, 3 were partially implemented and only 2 remained outstanding. The outstanding recommendations related to project delivery/project plan. These had been considered in the current context of the project, which was currently paused, with appropriate action agreed to address them (set out in paragraph 7 of the report), depending on the outcome of the project. In conclusion, he reported that there had been a significant shift away from where the project had been in terms of governance and assurance and that there was a rationale around the outstanding recommendations.

In response to a query, the Assistant Director of Growth and Infrastructure confirmed that all scenarios were being considered, and risk assessed for all eventualities so there would be no detrimental impact on the project whether it went ahead or not. In response to a further query, the Assistant Director of Growth and Infrastructure explained the activities that were ongoing whilst the project was paused which included some very basic testing. The Section 151 Officer explained that expenditure for these activities was capped at just under £40m up until the 30 June and although these activities could continue beyond that date, the associated cost was significantly below that cap. All other costs associated with the project had stopped.

The Chairman expressed his appreciation for the work that had been done to introduce better governance and management arrangements, and he hoped that lessons had been learnt for the future. In response, the Assistant Director of Growth and Infrastructure referred back to the update given at the February Audit Committee meeting and the assurances he had given, which had been borne out in the progress that had been made, and he was confident that the required structures and governance were in place, pending the outcome of decision-making at which time those arrangements would need to be reviewed.

RESOLVED:

To note the contents of the update including adherence to the outstanding recommendations contained in the Internal Audit report.

11 **First line assurance: Internal Audit Resource Update**

The Committee received the report of the Section 151 Officer, which provided a brief update on the current Internal Audit structure together with the latest position following a recruitment campaign.

The Section 151 Officer referred to the difficulties experienced in recruiting qualified, experienced auditors and drew attention to the motion that was tabled at the last meeting of the Audit Committee (set out in paragraph 6.2 of the report), which had been unanimously supported.

He went on to explain the different levels of assurance open to the Chief Audit Executive (CAE) based on the evidence considered over the year, and he reiterated that the 'limited' assurance given for the past five years did not imply that this was due to the level of resources or number of auditors within the team.

Following the resolution at the February meeting, a report was taken to the Workforce Board which approved the recruitment process to fill the vacant posts within the Internal Audit team. However, they had only managed to recruit to two of those posts, with the deadline being extended for another. Following a further resignation in May, there were currently four vacant posts. It was however felt that the resource was sufficient to enable the CAE to make an assessment on the internal control environment.

In response to a query, the Section 151 Officer detailed how the offer had been made more attractive to potential candidates. He noted that they needed to weigh the campaign costs against the added value. The Head of Policy and Governance explained that one of the main reasons for qualified Auditors leaving the organisation was due to the higher salaries and better training packages in the private sector. However, compared to peers, Shropshire Council was competitive.

Members felt that more could be done to attract new recruits as a full team would be preferable. The Internal Audit Manager responded by stating that the training of apprentices required a significant investment of time and resources. Members requested a progress report to a future meeting.

RESOLVED:

To note the contents of the report and to receive an update at a future meeting.

12 **Third line assurance: Internal Audit Performance Report**

The Committee received the report of the Head of Policy and Governance which provided members with an update of work undertaken by Internal Audit in the final two and a half months of the 2024/25 Internal Audit Plan.

He reported that 96% of the revised plan had been completed (set out in Appendix A, Table 1), which was in line with previous deliver records (95% in 2023/24 and 94% in 2022/23). The 11 final reports (listed at paragraph 8.5 of the report) contained 109 recommendations, one of which was fundamental. He queried whether the Committee wished to seek any further assurances on any limited or unsatisfactory areas.

A query was raised as to whether the decrease in higher level assurances and the corresponding increase in lower assurance levels was cause for concern. In response, the Head of Policy and Governance explained that all of the assurances fed into his year end opinion but that it was hard to pinpoint any insight for this at the

current time. Concern was raised that there appeared to be some cultural issues or something else happening within the organisation which meant they weren't getting these assurances. In response, the Head of Policy and Governance accepted that it had been a challenging year for the Internal Audit team due to different pressures within the organisation including the financial challenges, the transformation objectives, which had led to a lot of change, and which put a lot of pressure on the team when competing with those priorities in delivering the Internal Audit work.

It was commented that the number of audit days had reduced over the last four years from 2000 days to 1200 days which reflected some of the resource issues that had been happening. A query was then raised as to whether the outstanding audits were at a higher or lower level than a year ago. In response, the Internal Audit Manager informed the Committee that there was no significant difference, and in fact it was possibly marginally better as last year they had a particularly challenging external contractor delivering work for them that was severely delayed.

She went on to explain that the Council's priority had been financial survivability, there had been the process of voluntary redundancy, transformational change along with limited staff which could be a contributing factor however, Internal Audit could not directly improve the control environment, that was for the organisation to do, but what it could do, was to highlight any control weaknesses, report them to the Audit Committee and provide that challenge to the rest of the organisation, but it was acknowledged that things were not working as well as they would like.

The Chairman suggested that the Committee receive further reports on Agency and Consultancy Staff, which received an unsatisfactory assurance level, and Children's Social Care Budget Management which had received a limited assurance.

RESOLVED:

To note the contents of the report and to receive further reports to a future meeting on Agency and Consultancy Staff, and Children's Social Care Budget Management.

13 **Third line assurance: Internal Audit Annual Report 2024/25**

The Committee received the report of the Head of Policy and Governance which provided Members with a summary of work undertaken by Internal Audit for the year ended 31 March 2025, it reported on the delivery against the approved internal audit plan and included the Chief Audit Executive's opinion on the Council's internal controls as required by the Public Sector Internal Audit Standards (PSIAS).

The Head of Policy and Governance explained that the plan had provided for a total of 1136 days, any revisions throughout the year were reported to the Committee, with the plan being revised to 1266 days. He explained the matters that he had taken into account when arriving at his opinion, as set out in paragraphs 8.18 to 8.20 and also Appendix A, table 2.

The Head of Policy and Governance informed the meeting that there had been 35 good and reasonable assurances made in the year, accounting for 58% of the overall opinions delivered which was a 2% decrease in the higher levels of assurance compared to the previous year, which was offset by a 2% increase in the limited and unsatisfactory opinions. There had been 8 unsatisfactory and 17 limited assurance

opinions issued, and whilst the percentage of unsatisfactory audits had reduced from 18% to 13%, there had been an increase in the number of limited assurance opinions, increasing from 18% to 22%. A total of 431 recommendations were contained within the 60 final audit reports, 47% of which were significant and fundamental compared to 45% last year. There had been a corresponding decrease in the number of requires attention and best practice recommendations.

On this basis, and based on the management responses received, the Head of Policy and Governance was only able to offer limited assurance on the 2024/25 financial year on the Council's framework of governance, risk management and internal control for the sixth consecutive year (see paragraph 8.22).

The Head of Policy and Governance drew attention to the feedback from the customer satisfaction surveys (set out in paragraph 8.23 of the report) which signified an increase in customer satisfaction with the work of the Internal audit team and he praised the team for their performance in a challenging environment which was a testament to their professionalism under the leadership of the Internal Audit Manager. Members echoed these sentiments.

A brief discussion ensued, and concern was raised that this was the sixth consecutive limited assurance received. It was proposed that the Chief Executive and Senior Members of the Council be invited to a future meeting to discuss the current situation and the changes that would be implemented in order to move away from a limited assurance level.

In response to a query about when the reorganisation would be completed, the Section 151 Officer reported that the senior structure had been in place since March, following which there had been a reconfiguration of the organisation, with the new structures now being in place. However, he stressed that that was only the starting point around the complete reconfiguration of the organisation, which would be undertaken over the next few years.

He went on to say that the change to the senior team and the reconfiguration was partly to help address these issues, and that would be assessed over this year to see how things were improving within the internal control environment, including reviewing all of the risks across the organisation to ensure they were on top of these as a senior team so that the wider team were fully versed and aware of them, and were acting to actively improve them. Also, an Action Plan was being drawn up with himself, the Head of Policy and Governance and the Internal Audit Manager, looking at how to target some of those key areas within the limited assurance to help the organisation bring it up to more reasonable level over the next 12-18 months. He was therefore confident that the Council was moving in the right direction and would see improvements throughout the year.

In response to concerns, it was confirmed that if all of the posts in the internal audit structure were filled, there would be approximately an additional 800 days added into the plan. However, it was not just the number of days that needed to be considered, they needed to look at whether they were doing the right audits and whether they were giving the Committee the right assurances etc. The Head of Policy and Governance explained that being fully resourced may not have an impact on the status of the internal control environment.

Whilst welcoming the Section 151 Officers' comments that the authority was moving in the right direction, the Chairman felt that there must be some level of risk due to the unprecedented financial challenge of the Council along with a new structure, new Councillors and a new administration, and he therefore felt it appropriate to invite the Chief Executive and the Leader to a future meeting of the Committee to discuss how the organisation was planning to address the limited assurance level.

A brief discussion ensued in relation to the structure of the Audit Committee and the possibility of increasing it's membership.

RESOLVED:

To note the performance of Internal Audit against the 2024/25 Audit Plan;

To note that Internal Audit have evaluated the effectiveness of the Council's risk management, control and governance processes, considering public sector internal auditing standards or guidance, the results of which can be used when considering the internal control environment and the Annual Governance Statement for 2024/25;

To note the Chief Audit Executive's Limited assurance, year-end opinion, that the Council's framework for governance, risk management and internal control is sound and working effectively for 2024/25 based on the work undertaken and management responses received;

To invite the Chief Executive and Senior Members of the Council to a future meeting of the Audit Committee to discuss the current situation and the changes that would be implemented in order to move away from a limited assurance level; and

To request that the structure of the Audit Committee be reviewed with consideration being given to increase the number of Members.

14 **Overall assurance: Annual Governance Statement and Code of Corporate Governance 2024/25**

The Committee received the report of the Section 151 Officer which set out the Annual Governance Statement (AGS) and a review of the effectiveness of the Council's Internal Controls and Shropshire Council's Code of Corporate Governance.

The Section 151 Officer gave a brief introduction and explained that the AGS sat alongside the Statement of Accounts. He went on to explain how the AGS was produced and confirmed that once signed off by the Chief Executive and Leader of the Council, the AGS was published on the website and presented to the Audit Committee along with the Financial Outturn Report and Statement of Accounts so that overall assurance could be considered. However, on this occasion, the Statement of Accounts and Financial Outturn report were being presented to the July meeting of the Audit Committee.

The Section 151 Officer reminded Members that the AGS was looking back over the last financial year, and he drew attention to the appendices and explained their purpose.

A brief discussion ensued in relation to the recent Supreme Court ruling that the terms man, woman and sex in the Equality Act referred to biological sex. This ruling protects single sex spaces as well as the continued protection for transgender people under the Equality Act. Concern had been raised at Cabinet and via the Chief Executive as to whether the Council was reviewing it's policies and procedures in light of this, and a response was awaited from the Chief Executive. The Section 151 Officer explained that the Council were working through this issue and advice was being sought internally in terms of what the Council needed to do, how to interpret the ruling and what steps must be taken to manage the risk and to ensure that the Council was complying with the law.

The Section 151 Officer stated that they would need to consider the role of the Audit Committee within this issue as the legality and interpretation of it was not within the remit of Audit Committee. He confirmed that he would ensure that a response was sent to members and would speak to the Internal Audit Manager and the Head of Policy and Governance about the internal processes that have been worked through and bring any concerns to Members' attention for the Committee to consider whether it wished to discuss the issues around that. He reiterated that the AGS was looking back over the previous year which was why this issue would not be considered within it.

In response to comments that the AGS was not very clear or coherent, the Section 151 Officer explained that it was looking backwards to when there were separate directorates and so that would change going forward. He went on to explain how the Statement was pulled together and although not perfect, it did give an overarching view. He welcomed the comments however and would look to improve it going forward.

RESOLVED:

To note the Annual Governance Statement 2024/25 at Appendix A.

To note the Internal Audit conclusion that the Council has reasonable evidence of compliance with the Code of Corporate Governance. The detailed code, incorporating evidence, was contained in Appendix B.

To note the progress made on the actions identified in the 2023/24 Annual Governance Statement contained in Appendix C.

15 **Third line assurance: External Audit, Audit Plan**

The Committee received the report of the Engagement Lead, which provided members with an overview of the scope and timing of the statutory audit of Shropshire Council for those charged with governance.

The Engagement Lead gave a brief summary of the role of External Audit which included looking at the Council's financial statements and ensuring that they were free from material misstatements. They also looked at the Council's arrangements to secure value for money by looking at financial sustainability, governance and

economy, efficiency and effectiveness. They would then draw out any recommendations from their work.

He explained that the Audit Plan was for the year ending 31 March 2025 and he referred Members to page 12 of the report which gave a summary of the audit. Looking at the significant risks, one was around the management override of control and the Engagement Lead explained that this was prevalent on all audits and was not specific to Shropshire Council and involved looking at the journals and estimates etc to ensure they were free from material bias or any detection of management override. He went on to explain why valuation of land and buildings, valuation of investment property, and valuation of pension fund net liability were considered to be significant risks, which again, was not specific to Shropshire Council.

The Engagement Lead reported a change in the level of materiality (set out on page 12 of the report). In terms of value for money arrangements, they would be following up on the work done in relation to the significant weaknesses that were raised in relation to the financial sustainability of the Council and the NWRR project and would do further work to identify any further weaknesses or risks. In conclusion, he reported that the Audit Opinion would be ready to sign off by December.

In response to a query, the Section 151 Officer explained what the exceptional financial support from the Government had been spent on. As there was no option to carry this money forward, they were able the apply the whole of the capitalization direction in 2024/25. This would be considered by External Audit and if there were any elements that they did not agree with, it would be adjusted. He agreed to provide Members with a breakdown.

A query was raised as to whether the Engagement Lead was confident that the work could be delivered on time as this had been a problem in the past. In response, the Engagement Lead informed the Committee that 27 February 2026 was the statutory deadline for sign off, but it was hoped to sign it off in December 2025. He reported that last year had been held up due to queries around the PPE valuation which took longer to resolve than anticipated. He assured the Committee that they had the resources in place to sign off by December.

Finally, the Engagement Lead drew attention to the local audit reform set out on page 5 of the report. He felt it may be worthwhile looking at the guidance from MHCG and CIPFA for guidance on effective Audit Committees, it was not about the number of Members on Audit Committee, it was about how effective they were, how well they understand the subject matter and how much challenge they can give to give assurance to the Committee.

RESOLVED:

To note the contents of the report.

16 **First line assurance: Customer Journey Project Management Update**

The Committee received the report of the Executive Director for Health which provided an update on the progress made by the Customer Journey Programme, one of the key transformation areas identified to deliver the outcomes set out in the Shropshire Plan.

The Service Director for Strategy introduced and amplified the report. He gave Members an overview and provided some context of what they were trying to achieve and how they were trying to do it. He explained that the customer journey project looked at the way in which the Council connected with its customers and aimed to improve this interaction by ensuring they received the appropriate services, via suitable channels be that in person, digitally or over the telephone.

In terms of the digital approach, the aim was to have a 'digital first', but 'digital by choice' approach and he explained how that was being achieved. It was hoped to have more digital contact in order to free up resources for those most vulnerable customers or those with additional needs.

He referred to their delivery partner, Price Waterhouse Cooper (PwC) who were supporting the creation of a refreshed customer strategy enabling better use of new and emerging technologies by providing specific skills and expertise that were not currently available inhouse. He discussed the IT solutions being developed which would allow service provision 24 hours a day, 365 days a year and he touched on the development of five community and family hubs which would provide a physical space where residents could access Wi-Fi connectivity and computers, as well as staff who could assist with those requiring face to face support, and it was hoped to roll this out across the County.

The Service Director for Strategy referred to the project management governance and controls and the new Digital Delivery Unit (DDU), the mechanism by which this project was being delivered.

Members applauded the 'digital by choice' approach but wished to ensure that other routes were not obstructive. In response, the Service Director for Strategy confirmed that they were consistent in the application of the customer strategy which stated that the Council was 'digital first', but 'digital by choice' so the other methods were not purposely made more difficult and the goal was to make the digital solutions ultra efficient. He explained that the performance of all of the solutions were monitored and the customers asked for their views and a significant uptake had been noted following the launch of some of the digital solutions. This also led to a reduction in call waiting times for other people.

A query was raised as to whether there was any feedback from those accessing face to face services about how easy or otherwise it was to contact the right person in the right department as this was felt to be a possible weakness. In response, the Service Director for Strategy explained as it was an iterative roll out, they were finding that there was still some contact details on line which go direct to a service, but that was because they had not had the capacity to bring those into the end solution and centralise them and that was part of the goal of the project.

Concern was raised about the role of AI and customers speaking to robots. The Service Director for Strategy gave assurances that customers could drop out of a call and speak to a person at any time, whether or not they got what they needed, and this was reiterated by the Head of Service for Automation and Technology. It was also confirmed that AI was not being used as a decision maker, but as an enabler for the information that was already available. The Head of Policy and Governance assured the Committee that internal audit had been involved in the development of

the AI policy and the roll out of the technologies, and it was included in the internal audit plan for 2025/26.

The Head of Service for Automation and Technology updated members in relation to AI Governance and referred to the EU AI Act that had been passed and which introduced a tiered framework based on the type of technologies being used. Currently, the Council were only using chatbots and voice automation which was deemed as being a limited low-level risk which was monitored very carefully. He reassured the Committee that at the moment, there was no ambition for the Council to make AI take decisions, it was being used purely to automate a simple transaction. In conclusion, he stated that the Council were trying to introduce technology where it made sense to do so.

RESOLVED:

To note the contents of the report and the ambitions of the customer digital programme, progress to date and the plans for the future.

17 **Second line assurance: Risk Annual Report**

The Committee received the report of the Service Director for Strategy which provided an overview of the risk activity during 2024/25 and a synopsis of the current risk exposure of the authority in relation to strategic, operational and project risks. It also set out the undertakings, challenges and achievements accomplished by the team during 2024/25.

The Service Director for Strategy introduced and amplified his report. He explained that the management of the risks formed part of the Annual Governance Statement and that the Risk and Business Continuity team managed and monitored all of the processes and practices around risk to ensure that effective solutions to risk management were established and embedded across the Council. However, it was the risk owners who managed the risks.

He drew attention to the risk dashboards which presented the monitoring of risks in real time, and he assured the Committee that the risks were fully monitored both within services and also across the Council. He explained how risk reviews were undertaken and reported through to Executive Directors and informal Cabinet, and he drew attention to Appendix B which set out the risk exposure at the start of June 2024, at which time there were 10 strategic risks on the register, further details of which were contained in Appendix C. He reminded Members of the Committee that they could, at any time, request to have a more detailed examination of any of the strategic risks and could invite the relevant risk owner to provide more details on how the risk was being managed.

He went on to describe operational and project risks, set out in Appendices D-F. In terms of opportunity risk management, this was reviewed on an annual basis in order to ensure that the Council was taking advantage of every opportunity possible and then managing them in the same way as other risks in order to support the key priorities and objectives set out in the Shropshire Plan.

As a final point, the Service Director for Strategy reported that a Risk Management audit for 2024-2025 had been undertaken by the Internal Audit team who had issued

a reasonable assurance level as there was generally a sound system of control in place but there was evidence of non-compliance with some of the controls predominantly around the management of project related risks. The recommendations made within the report had all now been actioned by the team.

In response to a query, the Service Director for Strategy confirmed that the numbers set out in the Project Risk Matrix indicated the number of risks within that allotted likelihood and impact.

In response to a further query, the Service Director for Strategy explained that Health and Safety at work would be cross cutting across the authority but that the Health and Safety team would have their own risk register, and if deemed significant enough they could be escalated to become a strategic risk.

Concern was raised that there was no specific strategic risk of the authority failing to meet a statutory obligation and it was queried how that was managed. In response, the Section 151 Officer explained that that was part of the review that was undertaken on a bi-annual basis. He informed the meeting that the new senior team (which had replaced the previous individual directorates) were going through each of the strategic risks listed in Appendix C, one by one on a weekly basis to ensure that they were fully aware and cognisant of the issues. Following that review, a workshop would be held whereby the overall position in terms of risk would be assessed and he gave an example.

In response to a further query, the Section 151 Officer stated that although the number of strategic risks was slightly lower than in previous years, the status of those risks was significantly higher than they had been.

A brief discussion ensued in relation to the response given to the public question about the increased risk of 'failure of officers to adhere to governance arrangements'. The Section 151 Officer reiterated that although the likelihood of that happening was increasing, that did not mean that it was happening. In terms of the risks around voluntary and compulsory redundancies, he explained that they would look at what was needed in order to manage the overall risk, and would decide which posts were needed in the structure and which posts were not (and would therefore be compulsorily redundant), and in that case the risk had been taken into account. Whereas with voluntary redundancy, staff members decide that they are willing to go, for whatever reason, so there was no control over who wished to go. They did however have control over whether they would be allowed to go which was how that risk would be mitigated.

RESOLVED:

To note the contents of the report and the risk position.

18 **First line assurance: Short Breaks Service Management Update**

The Committee received the report of the Service Manager for Commissioning which provided an update on the progress against recommendations following an audit review of the Council's short breaks services which was commissioned through three contracts with two service providers.

The Service Manager for Commissioning introduced and amplified her report. She explained the background to this statutory service for which the Council had commissioning arrangements with a number of external providers. She went through the benefits of the short breaks service for some of the Council's most vulnerable young people and their families. She informed members that there were approximately 59 children who used the service, 49 of which required access to more specialist overnight short break services. Without this service, there was a risk that those young people and their families would enter crisis and need more expensive alternative residential solutions.

An audit of the Short Breaks Service was undertaken in 2023/24 which had identified two fundamental recommendations in relation to commissioning activities, the contract management arrangements and some of the operational aspects. The Service Manager for Commissioning took Members through the areas that had been improved and strengthened, including the creation of new posts in both the commissioning structure and the Contract management team and these posts had now been filled.

She went on to discuss operational delivery and some of the market risks and she informed the Committee that a request had been made for contract exemption to extent the current contract. In response to a query, the Internal Audit Manager explained that as this was an unsatisfactory audit with a fundamental recommendation, it would be followed up.

In response to a further query, it was confirmed that the Overnight Short Breaks Service was for Shropshire's young people, although they were doing some joint work with Telford and Wrekin on a family-based care model that could provide short breaks, respite and support.

In response to concerns about consistency, the Assistant Director for Joint Commissioning explained that it was probably not consistent across different local authorities although the structure would be very similar in terms of what Ofsted look at in their inspections.

RESOLVED:

To note the updates set out in the report and to support the actions that have been taken to secure service continuity and a move towards a new model with a more diverse short breaks offer for young people and families.

19 **Date and Time of Next Meeting**

The next meeting of the Audit Committee would be held on the 16 July 2025 at 10.00am.

20 **Exclusion of Press and Public**

RESOLVED:

That in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the

Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

21 **Exempt Minutes of the previous meeting held on the 6 February 2025**

RESOLVED:

That the Exempt Minutes of the meeting of the Audit Committee held on the 6 February 2025 be approved as a true record and signed by the Chairman.

22 **Third line assurance: Contract Rules Exemptions Update (Exempted by Categories 1,2,3 and 7)**

The Committee received the exempt report of the Assistant Director of Legal and Governance.

RESOLVED:

To note the contents of the report.

Signed ..... (Chairman)

Date: .....

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Committee and Date

Audit Committee – 26 June 2025

Item

7

Public

Annual Whistleblowing Report 2024/25

Responsible Officer:	Sam Williams Service Director Enabling		
email:	Sam.williams@shropshire.gov.uk	Tel:	01743 252817
Cabinet Member (Portfolio Holder):	Cllr, Roger Evans		

1. Synopsis

Whistleblowing provides a process for concerns to be raised in relation to work, such as fraud, adult/child protection or harassment and bullying allegations. This report provides an update to the Shropshire Council Audit Committee on the number of whistleblowing cases raised regarding Council employees over the last financial year.

2. Executive Summary

1.1 The Whistleblowing "Speaking up about Wrongdoing" process forms a key element of the Councils Corporate Governance arrangements. This report provides an update to the Shropshire Council Audit Committee on the number of cases raised regarding Council employees over the last financial year (excluding school-based employees).

2.2 The Whistleblowing Policy is available to all staff via the Intranet pages and is also available to them, along with members, contractors, partners and the public, via the website; allowing it to be accessed from any computer

1.3 In 2024/25 there were twenty-eight whistleblowing reports, this is an increase of five compared to the previous year.

1.4 Whistleblowing reports in 2024/2025 have been predominately via email. The most reported theme was staffing. No cases were referred to an external third party.

1.5 The Council Whistleblowing process provides an effective route to enable employees, elected members, contractors and others to raise concerns about fraud, corruption, adult/child protection or harassment and bullying allegations.

3. Recommendations

The Audit Committee is asked to:

3.1. Consider and approve, with appropriate comments on the contents of the report

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The Council has in place an effective Counter Fraud, Bribery and Anti-Corruption Strategy. The Council proactively encourages the detection of fraud and irregularities and the appropriate management of them. The Whistleblowing policies contribute to our zero tolerance of fraud, bribery and corruption.

4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

5. Financial Implications

5.1. Shropshire Council continues to manage unprecedented financial demands as budgeted for within the Medium Term Financial Strategy approved by Council on 27 February 2025 and subsequent updates. It is also addressed in our monitoring position presented to Cabinet on a monthly basis. Significant management action has and continues to be undertaken to ensure the Council's financial survival. While all reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve

- scaling down initiatives,
- changing the scope,
- delaying implementation, or
- extending delivery timescales.

5.2. The management and investigation of issues raised in response to this policy are met from approved budgets.

6. Climate Change Appraisal

Contact: Sam Williams. Sam.williams@shropshire.gov.uk

6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. Therefore, no effect

7. Background

7.1. This is an annual report to Audit Committee on whistleblowing arrangements.

7.2. The Whistleblowing Policy is available to all staff via the Intranet pages and is also available to them, along with members, contractors, partners and the public, via the website; allowing it to be accessed from any computer/mobile device. This is particularly important as it allows staff to access the policy outside of a work environment, where they may be reluctant to be seen accessing the Whistleblowing policy.

7.3. Whistleblowing is when a worker reports suspected wrongdoing at work. Officially this is called 'making a disclosure in the public interest'. A worker can report things that aren't right, are illegal or if anyone at work is neglecting their duties, including:

- someone's health and safety is in danger
- damage to the environment
- a criminal offence
- the company isn't obeying the law (like not having the right insurance)
- covering up wrongdoing.

7.4. The way a worker can 'blow the whistle' on wrongdoing depends on whether they feel they can tell their employer.

1. The worker should check their employment contract or ask Human Resources if their company has a whistleblowing procedure.
2. If they feel they can, they should contact their employer about the issue they want to report.
3. If they can't tell their employer, they should contact a prescribed person or body.

7.5. A worker can only tell the prescribed person or body if they think their employer:

- will cover it up
- would treat them unfairly if they complained
- hasn't sorted it out and they've already told them

7.6. Dismissals and whistleblowing

A worker can't be dismissed because of whistleblowing. If they are, they can claim unfair dismissal. They'll be protected by law as long as certain criteria are met.

7.7. Types of whistleblowing eligible for protection

These are called 'qualifying disclosures'. They include when someone reports:

Contact: Sam Williams. Sam.williams@shropshire.gov.uk

- that someone's health and safety is in danger
- damage to the environment
- a criminal offence
- that the company isn't obeying the law (like not having the right insurance)
- that someone's covering up wrongdoing
- a miscarriage of justice

7.8. Who is protected?

The following people are protected:

- employees
- agency workers
- people that are training with an employer, but not employed
- self-employed workers, if supervised or working off-site
- An individual is also protected if they work in a school or sixth-form college, whether an employee or an agency worker. NHS workers who work under certain contractual arrangements, e.g., certain GPs and dentists, are also protected.

A worker will be eligible for protection if:

- they honestly think what they're reporting is true
- they think they're telling the right person
- they believe that their disclosure is in the public interest

7.9. Who isn't protected?

Workers aren't protected from dismissal if:

- they break the law when they report something, e.g., they signed the Official Secrets Act
- they found out about the wrongdoing when someone wanted legal advice ('legal professional privilege'), e.g., if they're a solicitor
- Workers who aren't employees can't claim unfair dismissal because of whistleblowing, but they are protected and can claim 'detrimental treatment'.

7.10. Tribunals

Workers dismissed for whistleblowing can go to an employment tribunal. If the tribunal decides the employee has been unfairly dismissed, it will order that they are:

- reinstated (get their job back)
- paid compensation

A tribunal judge can reduce any compensation awarded by 25% if they find the person has acted dishonestly.

A whistleblower who is bullied at work will also be able to bring a claim to the employment tribunal against their employer or colleagues

8. Additional Information

8.1. In 2024/25, there were twenty-eight cases reported under the whistleblowing arrangements for Shropshire Council. Reports have predominately been received via email (twenty), with phone (six) and letter (two) accounting for the reports received this year. The most reported theme was staffing related (eleven).

8.2. **2024/2025 Table of Whistleblowing reports and outcomes**

Theme	Number

Staffing issues	11
Council Tax/NDR	7
Other	4
Safeguarding	2
Tenancy Fraud	2
Theft/Fraud	1
Planning/Building Control	1
Outcomes for all themes	**Number**
Management Action	10
Ongoing	10
No case to answer	7
N/A	1
Method of Communication	**Number**
Email	20
Phone	6
Letter	2

8.3. **Comparison to previous years**

8.3.1. There has been a 22% increase in the number of incidents reported than in the preceding year, this is an increase of five cases. The preferred route of "blowing the whistle" in 2024/25 being via email. The number of incidents reported in the last five years are shown in Table 8.3.5. The number of cases reported can fluctuate year on year. The policy is periodically reflected in email updates and news items on the Intranet throughout the year**.**

8.3.2. When comparing the route of report to previous years, from 2020/21 the reports via email increased, this is reflective of the increase in hybrid working since 2020. In 21/22 all reports were via email. Prior to 2020 verbal reports were often a preferred route to raise concerns. In 2023/24 eight reports were received via email and thirteen via phone. In 2024/25 twenty were received by email and six via phone.

8.3.3. In 2023/24 the themes of the cases reported was more evenly split, with similar numbers of cases being reported for staffing, council tax, financial incident and safeguarding concerns. In 2024/25 the most reported theme was staffing (eleven) and Council Tax/NDR (seven).

8.3.4. There has been an increase in the number of staffing cases reported. In 2023/24 there were five staffing related cases raised via whistleblowing, this was similar to the number raised in 2022/23 where four staffing related cases were raised, and in 2021/22 one staffing related case was raised. In 2024/25 eleven cases were raised, an increase of six cases. Staffing related cases cover a range of concerns relating to employees and can cover work related conduct both in and outside of work.

8.3.5. **Table of Whistleblowing Reports for last five years**

Year	Case	% Change
24-25	28	22% increase
23-24	23	21% decrease
22-23	29	14% increase
21-22	25	29% decrease
20-21	35	43% increase

9. Conclusions

9.1. The 'Speaking up about Wrongdoing' process remains a vital component of Shropshire Council's Corporate Governance framework. It continues to serve as an effective channel for employees, elected members, contractors, partners, and others to raise concerns about fraud, corruption, adult/child protection, or harassment and bullying allegations. The increase in whistleblowing reports this year, particularly those related to staffing, underscores the importance of maintaining and promoting this process. The Council's commitment to transparency and accountability is evident in its proactive approach to managing and investigating these reports, ensuring that all concerns are addressed promptly and appropriately

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

Local Member:	***Cabinet Member Cllr Heather Kidd (Leader of the Council)*** ***Cllr Duncan Kerr (Chair of Audit Committee)*** ***Cllr Roger Evans (Portfolio Holder Finance)***

Appendices NA

Contact: Sam Williams. Sam.williams@shropshire.gov.uk

Committee and Date
Cabinet
9th July 2025

Audit Committee
16th July 2025

Council
17th July 2025

Item

Public

Annual Treasury Report 2024/25

Responsible Officer:	James Walton		
email:	james.walton@shropshire.gov.uk	Tel:	01743 258951
Cabinet Member (Portfolio Holder):	Roger Evans, Portfolio Holder - Finance		

1. Synopsis

During 2024/25the Council achieved all required targets for managing its financing arrangements, including day to day cashflow, short term investments and longer-term borrowings. Investment income of £1.956m was secured.

2. Executive Summary

2.1. During 2024/25, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparison to the target set in the Treasury Strategy, are detailed in Appendix C.

2.2. The returns on investment were marginally short of the benchmark (-0.03%), achieving a return of 4.87%. This was partly due to the need to borrow short term cash for cash flow purposes during the year from other authorities. Also, as cash balances held are lower than in previous years, the Council needs to ensure cash balances are highly liquid, resulting in lower interest rates on short term deals. Whilst returns on investment are important, as we strive to achieve the best investment we can, the Council's priority is always to ensure security of funds and ensure we hold sufficient liquid balances. This will often mean that we cannot secure the higher rate investments as these are offered to longer term deals.

2.3. Treasury activities during the year have been within approved prudential and treasury indicators set and have complied with the Treasury Strategy.

3. Recommendations

Members are recommended to:

3.1. Approve the actual 2024/25 prudential and treasury indicators in this report.

3.2. Note the annual treasury management report for 2024/25

Report

4. Risk Assessment and Opportunities Appraisal

4.1. Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

5. Financial Implications

5.1. Shropshire Council continues to manage unprecedented financial demands as budgeted for within the Medium Term Financial Strategy approved by Council on 27 February 2025 and subsequent updates. It is also addressed in our monitoring position presented to Cabinet on a monthly basis. Significant management action has and continues to be undertaken to ensure the Council's financial survival. While all reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve

- scaling down initiatives,
- changing the scope,
- delaying implementation, or
- extending delivery timescales.

5.2. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing because of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.

5.3. The 2024/25 performance is marginally below the benchmark for the reasons outlined in paragraph 2.2 of this report and has delivered income of £1.956 million which has been reflected in the Financial Outturn report for 2024/25.

Contact: James Walton james.walton@shropshire.gov.uk

6. Climate Change Appraisal

6.1. The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council therefore the Treasury Team is working with the Council to achieve this. There are no climate change impacts arising from this report. Shropshire Council's investment portfolio has no level 1, 2 or 3 emissions. It comprises of straightforward cash deposits with financial institutions and other Local Authorities.

7. Background

7.1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

7.2. During 2024/25 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year
- a mid-year treasury update report
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

7.3. In addition, Cabinet has received quarterly treasury management update reports during the year.

7.4. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

7.5. The Council has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by Cabinet before they were reported to the full Council.

7.6. The Council's treasury management debt and investment position is organised by the finance team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. Assurance on liquidity is taken from detailed cashflow planning which is amended day by day and reviewed to identify issues and address them. Cash flow plans extend out 24 months. Day to day cash flow plans inform short term investment and borrowing planning, as well as supporting the planning for longer term investments and borrowings.

Contact: James Walton james.walton@shropshire.gov.uk

8. Borrowing Strategy and Outturn for 2024/25

8.1. The Council's Borrowing Strategy and Outturn position for 2024/25 can be found in Appendix A.

9. Investment Strategy and Outturn for 2024/25

9.1. The Council's Investment Strategy and Outturn position for 2024/25 can be found in Appendix B.

10. Compliance with Treasury Limits and Prudential Indicators

10.1. Compliance with the Council's Treasury Limits and Prudential Indicators can be found in Appendix C.

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

Treasury Strategy 2024/25 – Council, 29 February 2024

Treasury Management Update Quarter 1 2024/25 – Cabinet, 11 September 2024

Treasury Management Update Quarter 2 2024/25 – Cabinet, 4 December 2024

Treasury Strategy 2024/25 Mid-Year Review – Cabinet, 4th December 2024

Treasury Management Update Quarter 3 2024/25 – Cabinet, 12 February 2025

Treasury Management Update Quarter 4 2024/25 – Cabinet, 11 June 2025

Local Member: All

Appendices [Please list the titles of Appendices]

Appendix A - Borrowing Strategy and Outturn 2024/25

Appendix B - Investment Strategy and Outturn 2024/25

Appendix C – Prudential Indicators 2024/25

Contact: James Walton james.walton@shropshire.gov.uk

APPENDIX A - BORROWING STRATEGY AND OUTTURN 2024/25

Borrowing Strategy for 2024/25

During 2024/25, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2025 and 2026 in the light of economic growth concerns and the eventual dampening of inflation. The Authority has sought to minimise the taking on of long-term borrowing at elevated levels (>5%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<5 years) as appropriate.

The Council's borrowing requirement identified within the capital programme 2024/25 to 2026/27 was self-financing prudential borrowing of £68.7m and the need to borrow externally was considered against the Council's current under borrowed position and the level of cash balances held within the authority.

The Council had not undertaken any new borrowing for a number of years, and has been utilising cash balances to internally "borrow" for prudential borrowing schemes. This has enabled the Council to benefit from saving on interest costs compared to the returns that could be generated on the cash balances. This approach has been effective during a period where the Council has held significant cash balances.

Cash balances have now reduced as a result of reduced levels of reserves being held and loans continuing to reach their maturity dates. Therefore it has been necessary to secure additional borrowing to reduce the under-borrowed position.

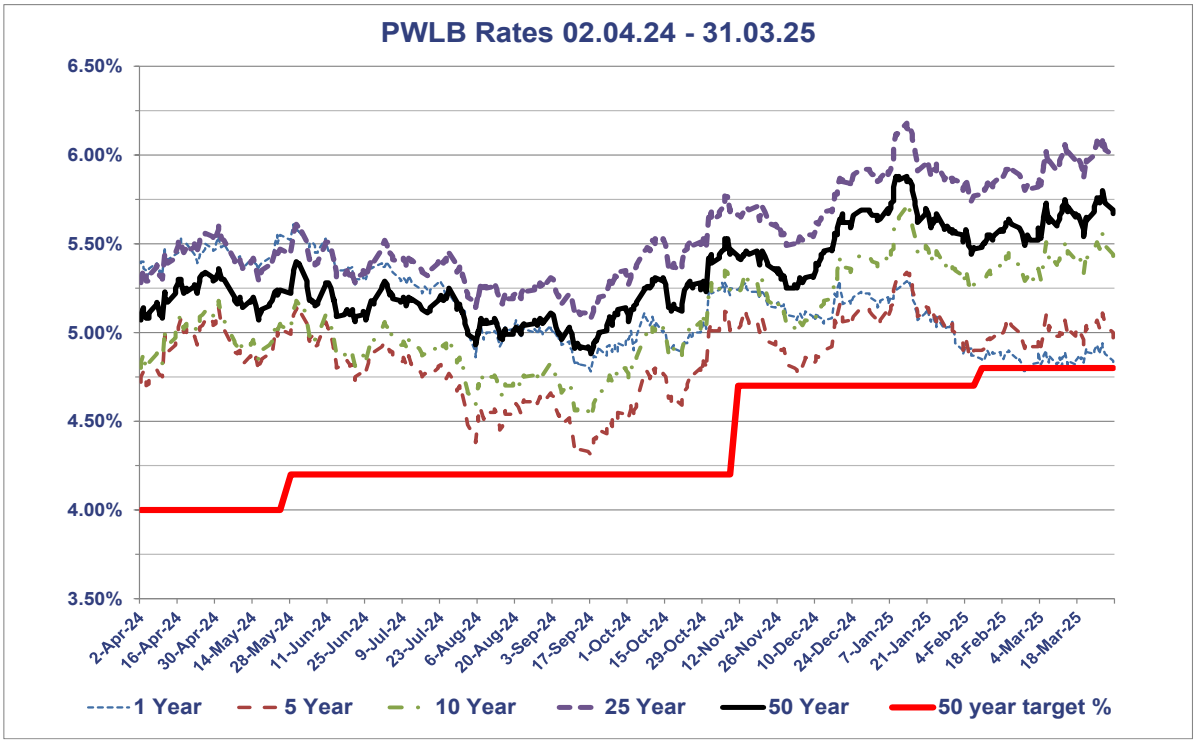
Interest rate forecasts initially suggested gradual reductions in short, medium and longer-term fixed borrowing rates during 2024/25. Bank Rate did peak at 5.25% as anticipated, but the initial expectation of significant rate reductions did not transpire, primarily because inflation concerns remained elevated. Forecasts were too optimistic from a rate reduction perspective, but more recently the forecasts, updated from November 2024 onwards, look more realistic.

At the start of April 2025, following the introduction of President Trump's trade tariffs policies, the market now expects Bank Rate to fall to 3.75% by the end of December 2025, pulling down the 5- and 10-year parts of the curve too.

This should provide an opportunity for greater certainty to be added to the debt portfolio, although a significant fall in inflation will be required to underpin any material movement lower in the longer part of the curve.

Borrowing Outturn for 2024/25

The Finance Team take advice from its external treasury advisor, MUFG Corporate Markets, on the most opportune time to borrow. Movements in rates during 2024/25 are shown in the graph below.



The table below shows PWLB borrowing rates for a selection of maturity periods. The table also shows the high and low points in rates during the year, average rates during the year and individual rates at the start and the end of the financial year.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.77%	4.31%	4.52%	5.08%	4.88%
Date	26/02/2025	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.34%	5.71%	6.18%	5.88%
Date	29/05/2024	13/01/2025	13/01/2025	13/01/2025	09/01/2025
Average	5.14%	4.86%	5.07%	5.56%	5.32%
Spread	0.84%	1.03%	1.19%	1.10%	1.00%

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years.

Gilt yields have been volatile through 2024/25. Indeed, the low point for the financial year for many periods was reached in September 2024. Thereafter, and especially following the Autumn Statement, PWLB Certainty rates have remained elevated at between c5% - 6% with the exception of the slightly cheaper shorter dates.

At the close of 31 March 2025, the 1-year PWLB Certainty rate was 4.82% whilst the 25-year rate was 5.98% and the 50-year rate was 5.67%.

There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate falls and inflation (on the Consumer Price Index measure) moves lower.

Loans that have been drawn during 2024/25 are as follows:

General Fund

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£25m	Fixed interest rate	5.24%	18 months
PWLB	£35m	Fixed interest rate	4.89%	12 months
PWLB	£20m	Fixed interest rate	4.83%	12 months
PWLB	£15m	Fixed interest rate	4.85%	22 months
PWLB	£5m	Fixed interest rate	4.87%	26 months
PWLB	£12m	Fixed interest rate	4.90%	25 months
PWLB	£14.9m	Fixed interest rate	4.90%	25 months

Housing Revenue Account

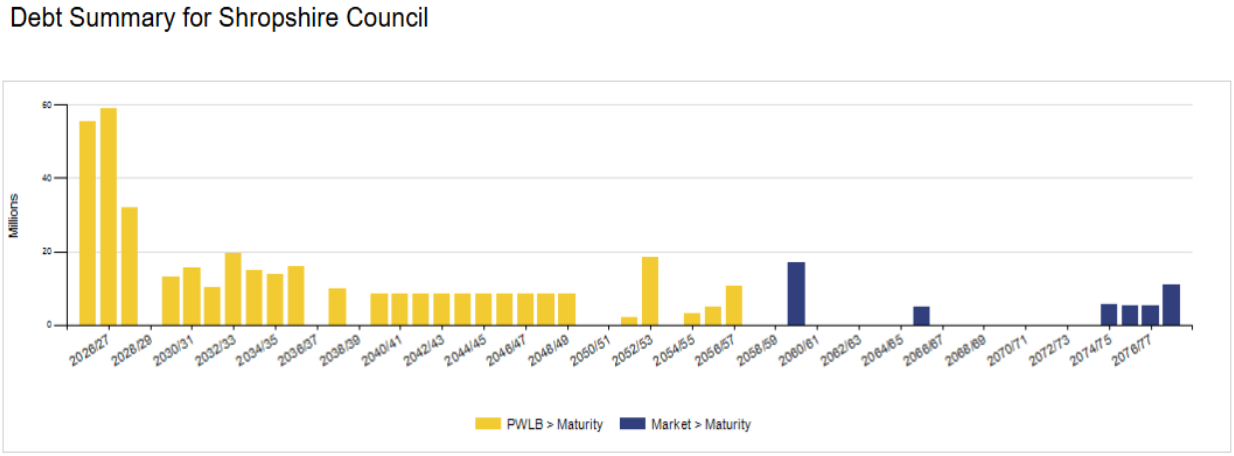
Lender	Principal	Type	Interest Rate	Maturity
PWLB	£19.187m	Fixed interest rate	4.63%	18 months

The Authority has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

The maturity profile of the debt is evenly spread to avoid large repayments in any one financial year. As highlighted above, there has been a tendency over the last 12 months to secure short term borrowing as interest rates are anticipated to reduce over the next 2 years. The total debt portfolio has a maturity range from 1 year to 53 years.

The Treasury Strategy allows up to 15% of the total outstanding debt to mature in any one year. It is prudent to have the Council's debt maturing over many years so

as to minimise the risk of having to refinance when interest rates may be high. The actual debt maturity profile is within these limits



Debt Rescheduling

Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings.

The Council was provided with an opportunity to renegotiate two of the Market Loans held. This involved a reduction in the maturity date of the loans, but also a lower interest rate was negotiated. This has delivered a benefit in 2024/25 of £0.977m.

Debt rescheduling is only be undertaken:

- to generate cash savings at minimum risk.
- to help fulfil the treasury strategy.
- to enhance the balance of the long term portfolio by amending the maturity profile and/or volatility of the portfolio.

APPENDIX B - INVESTMENT STRATEGY AND OUTTURN 2024/25

Investment Strategy 2024/25

When the Treasury Strategy was approved in March 2024, our treasury advisor had predicted that the Bank rate would decrease during 2024/25 as the inflation rate reduced in the economy. The below forecast table was included in the Treasury Strategy report 2024/25.

UK Interest Rate Forecast

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

In 2024/25 investment of surplus cash continued to be managed by the finance team. The investment priorities are the security of capital and the liquidity of its investments. The Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. Investments are made in line with the Council's policy on creditworthiness which was approved in the Annual Investment Strategy.

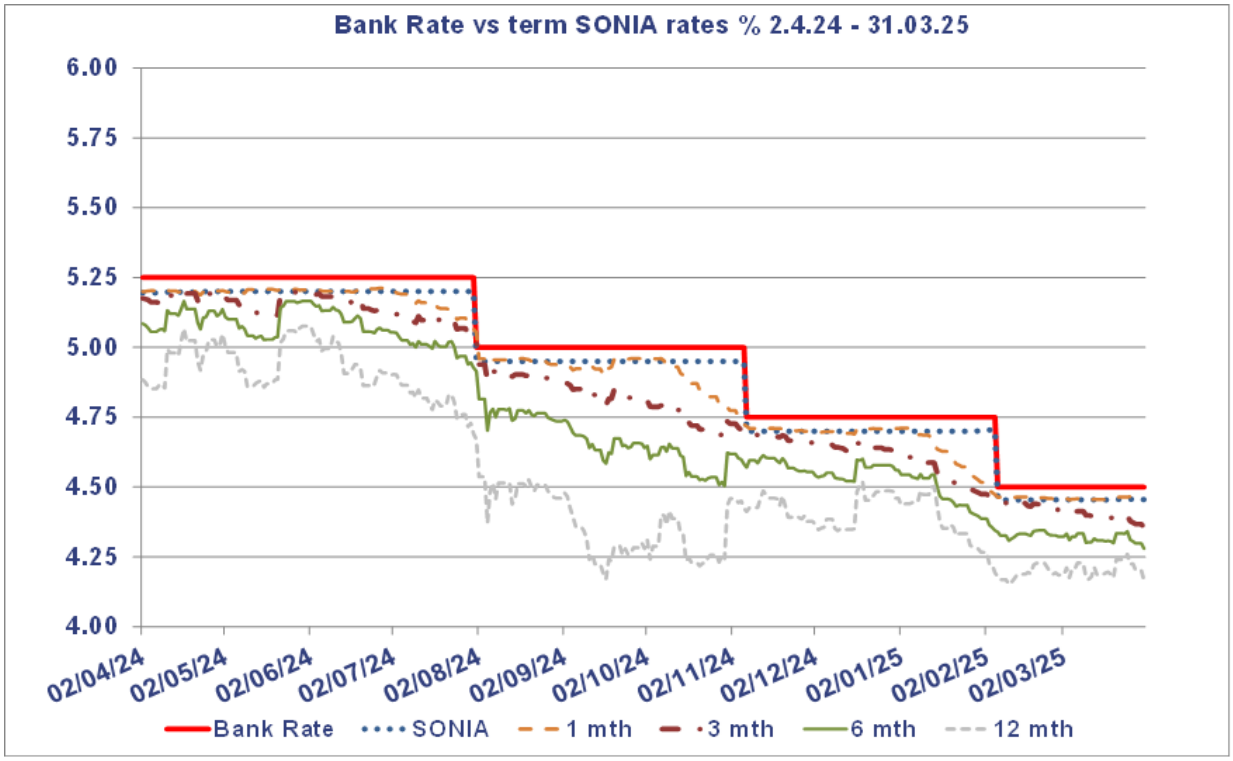
Investment Outturn 2024/25

Investment returns remained robust throughout 2024/25 with Bank Rate reducing steadily through the course of the financial year (three 0.25% rate cuts in total), and even at the end of March the yield curve was still relatively flat, which might be considered unusual as further Bank Rate cuts were expected in 2025/26.

Bank Rate reductions of 0.25% occurred in August, November and February, bringing the headline rate down from 5.25% to 4.5%. Each of the Bank Rate cuts occurred in the same month as the Bank of England publishes is Quarterly Monetary Policy Report, therein providing a clarity over the timing of potential future rate cuts.

As of early April 2025, market sentiment has been heavily influenced of late by President Trump's wide-ranging trade tariffs policy. Commentators anticipate a growing risk of a US recession, whilst UK GDP is projected by the Office for Budget Responsibility to remain tepid, perhaps achieving 1% GDP growth in 2025/26.

Movements in short term rates through the year are shown in the graph below.



At 31 March 2025 the allocation of the cash portfolio was as follows:

Maturity Date	£m
Under 1 month	50.6
1-3 months	0
3-6 months	0
6-9 months	0
9-12 months	0
TOTAL	**50.6**

The average return on cash investments for the internal treasury team during the year was a return of 4.87%. Recognising the need to manage short term cash flow requirements, the target for the internal team is the Overnight SONIA rate (4.90%). Therefore, the internal finance team are marginally short of the benchmark by 0.03%, which reflects the fact that during the year, the team had to secure short term cash from other local authorities to manage cashflow.

APPENDIX C – PRUDENTIAL INDICATORS 2024/25

The Prudential Code requires the Council to set Prudential Indicators in the Treasury Strategy and report performance against those indicators in the Annual Treasury Report.

As can be seen from the table below, all of the actual indicators are below the targeted level that was set out in the Treasury Strategy for 2024/25. Some variations may appear in sub categories such as in Prudential Indicator 1. This refers to the capital expenditure anticipated during the year, and as can be seen from the indicator, non-HRA capital expenditure has exceeded the original target which may be due to additional funding becoming available during the year. HRA expenditure is lower than the revised indicator and so total capital expenditure still lies within the targeted level.

Prudential Indicators	**2024/25 Revised Indicator**	**2024/25 Actual**
1. Capital Expenditure		
Non-HRA	£88.2m	£90.5m
HRA (applies only to housing authorities)	£29.3m	£17.4m
TOTAL	**£117.5m**	**£107.8m**
Financing of capital expenditure		
Capital receipts	£9.8m	(£0.8m)
Capital grants	£57.2m	£61.6m
Other contributions	£5.5m	£17.5m
Major Repairs Allowance	£4.8m	£8.6m
Revenue	£0.2m	£0.8m
Net financing need for the year	**£40.0m**	**£20.1m**
2. Net Borrowing & Capital Financing Requirement (CFR)		
Non – HRA	£345m	£346m
HRA	£111m	£101m
TOTAL CFR	**£456m**	**£447m**
Movement in CFR	**£33m**	**£32m**
Gross Borrowing (including HRA)	£285m	£420m
Borrowing to replace previous Internal Borrowing	£152m	
Investments	£50m	£51m
Net Borrowing	**£387m**	**£369m**
3. Authorised Limit for External Debt		
Borrowing	£612m	£420m
Other long term liabilities (PFI)	£86m	£111m
TOTAL	**£698m**	**£531m**
4. External Debt – Operational Boundary		
Borrowing	£546m	£420m
Other long term liabilities (PFI)	£86m	£111m
TOTAL	**£632m**	**£531m**

5. Borrowing Limits	**Lower Limit**	**Upper Limit**	
Fixed Interest Rate Exposure	£273m	£546m	£420m
Variable Interest Rate Exposure	£0m	£273m	£0m
6. Investment Limits	**Lower Limit**	**Upper Limit**	
Fixed Interest Rate Exposure	£250m	£250m	£51m
Variable Interest Exposure	£0m	£0m	0
7. Maturity Structure of Fixed/Variable Rate Borrowing During 2023/24	**Lower Limit**	**Upper Limit**	
Under 12 mths	0%	15%	13%
12 mths & within 24 mths	0%	15%	14%
24 mths & within 5 years	0%	45%	11%
5 years & within 10 years	0%	75%	18%
10 years & within 20 years	0%	100%	18%
20 years & within 30 years	0%	100%	18%
30 years & within 40 years	0%	100%	4%
40 years & within 50 years	0%	100%	1%
50 years and above	0%	100%	4%
8. Investment Limits			
Upper Limits for Total Principal Sums Invested for over 365 days:			
Externally managed	£50m		£0m
Internally Managed	£70m		£0m

Committee and Date

Audit Committee
16th July 2025

Item

Public

Financial Outturn 2024/25

Responsible Officer:	James Walton		
email:	james.walton@shropshire.gov.uk	Tel:	01743 258915
Cabinet Member (Portfolio Holder):	Roger Evans, Portfolio Holder Finance		

1. Synopsis

The report gives a detailed review of Shropshire Council's 2024/25 financial performance. Key issues include Children's Services primarily increased residential placements, savings in Adult Social Care more than offset by demand and inflationary increases and non-delivery of savings in Place and Resources Directorates.

2. Executive Summary

2.1. This report provides a detailed review of Shropshire Council 2024/25 financial performance for revenue and capital.

2.2. The key issues for the Council's financial performance in 2024/25 highlighted by this report are summarised below, delivered within the requirements of The Shropshire Plan. The Council has:

Table 1: 2024/25 Budget Variations by Service Area (£'000)

Directorate	Revised Budget (£'000)	Controllable Outturn (£'000)	(Under)/ Overspend (£'000)	(Under)/ Overspend (%)	RAGY Classification
Health & Wellbeing	5,992	5,503	(489)		Y
People	214,687	245,931	31,244		R
Place	51,651	66,722	15,071		R
Resources	3,782	8,463	4,681		R
Strategic Management Board	(23)	295	318		R
Service Delivery Budgets	**276,089**	**326,914**	**50,825**	**18.4%**	

Corporate	(14,392)	(30,987)	(16,595)		Y
Total Net Expenditure	**261,697**	**295,927**	**34,230**	**13.1%**	
Funded By:					
Council Tax	(205,104)	(205,104			
Business Rates	(41,306)	(41,306)			
Top Up Grant	(10,925)	(10,925)			
Revenue Support Grant	(7,974)	(7,974)			
Collection Fund (Surplus)/Deficit	3,612	3,612)			
Total Funding	**(261,697)**	**(261,697)**			
Net Total Expenditure	**0**	**34,230**	**34,230**	**13.1%**	

2.3. The key factors affecting the year end position for overall service delivery were:

- Activity in some areas in Children's Services was higher than anticipated when setting the budget impacting on Children's and other related support services spending over the year. Children services have supported more children to step down from residential care to a family home in 2024/2025 but due to a lack of available and appropriate foster family placements there was a 28% increase in external residential placements since the beginning of the year as well as a shortfall in contributions from other partners towards joint funded social care led placements. Year end movements have been substantial in this regard, with a deterioration of almost £2m (8%)
- Increased demand against Home to School Transport saw an increase in costs at year end of 0.4m (2%). The majority of this increase related to SEND Transport where there has been a significant increase in the number of children with EHC Plans requiring transport. However, it should be noted that costs for Home to School Transport for children and young people without an EHCP account for half of the overall budget.
- Adult Social Care saw a significant movement at year end from that projected at Period 11 of £15m (12%). High demand and inflationary year on year increases have been signalled over the last two years and every effort made to manage this within available budgets. The service has aimed to mitigate growth in year as well as the inflationary increases across the social care market, to support the council's financial position delivering for the second financial year in a row over £17m savings. Change activity across the service has delivered improved outcomes for residents, increased savings and cost avoidance and improvements in service delivery outcomes. This has, however, been more than offset by challenging demand levels, clarified in the year end reconciliation resulting in a significant deterioration from the projected position at Period 11. Together these pressures have resulted in net spend totalling £143m in Adult Social Care operations, an overspend of £17.3m compared to available budget. In 2023/24 £20.5m was allocated from reserves to help manage pressures in Social Care. In 2024/25 a similar release of reserves has been required but this time, rather than applying them against the service area they have been applied corporately. This approach specifically highlights the significant underfunding in this area compared to levels of need and the actual levels of expenditure required, making this fully visible. This should not distract from the enormous efforts of staff to contain demand pressures as far as possible. Pressures in Adult Services over the financial year have crystalised in outturn figures, including:
    - Income levels were down due to the transfer of people from assumed health funding to Local Authority funding.

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  - Cost increases in numbers of people in placements due to capital reductions from self-funders.
  - Increased market pressure and complexity for people in Supported Living.
  - Winter pressures becoming visible at a late stage
- Services within the former Place Directorate have seen very little variance at year end due to the nature of the service provision. Nevertheless, significant under delivery against budgeted savings targets have been flagged throughout the year and delivered a year end overspend of £15m.
- Corporate budgets include pension costs, financing budgets, corporate grants and other non-operational grants. Year end reconciliations of Treasury Management activity and certain Section 31 grants often deliver a surplus at year end, although this cannot be relied upon and is therefore unbudgeted. The outturn position has shown a substantial improvement compared to period 11 in Treasury management, section 31 grants relating to business rates retention and spending against equipment budgets. These demonstrate a £5m improvement at year end.
- Although there is a degree of netting off in the year end position across the Council, the bottom line has deteriorated to the extent that a review of earmarked reserves was necessary (as reflected in Appendix 8). The development reserve, partially decommitted (£8.6m) due to the application of the Capitalisation Directive made available in 2024/25 through Exceptional Financial Support, has been applied to maintain a minimum level of General Fund Balance.
- Additionally, there was a £15.096m in year deficit reported against the Central Dedicated Schools Grant (DSG), leaving a cumulative DSG deficit of £17.639m at the end of the financial year. This deficit does not presently need to be accounted for within the Council's budget due to a statutory override provided through legislation, although that is due to expire, nationally, in March 2026.

3. Recommendations

3.1. It is recommended that Transformation and Improvement Overview and Scrutiny Committee Members:

a) Consider, with appropriate comment, this report and the recommendations made to Cabinet below.

3.2. It is recommended that Cabinet Members:

In respect of the revenue budget:

a) Note that the outturn for overall variance in the year is £34.230m above budget.
b) Note that the consequent level of the General Fund Balance is £4.823m.
c) Note the use of £7.726m of Earmarked Reserves and Provisions and the resulting level of earmarked reserves of £25.455m (£18.762m if the balances held by schools are excluded).
d) Note the £47.194m savings delivery achieved over the year
e) Note that the combination of earmarked and un-earmarked (General) reserves of £33.275m is below a level that would be regarded as appropriate, taking into account local circumstances. The MTFS sets out an agreed plan to restore these balances to safer levels.

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In respect of ringfenced funding:

f) Note the performance of the Housing Revenue Account (HRA) - £3.124m (13%) surplus outturn for 2024/25 on £23.054m turnover, and the resulting level of the HRA reserve of £14.861m.

g) Note the outturn for the DSG and the consequent level of the DSG reserve.

h) Note that the level of school balances has decreased by £0.647m, from £7.340m in 2023/24 to £6.693m, in the financial year.

In respect of the capital programme:

i) Approve the net budget variations of £1.946m to the 2024/25 capital programme (in Appendix 9) and the re-profiled 2024/25 capital budget of £112.640m.

j) Approve the re-profiled capital budgets of £152.574m for 2025/26, including slippage of £4.819m from 2024/25, £72.350m for 2026/27 and £45.212m for 2027/28 as detailed in Appendix 13.

k) Accept the outturn expenditure set out in Appendices 10 and 11 of £107.820m representing 95.7% of the revised capital budget for 2024/25.

l) Approve retaining a balance of capital receipts set aside of £24.432m as at 31st March 2025 to generate a one-off Minimum Revenue Provision saving of £0.222m in 2025/26.

3.3. It is recommended that Audit Committee Members:

a) Consider, with appropriate comment, the Outturn Report alongside the Council's Draft Statement of Accounts 2024/25.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The management of the Council's Budget is a key process in ensuring the strategic risks are mitigated and the Council can carry out the business as intended and planned for within the Financial Strategy.

4.2. When the Council set the Financial Strategy in February 2024, which underpins this report, it considered the requirements of the relevant legislation and any necessary service user consultation.

4.3. The financial results for 2024/25 were lower than anticipated but have been able to be funded using reserves. This highlights an ongoing risk that effective action to address and improve the forecast was not able to be delivered within the year.

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4.4. Risk table

Risk	*Mitigation*
Revenue budget risks – the issues underlying the outturn position remain into the next financial year	The budget for 2024/25 included growth for known demand pressures and inflationary pressures. Also, any known pressures were included as growth items. Additional funding has been built into the General Fund for 2025/26 and so can provide some resilience for any unforeseen pressures, however it is recognised that the General Fund Balance is not at a sufficient level to provide for all potential financial risks that could occur.
Capital budget risks - inflationary pressures as the construction sector in particular is often highly exposed to price increases, and programme slippages as schemes are delivered slower (or faster) than anticipated. Also risks around generation of capital receipts for funding capital schemes, and transformation costs.	The capital programme is reviewed quarterly and any updates or revisions to the capital programme are included within the review. A working group is set up to track delivery against capital receipts and progress for the year is detailed within the quarterly financial report.

5. Financial Implications

5.1. This is the subject of the report. Failure to constrain spending within budgets leads to overspending, which must then be funded from un-earmarked reserves in the form of the General Fund Balance (GFB). The Council should carry GFB of 5%-15% of turnover, around £15m- £30m. The Council's Medium Term Financial Strategy, approved by Full Council in February 2025, includes provision to increase the general fund balance to these levels, provided that all spending for the year is constrained within the budgeted levels. This has not proved possible in 2024/25.

5.2. The MTFS also included an assessment of the level of risk being faced by the authority, across all areas of financial management. This concluded that the prudent level of reserves should be £50m based on that assessment. The council is moving towards a higher level of reserves, but this in itself must be risk-assessed and balanced against the impact on revenue budgets (a contribution to reserves is an expense, which will therefore increase required savings).

6. Climate Change Appraisal

6.1. The Council's Financial Strategy supports its strategies for Climate Change and Carbon Reduction in a number of ways. The future programme includes programmes to support a range of initiatives such as moving to LED street lighting; enabling agile and mobile working (including a move to hybrid working at the Council with officers predominantly working from home which has also helped to

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reduce officer travel); and support for Park and Ride schemes to reduce car emissions within the town centres.

6.2. A specific climate change revenue budget is held in 2024/25 and further details about spend in this area is included in Appendix 1 to this report. Several areas of spend in the climate change budget are invest-to save or future income generating schemes such as energy generation with solar PV or building energy efficiency measures. The climate change schemes involving the Council's assets or infrastructure are included within the capital programme of which further detail can be found within Appendix 15.

7. Background

7.1. Budget monitoring reports are produced monthly with a more detailed assessment undertaken quarterly for Cabinet, highlighting the anticipated year end projection compared to available budget. The outturn report removes all projections and confirms the actual year end position compared to those earlier projections.

7.2. The monitoring reports track progress against agreed budget decisions, consider any budget changes (including re-profiling on Capital), forecast any significant variances to the budget, and enable corrective action to be taken to ensure a balanced budget at year end. Capital schemes are similarly reported on an exception basis.

8. Savings Delivery

8.1. 52% of the 2024/25 savings required have been delivered. This amounted to £47.194m in value. As a percentage of net budget, but also in absolute terms, this is likely to be the highest level of savings delivered within one financial year of any local authority in the country. Almost 58% of these savings (£27m) were delivered across the People Directorate, (adult and children social care and learning and skills) this is on top of £22m savings delivered by the people directorate in 23/24.

8.2. There were £42.812m of savings that have not been achieved in 2024/25, some of these part of a two year programme of which £41.181m will be carried forward to 2025/26 to be delivered in year two. The savings outturn in 2024/25 is presented in Appendix 3. The impact on the outturn position of the savings that have not been delivered can be seen in Appendix 4.

9. General Fund Balance

9.1. A breakdown of transactions impacting on the General Fund in 2024/25 are detailed in Appendix 6 and this shows an overall reduction in the balance held of £4.823m. The MTFS approved in February 2025 includes provision to increase this to more appropriate levels, provided that spending is held within budgeted levels in the new financial year.

10. Housing Revenue Account

10.1. The Housing Revenue Account (HRA) outturn for 2024/25 shows a surplus of £3.124m against a budgeted surplus of £1.806m, giving a £1.318m variance against the approved budget. This was mainly due to increased income for

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enhanced services provided through the HRA in addition to a larger than expected interest receipt due to higher interest rates on balances held within the HRA. As at 31 March 2025 the HRA reserve stood at £14.861m. A breakdown of the HRA is provided at Appendix 7.

11. Dedicated Schools Grant

11.1. There was a £15.096m in year deficit reported against the Central Dedicated Schools Grant (DSG), leaving a cumulative DSG deficit of £17.639m at the end of the financial year. This in year-deficit was due to an in-year overspend reported on the High Needs Block of DSG totalling £15.464m. There was also an overspend of £0.022m against school's de-delegated items, an underspend of £0.091m against the Council's Schools Growth funding allocation, a £0.240m underspend on the Council's Early Years Block DSG allocation, as well as a £0.059m underspend reported against the Council's Central Schools Services Block DSG allocation.

11.2. The overspend on High Needs Blocks of £15.464m is across several areas. The largest overspend was against the budget for Independent Special School placements (£5.957m). The Council has experienced a continued increase in demand for Independent Special School placements as evidenced by the number of new placements. This is a trend that was identified in 2022-23, was even more pronounced in 2023-24 and has continued in 2024-25 although the percentage increase in new placements has slowed relative to 2023-24. Another trend is the continued, more frequent use of independent alternative providers, particularly in relation to children who are post 16. Also, the average termly cost of a placement has increased in 2024-25 reflecting price inflationary pressures and an in increase in the complexity of children and young people's needs.

11.3. There have also been large overspends in relation to top-up funding. There was a £3.748m overspend on top-up funding paid to Special Schools. Some of the overspend was related to the planned increase in commissioned place numbers at the newest Special School, Keystone Academy, while the majority of the overspend relates to a banding review at the largest Special School, Severndale Specialist Academy. Part of this was a one-off payment backdated to September 2023. An overspend of £3.918m is also reported against the top-up funding to mainstream school budgets. The spend on this budget line includes top-up funding to SEND Hubs attached to mainstream schools, which the Council has continued to grow capacity and invest in SEND Hubs, in line with local and national SEND strategies. The Council has also seen an increase in expenditure in 2024-25 relating to SEN Support Services resulting in a £1.844m overspend against this budget line.

11.4. Council Officers are currently working on a DSG Management Plan which sets out potential mitigations against the High Need Block DSG and illustrates how these mitigations will bring the DSG financial position back into balanced position over an agreed period of time. A meeting has been arranged with the Education and Skills Funding Agency to discuss this plan on 7th July, and this DSG Management Plan will be presented to Schools Forum.

12. Reserves and Provisions

12.1. The overall position for reserves and provisions is set out in the Statement of Accounts 2024/25, however a detailed breakdown of the balances is contained at Appendix 8 and shows an overall reduction of £7.079m in reserves and provision (excl. delegated schools balances).

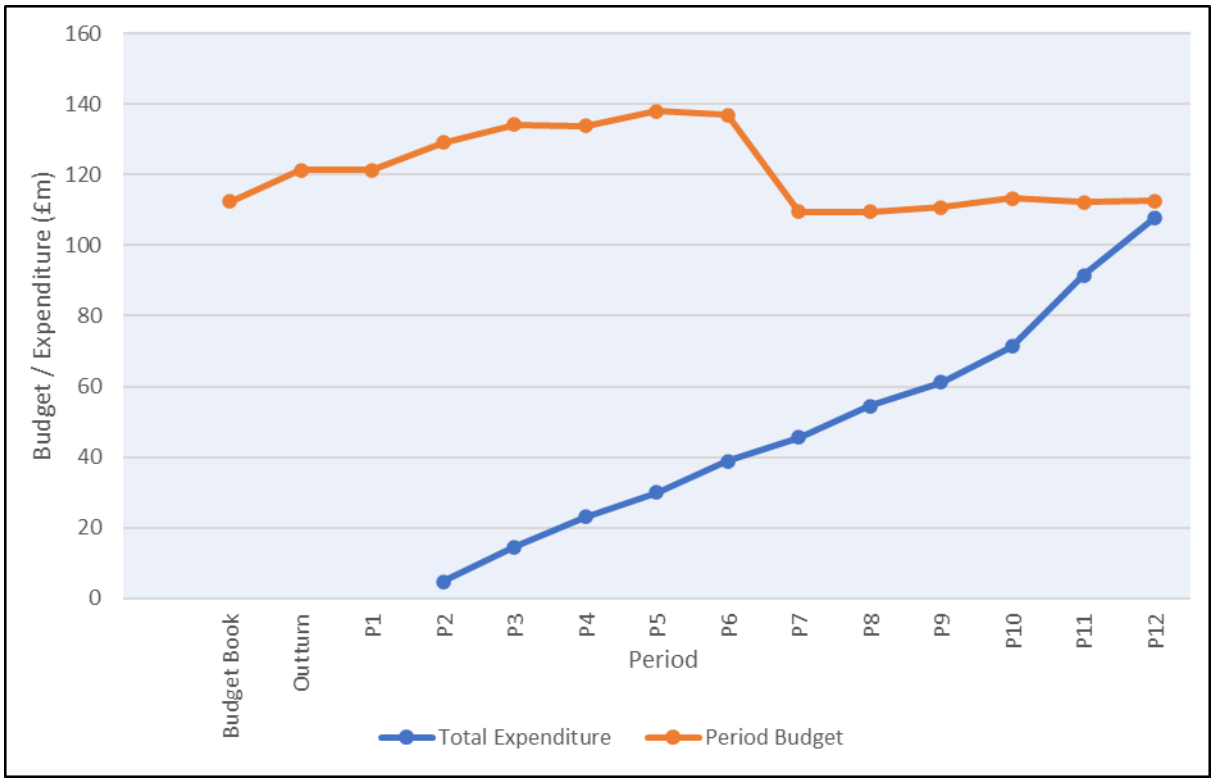
13. Original & Final Capital Programme for 2024/25

13.1. The capital budget for 2024/25 was subject to a review of all projects at Quarter 3 and re-profiling where required into future years with no further re-profiling into future years being anticipated during Quarter 4. However, in Quarter 4 it has been necessary to undertake further re-profiling of -£0.515m. Additionally, in Quarter 4 there has been a net budget increase of £2.461m for 2024/25. In total, therefore, during Quarter 4 there has been a net budget increase of £1.946m compared to the position reported at Quarter 3 2024/25. Appendix 9 summarises the overall movement, between that already approved and changes for Quarter 4 that require approval.

14. Capital Outturn Position and Financing

14.1. Outturn projections are incorporated into the capital monitor to enhance the monitoring information provided and allow the early identification where schemes are deviating from budget. Appendix 10 summarises the outturn position for 2024/25.

14.2. Total capital expenditure for 2024/25 was £107.820m, which equated to 95.7% of the re-profiled capital programme of £112.640m. The graph below shows actual expenditure by period and tracks the period-on-period changes to the budget.



14.3. There was a total variance of £4.819m between the revised Outturn Budget and the Outturn Expenditure. This underspend will be slipped to future years to facilitate completion of projects in delivery during in 2025-26 and beyond as required following a review of expected profiles. A summary of significant variances by directorate and service area are provided In Appendix 11.

14.4. Appendix 12 summarises the financing of the 2024/25 capital programme, changes made to Quarter 3 and to be approved to Quarter 4.

14.5. Within the financing of the Capital Programme £1.260m is funded from revenue contributions. The major areas of revenue contributions to capital are HRA house repurchases (£0.167m), essential repairs in relation to the Corporate Landlord estate (£0.386m), Highways schemes (£0.157m), Homes & Communities schemes (0.140m), Passenger Transport vehicles (£0.256m) and Schools revenue contributions to various capital schemes (0.154m).

15. Projected Future Capital Programme

15.1. The updated capital programme and the financing of the programme is summarised by year in Appendix 13.

15.2. The Corporate Resources financing line is the element of internal resources through capital receipts and corporately financed prudential borrowing required to finance the programme.. The Council continues to consider proposals for new schemes to invest in, with an emphasis on invest to save schemes and schemes that generate revenue savings as a result of either the generation of revenue income or the delivery of revenue savings.

16. Capital Receipts Position

16.1. Appendix 14 summarises the current allocated and projected capital receipt position across 2024-25 to 2027-28

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

Financial Strategy 2024/25 – 2028/29, Council – 29 February 2024

Financial Rules

Financial Monitoring Report – Quarter 1 2024/25, Cabinet – 11 September 2024

Financial Monitoring Report – Quarter 2 2024/25, Cabinet – 20 November 2024

Financial Monitoring Report – Quarter 3 2024/25, Cabinet – 12 February 2025

Local Member: All

Appendices

Appendix 1 – 2024/25 Budget Variations by Service

Appendix 2 – Movement in Projections Between Q3 and Outturn

Appendix 3 – Update on Delivery of 2024/25 Savings Proposals

Appendix 4 – Reconciliation of Monitoring Projections to Savings Delivery

Appendix 5 – Amendments to Original Budget

Appendix 6 – General Fund Balance

Appendix 7 – Housing Revenue Account

Appendix 8 – Reserves and Provision 2024/25

Appendix 9 – Revised Capital Programme

Appendix 10 – Capital Programme Outturn Position by Directorate 2024/25

Appendix 11 – Summary of Significant Variances Between Revised Capital Budget & Outturn Expenditure by Directorate and Service Area For 2024-25

Appendix 12 – Revised Capital Programme Financing 2024/25

Appendix 13 – Capital Programme 2025/26 To 2027/28

Appendix 14 – Projected Capital Receipts Position

Appendix 15 – Capital Programme Summary Outturn 2024/25

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APPENDIX 1

2024/25 BUDGET VARIATIONS BY SERVICE

1.1 Summary

Revenue variances are reported on an exception basis depending on the total variance from budget, and the percentage change in projection in any one period.

- Green - variance +/- 1% (or £0.05m if budget less than £5m)
- Amber - overspend between 1%-2% (or £0.05m-£0.1m if budget less than £5m)
- Red - variance over 2% (or £0.1m if budget less than £5m)
- Yellow - underspend more than 1% (or £0.05m if budget less than £5m)

Directorate	Full Year			RAGY
	Revised Budget £	Controllable Outturn £	(Under)/ Overspend £	
Health & Wellbeing	5,992	5,503	(489)	Y
People	214,687	245,931	31,244	R
Place	51,651	66,722	15,071	R
Resources	3,782	8,463	4,681	R
Strategic Management Board	(23)	295	318	R
Service Delivery Budgets	**276,089**	**326,914**	**50,825**	
Corporate Budgets	(14,392)	(30,987)	(16,595)	Y
Total	**261,697**	**295,927**	**34,230**	

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1.2 Summary

Directorate Summary

Directorate Summary

Directorate			Budget	Outturn	Variance	RAGY
A1R009	CORPORATE BUDGETS		(14,391,730.00)	(30,986,352.34)	(16,594,622.34)	Y
A1R009: Corporate Budgets		Portfolio Holder	Budget	Outturn	Variance	RAGY
RSA057	Corporate Budgets	Finance, Corporate Resources and Communities	(14,391,730.00)	(30,986,352.34)	(16,594,622.34)	Y
• £10.560m Corporate MTFS savings targets yet to be delivered in base budget and offset by one-off arrangements set out below • £1.741m to fund a provision for known redundancy costs committed to in 2024/25 but to be incurred in 2025/26 • (£0.354m) various minor budget variations • (£0.428m) additional Levy Accounts Surplus distribution from government • (£0.686m) higher than expected returns from West Mercia Energy • (£0.701m) savings in Corporate transformation and invest to save budgets through the application of the in-year capitalisation direction 2024/25 • (£1.064m) equipment budgets decommitted during 2024/25 • (£1.940m) additional Section 31 grant for Business Rate Retention • (£4.250m) use of Financial Strategy Reserve • (£4.711m) additional income and savings through Treasury Management Activities including interest earned on loans provided to Cornovii during the year, reduced interest payable due to renegotiation of market loan terms • (£6.153m) staffing budgets contingency not committed during 2024/25, however this has been released in 2025/26 budget setting. • (£8.609m) use of Development Reserve						
Total A1R009: Corporate Budgets			(14,391,730.00)	(30,986,352.34)	(16,594,622.34)	

Directorate			Budget	Outturn	Variance	RAGY
A1R011	HEALTH & WELLBEING		5,991,670.00	5,502,898.81	(488,771.19)	Y
A1R011: Health and Wellbeing		Portfolio Holder	Budget	Outturn	Variance	RAGY
RSA007	Regulatory Services	Planning and Regulatory Services	1,342,190.00	1,276,411.31	(65,778.69)	Y
Minor Variance to budget						

Directorate			Budget	Outturn	Variance	RAGY
RSA008	**Business and Consumer Protection**	**Planning and Regulatory Services**	**1,871,590.00**	**1,488,102.24**	**(383,487.76)**	**Y**
•(£0.383m) spend under budget mainly due to VR posts contributing to corporate savings, vacant post and restructure						
RSA011	**Ring Fenced Public Health Services**	**Adult Social Care and Public Health**	**-**	**-**	**-**	**G**
No Variance to budget						
RSA025	**Planning Services**	**Planning and Regulatory Services**	**(144,230.00)**	**(261,037.36)**	**(116,807.36)**	**Y**
•(£0.117m) Planning Services – increased income compared to budget.						
RSA035	**Libraries**	**Culture and Digital**	**2,907,770.00**	**2,854,408.83**	**(53,361.17)**	**Y**
Minor Variance to budget						
RSA044	**Business Improvement: Data, Analysis and Intelligence**	**Culture and Digital**	**14,350.00**	**145,013.79**	**130,663.79**	**R**
• £0.131m overspend in transformation work, mitigated by savings from the Voluntary Redundancy programme.						
Total A1R011: Health and Wellbeing			**5,991,670.00**	**5,502,898.81**	**(488,771.19)**	

Directorate			Budget	Outturn	Variance	RAGY
A1R010	**PEOPLE**		**214,686,560.00**	**245,930,829.49**	**31,244,269.49**	**R**
A1R010: People		**Portfolio Holder**	**Budget**	**Outturn**	**Variance**	**RAGY**
RSA001	**Adult Social Care Business Support and Development**	**Adult Social Care and Public Health**	**(2,399,860.00)**	**(2,796,175.46)**	**(396,315.46)**	**Y**
•(£0.361m) Capitalisation of posts for transformational projects across several teams.						
RSA002	**Adult Social Care Management**	**Adult Social Care and Public Health**	**978,830.00**	**635,908.16**	**(342,921.84)**	**Y**
•(£0.343m) Capitalisation of posts for transformational projects						
RSA003	**Adult Social Care Provider Services**	**Adult Social Care and Public Health**	**3,924,150.00**	**3,913,894.55**	**(10,255.45)**	**Y**
• Minor Variance to budget at Period 12						

Directorate			Budget	Outturn	Variance	RAGY
RSA005	**Adult Social Care Operations**	**Adult Social Care and Public Health**	**125,700,510.00**	**142,972,755.01**	**17,272,245.01**	**R**

• Additional spend in purchasing of £13.534m
The key elements of the purchasing spend are:
£8.198m Supported Living spend
£5.694m SPOT Purchasing spend for people transferred from Health to the Local Authority.
- a number of disputed cases which were not resolved by the end of the year relating to CHC income.
- continued pressure on long term older persons care due to the increased number of capital reductions.
offset by (£0.320m) additional income from client deferred payment agreement.
• £3.505m unachieved savings these are organisational savings relating to rightsizing the organisation and efficiency savings
• £0.145m spend over budget on transport services

RSA017	**Shire Services**	**Housing and Assets**	**0.00**	**(217,008.20)**	**(217,008.20)**	**Y**

• There was a £0.217m surplus in 2024/25 that has then been transferred to the general fund to partially repay Shire's Services deficit relating to previous years

RSA018	**Children's Social Care and Safeguarding**	**Children & Education**	**20,831,700.00**	**24,210,577.71**	**3,378,877.71**	**R**

• £1.418m spend over budget on staffing across the Social Work Teams, largely relating to Agency Social Workers
• £0.791m savings target unachievable relates to efficiency savings targets across the whole of Children's Social Care
• £0.560m spend over budget relates to other costs such as transport recharges and taxi costs, childcare payments, parenting and medical assessments and interpreting fees.
• £0.401m spend over budget relates to Disabled Children's budget area with £0.367m of the value explained by DCT prevention and Support payments
• £0.270m "low value efficiencies" savings target was unachieved.
• £0.137m spend over budget relates to Adoption Services. There was a £0.253m spend over budget on Adoption Allowances but this is partially offset by a spend under budget on Intra-Agency adoption placements.
• (£0.022m) spend under budget relates to Leaving Care accommodation and allowances
• (£0.175m) net under spend against budget on Public Law Outline support packages.

Directorate			Budget	Outturn	Variance	RAGY
RSA019	**Children's Early Help & Placements**	**Children & Education**	**41,357,160.00**	**47,316,911.90**	**5,959,751.90**	**R**

• £6.227m spend over budget on External Residential Placements. £4.842m is explained by an increase in External Residential placements (28% increase between 31/3/24 and 31/3/25) leading to an increase in expenditure in 2024/25. The remaining £1.385m of this pressure relates to a shortfall in contributions from other partners towards joint funded social care led placements.
• £2.189m spend over budget on Fostering. The majority relates to External Fostering (£1.643m), partly explained by a portion of £1m savings target which was not achieved on an ongoing basis in 2023/24.
• £0.343m unachieved savings are organisational savings relating to rightsizing the organisation, third party spend and efficiency savings across the whole of Early Help.
• £0.181m spend over budget on staffing across the Social Work Teams, largely relating to Agency Social Workers.
• £0.067m spend over budget relates to other costs such as transport recharges and taxi costs, childcare payments, parenting and medical assessments and interpreting fees.
• (£0.043m) net under spend against budget on Youth Support Team.
• (£0.195m) spend under budget against Early Help staffing. The service implemented a new staffing structure from 1st June so staff turnover has been high and several posts have remained vacant as the service has restructured
• (£0.725m) net under spend against budget on Internal Residential Placements. Expenditure of £0.618m relating to one of the Council's new children's homes has been capitalised during 2024/25 which explains the majority of the spend under budget.
• (£0.830m) spend under budget against Early Help Non-staffing, including the maximisation of Supporting Families Grant
• There is a credit of (£1.255m) relating to the capitalisation of posts as a one-off working on transformational projects (Stepping Stones Project).

RSA021	**Learning and Skills**	**Children & Education**	**18,214,790.00**	**21,662,935.67**	**3,448,145.67**	**R**

• £3.749m spend over budget against Home to School Transport. £2.399m of this relates to SEND Transport where there has been a significant increase in the number of children with EHC Plans requiring transport. The remaining variance of £1.350m relates to mainstream transport and the Children's transport Fleet.
• £0.134m spend over budget relates to the fully-traded Schools Library Service
• (£0.058m) relating to the capitalisation of a post as a one-off working on transformational projects within Learning & Skills Business Support
• (£0.061m) relating to maximising the use of grants to fund staff within Learning & Skills Business Support
• (£0.068m) relating to the net spend under budget on the Academy Conversions budget
• (£0.097m) one-off efficiencies across both staffing and non-staffing budgets within Learning & Skills Business Support.
• (£0.151m) relating to maximising the use of grants to fund staff within Children-Looked-After Education (Virtual School).

Directorate			Budget	Outturn	Variance	RAGY
RSA070	**People Directorate Management**	**Adult Social Care and Public Health**	**(1,088,800.00)**	**2,879,714.48**	**3,968,514.48**	**R**
• £3.969m spend over budget relates largely to unachieved efficiency savings						
RSA075	**Public Transport**	**Highways**	**7,168,080.00**	**5,351,315.67**	**(1,816,764.33)**	**Y**
• (£1.266m) Department for Transport Grants applied for the provision of Public Transport and contributions received towards Bus Services (within the boundary and Cross Boundary) • (£0.551m) Savings achieved resulting from changes in the Concessionary Fares reimbursement model						
Total A1R010: People			**214,686,560.00**	**245,930,829.49**	**31,244,269.49**	

Directorate			Budget	Outturn	Variance	RAGY
A1R003	**PLACE**		**51,651,350.00**	**66,721,730.23**	**15,070,380.23**	**R**
A1R003: Place		**Portfolio Holder**	**Budget**	**Outturn**	**Variance**	**RAGY**
RSA004	**Housing Services**	**Housing and Assets**	**4,205,260.00**	**3,719,589.78**	**(485,670.22)**	**Y**
• £0.442m Activity higher than budgeted for Temporary Accommodation • (£0.701m) Additional Housing Benefit (one-off) income achieved • (£0.207m) One-off saving on housing contracts • (£0.035m) Low value efficiencies achieved						
RSA006	**Bereavement Services**	**Planning and Regulatory Services**	**270,710.00**	**262,035.48**	**(8,674.52)**	**Y**
• Minor variance to budget						
RSA012	**Assistant Director Commercial Services**	**Housing and Assets**	**(4,652,630.00)**	**87,504.39**	**4,740,134.39**	**R**
• Corporate MTFS targets not realised						
RSA013	**Corporate Landlord, Property and Development**	**Housing and Assets**	**3,680,900.00**	**3,297,406.71**	**(383,493.29)**	**Y**
• Overall savings achieved from a combination of increased income, reduced utility costs across the portfolio, offset by small increase in PFI costs. • Additional Savings in Property Services through service restructure & VR						

Directorate			Budget	Outturn	Variance	RAGY
RSA023	**Director of Place**	**Housing and Assets**	**323,210.00**	**480,276.32**	**157,066.32**	**R**
• Corporate MTFS targets not realised						
RSA024	**Assistant Director Economy & Place**	**Growth and Regeneration**	**(708,920.00)**	**212,410.99**	**921,330.99**	**R**
• Corporate MTFS targets not realised						
RSA026	**Economic Growth**	**Growth and Regeneration**	**1,189,200.00**	**1,006,615.20**	**(182,584.80)**	**Y**
• Additional project funding received						
RSA027	**Broadband**	**Culture and Digital**	**150,330.00**	**41,278.20**	**(109,051.80)**	**Y**
• Vacancy savings and project activity recharged to capital						
RSA028	**Policy and Environment**	**Planning and Regulatory Services**	**1,780,590.00**	**1,817,571.27**	**36,981.27**	**G**
• Minor Variance to budget						
RSA030	**Culture, Leisure & Tourism Development**	**Culture and Digital**	**14,760.00**	**3,935.44**	**(10,824.56)**	**Y**
• Minor variance to budget						
RSA031	**Highways & Transport**	**Highways**	**10,112,770.00**	**13,510,260.35**	**3,397,490.35**	**R**
• £1.624m contract savings not fully realised • £1.246m Winter Maintenance Reserve shortfall • £1.253m shortfall on Parking Income • £1.193m Borrowing Costs & Interest • (£1.029m) Streetworks additional Income • (£0.500m) transfer from Kier Pension reserve • (£0.393m) Street lighting Energy efficiencies • (£0.090m) Cross service savings						
RSA032	**Shropshire Hills National Landscape**	**Culture and Digital**	**35,020.00**	**36,688.00**	**1,668.00**	**G**
• Minor variance to budget						
RSA033	**Outdoor Partnerships**	**Culture and Digital**	**1,156,650.00**	**1,083,533.34**	**(73,116.66)**	**Y**
• Minor variance to budget						

Directorate			Budget	Outturn	Variance	RAGY
RSA034	**Leisure**	**Culture and Digital**	**1,979,980.00**	**2,183,051.19**	**203,071.19**	**R**
• Unachieved savings targets relating to closure of leisure centres						
RSA036	**Museums and Archives**	**Culture and Digital**	**1,118,730.00**	**896,374.70**	**(222,355.30)**	**Y**
• Spend below budget due to delay of Invest 2 Save payment & salary savings through Voluntary Redundancy.						
RSA037	**Theatre Services**	**Culture and Digital**	**18,750.00**	**(628,170.23)**	**(646,920.23)**	**Y**
• Additional net income						
RSA038	**Waste Management**	**Deputy Leader, Climate Change, Environment and Transport**	**34,468,390.00**	**36,780,414.65**	**2,312,024.65**	**R**
• £2.250m shortfall on Green Waste charges (budgeted full year at 70% take up, actual 5 months at 56%) • £2.000m Shortfall on Waste PFI contract re-negotiation based on delayed implementation • £0.210m Shortfall on Household Recycling Centre savings due to delayed closure. • (£2.150m) Savings on PFI contract (Inflationary increase for 24-25 being less than originally budgeted)						
RSA058	**Assistant Director Highways and Transport**	**Highways**	**(2,070,890.00)**	**236,442.72**	**2,307,332.72**	**R**
• Corporate MTFS targets not realised						
RSA060	**Head of Culture, Leisure & Tourism**	**Culture and Digital**	**170,090.00**	**122,997.21**	**(47,092.79)**	**Y**
• Minor variance to budget						
RSA062	**Climate Change**	**Deputy Leader, Climate Change, Environment and Transport**	**(212,700.00)**	**139,673.23**	**352,373.23**	**R**
• Delayed implementation of Pyrolysis Plant £0.270m • Delayed implementation of Maesbury Solar Farm £0.125m offset by some staffing savings.						
RSA063	**Highway Policy & Strategic Infrastructure**	**Deputy Leader, Climate Change, Environment and Transport**	**1,632,170.00**	**1,768,016.30**	**135,846.30**	**R**
• Shrewsbury Town Council grounds maintenance contract savings not fully achieved						

Directorate			Budget	Outturn	Variance	RAGY
RSA064	**Assistant Director Homes and Communities**	**Housing and Assets**	**(2,529,850.00)**	**159,161.89**	**2,689,011.89**	**R**
• £2.612m Corporate MTFS savings yet to be realised • £0.077m Low value efficiencies unachieved						
RSA065	**Housing Development and HRA**	**Housing and Assets**	**60,250.00**	**46,083.10**	**(14,166.90)**	**Y**
• Minor variance to budget						
Total A1R003: Place			**51,651,350.00**	**66,721,730.23**	**15,070,380.23**	

Directorate			Budget	Outturn	Variance	RAGY
A1R012	**RESOURCES**		**3,781,910.00**	**8,462,606.06**	**4,680,696.06**	**R**
A1R012: Resources		**Portfolio Holder**	**Budget**	**Outturn**	**Variance**	**RAGY**
RSA009	**Registrars and Coroners**	**Planning and Regulatory Services**	**451,920.00**	**419,240.97**	**(32,679.03)**	**Y**
• Minor variance to budget.						
RSA042	**Automation and Technology**	**Culture and Digital**	**152,210.00**	**(958,007.42)**	**(1,110,217.42)**	**Y**
• £1.000m savings not yet achieved in full relating to right sizing the organisation, third party spend, new operating model activity and income generation. A big proportion of these are offset against other variances as below to mitigate in-year. • (£0.121m) additional income generated via postages • (£0.442m) reduction across various IT contracts and income generation from IT trading • (£0.743m) additional capitalisation of staff and transformational activity across the area. • (£0.809m) Vacancy management across all Automation & Technology						
RSA045	**Human Resources and Organisational Development**	**Finance, Corporate Resources and Communities**	**7,880.00**	**612,971.75**	**605,091.75**	**R**
• Net savings relating to rightsizing the organisation under budget £0.732m • In year saving efficiencies across supplies and services budgets (£0.100m) • Income above expected budget in relation to ticket sales and fees and charges (£0.25m)						

Directorate			Budget	Outturn	Variance	RAGY
RSA047	**Finance**	**Finance, Corporate Resources and Communities**	**2,155,420.00**	**3,928,031.13**	**1,772,611.13**	**R**
• £2.883m savings not yet achieved in full relating to right sizing the organisation, third party spend, new operating model activity and income generation. A proportion of these are offset against other variances as below to mitigate in-year. • (£0.057m) other minor reductions in spend against supplies and services. • (£0.188m) additional capitalisation of staff and transformational activity across the area. • (£0.866m) Vacancy management across all finance teams.						
RSA050	**Pensions**	**Finance, Corporate Resources and Communities**	**(12,890.00)**	**8,037.04**	**20,927.04**	**G**
• Minor variance to budget.						
RSA051	**Commissioning Development and Procurement**	**Finance, Corporate Resources and Communities**	**(22,060.00)**	**132,855.04**	**154,915.04**	**R**
• £0.158m reduced income from the Matrix rebate due to transfer of service to OPUS which should deliver wider organisational savings						
RSA052	**Risk Management**	**Finance, Corporate Resources and Communities**	**(30,130.00)**	**115,952.39**	**146,082.39**	**R**
• £0.146m Risk management recharges less than budgeted						
RSA053	**Democratic Services**	**Finance, Corporate Resources and Communities**	**(14,800.00)**	**(126,767.83)**	**(111,967.83)**	**Y**
• Spend under budget from Members allowances (£0.112m)						
RSA054	**Elections**	**Finance, Corporate Resources and Communities**	**592,330.00**	**603,106.60**	**10,776.60**	**G**
• Minor variance to budget.						
RSA055	**Legal Services**	**Finance, Corporate Resources and Communities**	**(59,070.00)**	**676,107.19**	**735,177.19**	**R**
• £0.350m savings not met in relation to MTFS • £0.233m spend above budget on Legal Childcare Cases (Demand Led) • £0.068 additional legal/court fee expenditure linked to increased number of cases • £0.051m Staff Capitalisation realised against transformation projects less than budgeted. • £0.043m under budget for Professional Fees income						

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Directorate			Budget	Outturn	Variance	RAGY
RSA066	**Policy and Governance**	**Finance, Corporate Resources and Communities**	**(36,760.00)**	**(203,756.49)**	**(166,996.49)**	**Y**
• Net vacancy management savings (£0.193m) • In-year pressures relating to supplies and services £0.036m						
RSA071	**Resources Management Team**	**Finance, Corporate Resources and Communities**	**10,210.00**	**1,939,881.27**	**1,929,671.27**	**R**
• £2.030m savings showing unachieved where budget is set against directorate, some of this is offset in service areas against savings in relation to service review implementation. • (£0.019m) one-off staff capitalisation through transformation projects. • (£0.030m) one-off reduction in spend against training across the directorate. • (£0.040m) income raised at year-end budgeted for in Finance & Technology.						
RSA072	**Housing Benefits**	**Finance, Corporate Resources and Communities**	**511,630.00**	**1,151,283.96**	**639,653.96**	**R**
• £0.640m net position across Housing Benefits due to unachieved saving relating to in-year HB subsidy loss. This position also includes £0.194m of Bad Debt Provision released during 24/25.						
RSA073	**Scrutiny**	**Finance, Corporate Resources and Communities**	**83,720.00**	**232,042.19**	**148,322.19**	**R**
• Vacancy management savings not achieved £0.100m and minor variance above staffing budget £0.048m.						
RSA074	**Feedback and Insights**	**Finance, Corporate Resources and Communities**	**(7,700.00)**	**(68,371.73)**	**(60,671.73)**	**Y**
• Minor variance to budget						
Total A1R012: Resources			**3,781,910.00**	**8,462,606.06**	**4,680,696.06**	

Directorate			Budget	Outturn	Variance	RAGY
A1R008	STRATEGIC MANAGEMENT BOARD		(22,540.00)	295,208.43	317,748.43	R
A1R008: Strategic Management Board		Portfolio Holder	Budget	Outturn	Variance	RAGY
RSA043	Communications	Leader, Policy and Strategy, Improvement and Communications	23,590.00	192,237.14	168,647.14	R
• Capitalisation of staff costs (£0.105m) • £0.376m savings not achieved in relation to rightsizing and historic income savings targets offset partially by vacancy management (£0.141m)						
RSA056	Chief Executive & PAs	Leader, Policy and Strategy, Improvement and Communications	8,100.00	102,674.41	94,574.41	A
• Minor variance to budget						
RSA059	Commercial Services Business Development	Housing and Assets	(46,880.00)	(21,252.60)	25,627.40	G
• Minor variance to budget						
RSA067	Programme Management	Leader, Policy and Strategy, Improvement and Communications	157,770.00	348,110.92	190,340.92	R
• £0.190m spend relating to Transformation that is not able to be capitalised						
RSA076	Customer Services	Leader, Policy and Strategy, Improvement and Communications	(165,120.00)	(326,561.44)	(161,441.44)	Y
• Unachieved savings of £0.334m • £0.103m Lost SLA Income re changes to CCTV Service • Offset by vacancy management and the voluntary redundancy programme as a result of a service review (£0.455m) • Reduction in supplies and services across the area of (£0.135m)						
Total A1R008: Strategic Management Board			(22,540.00)	295,208.43	317,748.43	

APPENDIX 2

MOVEMENT IN PROJECTIONS BETWEEN P11 AND OUTTURN

Directorate	P11 Controllable Variance £'000	Outturn Controllable Variance £'000	Movement £'000	Key Reasons for Movement
Health & Wellbeing	(250)	(489)	(238)	• £0.071m Planning services underachieved forecast income (though exceeded budget) •(£0.008m) Libraries favourable movement •(£0.026m) Business Intelligence favourable movement •(£0.132m) Regulatory services improvement through additional income •(£0.143m) Business & Consumer Protection improvement through additional income
People	16,100	31,244	15,144	**ADULTS:** • Purchasing additional spend £14.735m The variances above include the following identified pressures across all areas: - Transfer of clients from health to local authority funded - Several disputed cases relating to CHC income not yet resolved. - Increase in people in placements due to capital reductions from self-funders. - Supported Living transfers leading to increased provider costs and backdated costs. - Increase in complexity of cases. - Market Pressures - providers costs increased and backdated costs. - Winter Pressures - increase in demand over the winter months. The key elements of the purchasing spend are: -£5.851m Individual Service Funds (ISFs) transfers from Health to local authority -£3.537m Residential Care, £0.361m Nursing Care -£2.058m Supported Living increased complexity of cases and market pressures -£2.630m CHC Income shortfall -£0.315m Reablement expenditure -£0.101m increase in Direct Payments -(£0.121m) increased client contributions **CHILDRENS:** • £1.385m relates to a shortfall in contributions from other partners towards joint funded social care led placements. • £0.342m relates to an increase in spend on External Residential placements expenditure • £0.123m relates to an increase in DCT Prevention and Support payments • £0.063m relates to an increase in spend on 16-18 Supported Accommodation and allowances • £0.037m relates to an increase in spend on All-in-Programme Short Breaks within the DCT budget area • £0.030m relates to less grant and reserves funding applied within the Children-Looked-After UASC and Pathways Team • (£0.075m) relates to an increase in spend under budget against External Fostering placements • (£0.117m) relates to the use of Household Support Fund to fund a portion of accommodation and allowances expenditure within Leaving Care • (£0.304m) increase in spend under budget on Early Help non-staffing budgets including the increased use of Supporting Families Grant. £0.225m of this resulted from

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				the use of capital to fund Parenting Assessment Team, freeing up an additional £0.225m of the Supporting Families Grant reserve to be used in Early Help Family Hubs instead • (£0.618m) relates to the use of capital to fund £0.618m revenue expenditure relating to one of the Council's new children's homes • £0.354m relates to an increase in spend over budget reported against Home to School Transport and £0.300m of this relates to funding contributions towards SEND Transport • (£0.147m) relating to maximising the use of grants to fund staff within Children-Looked-After Education (Virtual School) • (£0.190m) relates to an increase in spend under budget on statutory Concession Fares within Public Transport • (£0.374m) increase in spend under budget within Public Transport resulting from the use of Department for Transport Grants to support Bus Operators • (£0.110m) relates to an increase in in-year surplus relating to Shire Catering
Place	15,289	15,070	(219)	**Growth & Infrastructure:** • £0.865m shortfall of Highways staff capitalisation • £0.534m increase in Kier overhead apportionment (Revenue to Capital) • £0.163m shortfall on Permanent repair Gang capitalisation • £0.093m Corporate landlord Cost of disposal • £0.049m Kier Incentive payments • (£0.360m) Increase in rental income in relation to the Shopping Centre • (£0.168m) Shirehall backdated rent and Service Charges • (£0.171m) additional Housing Benefit and Student Accommodation rental income • (£0.060m) Staff savings recharge for management of Shopping Centres **Homes & Communities:** • (0.531m) Additional Waste contract savings (Energy Share) • (0.356m) Contract Savings & low-level efficiencies achieved across Housing • (0.293m) Additional one-off from government relating refugee resettlement.
Resources	5,136	4,681	(456)	• (£0.115m) additional capitalisation of staff working on transformation projects • (£0.121m) additional income generated via postages • (£0.226m) Additional income generated in IT • £0.039m Other minor variances across all areas
Strategic Management Board	560	318	(243)	• (£0.113m) additional capitalisation of staff working on transformation projects • (£0.083m) additional unbudgeted income, and reduction in final spend on supplies and services
Corporate Budgets	(2,947)	(16,595)	(13,647)	• (£10.059m) planned release of Finance Strategy Reserve and additional release of Development Reserve. • £1.741m provision for known redundancy costs committed to in 2024/25 but to be incurred in 2025/26 • (£0.428m) additional Levy Accounts Surplus distribution from government • (£1.064m) equipment budgets not committed during 2024/25 • (£1.923m) additional income through Treasury Management Activities including interest earned on loans provided to Cornovii during the year • (£1.940m) additional Section 31 grant for Business Rate Retention
Total	**33,889**	**34,230**	**341**	

APPENDIX 3

UPDATE ON DELIVERY OF 2024/25 SAVINGS PROPOSALS

Summary

The savings delivered for 2024/25 are detailed in the table below:

Directorate	Delivered £'000	Savings not delivered £'000	Total £'000
Health & Wellbeing	1,959	0	1,959
People	27,141	11,777	38,918
Place	12,698	18,822	31,520
Resources	4,153	6,147	10,300
Strategic Management Board	554	1,798	2,352
Corporate Budgets	689	4,268	4,957
Total	**47,194**	**42,812**	**90,006**

*Note: the People directorate overachieved some individual savings targets in 24/25, some of this delivery has been one-off during the year and as a result will be a target rolled over into 24/25 to achieve on an ongoing basis. More detail is provided below.

Detail of the savings not delivered are provided below. Some of the savings have been partially achieved in future years, and so details of those savings to be carried forward for delivery in 2025/26 are detailed for information:

Savings Reference and Description	Savings not delivered in 24/25 £'000	Saving to be delivered in 25/26 £'000	Comments
Health & Wellbeing Savings of £0.152m were delivered as one-off savings in 24/25 but will be fully delivered in in 25/26 through VRs. These are as follows:	**0**	**152**	
RC080 – Review and resize overall council staffing	0	132	Carried forward to 2025/26 for delivery
RC086 – Efficiency Savings across all areas of the Council	0	20	Carried forward to 2025/26 for delivery
People	**11,777**	**14,596**	
EFF09 – Removal of budgets for vacant posts	459	1,248	Carried forward to 2025/26 for delivery
EFF101 – Staff Budget turnover by 5%	2,277	2,277	Carried forward to 2025/26 for delivery
EFF105 – Getting Leadership Right	373	373	Carried forward to 2025/26 for delivery
RC016 – Agency staff	85	85	Carried forward to 2025/26 for delivery
RC080 – Review and resize overall council staffing	2,708	2,771	Carried forward to 2025/26 for delivery
RC081 – Senior Management Review	207	0	Carried forward to 2025/26 for delivery
RC085 – Reduce Third Party Spend	213	121	Carried forward to 2025/26 for delivery
RC086 – Efficiency Savings across all areas of the Council	6,693	6,622	Carried forward to 2025/26 for delivery
Overachievement against other savings targets within People	(1,238)	(363)	Ongoing overachievement that can be carried forward to offset other savings

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Savings Reference and Description	Savings not delivered in 24/25 £'000	Saving to be delivered in 25/26 £'000	Comments
Savings have been delivered as one-off savings in 24/25 and will therefore need to be delivered in 25/26. These are as follows:			
MD012 – Supported living	0	873	Carried forward to 2025/26 for delivery
RC007 – Review of in house day service provision	0	12	Carried forward to 2025/26 for delivery
RC083 – Cost reductions in the pooled training budget	0	17	Carried forward to 2025/26 for delivery
TO002 – Use of Shared Prosperity Fund	0	60	Carried forward to 2025/26 for delivery
TO004 – Funding arrangements and contributions from external sources to higher cost placement	0	500	Carried forward to 2025/26 for delivery
Place	**18,822**	**14,831**	
CM007 – Increase wider fees and charges	1,802	1,802	Carried forward to 2025/26 for delivery
EFF101 - Staff Budget turnover by 5%	150	100	Carried forward to 2025/26 for delivery
EFF105 – Getting Leadership Right	227	307	Carried forward to 2025/26 for delivery
EFF44a – Sale of energy and recyclates	500	0	Delivered in 25/26
EFF44b – Renegotiate Waste PFI contract	2,000	0	Delivered in 25/26
EFF44c – Reduce Household Recycling Centres	216	0	Delivered in 25/26
EFF45 – Charge staffing costs to capital	455	1,832	Carried forward to 2025/26 for delivery
EFF49 – Removal of budgets for vacant posts	814	896	Carried forward to 2025/26 for delivery
MD006 – Booking system for household recycling centre	130	0	Delivered in 25/26
NI010 – Charge for green waste collection	2,500	0	Delivered in 25/26
NI013 – Car Parking charges at council offices	100	0	Delivered in 25/26
RC040 – Dispose of Shirehall quicker	195	0	Delivered in 25/26
RC080 – Review and resize overall council staffing	2,853	2,799	Carried forward to 2025/26 for delivery
RC081 – Senior Management Review	139	0	Delivered in 25/26
RC085 – Reduce Third Party Spend	1,049	1,045	Carried forward to 2025/26 for delivery
RC086 – Efficiency Savings across all areas of the Council	3,193	3,050	Carried forward to 2025/26 for delivery
SC013 – Rationalise property and buildings	2,500	3,000	Carried forward to 2025/26 for delivery
Resources	**6,147**	**7,174**	
CM007 – Increase wider fees and charges	144	50	Carried forward to 2025/26 for delivery
EFF101 - Staff Budget turnover by 5%	47	915	Carried forward to 2025/26 for delivery
EFF105 – Getting Leadership Right	532	540	Carried forward to 2025/26 for delivery
EFF80 – Removal of budget for vacant posts	15	563	Carried forward to 2025/26 for delivery
EFF81 – Charge staffing costs to capital	243	645	Carried forward to 2025/26 for delivery
EFF82 – Legal & Governance restructure	67	166	Carried forward to 2025/26 for delivery

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Savings Reference and Description	Savings not delivered in 24/25 £'000	Saving to be delivered in 25/26 £'000	Comments
EFF83 – Charge staffing costs to capital	57	57	Carried forward to 2025/26 for delivery
EFF84 – Charge staffing costs to capital	0	21	Carried forward to 2025/26 for delivery
EFF86 – Contract rebates and spending reductions	28	28	Carried forward to 2025/26 for delivery
EFF87 – Digital County	100	100	Carried forward to 2025/26 for delivery
EFF88 – Review of single person discount and housing benefit applications against data warehouse	100	0	Delivered in 25/26
NI007 – Increased income from enhanced memorial and ceremony offer	60	0	Delivered in 25/26
RC064 – Review and resize HR/OD team (1)	20	0	Delivered in 25/26
RC065 – Review and resize HR/OD team (2)	95	0	Delivered in 25/26
RC068 – Review and resize staffing in the Overview and Scrutiny function	100	97	Carried forward to 2025/26 for delivery
RC072 – Review and resize staffing in ICT	2	124	Carried forward to 2025/26 for delivery
RC073 – Review and resize staffing in Revenues and Benefits	195	306	Carried forward to 2025/26 for delivery
RC074 – cost reductions in Revenue & Benefits arising from Temporary Accommodation provision	525	0	Delivered in 25/26
RC077 – Centralisation of external legal spend	100	0	Delivered in 25/26
RC080 – Review and resize overall council staffing	1,884	1,892	Carried forward to 2025/26 for delivery
RC081 – Senior Management Review	142	0	Delivered in 25/26
RC085 – Reduce Third Party Spend	3	0	Delivered in 25/26
RC086 – Efficiency Savings across all areas of the Council	1,636	1,670	Carried forward to 2025/26 for delivery
SC010 – Service efficiencies and increased income from Registrars	50	0	Delivered in 25/26
Strategic Management Board	**1,798**	**1,758**	
CM007 – Increase wider fees and charges	10	4	Carried forward to 2025/26 for delivery
EFF105 – Getting Leadership Right	48	48	Carried forward to 2025/26 for delivery
EFF78 – Review of customer contact teams across the Council	1,025	1,025	Carried forward to 2025/26 for delivery
EFF80 – Removal of budget for vacant posts	0	109	Carried forward to 2025/26 for delivery
EFF89 – CCTV provision and management	75	0	Delivered in 25/26
RC078 – Out of hours call triage and Shrewsbury Town CCTV	165	47	Carried forward to 2025/26 for delivery
RC080 – Review and resize overall council staffing	290	371	Carried forward to 2025/26 for delivery
RC081 – Senior Management Review	39	0	Delivered in 25/26
RC082 – Review and resize staffing in executive support	25	32	Carried forward to 2025/26 for delivery
RC086 – Efficiency Savings across all areas of the Council	122	122	Carried forward to 2025/26 for delivery
Corporate Budgets	**4,268**	**2,670**	
EFF103a – Transformation partner delivers 4 end to end process reviews	771	0	Delivered in 25/26

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Savings Reference and Description	Savings not delivered in 24/25 £'000	Saving to be delivered in 25/26 £'000	Comments
EFF103b - Transformation partner delivers 4 end to end process reviews	1,229	0	Delivered in 25/26
EFF107 – Contract spend analysis	250	0	Delivered in 25/26
EFF108 – Application of corporate grants	1,349	2,000	Carried forward to 2025/26 for delivery
RC080 – Review and resize overall council staffing		1	Carried forward to 2025/26 for delivery
RC086 – Efficiency Savings across all areas of the Council	669	669	Carried forward to 2025/26 for delivery
Total	**42,812**	**41,181**	

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APPENDIX 4

RECONCILIATION OF OUTTURN POSITION TO SAVINGS DELIVERY AND PRESSURES IDENTIFIED

Service Area	Outturn Variance (Controllable) £'000	Savings Pressure in 2024/25 £'000	Ongoing Monitoring Pressure Identified £'000	Ongoing Monitoring Savings Identified £'000	One Off Monitoring Pressures Identified £'000	One Off Monitoring Savings Identified £'000
Health and Wellbeing						
Integration & Healthy People – Non-Ringfenced	(489)	0	80	(178)	1,497	(1,888)
Integration & Healthy People – Ringfenced	0	0	0	0	673	(673)
Health & Wellbeing Total	**(489)**	**0**	**80**	**(178)**	**2,171**	**(2,561)**
People						
Adult Social Care	16,522	3,944	14,240	0	1,590	(3,252)
Children's & Families	9,339	1,338	8,663	0	5,668	(6,330)
Education & Achievement	1,631	0	3,688	0	446	(2,502)
Shire Services	(217)	0	0	0	0	(217)
Directorate management	3,969	3,978	0	0	115	(124)
People Total	**31,245**	**9,260**	**26,591**	**0**	**7,819**	**(12,426)**
Place						
Growth & Infrastructure	10,864	8,783	1,561	(122)	2,057	(1,416)
Homes and Communities	4,049	4,962	2,992	(165)	884	(4,624)
Directorate Management	157	57	0	0	100	0
Place Total	**15,070**	**13,802**	**4,553**	**(287)**	**3,041**	**(6,040)**
Resources						
Finance and Technology	1,302	4,565	0	0	248	(3,510)
Workforce and Improvement	899	1,095	0	0	218	(414)
Legal and Governance	529	357	394	0	278	(501)
Pensions	21	0	0	0	21	0
Directorate Management	1,930	2,030	0	0	0	(100)
Resources Total	**4,681**	**8,047**	**394**	**0**	**765**	**(4,525)**
Strategic Management Board						
Chief Executive and PAs	95	166	0	0	0	(71)
Programme Management	216	0	214	0	26	(24)
Communications and Customer Services	7	977	0	0	13	(983)
Strategic Management Board Total	**318**	**1,143**	**214**	**0**	**39**	**(1,078)**
Corporate Budgets	**(16,595)**	**10,560**	**0**	**0**	**282**	**(27,437)**
Council Total	**34,230**	**42,812**	**31,832**	**(465)**	**14,117**	**(54,066)**

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APPENDIX 5

AMENDMENTS TO ORIGINAL BUDGET 2024/25

	Total £'000	Health & Wellbeing £'000	People £'000	Place £'000	Resources £'000	Strategic Management Board £'000	Corporate Budgets £'000
Original Budget as Agreed by Council	**261,697**	**349**	**208,153**	**65,209**	**3,882**	**186**	**(16,082)**
Quarter 1							
Structure Changes	0	0	0	0	0	0	0
Virements	0	0	150	(150)	0	0	0
Quarter 2							
Structure Changes	0	6,540	10,901	(18,013)	36	536	0
Virements	0	503	(735)	191	229	(187)	(1)
Quarter 3							
Structure Changes	0	0	0	0	0	0	0
Virements	0	(208)	(826)	(311)	(329)	(69)	1,743
Quarter 4							
Structure Changes: Louise House Reception	0	0	(34)	34	0	0	0
Welfare & Reform	0	0	0	366	0	(366)	0
Commercial Service Business Development	0	0	0	37	0	(37)	0
Virements: Corporate Landlord Budgets created for new Children's homes	0	0	(68)	68	0	0	0
Correcting previous pay award adjustments	0	30	18	3	0	1	(52)
Revised Budget	**261,697**	**7,214**	**217,559**	**47,434**	**3,818**	**64**	**(14,392)**

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APPENDIX 6

GENERAL FUND BALANCE

6.1 The General Fund reserve at 31st March 2024 stood at £8.237m, below the target level which is £15m-£30m as a minimum. The 2024/25 budget strategy included a contribution of £30.584m to the General Fund balance which would then reach £38.821m.

6.2 It is essential that the Council retains the General Fund Balance to be able to mitigate any unforeseen shocks (such as ongoing inflationary increases, climate events such as flooding and drought, or rapid reductions in available resources due to changed national policy). Independent advice is that General Fund un-earmarked reserves should equate to 5%- 10% of net spending.

6.3 The outturn of £34.230m has been identified during the year as a cost pressure against the General Fund.

6.4 In 2019/20 – 2023/24, the General Fund was used to offset Shire Services' deficit outturn position, as the Shire Services' earmarked reserve had been fully utilised in 2019/20. This use of the General Fund effectively represents a loan to Shire Services which must be repaid. Shire Services have delivered a surplus in 2024/25 of £0.217m, which can now be used to repay an element of the General Fund contribution. Therefore, the total loan now stands at £1.244m, and it is still intended that this will be repaid within a reasonable time frame.

General Fund	**£'000**
Balance at 1st April 2024	8,237
Budgeted Contribution to GF	30,584
Budgeted General Fund Balance at 31 March	**38,821**
Controllable Overspend*	(34,230)
Non controllable insurance underspend	232
Balance at 31 March 2025	**4,823**

* The unfunded deficit for Shire Services referred to in para. 6.4 is included within the controllable overspend of £34.230m.

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APPENDIX 7

HOUSING REVENUE ACCOUNT 2024/25

As at 31 March 2025	Budget £	Outturn £	Variance Adverse/ (Favourable) £
Income			
Dwellings Rent	(21,534,116)	(21,525,323)	8,792
Garage Rent	(102,561)	(99,371)	3,189
Other Rent	(32,388)	(30,674)	1,714
Charges for Services	(918,309)	(1,424,648)	(506,339)
Total Income	**(22,587,373**	**(23,080,017)**	**(492,644)**
Expenditure			
ALMO Management Fee	10,407,223	10,513,244	106,020
Supplies and Services	900,813	1,701,153	800,341
Capital Charges – Dwelling Depreciation	4,771,293	4,190,140	(581,153)
Capital Charges – Depreciation Other	279,202	243,990	(35,212)
Repairs charged to revenue	635,000	634,473	(527)
New Development Feasibility	266,750	109,956	(156,794)
Increase in Bad Debt Provision	106,391	50,000	(56,391)
Corporate & Democratic Core	389,716	451,310	61,594
Total Expenditure	**17,756,388**	**17,894,266**	**137,878**
Net Cost of Services	**(4,830,985)**	**(5,185,751)**	**(354,766)**
Loan repayments	3,600	0	(3,600)
Interest Paid	3,239,903	3,455,326	215,423
Interest Received	(218,772)	(1,393,552)	(1,174,780)
Net Operating (Income)/Expenditure	**(1,806,254)**	**(3,123,977)**	**(1,317,723)**
Net Cost of Service/(Surplus) for Year	**(1,806,254)**	**(3,123,977)**	**(1,317,723)**
HRA Reserve			
Brought forward 1 April	(11,736,616)	(11,736,616)	0
(Surplus)/Deficit for year	(1,806,254)	(3,123,977)	(1,317,723)
Carried Forward 31 March	**(13,542,870)**	**(14,860,593)**	**(1,317,723)**

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APPENDIX 8

EARMARKED RESERVES

8.1 The change in revenue reserves and provisions are detailed on the table below and shows a reduction in the overall reserves and provisions held.

Movement in Reserves and Provisions 2024/25

	Reserves £'000	Provisions £'000	Bad Debt Provisions £'000	Total Reserves and Provisions £'000
As at 31 March 2024	35,407	8,955	22,077	66,439
As at 31 March 2025	25,455	11,226	22,032	58,713
Increase/(Decrease)	**(9,952)**	**2,271**	**(45)**	**(7,726)**
Delegated School Balances Movement	(647)	0	0	(647)
Increase/(Decrease) (excluding Delegated Schools Balances)	**(9,305)**	**2,271**	**(45)**	**(7,079)**

Schedule of Earmarked Reserves and Provisions:

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2024/25 (£'000)	Income in 2024/25 (£'000)	Balance Carried Forward (£'000)
Reserves					
Sums set aside for major schemes, such as capital developments, or to fund major reorganisation					
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.	2,000	-2,210	210	0
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.	3,199	-324	335	3,210
Development reserve	Required to fund development projects or training that will deliver efficiency savings.	5,696	-10,493	6,000	1,204
Invest to save reserve	Required to fund invest to save projects in order to deliver the service transformation programme.	1,379	-888	0	491
		12,274	**-13,914**	**6,544**	**4,904**
Insurance reserves					
Fire liability	Required to meet the cost of excesses on all council properties.	1,051	-385	173	838
Motor insurance	An internally operated self-insurance reserve to meet costs not covered by the council's motor insurance policy.	533	-28	106	611
		1,584	**-414**	**280**	**1,450**

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	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2024/25 (£'000)	Income in 2024/25 (£'000)	Balance Carried Forward (£'000)
Reserves of trading and business units					
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	-2	2	0
		0	**-2**	**2**	**0**
Reserves retained for service departmental use					
Building control	Required to manage the position regarding building control charges.	311	-37	0	274
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.	1,022	-943	0	79
Economic development workshops major maintenance	Established to meet the costs of major maintenance of economic development workshops.	149	0	0	149
External fund reserve	Reserves held where the council is the administering body for trust funds or partnership working.	2,125	-495	94	1,723
Financial strategy reserve	Established specifically to provide one off funding for savings proposals in the financial strategy	0	-4,250	4,250	0
Highways development & innovation fund	Set aside funds for pump priming the development and innovation programme.	600	-500	0	100
New homes bonus	Established from unapplied new homes bonus grant balances.	834	-187	0	647
Public health reserve	This reserve includes balances committed to specific public health projects.	3,220	-843	741	3,118
Repairs & maintenance reserve	Set aside for known repairs and maintenance required to council owned properties.	246	-33	0	214
Resources efficiency	Established for investment in new developments, particularly information technology, that service area would not be expected to meet from their internal service level agreements for support services.	495	-89	188	593
Revenue commitments from unringfenced revenue grants	Established from unapplied unringfenced grant balances. Commitments have been made against these balances in 2024/25	3,341	-1,644	2,215	3,911
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.	315	-315	0	0
TMO vehicle replacement	Set up to meet the costs of replacement vehicles by the integrated transport unit.	37	0	0	37
		12,693	**-9,336**	**7,487**	**10,844**
School balances					

	Purpose of Balance	Balance Brought Forward (£'000)	Expenditure in 2024/25 (£'000)	Income in 2024/25 (£'000)	Balance Carried Forward (£'000)
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.	7,340	-7,784	7,138	6,693
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.	1,516	0	48	1,564
		8,856	**-7,784**	**7,185**	**8,257**
Total Reserves		**35,407**	**-31,450**	**21,497**	**25,455**
Provisions					
Accumulated absences account	Provision to cover potential future payments of employee benefits not taken as at the end of the year. This is required under IFRS accounting regulations.	2,545	3,213	-2,545	3,213
Other provisions - short term	Includes a number of small provisions including environmental maintenance contract commitments and shopping centre rental payments	161	1,741	-5	1,897
Other provisions - long term	Includes a number of small provisions including s106 accrued interest, profit share agreements and shopping centre rental payments.	73	0	-73	0
Tenancy deposit clawbacks	This represents deposits held for the economic development workshops that may be repaid at some point in the future.	243	29	-28	244
Liability insurance	Provision to meet the estimated actuarial valuation of claims for public liability and employers' liability	3,978	875	-885	3,968
NDR appeals	Represents the council's share of the provision held for successful appeals against business rates.	1,955	2,659	-2,711	1,904
Council tax bad debt	Held for potential write offs of council tax debtor balances.	12,352	634	-317	12,669
NDR bad debt	Held for potential write offs of NDR debtor balances.	2,477	131	3	2,610
General fund bad debts	Held for potential write offs of debtor balances for general fund services including housing benefits.	6,862	1,082	-1,538	6,406
HRA bad debts	Held for potential write offs of debtor balances for housing revenue account rents and other debtor balances.	386	50	-89	347
Other provisions - long term	Includes a number of small provisions including s106 accrued interest, profit share agreements and shopping centre rental payments.	73	0	-73	0
Total Provisions		**31,032**	**10,414**	**-8,188**	**33,258**
Total Reserves & Provisions		**66,439**	**-21,036**	**13,309**	**58,712**

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Delegated School Balances

8.2 The movement in delegated schools' balances are detailed in the table below.

Movement in delegated school balances 2024/25

	2023/24 £'000	2024/25 £'000	Increase/ (Decrease) £'000
Schools:			
- Revenue Balances	6,083	4,703	(1,380)
- Invested Balances	459	1,211	752
- Extended Schools Activities balance	797	779	(18)
Total Delegated School Balances	**7,340**	**6,693**	**(646)**

8.3 Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion. Of the 84 schools with balances, 9 have deficit balances.

8.4 The Extended Schools activities allocations for schools have decreased marginally during 2024/25. These balances are ringfenced to each individual school within School Balances.

8.5 In 2020, new reporting requirements were introduced to establish a new reserve for Dedicated Schools Grant (DSG) balances. For those local authorities with a DSG balance surplus, the requirement is that the surplus is held in an earmarked useable reserve, and any deficit is held in an unusable reserve named the DSG Adjustment Account. In 2023/24 the Council held a DSG deficit of £2.304m, and this has increased further to £17.651m.

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APPENDIX 9

REVISED CAPITAL PROGRAMME

Detail	Agreed Capital Programme - Council 29/02/24 £m	Slippage & Budget Changes Approved To Quarter 3 2024/25 £m	Quarter 4 Budget Changes to be Approved £m	Revised 2024/25 Capital Programme Quarter 4 £m
General Fund				
Adult Services	-	1.736	0.138	1.873
Childrens Services	9.025	0.579	0.380	9.984
Place	79.126	1.193	2.025	82.345
Resources	0.100	-	-	0.100
Strategic Management Board	-	0.165	(0.030)	0.135
Total General Fund	**88.251**	**3.673**	**2.513**	**94.437**
Housing Revenue Account	29.253	(10.484)	(0.566)	18.202
Total Approved Budget	**117.504**	**(6.811)**	**1.946**	**112.640**

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APPENDIX 10

CAPITAL PROGRAMME OUTTURN POSITION BY DIRECTORATE 2024/25

Detail	Revised Capital Programme - Outturn 2024/25 £m	Actual Expenditure 31/03/2025 £m	Variance £m	Spend To Budget %
General Fund				
Health & Wellbeing	1.873	2.234	(0.360)	-
People	9.984	6.754	3.230	67.6%
Place	82.345	81.20	1.147	98.6%
Resources	0.100	0.223	(0.123)	223.3%
Strategic Management Board	0.135			
Total General Fund	**94.437**	**90.409**	**3.894**	**95.7%**
Housing Revenue Account	18.202	17.353	0.849	95.3%
Total Approved Budget	**112.640**	**107.761**	**4.743**	**95.7%**

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APPENDIX 11

SUMMARY OF SIGNIFICANT VARIANCES BETWEEN REVISED OUTTURN BUDGET AND OUTTURN EXPENDITURE BY DIRECTORATE AND SERVICE AREAS FOR 2024/25

The overall capital programme, both General Fund and HRA, outturned at £107.820m expenditure against a budget profile of £112.640m for the 2024/25 financial year, a £74.819m underspend against expected profile or 97.5% expenditure against budget.

Health & Wellbeing - Total overspend against Health & Wellbeing capital programme was £0.360m against profile.

People - Total underspend against People capital programme was £3.230m against profile.

Education

Devolved Formula Capital/Energy Efficiency Grant - spend of £0.533m against budget £1.212m. Expenditure from this programme is controlled by schools. In general schools use this funding for a variety of small and medium projects and procuring IT equipment. As with other programmes funded through standards fund grant, the expenditure is not immediately reflected in capital accounts, and unspent balances can be carried forward to subsequent financial years. Underspend £0.679m rephased to 2025/26 programme.

Condition Funding - spend of £1.407m against budget of £2.377m. This fund is used to maintain school buildings through a prioritised planned delivery programme. Most works have to be scheduled during school closure periods and natural rephasing of schemes occurs in order to enable this. Underspend of £1.0m rephased to 2025/26 programme.

Warm Homes Fund - The project for this financial year was Phase 2 of the Home Upgrade Grant. The budget was £2.743m and the spend £3.866m. While this is an overspend of £1.123m this budget was allocated to 2025/26, and the work was completed quicker than expected as the grant is due to finish in July 2025. This is funded by grant from DESNZ and the final accounts on this project will be submitted shortly.

Place - Growth & Infrastructure

Highways Maintenance - Spend on highways infrastructure amounted to £23.2m for this programme of work which includes Highways, Structures, Lighting and Drainage. This has been funded from Government Grants of £9.155m Highway Maintenance Grant, £9.155m from the Government Pot Hole Fund, £2.289m Incentive Fund and £2.618m Network North Funding.

This service area outturned at £0.731m overspend. This was predominantly as a result of increased expenditure on Highway Capital repairs and will be financed from the 25/26 budget allocation. Over £10 million has supported a programme of proactive patching treatments across the county.

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North-West Relief Road - Expenditure outturned above budget profile in 2024/25 by the sum of £1.933m resulting from costs incurred in finalising planning condition requirements and the final stages in production of the Final Business Case submission for the Department for Transport, but not above the overall budget delegation approved. This overspend has been re-profiled from the 2025/26 budget accordingly with no further major expenditure expected to be incurred until the outcome of the next phase of development is confirmed.

Flood Defence and Water Management - Outturn position overall £1.120m underspend against budget. Shropshire Council is acting as project lead on a number of Environment Agency funded Demonstrator Flood Prevention Projects and mitigations, including the Rea Brook project, Guilsfield Brook project and further innovation and technological intervention projects. This is grant funding that will be rephased into the 2025/26 programme for delivery.

Electric Vehicle Charging Points (OZEV) - The project to install Electric Vehicle Charging Points across the County is coming to its final stages of installation. This project which is part funded form OZEV Grant has now been extended into the 2025/26 financial year with the remaining budget of £0.5m being used for the final installation points.

Integrated Transport Grant - Outturn Position overall £1.570m underspend against budget. This is due to timing delivery of smaller schemes required to improve road safety and improvements across the County that have been delayed until the 2025/26 financial year.

S106 and CIL Highways Schemes - Outturn position £0.843m underspend against budget profile. Ensuring schemes are delivered to the correct mitigation required and that developer contribution funding is used as efficiently and effectively as possible has seen a delay in actual scheme delivery to the 2025/26 financial year on some projects. This budget has been carried forward into the 2025/26 financial year for scheme delivery.

The River Severn Partnership Advanced Wireless Region - The River Severn Partnership Advanced Wireless Innovation Region is a £4m initiative, wholly funded by the Department for Science, Innovation and Technology and managed by Shropshire Council on behalf of the River Severn Partnership. This scheme has now officially been extended into the 2025/26 financial year, with additional funding also being awarded to deliver the project. The underspend of funding from 2024/25 of £1.0m has been rolled into the 2025/26 financial year for delivery and finalisation of the scheme by September 2025.

Commercial Investment Programme: Biochar - The Pyrolysis project had a budget of £1.491m but only a spend of £0.302m due to legacy issues with the chosen site of Coder Road. Although the site was the most appropriate one from the three identified, there remained the tanks from the decommissioned Anaerobic digester which had been left with waste inside. The task of testing and surveying the tanks to arrange for a suitable removal along with delays in planning permission due to the unique nature of this project has caused an interruption in the timeline pushing the costs through to 2025/26.

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Resources - Total overspend against Resources capital programme was £0.123m against profile.

Strategic Management Board - Total underspend against Strategic Management Board capital programme was £0.076m against profile.

Housing Revenue Account - Total underspend against the HRA programme was £0.849m.

Repairs Programme - During 2024/25 there was a total spend of £7.861m on capital related improvements to HRA properties against a budget of £7.193m, so an overspend against budget of £0.668m which has been financed from the Major Repairs Reserve Fund. Some major investment areas include works on Fire Safety Improvements £1.244m, roof replacement works £1.516m and upgrades to heating systems £0.842m.

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APPENDIX 12

REVISED CAPITAL PROGRAMME FINANCING 2024/25

Detail	Agreed Capital Programme - Council 29/02/24 £m	Slippage & Budget Changes Approved To Quarter 3 2024/25 £m	Quarter 4 Budget Changes to be Approved £m	Revised 2024/25 Capital Programme Quarter 4 £m
Financing				
Self Financed Prudential Borrowing *	40.024	(17.466)	0.373	22.931
SALIX Loan	-	-	-	-
Government Grants	57.032	3.451	1.117	61.600
Other Grants	0.156	0.693	(0.054)	0.794
Other Contributions	5.461	11.020	1.416	17.897
Revenue Contributions to Capital	0.231	0.412	0.617	1.260
Major Repairs Allowance	4.828	4.653	(1.798)	7.683
Corporate Resources (expectation - Capital Receipts only)	9.772	(9.573)	0.276	0.475
Total Confirmed Funding	**117.504**	**(6.811)**	**1.946**	**112.640**

***** Borrowing for which on-going revenue costs are financed by the Service, usually from revenue savings generated from the schemes.

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APPENDIX 13

CAPITAL PROGRAMME 2025/26 to 2027/28

Detail	2025/26 £m	2026/27 £m	2027/28 £m
General Fund			
Health & Wellbeing	0.653	0.150	0.200
People	9.146	8.491	3.550
Place & Enterprise	121.878	44.065	34.462
Resources	0.000	-	-
Total General Fund	**131.677**	**52.706**	**38.212**
Housing Revenue Account	20.897	19.644	7.000
Total Approved Budget	**152.574**	**72.350**	**45.212**
Financing			
Self Financed Prudential Borrowing *	25.109	19.398	6.979
SALIX Loan	-	-	-
Government Grants	98.946	37.889	30.787
Other Grants	0.232	0.012	-
Other Contributions	8.915	1.141	1.419
Revenue Contributions to Capital	0.873	0.347	-
Major Repairs Allowance	5.560	5.000	5.000
Corporate Resources (expectation - Capital Receipts only)	12.940	8.564	1.027
Total Confirmed Funding	**152.574**	**72.350**	**45.212**

* Borrowing for which on-going revenue costs are financed by the Service, usually from revenue savings generated from the schemes.

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APPENDIX 14

PROJECTED CAPITAL RECEIPTS POSITION

The Council's capital programme is heavily reliant on the Council generating capital receipts to finance the capital programme. There is a high level of risk in these projections as they are subject to changes in property and land values, the actions of potential buyers and being granted planning permission on sites. A RAG analysis has been applied for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Those marked as green are highly likely to be completed by the end of the financial year, amber achievable but challenging and thus there is a risk of slippage, and red are highly unlikely to complete in year and thus there is a high risk of slippage. However, no receipts are guaranteed to complete in this financial year as there may be delays between exchanging contracts and completing.

The Council's requirement for capital receipts of £26.407m reported at Quarter 3 was primarily due to the need to fund the Council's transformational activities: the Voluntary Redundancy Programme, compulsory redundancies, specific transformation projects and the Council's Strategic Transformation Partner. In February 2025 the Council applied to the Government for a capitalisation direction, which has been approved in principle and creates the ability for the Council to borrow to fund its' transformational activities in 2024-25 and so protect capital receipts.

An amount of £26.900m was approved and of this a total of £26.823m has been utilised to fund transformational activities in 2024-25. This successful submission has significantly improved the Council's capital receipts position as shown in the table below.

	2024/25	2025/26	2026/27	2027/28
Corporate Resources Allocated in Capital Programme	- 80,929.35	13,116,225	8,564,314	1,027,267
Capital Programme Ring-fenced receipt requirements	-	23,702,067	4,200,000	4,000,000
Transformation activities	26,823,219	13,574,595	-	-
Transformation activities funded with EFS Approval	- 26,823,219			
Total Commitments	**- 80,929**	**50,392,887**	**12,764,314**	**5,027,267**
Capital Receipts in hand/projected:				
Brought Forward in hand	15,175,259	24,432,326	- 7,341,820	- 20,041,134
Generated 2024/25 YTD	9,176,138	-	-	-
Projected - 'Green'	-	18,618,741	65,000	65,000
Total in hand/projected	**24,351,397**	**43,051,067**	**- 7,276,820**	**- 19,976,134**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 24,432,326**	**7,341,820**	**20,041,134**	**25,003,401**
Further Assets Being Considered for Disposal (Amber/Red)	-	40,061,130	12,550,750	8,931,170

Capital receipts of £9.176m were realised in year, resulting in an in-year capital receipts surplus of £9.257m and a cumulative capital receipts surplus of £24.432m in hand as at 31/03/2025. These receipts will be set-aside, enabling the Council to achieve an additional MRP saving of £0.222m in 2025/26. These capital receipts are required to finance schemes they are allocated to in the future years' capital programme.

Based on the current approved position, across the life of the programme there are significant shortfalls in capital receipt projections of £7.342m, £20.041m and £25.003m in 2025/26, 2026/27 and 2027/28 respectively based on receipts rated green in the RAG analysis to fund the required budget in the capital programme,

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further transformation programme commitments and the ongoing Voluntary Redundancy (VR) Programme initiated to achieve significant revenue budget savings. There is, therefore, the requirement to progress the disposals currently rated amber and red to ensure 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 in time of at least 12 to 18 months on larger disposals. In addition to the current expenditure commitments, the programme will also grow as new schemes are approved. Officers are continuing to explore the potential to accelerate the realisation of capital receipts and to identify additional opportunities to achieve further capital receipts.

It is important that work progresses, to avoid funding shortfalls in 2025/26, 2026/27 and 2027/28 and minimise any shortfall in future years. Failure to generate the required level of capital receipts will result in the need to further reduce or re-profile the capital programme, some of which will occur naturally as part of the review of the delivery of schemes; or undertake prudential borrowing, which will incur future year's revenue costs that are not budgeted in the revenue financial strategy.

The projected shortfall in capital receipts is purely based on the currently approved capital programme for the period 2025-26 to 2027-28. The current Capital Strategy 2023-24 to 2028-29, approved by Council in February 2024, identifies potential future priority capital schemes with estimated costs of £19.350m.

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APPENDIX 15

Shropshire Council - Capital Programme 2024/25 - 2027/28
Capital Programme Summary Outturn 2024/25

Directorate	Revised Budget Quarter 3 2024/25 £	Budget Virements Quarter 4 2024/25 £	Revised Budget Quarter 4 2024/25 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	2025/26 Revised Budget £	2026/27 Revised Budget £	2027/28 Revised Budget £
General Fund										
Health & Wellbeing	1,735,974	137,523	1,873,497	2,233,739	-360,242	119.23%	1,873,497	653,036	150,000	200,346
People	9,604,306	379,869	9,984,175	6,754,166	3,230,009	67.65%	9,984,175	9,145,509	8,491,035	3,550,000
Place	80,319,443	2,025,308	82,344,751	81,197,399	1,147,352	98.61%	82,344,751	121,878,235	44,064,781	34,461,964
Resources	100,000	0	100,000	223,313	-123,313	223.31%	100,000	0	0	0
Strategic Management Board	165,000	(30,000)	135,000	58,971	76,029	43.68%	135,000	0	0	0
Total General Fund	91,924,723	2,512,700	94,437,423	90,467,588	3,969,835	95.80%	94,437,423	131,676,780	52,705,816	38,212,310
Housing Revenue Account	18,768,515	-566,432	18,202,083	17,352,777	849,306	95.33%	18,202,083	20,897,416	19,644,363	7,000,000
Total Approved Budget	**110,693,238**	**1,946,268**	**112,639,506**	**107,820,365**	**4,819,141**	**95.72%**	**112,639,506**	**152,574,196**	**72,350,179**	**45,212,310**

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Shropshire Council - Capital Programme Budget Outturn Report 2024/25

Directorate Service Area	Revised Budget Quarter 3 2024/25 £	Budget Virements Quarter 4 2024/25 £	Revised Budget Quarter 4 2024/25 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	2025/26 Revised Budget £	2026/27 Revised Budget £	2027/28 Revised Budget £
General Fund										
Health & Wellbeing	**1,735,974**	**137,523**	**1,873,497**	**2,233,739**	**-360,242**	**119.23%**	**1,873,497**	**653,036**	**150,000**	**200,346**
Public Health Capital	0	0	0	0	0	0.00%	0	0	0	0
Regulatory Services Capital	0	0	0	0	0	0.00%	0	0	0	0
Planning Policy Capital	1,180,669	100,000	1,280,669	1,857,542	-576,873	145.04%	1,280,669	471,486	150,000	200,346
Development Management Capital	167,794	126,853	294,647	216,156	78,491	73.36%	294,647	40,500	0	0
Libraries Capital	387,511	-89,330	298,181	160,041	138,140	53.67%	298,181	141,050	0	0
People	**9,604,306**	**379,869**	**9,984,175**	**6,754,166**	**3,230,009**	**67.65%**	**9,984,175**	**9,145,509**	**8,491,035**	**3,550,000**
Adult Social Care Contracts & Provider Capital	0	0	0	0	0	0.00%	0	0	0	0
Adult Social Care Operations Capital	539,715	0	539,715	275,435	264,280	51.03%	539,715	150,000	0	0
Children's Residential Care Capital	169,426	0	169,426	58,999	110,427	34.82%	169,426	130,000	0	0
Non Maintained Schools Capital	3,322,078	143,539	3,465,617	2,986,234	479,383	86.17%	3,465,617	758,680	0	0
Primary School Capital	3,457,660	24,287	3,481,947	2,542,029	939,918	73.01%	3,481,947	1,722,224	800,000	0
Secondary School Capital	68,538	0	68,538	67,757	781	98.86%	68,538	0	0	0
Special Schools Capital	131	0	131	131	0	99.88%	131	0	0	0
Unallocated School Capital	324,722	-102,459	222,263	0	222,263	0.00%	222,263	6,314,121	7,679,287	3,550,000
Primary School Managed Capital	1,657,885	-10,441	1,647,444	515,139	1,132,305	31.27%	1,647,444	0	0	0
Secondary School Managed Capital	52,971	0	52,971	7,561	45,410	14.27%	52,971	0	0	0
Special Schools Managed Capital	11,180	0	11,180	11,180	0	100.00%	11,180	0	0	0
Shropshire Music Service Capital	0	35,243	35,243	0	35,243	0.00%	35,243	70,484	11,748	0
Environment and Transport (Public Transport) Capi	0	289,700	289,700	289,700	0	100.00%	289,700	0	0	0
Place Capital - Growth & Infrastructure	**59,611,581**	**-146,313**	**59,465,268**	**54,381,229**	**5,084,039**	**91.45%**	**59,465,268**	**111,094,840**	**37,884,503**	**27,636,964**
Property & Asset Capital	12,827,225	55,555	12,882,780	10,199,182	2,683,598	79.17%	12,882,780	21,067,384	7,800,000	3,979,479
Broadband Capital	4,519,432	6,510	4,525,942	3,283,505	1,242,437	72.55%	4,525,942	2,162,045	1,500,000	1,420,485
Growth & Development Capital	6,174,322	-63,171	6,111,151	6,912,494	-801,343	113.11%	6,111,151	6,840,112	5,000,000	0
Highways Capital	36,090,602	-145,207	35,945,395	33,986,048	1,959,347	94.55%	35,945,395	81,025,299	23,584,503	22,237,000
Environment & Transport Capital	0	0	0	0	0	0.00%	0	0	0	0
Place Capital - Homes & Communities	**20,707,862**	**2,171,621**	**22,879,483**	**26,816,170**	**-3,936,687**	**117.21%**	**22,879,483**	**10,783,395**	**6,180,278**	**6,825,000**
Leisure Capital	7,384,640	1,500,000	8,884,640	10,910,262	-2,025,622	122.80%	8,884,640	3,547,303	633,261	0
National Landscapes and Outdoor Partnerships Cap	1,598,883	6,899	1,605,782	1,193,027	412,755	74.30%	1,605,782	285,018	0	0
Visitor Economy Capital	115,862	-7,421	108,441	110,244	-1,803	101.66%	108,441	0	0	0
Housing Services Capital	11,519,557	649,030	12,168,587	14,490,604	-2,322,017	119.08%	12,168,587	6,951,074	5,547,017	6,500,000
Waste Capital	0	0	0	0	0	0.00%	0	0	0	325,000
Theatre Services Capital	88,920	23,113	112,033	112,033	0	100.00%	112,033	0	0	0
Resources	**100,000**	**0**	**100,000**	**223,313**	**-123,313**	**223.31%**	**100,000**	**0**	**0**	**0**
ICT Digital Transformation - CRM Capital	100,000	51,250	151,250	172,063	-20,813	113.76%	151,250	0	0	0
ICT Digital Transformation - ERP Capital	0	0	0	0	0	0.00%	0	0	0	0
ICT Digital Transformation - Infrastructure & Archit	0	-51,250	-51,250	2,500	-53,750	-4.88%	-51,250	0	0	0
ICT Digital Transformation - Social Care Capital	0	0	0	48,750	-48,750	0.00%	0	0	0	0
ICT Digital Transformation - Unallocated Capital	0	0	0	0	0	0.00%	0	0	0	0
Strategic Management Board	**165,000**	**-30,000**	**135,000**	**58,971**	**76,029**	**43.68%**	**135,000**	**0**	**0**	**0**
Communications & Engagement Capital	165,000	-30,000	135,000	58,971	76,029	43.68%	135,000	0	0	0
Total General Fund	91,924,723	2,512,700	94,437,423	90,467,588	3,969,835	95.80%	94,437,423	131,676,780	52,705,816	38,212,310
Housing Revenue Account	18,768,515	-566,432	18,202,083	17,352,777	849,306	95.33%	18,202,083	20,897,416	19,644,363	7,000,000
HRA Dwellings Capital	18,768,515	-566,432	18,202,083	17,352,777	849,306	95.33%	18,202,083	20,897,416	19,644,363	7,000,000
Total Approved Budget	**110,693,238**	**1,946,268**	**112,639,506**	**107,820,365**	**4,819,141**	**95.72%**	**112,639,506**	**152,574,196**	**72,350,179**	**45,212,310**

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Committee and Date

Audit Committee
16th July 2025

Item

Public

Healthy People | Healthy Economy | Healthy Environment | Healthy Organisation

Approval of the Council's Draft Statement of Accounts 2024/25

Responsible Officer:	James Walton		
email:	james.walton@shropshire.gov.uk	Tel:	01743 258915
Cabinet Member (Portfolio Holder):	Roger Evans, Finance		

1. Synopsis

The Council has produced the unaudited statement of accounts by the statutory deadline of 30th June 2025 and confirmed the financial position at the end of 2024/25.

2. Executive Summary

2.1. In 2024, the Government consulted on amending the Accounts and Audit Regulations 2015 as part of measures to tackle the backlog of unaudited local audit body accounts in England. The proposals consulted upon setting backstop dates for financial years 2023/24 to 2027/28 to enable the local audit system to recover. As a result of the consultation, the government announced that for 2024/25 account, the statutory deadline for publishing audited accounts would be 27 February 2026. It was also agreed that draft unaudited accounts would be required for 30 June following the financial year to which they relate. The table below demonstrates the current progress against the statutory deadlines.

Task	Statutory Deadline	Planned Timeline
Year end	31st March 2025	31st March 2025 Achieved
Produce and approve Draft Statement of Accounts	30th June 2025	30th June 2025 Achieved
Approve and publish Audited Statement of Accounts	27th February 2026	December 2025

2.2. The Draft Statement of Accounts for 2024/25 is appended to this report. This report provides an overview of the Accounts and provides details of the reasons for the most significant changes between the 2023/24 Accounts and the 2024/25 Accounts.

2.3. The final revenue outturn for 2024/25 is an overspend of £34.230m, a 13.1% variance on the net budget. The final capital outturn shows a spend of £107.820m, representing 95.7% of the revised budget. The authority's Earmarked Reserves and Provisions have decreased by £7.726m and the general fund balance has decreased by £3.412m. Delegated Schools' balances have decreased by £0.647m. Full details of the revenue and capital outturn position and the reserves, provisions and balances held by the authority are set out in a separate report on the agenda for this meeting.

3. Recommendations

3.1. Members are asked to:

a) Receive and comment on the 2024/25 Draft Statement of Accounts

b) Note the changes detailed to the accounting policies used within the Statement of Accounts for 2024/25.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The review by an independent external auditor of the Council's statements of accounts is a vital part of the overall governance of the Council, providing as it does a review of both the accuracy of the reported financial position and the adequacy of the Council's governance and oversight of it.

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4.2. Risk table

Risk	*Mitigation*
Inability to prepare and publish the Statement of Accounts within statutory deadlines.	The Statement of Accounts preparation is carefully managed each year with a detailed closedown timetable produced to ensure that all relevant tasks are completed in a timely fashion to ensure the statutory deadlines can be met. Dialogue is held with any external parties to ensure key deadlines are met.
Material errors within the Statement of Accounts comprising the true and fair view of the Council's financial position	The Finance team undertaken annual training on the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom to ensure that any relevant accounting practices are adhered to in preparing the Statement of Accounts. A full analytical review is performed on the Statement of Accounts to consider any material variations from the previous year's accounts and ensure that the accounts have been prepared correctly.

5. Financial Implications

5.1. Shropshire Council continues to manage unprecedented financial demands as budgeted for within the Medium-Term Financial Strategy approved by Council on 27 February 2025 and subsequent updates. It is also addressed in our monitoring position presented to Cabinet on a monthly basis. Significant management action has and continues to be undertaken to ensure the Council's financial survival. While all reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve:

- scaling down initiatives,
- changing the scope,
- delaying implementation, or
- extending delivery timescales.

5.2. This report considers the outturn position for the 2024/25 revenue budget and the implications on the level of general fund balances of any underspend or known spending pressures.

5.3. The outturn reported internally to managers for the purposes of decision making is fully aligned to the statement of accounts. This is set out in note 7, the expenditure and funding analysis (p54). This shows the net expenditure reported for resource management purposes as £263.216m, which aligns to the outturn as reported to Cabinet (5 June). The key table from that report is shown below.

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Directorate	Revised Budget (£'000)	Controllable Outturn (£'000)	(Under)/ Overspend (£'000)
Health & Wellbeing	5,992	5,503	(489)
People	214,687	245,931	31,244
Place	51,651	66,722	15,071
Resources	3,782	8,463	4,681
Strategic Management Board	(23)	295	318
Service Delivery Budgets	**276,089**	**326,914**	**50,825**
Corporate	(14,392)	(30,987)	(16,595)
Total Net Expenditure	**261,697**	**295,927**	**34,230**

Figure 1 – Outturn for management decision making

The corresponding values in Note 7 of the Statement of Accounts (Appendix 1 – Draft Statement of Accounts, page 56) are shown below.

	2024/25 Net expenditure reported for resource management £'000
Health and Wellbeing	5,503
Local Authority Housing	0
People	245,931
Place	66,722
Resources	8,462
Strategic Management Board	295
Corporate	(30,986)
Net Cost of Services	**295,927**

Figure 2 – Extract from Note 7 to the 2024/25 Draft Statement of Accounts

6. Climate Change Appraisal

6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting and mitigation; or on climate change adaption. Therefore, no effect to report.

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7. Background

7.1. The external audit by Grant Thornton is due to start on 28th July 2025 and the bulk of the fieldwork is due to be complete in late November, after which the Statement of Accounts will be formally published, and a final report brought back to Audit Committee for approval. The report will detail any material changes required as a result of the audit which have been agreed with the External Auditor.

8. Statement of Accounts

8.1. The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Authority, employees and other interested parties clear information about the Authority's finances. The format of the Statement of Accounts is governed by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. To make the account as useful as possible to its audience and to make meaningful comparisons between authorities possible the Code requires:

- All Statement of Accounts to reflect a common pattern of presentation, although at the same time not requiring them to be identical
- Interpretation and explanation of the Statement of Accounts to be provided.
- The Statement of Accounts ands supporting notes to be written in plain language.

8.2. The Code is updated each year to reflect the latest accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council. For 2024/25, the main change relates to the full adoption of IFRS16 Leases.

8.3. All of the above has been taken into consideration when producing the authority's Draft Statement of Accounts. These accounts comprise various sections and statements, these are all briefly explained below:

Narrative Report – this provides an explanation of the authority's financial position for 2024/25 and details the performance of the Council during the financial year.

The Statement of Responsibilities – this details the responsibilities of the authority and the Section 151 Officer concerning the authority's financial affairs and the actual Statement of Accounts.

The Audit Opinion and Certificate – this is provided by the External Auditor following the completion of the annual audit, this document is therefore awaiting completion pending the outcome of the audit.

The Core Financial Statements, which comprises:

- **The Comprehensive Income and Expenditure Statement** – this is fundamental to the understanding of a Council's activities. It brings together all the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise

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council tax according to different rules and for the ability to divert particular expenditure to be met from capital resources. The 2024/25 Comprehensive Income and Expenditure Statement reports a deficit for the year of £55.475m, however, this is not cash as this takes into account a number of significant theoretical amounts for matters relating to pensions and use of assets. The actual movement on the General Fund Balance was a decrease of £3.412m.

- **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the authority which is analysed into 'usable reserves' and other reserves.
- **The Balance Sheet** – this is fundamental to the understanding of the authority's financial position as at the 31 March 2025. It shows the balances and reserves at the authority's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held. The authority's total equity amounts to £722.815m, a decrease of £55.475m which is analysed in the Movement in Reserves Statement. There have been many changes within the balance sheet during the course of the year, the most significant being the increase in external borrowing as agreed under the Treasury Management Strategy.
- **The Cash Flow Statement** - this consolidated statement summarises the authority's inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash.
- **The Notes to the Core Financial Statements**, which provides supporting and explanatory information on the Core Financial Statements and includes the Council's accounting policies.
- **The Group Accounts** – these are prepared to account for the Council's share in Shropshire Towns & Rural Housing, West Mercia Energy, West Mercia Supplies Pension, Cornovii Developments Limited and Biodynamic Carbon Limited.
- **The Housing Revenue Account (HRA)** – the authority is required to account separately for local authority housing provision, as defined in the Local Government and Housing Act 1989 (Amended). The account details the income and expenditure relating to the local authority housing provision and details of the movement on the HRA Balance for the year.
- **The Collection Fund Account** – this account shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates how these have been distributed to preceptors and the General Fund.
- **The Pension Fund Accounts** – the Shropshire County Pension Fund is administered by this Authority, however, the pension fund has to be completely separate from the Authority's own finances. The statement and supporting notes are an extract from the pension fund annual report and summarises the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2024/25 and assets and liabilities as at 31 March 2025.

8.4. The Draft Statement of Accounts for the year ended 31 March 2025 has been prepared in accordance with the Accounts and Audit Regulations 2015 and the

Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy.

9. Accounting Policies

9.1. The accounting policies that the Council uses to determine the treatment of items within the Statement of Accounts are detailed in Note 1 to the Core Financial Statements. There have been some additional details provided within the accounting policies for Non-Current Assets (1.5 – 1.9), however these do not change the treatment in the accounts, they purely clarify and provide further detail about the treatment applied.

9.2. The Accounting policy for Leases (Accounting Policy 1.17, Draft Statement of Accounts, page 38-39) has been fundamentally updated to reflect the new requirements of IFRS16 Leases which has been fully adopted in the 2024/25 Statement of Accounts. The revised accounting policy details that in line with IFRS16, leases are not recognised as a right of use assets with a corresponding liability at the date from which the leased asset is available for use. It then goes on to state the types of lease payments included in the lease liability, the basis of measurement, the circumstances when the liability should be re-measured and how the right of use asset is depreciated.

10. Analytical Review

10.1. An analytical review has been carried out on each element of the Draft Statement of Accounts, this is a final check that provides assurance that the Statement of Accounts is free of material errors and misstatements. The analytical review focuses on figures within the Statement of Accounts that have changed materially when compared with the previous year's accounts. For 2023/24 the materiality threshold (i.e. the level of change between 2023/24 and 2024/25) used was 10% or £8m, which is used to ensure that all questions that the external auditors are likely to raise have been reviewed and explanations are readily available. Details of the significant changes between the two years are shown in Appendix 2.

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

Financial Outturn 2024/25 – Cabinet, 11th June 2025

Local Member: All

Appendices [Please list the titles of Appendices]

1. Draft Statement of Accounts 2024/25 (Unaudited)
2. Analytical Review of Statement of Accounts

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Draft Statement of Accounts

2024-2025

Annual Statement of Accounts 2024/25

The Statement of Accounts is the formal financial report on the Council's activities as required by the Accounts and Audit Regulations 2015, and other statutory provisions.

The statement includes:

1. Narrative Report (pages 1 to 14)
2. The Statement of Responsibilities (page 15)
3. The Audit Opinion and Certificate (pages 16 to 22)
4. The Core Financial Statements comprising:-
    - The Comprehensive Income and Expenditure Statement (page 23)
    - The Movement in Reserves Statement (pages 24 to 25)
    - The Balance Sheet (page 26)
    - The Cash Flow Statement (page 27)
5. The Notes to the Core Financial Statements (pages 28 to 112)
6. Group Accounts:
    - Introduction (pages 113 to 114)
    - The Group Comprehensive Income and Expenditure Statement (page 115)
    - The Group Movement in Reserves Statement (pages 116 to 117)
    - The Group Balance Sheet (page 118)
    - The Group Cash Flow Statement (page 119)
    - The Group Account Notes (pages 120 to 127)
7. The Housing Revenue Account (pages 128 to 131)
8. The Collection Fund (pages 132 to 133)
9. The Pension Fund Accounts (pages 134 to 180)
10. Glossary (pages 181 to 184)

Further information about the Council's Accounts can be obtained from the Finance Department.

For details please contact James Walton on (01743) 258915.

James Walton
Executive Director, S151 Officer

Section 1

Narrative Report

Narrative Report

Introduction

About Shropshire Council

Shropshire Council is a unitary authority which was formed on 1 April 2009. The area covered by the Council is rural with an area of 3,197 square kilometres and a population of just 329,260. The Council represents 91.7% of the county of Shropshire with the remainder of the county being covered by Telford and Wrekin Council.

In 2022/23, the Council adopted the Shropshire Plan which outlines a new vision and priorities for the Council for the following 3 years, in addition to a new performance approach.

Our Services

In 2024/25 the Council was organised around four directorates:

- **Health and Wellbeing** (including public health, regulatory services, community safety, emergency planning, risk management, planning services, libraries).
- **People** (including the support of and assistance to people with learning or physical disabilities or sensory impairment and older people, and the homeless or mental health services; children's social care and safeguarding; mainstream schools and education; early years and pre-school; special schools and special educational needs provision; education improvement, Shire Catering and Cleaning, public transport and home to school transport).
- **Place** (including economic growth, broadband, planning policy, property services and facilities management, waste management, highways, parking, street cleansing, arts, AONB, outdoor partnerships, climate change, leisure, museums, archives, theatre services, bereavement services, housing development and housing stock).
- **Resources** (including technology, information intelligence and insight, human resources and organisational development, finance, audit, and insurance, revenues and benefits, pensions, treasury, legal services, democratic services to support elected members, registrars and coroners, communications and engagement).

Vision for Shropshire

The Shropshire Plan for 2022 to 2025 was agreed by Full Council on 12th May 2022. The Shropshire Plan is the key strategic document for the Council and sets out the vision, purpose and priorities of the Council and for its people, communities, businesses and organisations.

The Shropshire Plan (see link here: The Shropshire Plan 2022-2025 | Shropshire Council) is informed by the following key objectives which sit at the heart of everything the Council does:

- Healthy people,
- Healthy economy,
- Healthy environment, and a
- Healthy organisation.

Figure 1: Priorities within the Shropshire Plan

Alongside the Shropshire Plan, the Workforce Strategy sets out the key values of 'Getting It Right' (GiR) which is our overarching approach for the long term future of Shropshire.

Figure 2: Getting It Right – core values agreed by staff

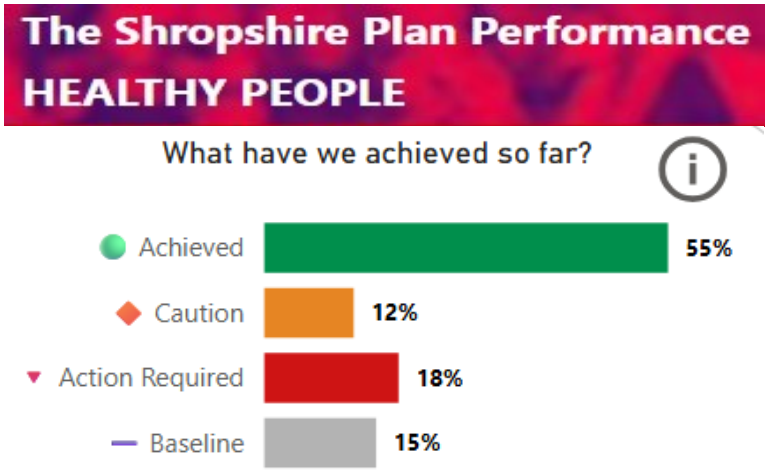
Performance

The delivery of the outcomes for Shropshire is monitored on a quarterly basis. It is presented using a performance portal, which enables a drill down into each performance measure. The information is reported to Cabinet with the report identifying specific measures by exception. The full information for each measure is published on the performance portal when the report is presented to Cabinet and this provides Overview and Scrutiny the opportunity to identify any measures which stand out that they would like to understand in greater detail. Members can request additional

information and receive it to inform whether they would want to add it to their work programme. Given the financial constraints that the Council is operating within, there is a reasonable performance position for the year. A summary of the performance for each priority in 2024/25 is detailed below:

Healthy People

55% of the performance targets relating to Healthy People have been achieved during the financial year, against the backdrop of increased demand for services, particularly within Adults and Children's Social Care during the financial year.

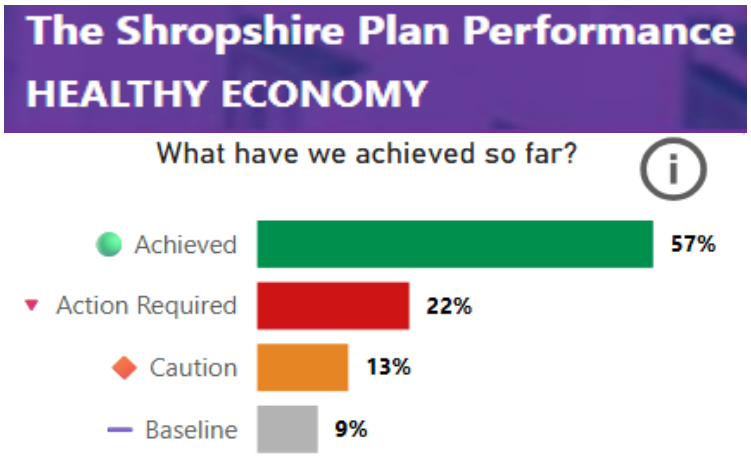


There are 6 targets where action is required, and these relate to the following indicators:

- Assessment timeliness – within 45 working days (Children's Social Care)
- Stability of placements of looked after children
- % of Educational Health Care Plans (EHCP) issued within 20 weeks
- Rates of deaths by suicide
- Prevalence of overweight (Reception)
- Prevalence of overweight (Year 6)

Delivery plans are in place to address performance for these areas, however it is acknowledged that some of the measures planned may only see an improvement over the medium to long term.

Healthy Economy



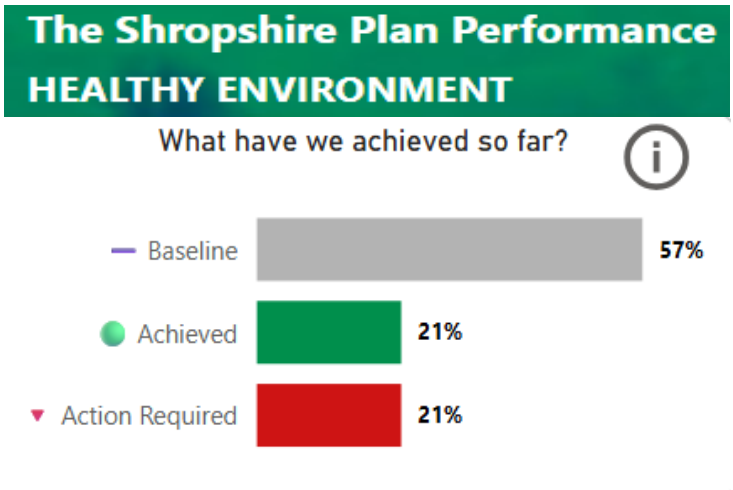
There are 5 targets where action is required, and these relate to the following indicators:

- Maintaining 5-year housing land supply
- Reduction of households in B&B accommodation
- Reduce the workplace pay gap with the national average by 50% by 2027
- Attainment 8 achievements (quality of education) inline or better than national average
- Reduce the % of workforce with no or low level qualifications

The Council is actively looking to reduce the number of households in B&B accommodation and has taken steps during the year to make more Council owned accommodation available for this purpose. The quality of education is based on secondary education which is predominantly provided through Academy Trusts now within Shropshire, therefore is difficult to influence.

During the year there has been an increase in the levels of investment in Shropshire, which continue to outperform the target. Net job growth continues to be strong in Shropshire with out of work claimants and Young People not in Employment, Education or Training are below the target and national averages.

Healthy Environment



There are 3 targets where action is required, and these relate to the following indicators:

- % of streetlights converted to LED
- Number of Environmental Permit inspections completed against statutory target
- % of household waste sent for re-use, recycling and composting

There was a reduction in the level of household waste sent for recycling, re-use and composting in the second half of the year which coincided with changes made to the Household Recycling Centres and the introduction of the green waste charge. Changes have since been made to the availability of the Household Recycling Centres which may positively impact this measure in the future.

Improvements were made to access to Broadband in the county and the level of renewable energy generated increased.

Healthy Organisation

There are 4 targets where action is required, and these relate to the following indicators:

- Staff turnover rates
- Average number of days lost to sickness absence per year
- Responding to Freedom of Information Requests within statutory timescales
- Resident satisfaction with Highways and Transport services

The Council has been subject to significant organisational change in attempting to deliver financial savings and become a more sustainable council. As a result, this has impacted on the stability of the workforce with sickness levels also increasing. This will remain a challenge into 2025/26 as the Council continues to transform to the New Operating Model requiring further organisational change.

Revenue Spending Plans for 2024/25

The Council's budget for the provision of services in 2024/25 and the Medium Term Financial Plan to 2028/29 was agreed by Council in February 2024. The budget was set against a backdrop of increasing demand pressures for statutory services, such as Children's Social Care and Adult's Services.

In total, the Council planned to spend £709.5m (gross) on council services in 2024/25 and planned to deliver new savings of £62.5m.

The gross budget was financed through Government Grants (£300.8m), Service Income (£146.9m), Council Tax (£205.1m), Business Rates (£41.3m), Top Up Grant (£10.9m), Revenue Support Grant (£7.9m) and a Collection Fund Surplus (£3.6m).

Revenue Outturn Position for 2024/25

As set out in the table below the 2024/25 outturn was a £34.230m spend variation from budget, representing a 13% variance on the gross budget. Further details of the outturn position for each directorate are shown in the Financial Outturn report which is presented to Cabinet and Council in June and July.

	Final Budget £000	Actual Outturn £000	Controllable Over/ (Under) £000
Service Expenditure			
Health and Wellbeing	5,992	5,503	(489)
People	214,687	245,931	31,244
Place	51,651	66,722	15,071
Resources	3,782	8,463	4,681
Strategic Management Board	(23)	295	318
Service Delivery Budgets	**276,089**	**326,914**	**50,825**
Corporate	(14,392)	(30,987)	(16,595)
Net Budget	**261,697**	**295,927**	**34,230**

The outturn position within Service Delivery budgets deteriorated significantly in the final quarter, in the main due to challenging demand levels within Adult Social Care. These pressures in Social Care were offset by the release of earmarked reserves within Corporate Budgets.

Year End Projected Over/(Under)spend	Quarter 1* £000	Quarter 2 £000	Quarter 3 £000	Outturn £000
Health and Wellbeing	185	(297)	(407)	(489)
People	17,306	16,319	17,345	31,244
Place	14,764	12,938	14,488	15,071
Resources	4,630	4,068	3,937	4,681
Strategic Management Board	438	613	510	318
Service Delivery Budgets	**37,323**	**33,641**	**35,873**	**50,825**
Corporate	1,184	1,454	(312)	(16,595)
TOTAL	**38,507**	**35,095**	**35,561**	**34,230**

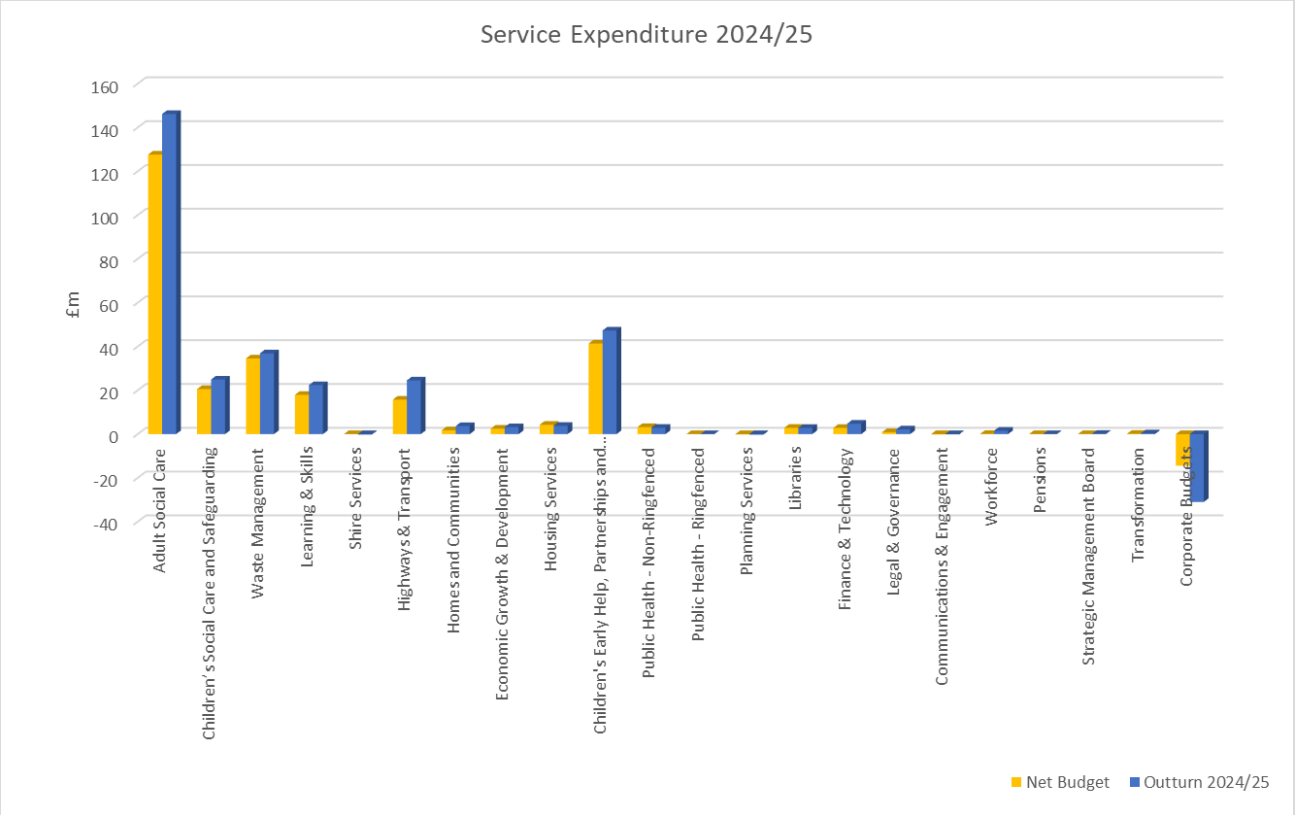
During the year the Council experienced increased activity for Children's Social Care resulting in additional cost pressures. High demand and inflationary cost pressures in Adults Services, in addition to income levels reducing due to the transfer of people from assumed health funding to Local Authority funding resulted in a significant budgetary pressure in 2024/25. In addition, savings delivery planned during the budget was not as anticipated during the year and have resulted in overspends being realised for 2024/25. These savings have been carried forward for delivery in 2025/26.

During 2024/25 the Council applied for Exceptional Financial Support and were able to utilise a Capitalisation Direction which enabled the Council to borrow to fund transformation costs (£26.9m). This allowed the Council to decommit £8.6m of the

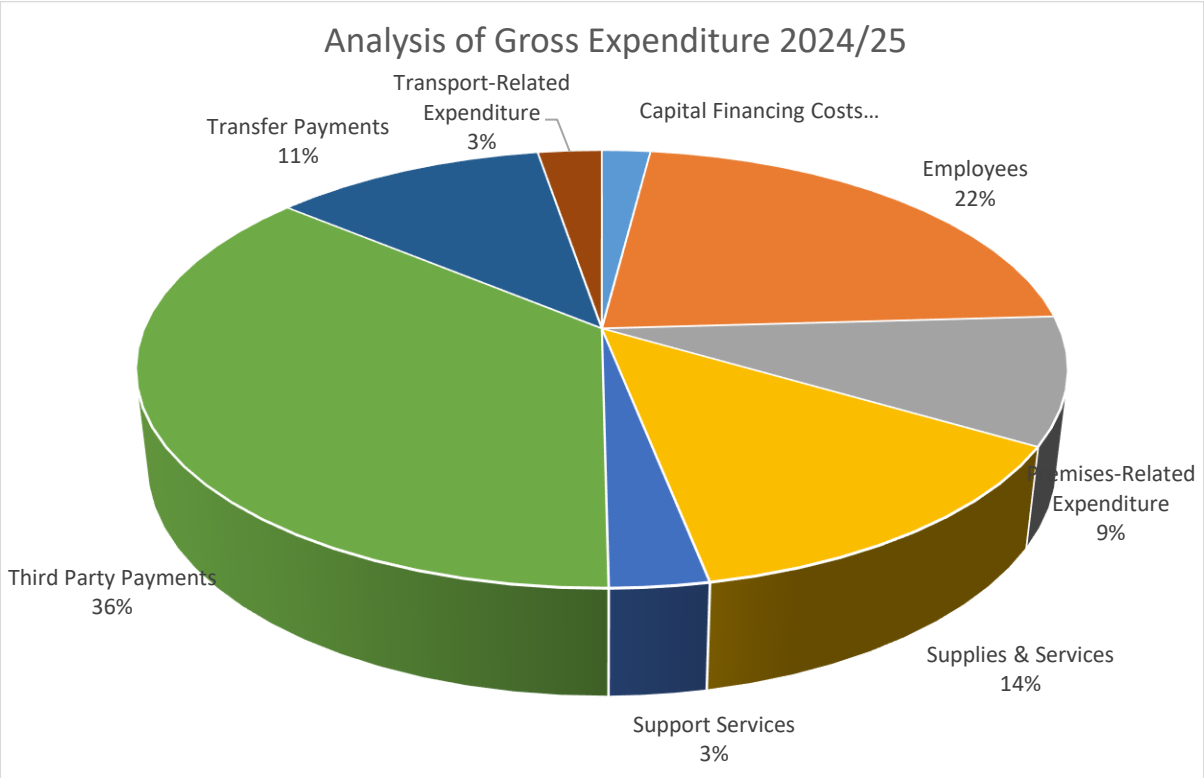
development reserve so that this could instead be released to offset the pressures highlighted above.

Further detail on the Council's service expenditure can be found within the Comprehensive Income & Expenditure Statement and Notes 7, 8, 9 and 10 to the Accounts.

The chart below demonstrates which services the Council has spent its net budget on. It should be noted that this excludes any expenditure on schools which is funded separately through the Dedicated Schools Grant.



The gross expenditure for the Council, including expenditure for schools was £978.966m and this was spent on the following types of expenditure:



Reserves

The Council holds several revenue reserves to provide resilience for unforeseen financial pressures, implementation costs of long term projects or long term contractual commitments.

In 2024/25 the Council had planned to increase the general fund balance by £30.584m to a balance of £38.821m. However, as outlined above, the overspend realised in the revenue budget has resulted in a significant proportion of the General Fund Balance needing to fund the overspend. The General Fund Balance as at 31 March 2025 was therefore £4.965m. This balance lies significantly below the risk assessed level of balances calculated for 2024/25. As a result of this anticipated position, The Council has again budgeted to increase reserves in 2025/26, however this is dependent on the Council delivering fully on their planned spending reductions and cost pressures being managed in areas such as social care and winter maintenance.

Earmarked reserves have decreased by £9.952m during 2024/25, which includes a decrease in schools delegated balances of £0.647m. Earmarked reserves have been utilised in 2024/25 mainly to offset cost pressures arising in the revenue outturn position, and non-delivery of savings where there has been slippage in delivery. Total earmarked reserves are held at £25.455m including delegated school balances of £6.693m.

Capital Outturn Position for 2024/25

The Capital Budget is monitored throughout the year to identify any pressures and re-profile budgets based on revised expenditure projections. The budget changes as a result of slippage from the previous financial years capital programme, new capital allocations received or reductions in existing allocations and re-profiling of capital allocations between financial years.

The table below provides a summary of the revised capital budget and expenditure for 2024/25 as at outturn and slippage into the next financial year. Further details of the outturn position are provided in the Financial Outturn report presented to Cabinet and Full Council.

Service Area	Revised Budget 2024/25 £000	Actual Spend 2024/25 £000	Variance 2024/25 £000
General Fund			
Health & Wellbeing	1,873	2,233	360
People	9,984	6,754	(3,230)
Place	82,345	81,198	(1,147)
Resources	100	223	123
Strategic Management Board	135	59	(76)
Total General Fund	**94,437**	**90,467**	**(3,970)**
Housing Revenue Account	18,202	17,353	(849)
Total Capital Programme	**112,639**	**107,820**	**(4,819)**

The table below provides a summary of the capital financing for the actual capital expenditure for 2024/25.

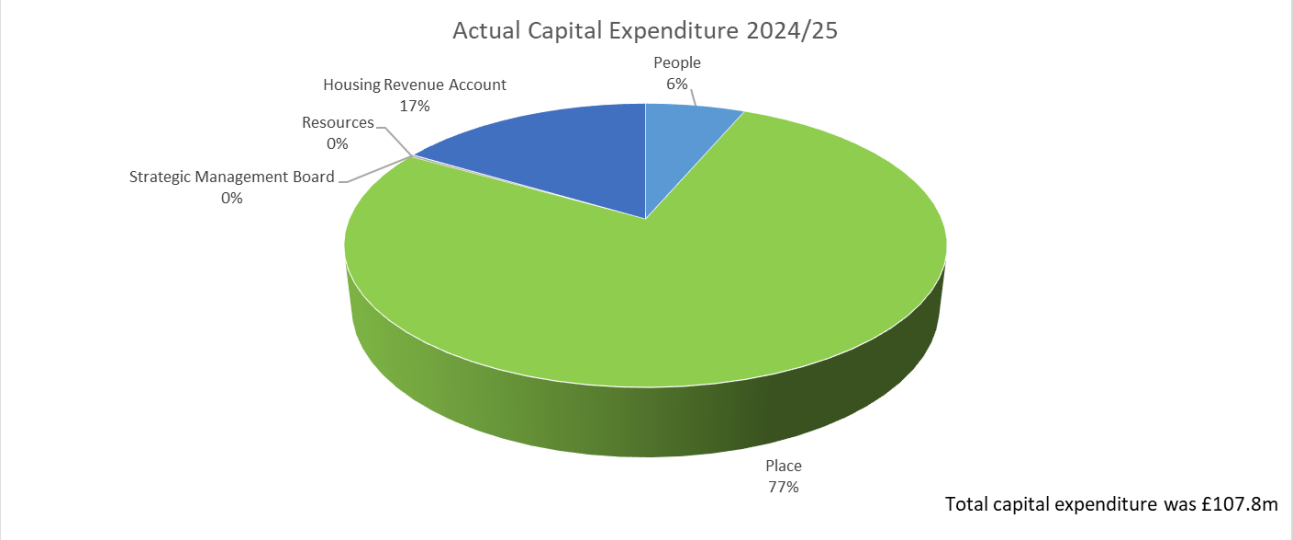
Financing	2024/25 £000
Capital Grants & Contributions	79,049
Revenue Contributions	901
Major Repairs Allowance	8,580
Self Financing Prudential Borrowing	20,075
Corporate Resources	(785)
	107,820

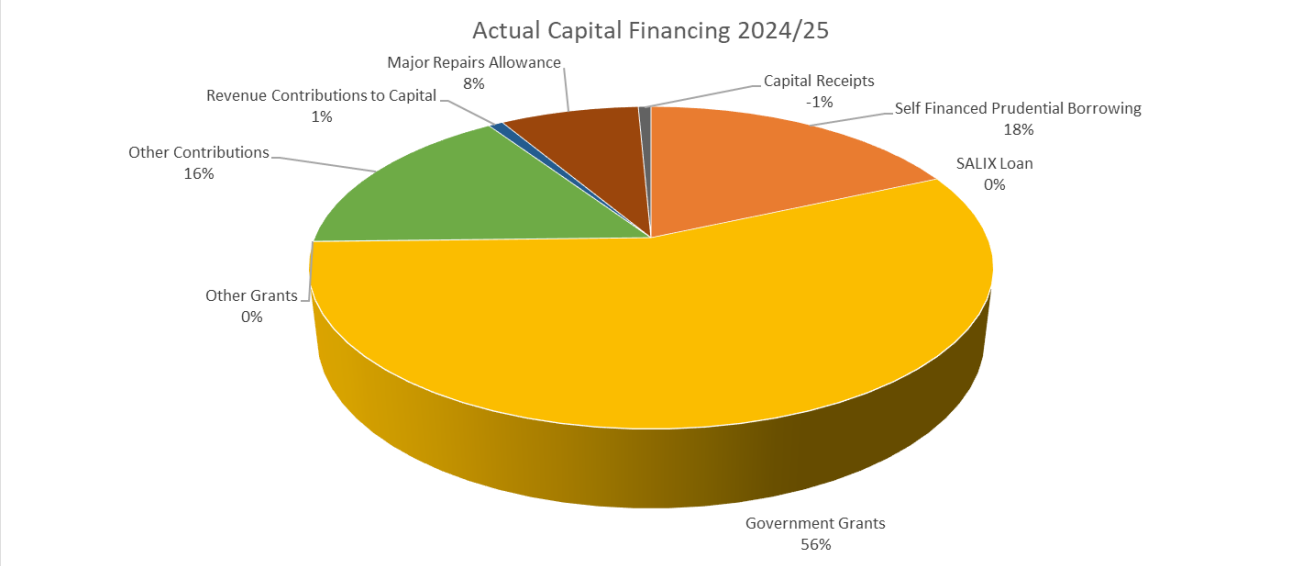
The areas of most significant expenditure for schemes undertaken in 2024/25 are as follows:

	Expenditure 2023/24 £000
People	
Schools Condition Schemes	1,408
Devolved Formula Capital	645
School Future Place Planning	2,424
Place	
Highways and Transport	33,978
North West Relief Road	7,281
Flood Defences and Water Management	694
Broadband	3,284
Economic Development	6,912
Commercial Investments	14,869
Leisure	10,910
Housing Services	9,164

Narrative Report

	Expenditure 2023/24 £000
Disabled Facilities Grants	5,326
National Landscapes including ROW	1,193
Corporate Landlord	10,199
Housing Revenue Account	
Housing Major Repairs Programme	9,100
Local Authority Housing Fund	5,040
Single Homelessness Accommodation Programme	2,523
New Build Programme	579





Cash Flow Management

Cashflow forecasts are prepared for the current and future financial years and are monitored daily. The cashflow forecast is regularly updated to take account of future changes so the cash position of the Council can be managed appropriately.

The Council undertakes long-term borrowing, for periods over one year, to finance capital spending. The Council satisfies its borrowing requirement for this purpose by securing external loans. However, the Council can temporarily defer the need to borrow externally by using the cash it has set aside for longer term purposes; this practice means that there is no immediate link between the need to borrow to pay for capital spend and the level of external borrowing. The effect of using the cash set aside for longer term purposes to temporarily defer external borrowing is to reduce the level of cash that the Council has available for investment.

The Council has used cash to offset external borrowing for several years and this has generated significant savings for the Council in borrowing costs. Cash balances held by the Council reduced over the last three financial years and so in 2024/25 it has been necessary to secure additional borrowing. As a result, for cashflow purposes, the Council secured £126.9million of new loans for the General Fund and £19.2m for the Housing Revenue Account. £36m of the General Fund new loans related to renewing existing loans to take advantage of improved interest rates. The General Fund borrowing includes the Capitalisation Direction (£26.9m) as approved by the Government for Exceptional Financial Support. Further details are provided in the Statement of Accounts.

The Council is satisfied that cashflow levels are sustainable in the short to medium term, but will continue to review required borrowing levels in 2025/26.

The Statement of Accounts

The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties, clear information about the Council's finances. The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom, published by CIPFA (the Code). To make the document as useful as possible to its audience and to enable meaningful comparisons between authorities possible the Code requires:

- All Statement of Accounts to reflect a common pattern of presentation, although this does not necessarily require them to be in an identical format.
- Interpretation and explanation of the Statement of Accounts to be provided.
- The Statement of Accounts and supporting notes to be written in plain language.

The section on accounting policies describes the basis on which the financial information within the statements is prepared. The accounts have been prepared to give a true and fair view of the financial position of the Council and with the underlying assumption of the going concern concept. Information is included within the statements having regard to the concepts of relevance, reliability, comparability and understandability together with a consideration of materiality.

This statement of accounts comprises various sections and statements, which are briefly explained below:

- **A Narrative Report** – this provides an effective guide to the most significant matters reported in the accounts, including an explanation of the Council's financial position and details the performance of the Council during the financial year.

- **The Statement of Responsibilities** – this details the responsibilities of the Council and the Chief Financial Officer concerning the Council's financial affairs and the actual Statement of Accounts.

- **The Audit Opinion and Certificate** – this is provided by the external auditor following the completion of the annual audit.

- **The Core Financial Statements,** comprising:

    - **The Comprehensive Income and Expenditure Statement** – this is fundamental to the understanding of a Council's activities. It brings together all the functions of the Council and summarises all of the resources the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and for the ability to divert certain expenditure to be met from capital resources.

    - **The Movement in Reserves Statement –** this shows the movement in the year on the different reserves held by the Council which is analysed into 'usable reserves' and other reserves.

    - **The Balance Sheet** – like the Income and Expenditure Statement this is also fundamental to the understanding of the Council's financial position as at 31 March 2025. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the non current assets held.

    - **The Cash Flow Statement** – this consolidated statement summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and cash equivalents.

- **The Notes to the Core Financial Statements** provide supporting and explanatory information on the Core Financial Statements and include the Council's accounting policies.

- **Group Accounts** – group financial statements are required to reflect the variety of undertakings that local authorities conduct under the ultimate control of the parent undertaking of that group. The group accounts should also include any interests where the Council is partly accountable for the activities because of the closeness of its involvements i.e. in associates and joint ventures. Some of the transactions involved are not considered material to the Council's accounts however the Council has decided to provide a full disclosure in terms of bodies that it has a relationship with.

- **The Housing Revenue Account** – There is a statutory duty to account separately for local authority housing provision.

- **The Collection Fund –** This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of

the billing authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

- **The Pension Fund Accounts and Disclosure Notes** – the Shropshire County Pension Fund is administered by this Council, however, the pension fund must be shown separately from the Council's own finances. The accounts summarise the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2023/24 and assets and liabilities as at 31 March 2025.

A glossary to the Statement of Accounts is also included to help to make, what is ultimately a very technical accounting document, more understandable to the reader.

Outlook for the Council

The Council produced a Medium Term Financial Strategy (MTFS) for the period 2025/26 – 2029/30, and the plan sets out a clear route to securing long term financial sustainability for the Council, whilst aligning the Council's resources to the Shropshire Plan.

The financial outlook for 2025/26 is extremely challenging. The Council continues to experience significant demand for services such as social care, and increasing cost pressures arising from inflation, particularly in the care market. The specific factors affecting the budget for 2025/26 are:

- Lower proportion of funding provided by the government compared to the national average for government funding. This included the loss the Rural Services Delivery Grant which is no longer distributed.
- Increased population, particularly amongst older adults
- Increasing demand for services such as:
    - children needing support or protection, and
    - adults with learning difficulties or autism;
    - demand for Temporary Accommodation and housing support
    - cost of living support
    - the challenge of delivering services across a large rural area with a sparse population

The impact of these factors are that demand for services outstrips the resources available to the Council within the current operating model. The 2025/26 budget therefore proposed a reduction to the overall size and scope of the council, and to secure efficiency and transformational improvements to continue to provide services the greatest extent possible within the available resources. The Council is also developing broader approaches to demand management, enabling us to better meet the challenges of demand increases. Also as highlighted earlier, only a proportion of the budget savings for 2024/25 were delivered, therefore the remaining balance that was not delivered has been carried forward to 2025/26. The total savings required for 2025/26 budget are £59.876m.

Despite the challenges encountered through the year, the objectives and overarching vision of The Shropshire Plan remain a clear guide to the priorities for the 2025/26 budget.

In May 2025, the local elections were held in Shropshire which resulted in a change of administration. It is therefore intended that a new Corporate Plan will be developed during 2025/26 which will help inform the 2026/27 budget and further years in the MTFS.

Next year we will be investing over £138 million of capital funding into local projects. The capital programme remains priority led, reflecting the need for growth in the Shropshire economy, significant investment in infrastructure and roads, investment in the current housing stock and continuing a new build programme for housing, and funding to deliver superfast broadband across much of Shropshire in the coming years.

Given the change in administration of the Council, it is intended that the Capital Programme and schemes identified within the Capital Strategy will be fully reviewed during the course of 2025/26 to confirm that the schemes progressed are in line with the Council's priorities.

Transactions within Group Boundary

The Council has several organisations that it holds an interest or controlling share within. These include:

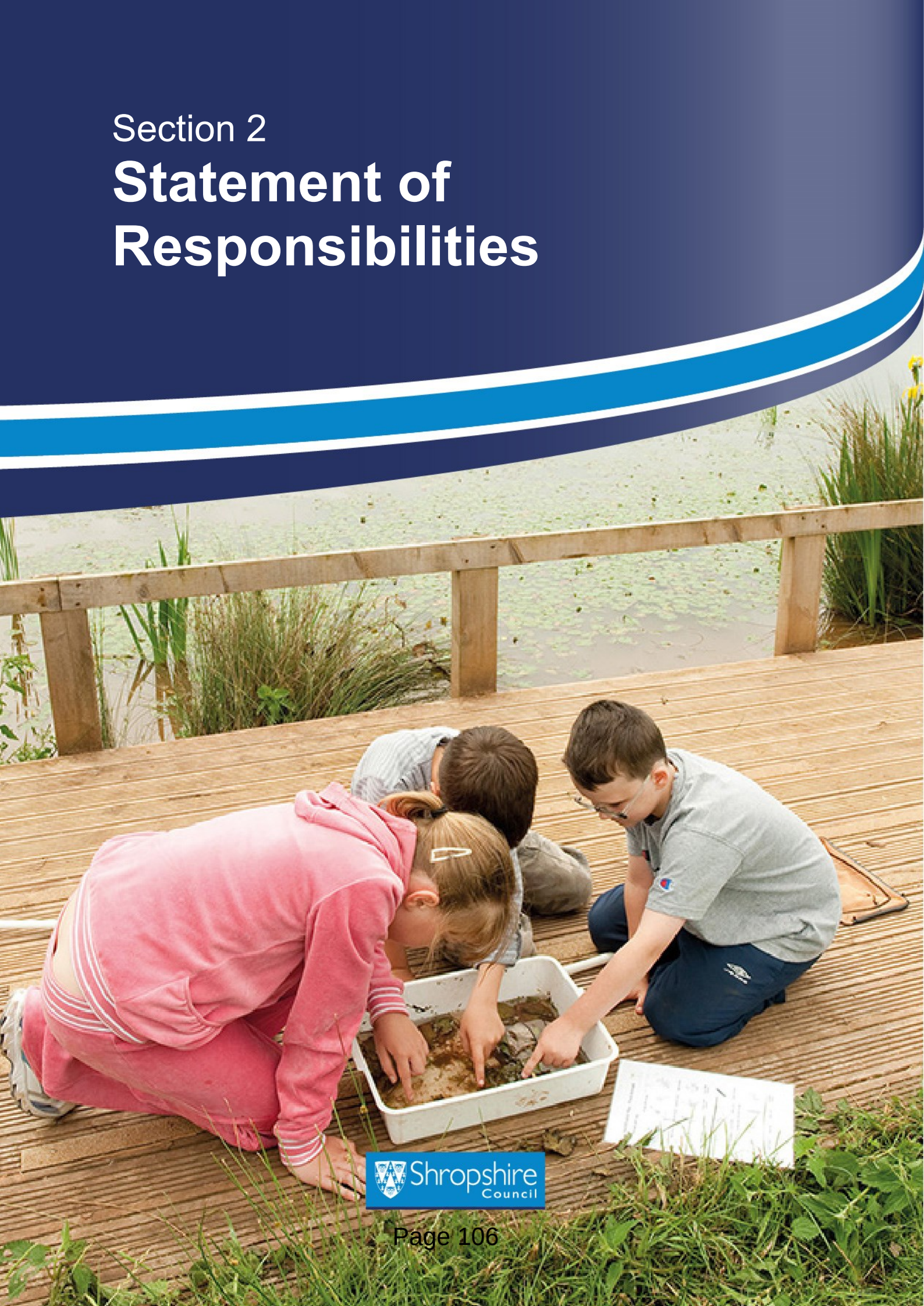
- Shropshire Towns and Rural Housing
- West Mercia Energy
- West Mercia Supplies (Pension)
- Cornovii Developments Limited
- Biodynamic Carbon Limited

Cornovii Developments Limited (CDL) was set up to address the unmet housing needs within Shropshire Council's administrative area, and during 2024/25 they have completed work at three sites, delivering a total of 81 homes. Whilst some of these houses have been sold on the open market, a third of these have been designated as affordable housing and 26 have been held by CDL for private rental purposes. CDL has generated turnover of £11.9m and holds total assets of £37.4m including those houses held for rental purposes, and work in progress as the company develop further sites. Further detail on the transactions for CDL are outlined in the Group Accounts section in the Statement of Accounts.

The interests held in the other companies as outlined above, are not considered material, however again, this is discussed in more detail within the Group Accounts section of the Statement of Account.

Section 2

Statement of Responsibilities



Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director, S15 Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Approved by Council

The Council's Statement of Accounts for 2024/25 was formally approved at a meeting of the Audit Committee on 26 June 2025.

Duncan Kerr
Chair of the Audit Committee
26 June 2025

Responsibilities of Executive Director, S151 Officer

The Executive Director, S151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing this Statement of Accounts, the Executive Director, S151 Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Executive Director, S151 Officer has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Executive Director, S151 Officer

I hereby certify that the Statement of Accounts present a true and fair view of the financial position and the income and expenditure of the Council for the year ended 31 March 2025.

James Walton
Executive Director, S151 Officer
30 June 2025

Section 3

Audit Opinion and Certificate

Audit Opinion and Certificate

WILL BE UPDATED FOLLOWING AUDIT OF ACCOUNTS

Audit Opinion and Certificate

Audit Opinion and Certificate

Audit Opinion and Certificate

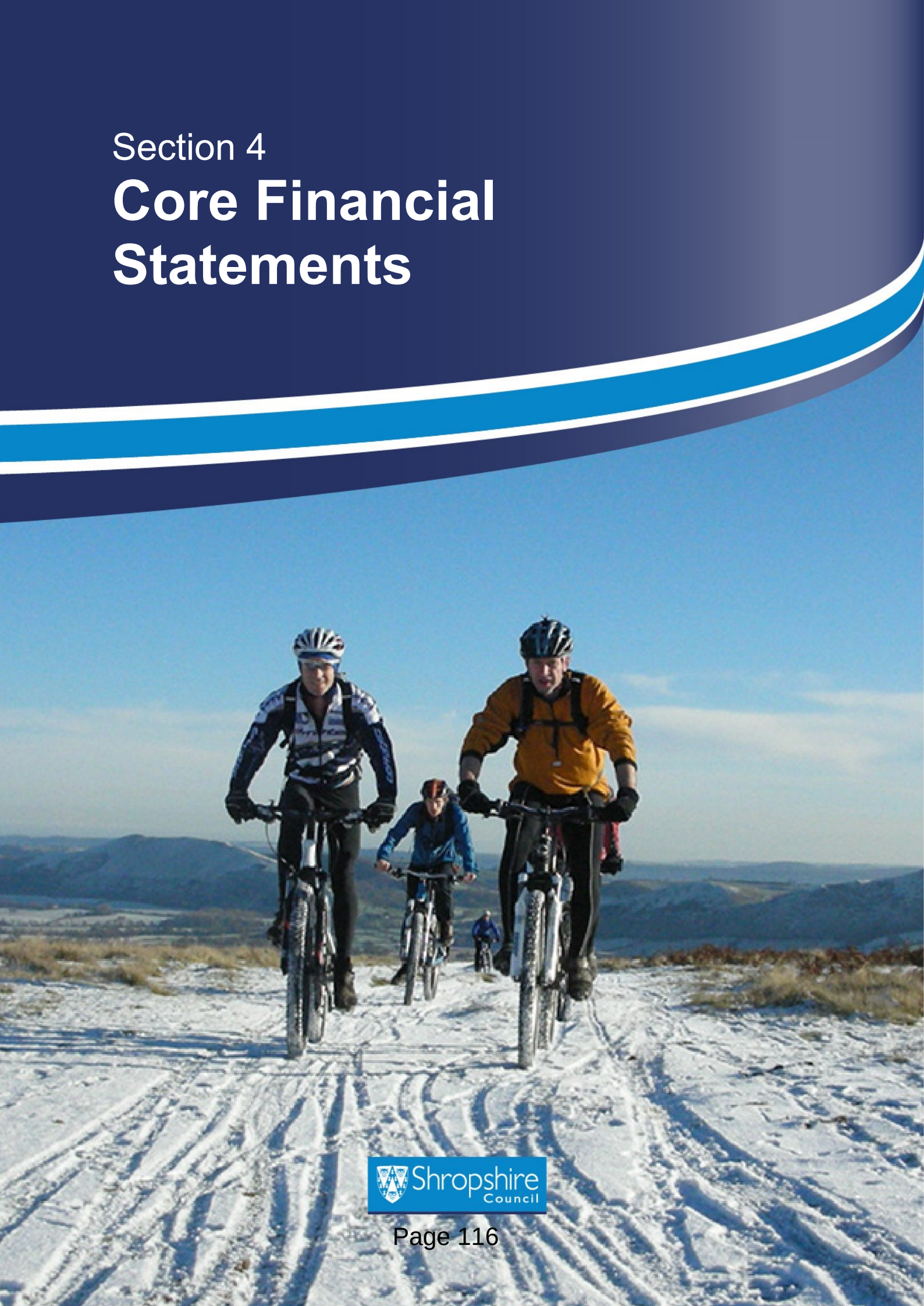
Audit Opinion and Certificate

Audit Opinion and Certificate

Audit Opinion and Certificate

Section 4

Core Financial Statements



Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Restated 2023/24 (Note 2)				2024/25		
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
			Expenditure on Continuing Services (Notes 7, 8, 9 and 10)			
31,665	(23,092)	8,573	Health and Wellbeing	31,972	(26,688)	5,284
22,731	(20,399)	2,332	Local Authority Housing	16,190	(23,090)	(6,900)
466,007	(221,218)	244,789	People	523,761	(251,005)	272,756
165,133	(59,974)	105,159	Place	188,270	(72,110)	116,160
62,781	(54,331)	8,450	Resources	65,603	(55,991)	9,612
4,693	(81)	4,612	Strategic Management Board	7,963	(111)	7,852
10,327	(38,148)	(27,821)	Corporate	17,886	(41,474)	(23,588)
763,337	**(417,243)**	**346,094**	**Net Cost of Services**	**851,645**	**(470,469)**	**381,176**
		15,205	Other Operating Expenditure (Note 13)			37,596
		29,195	Financing and Investment Income and Expenditure (Note 14)			22,165
		(346,009)	Taxation and Non Specific Grant Income (Note 15)			(368,234)
		44,485	**(Surplus) or Deficit on Provision of Services**			**72,703**
		(28,387)	(Surplus) or Deficit on Revaluation of Non-Current Assets			(898)
		2,928	Impairment Losses on Non-Current Assets Charged to the Revaluation Reserve			3,088
		(93,328)	Remeasurement of the Net Defined Benefit Liability (Note 41)			(19,418)
		(118,787)	**Other Comprehensive Income and Expenditure**			**(17,228)**
		(74,302)	**Total Comprehensive Income and Expenditure**			**55,475**

Movement In Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

2024/25	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2024	**8,237**	**35,407**	**43,644**	**11,737**	**6,008**	**58,498**	**119,887**	**658,403**	**778,290**
Movement in reserves during 2024/25									
Surplus or (deficit) on the provision of services	(83,180)	0	**(83,180)**	10,477	0	0	**(72,703)**	0	**(72,703)**
Other Comprehensive Income and Expenditure	0	0	**0**	0	0	0	**0**	17,228	**17,228**
Total Comprehensive Income and Expenditure	**(83,180)**	**0**	**(83,180)**	**10,477**	**0**	**0**	**(72,703)**	**17,228**	**(55,475)**
Adjustments between accounting basis & funding basis under regulations (Note 11)	69,754	0	**69,754**	(7,292)	(4,146)	(5,147)	**53,169**	(53,169)	**0**
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**(13,426)**	**0**	**(13,426)**	**3,185**	**(4,146)**	**(5,147)**	**(19,534)**	**(35,941)**	**(55,475)**
Transfers to/(from) Earmarked Reserves (Note 12)	10,014	(9,953)	**61**	(61)	0	0	**0**	0	**0**
Increase/(Decrease) in 2024/25	**(3,412)**	**(9,953)**	**(13,365)**	**3,124**	**(4,146)**	**(5,147)**	**(19,534)**	**(35,941)**	**(55,475)**
Balance at 31 March 2025	**4,825**	**25,454**	**30,279**	**14,861**	**1,862**	**53,351**	**100,353**	**622,462**	**722,815**

Movement In Reserves Statement

2023/24	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2023	**7,093**	**52,579**	**59,672**	**12,359**	**7,400**	**52,395**	**131,826**	**572,162**	**703,988**
Movement in reserves during 2023/24									
Surplus or (deficit) on the provision of services	(42,446)	0	**(42,446)**	(2,039)	0	0	**(44,485)**	0	**(44,485)**
Other Comprehensive Income and Expenditure	0	0	**0**	0	0	0	**0**	118,787	**118,787**
Total Comprehensive Income and Expenditure	**(42,446)**	**0**	**(42,446)**	**(2,039)**	**0**	**0**	**(44,485)**	**118,787**	**74,302**
Adjustments between accounting basis & funding basis under regulations (Note 11)	26,386	0	**26,386**	1,449	(1,392)	6,103	**32,546**	(32,546)	**0**
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**(16,060)**	**0**	**(16,060)**	**(590)**	**(1,392)**	**6,103**	**(11,939)**	**86,241**	**74,302**
Transfers to/(from) Earmarked Reserves (Note 12)	17,204	(17,172)	**32**	(32)	0	0	**0**	0	**0**
Increase/(Decrease) in 2023/24	**1,144**	**(17,172)**	**(16,028)**	**(622)**	**(1,392)**	**6,103**	**(11,939)**	**86,241**	**74,302**
Balance at 31 March 2024	**8,237**	**35,407**	**43,644**	**11,737**	**6,008**	**58,498**	**119,887**	**658,403**	**778,290**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

2023/24		2024/25	
£000		£000	£000
1,138,504	Property, Plant & Equipment (Note 16)	1,156,403	
2,119	Heritage Assets	2,167	
43,029	Investment Property (Note 17)	47,701	
2,603	Intangible Assets	1,078	
1,186,255	**Total Non Current Assets**		**1,207,349**
971	Long Term Investment (Note 21)	980	
15,259	Long Term Debtors (Note 21)	23,999	
1,202,485	**Total Long Term Assets**		**1,232,328**
	Current Assets		
18,283	Current Held for Sale Investment Properties (Note 17)	14,520	
3,904	Assets Held for Sale	4,678	
729	Inventories	561	
123,805	Short Term Debtors (Notes 21, 23 & 24)	151,120	
37,293	Cash & Cash Equivalents (Notes 21 & 25)	50,725	
184,014	**Total Current Assets**		**221,604**
1,386,499	**Total Assets**		**1,453,932**
	Current Liabilities		
(35,933)	Bank Overdraft (Notes 21 & 25)	(19,938)	
(32,802)	Short Term Borrowing (Note 21)	(58,392)	
(88,150)	Short Term Creditors (Notes 21 & 26)	(108,032)	
(2,707)	Provisions (Note 27)	(5,109)	
(8,622)	Grants Receipts in Advance - Revenue (Note 38)	(4,948)	
(19,716)	Grants Receipts in Advance - Capital (Note 38)	(18,667)	
(187,930)	**Total Current Liabilities**		**(215,086)**
1,198,569	**Total Assets Less Current Liabilities**		**1,238,846**
	Long Term Liabilities		
(603)	Long Term Creditors (Note 21)	(591)	
(281,527)	Long Term Borrowing (Note 21)	(364,866)	
(93,313)	Other Long Term Liabilities (Note 21)	(124,212)	
(38,587)	Pensions Liability (Note 41)	(20,246)	
(6,249)	Provisions (Note 27)	(6,116)	
(420,279)	**Total Long Term Liabilities**		**(516,031)**
778,290	**Net Assets**		**722,815**
	Financed by:		
119,887	Usable Reserves (Note 28)	100,353	
658,403	Unusable Reserves (Note 29)	622,462	
778,290	**Total Reserves**		**722,815**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

2023/24 £000	Revenue Activities	2023/24 £000	£000
44,485	Net (surplus) or deficit on the provision of services	72,703	
(53,168)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(84,026)	
75,347	Adjustments for items in the net surplus or deficit on the provision of services that are investing and financing activities	82,778	
66,664	**Net cash flows from Operating Activities (Note 30)**		**71,455**
(50,197)	Investing Activities (Note 31)	935	
(11,883)	Financing Activities (Note 32)	(101,817)	
4,584	**Net (increase) or decrease in cash and cash equivalents**		**(29,427)**
5,944	Cash and cash equivalents at the beginning of the reporting period		1,360
1,360	**Cash and cash equivalents at the end of the reporting period (Note 25)**		**30,787**

Section 5

Notes to the Core Financial Statements

1. Accounting Policies

1.1 General

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require them to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted by the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on the assumption that the Council will continue to operate for the foreseeable future. This assumption is made because the Council carries out functions essential to the local community and are themselves revenue-raising bodies. If the Council were in financial difficulty alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

1.2 Accruals of Expenditure and Income

Revenue transactions are recorded in the year that the activity takes place, not simply when cash payment are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

1.3. Cash and Cash Equivalents

Cash is defined for the purpose of this statement, as cash in hand and deposits with financial institutions repayable on demand without penalty on notice. Cash equivalents

are short term, highly liquid investments, normally with a maturity of 90 days or less from the date of investment, that are readily convertible to known amounts of cash.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.5. Non-Current Assets - Intangible

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Intangible assets are recognised based on cost and are amortised over the economic life of the intangible asset to reflect the pattern of consumption of benefits. Only intangible assets included in the capital programme are capitalised. Each intangible asset is assessed in terms of economic life, usually between three and seven years.

1.6. Non-Current Assets – Property, Plant and Equipment

Property, plant and equipment are assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged to revenue as an expense when it is incurred.

Initial Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The authority does not capitalise borrowing costs incurred while assets are under construction. Expenditure is capitalised on an accrual's basis, with accruals made for capital works with a value of £75,000 or more undertaken but not paid for by the end of the financial year.

Measurement after recognition

Property, plant and equipment assets are subsequently valued at current value on the basis recommended by the Code of Practice on Local Authority Accounting and in accordance with The Royal Institution of Chartered Surveyors (RICS) Valuation Standards. Property, plant and equipment assets are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following bases:

Category	Valuation Method (Current Value definition)
Operational	
Council Dwellings	Current value determined using the basis of Existing Use Value – Social Housing (EUV-SH).
Land & Buildings	Current value determined as the amount that would be paid for the asset in its existing use (Existing Use Value - EUV) For specialist properties where there is no market-based evidence of current value because of the specialist nature of the asset and the asset is rarely sold - Depreciated Replacement Cost (DRC) is used as an estimate of current value.
Vehicles, Plant & Equipment	Depreciated Historic Cost (HC) - as a proxy for current value where they are of short life or low value.
Infrastructure	Depreciated Historic Cost (HC)
Community Assets	Depreciated Historic Cost (HC)
Non-operational	
Surplus Assets	The current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
Assets Under Construction	Historic Cost (HC)

Land and buildings used for Council services are valued at fair value based on their existing use. Fair value is defined as the value that an asset would be purchased for by a willing buyer. Where sufficient market evidence of the value is not available, for example schools and leisure centres, depreciated replacement cost, using the modern equivalent asset method is used for valuation purposes. This is an estimate of how much it would cost to build the asset using the latest building methods which therefore takes into account the current cost of building materials. This value is then adjusted to take into account the age of the building.

Assets included in the Balance Sheet at current value are subject to a full revaluation with sufficient regularity to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. In the intervening years the valuations are subject to an annual desktop review to update the valuation to the balance sheet date. Where the valuation is calculated to be below £10,000 the valuation is recorded as de-minimis in the balance sheet.

When new material assets are acquired/constructed or assets substantially enhanced or there is a change in use of the asset; the asset will be valued in the financial year in which the asset becomes operational. Where there is a change in use of the asset, the impact of this will be considered to determine if a revaluation is required.

The Housing Revenue Account Council Dwellings are subject a full valuation every five years and to an annual desktop review to update the valuation to the balance sheet date; undertaken by the Valuation Office Agency.

When an asset is revalued, any accumulated depreciation and impairment at the date of valuation shall be eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Where the carrying amount of property, plant and equipment is increased as a result of a revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to an impairment, see 1.10), the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter in the Surplus or Deficit on the Provision of Services.

Componentisation

Where components of an asset are significant in value in relation to the total value of the asset and they have substantially different economic lives, they are recognised and depreciated separately. Significant assets for this purpose are properties with a value in excess of £2.5m.

Disposal / Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- On disposal, or
- When no future economic benefits or service potential are expected from its use or disposal.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account

Amounts received for a disposal are categorised as capital receipts. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

A proportion (based on Agreement – Section 11(6) of the Local Government Act 2003) of receipts relating to dwellings disposed of under the Right to Buy Scheme are payable to the Government through the pooling system. The proportion that is required to be paid over to central government as a 'housing pooled capital receipt' is charged to Surplus or Deficit on the Provision of Services and the same amount appropriated from the Capital Receipts Reserve and credited to the General Fund Balance in the Movement in Reserves Statement. For the financial years, 2022-23, 2023-24 and 2024-25, local authorities were permitted to retain the share of Right to Buy receipts that had been previously returned to the Government and so retain 100% of these receipts.

Where a component of an asset is replaced or restored, the carrying amount of the old component is derecognised, based on the cost of the new component indexed back to the last valuation date, as a proxy for the deemed carrying amount of the replaced part. Where the new expenditure is deemed to also enhance the component of the original asset e.g. energy efficiency schemes the carrying amount of the old component is derecognised at a lower value, reflecting it is not a like for like replacement and a further enhancement has been made to the asset.

1.7. Non-Current Assets – Property, Plant and Equipment – Highways Network Infrastructure Assets

Highways network infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Measurement

Highways network infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost - opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the accounts do not disclosure the gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant

information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Depreciation
Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over the useful lives of the capital expenditure incurred based on the type of works. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year from year of acquisition.

Useful lives of the various types of works on the highways network are assessed by the Asset Manager in Highways using industry standards where applicable as follows:

Part of Highways Network	Life
Carriageways	5 - 20 years (dependant on works)
Footways & Cycle Tracks	20 years
Fences, Walls & Barriers	10 years
Traffic Signals and Pedestrian crossings	15 years
Streetlighting	20 years - Conversions 40 years - New
Bridgeguard, Drainage Structures, Structures	40 - 100 years (dependant on works)
New bridges and structures	100 years

Disposals and derecognition
When a component of the Network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil. This is because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

1.8. Investment Properties

Investment properties are those that are used solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services, production of goods, or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal..

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and the capital receipts reserve.

1.9. Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The following criteria have to be met before an asset can be classified as held for sale:

- The asset must be available for immediate sale in its present condition.
- The sale must be highly probable; with an active programme to dispose of the asset.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to complete within one year of the date of classification.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and their recoverable amount at the date of the decision not to sell.

Investment Properties that are to be disposed of are not reclassified as an Asset Held for Sale and remain as Investment Properties until disposed of, reclassified to short terms investment properties where they are expected to be disposed of within a year of the balance sheet date.

1.10. Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Examples of events and changes in circumstances that indicate an impairment may have incurred include:

- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; or
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

An impairment loss on a revalued asset is recognised in the Revaluation Reserve (to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset) and thereafter in the Surplus or Deficit on the Provision of Services.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.11. Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives Depreciation applies to all property, plant and equipment, whether held at historical cost or revalued amount, with the exception of:

- Investment properties carried at fair value;
- Assets Held for Sale; and
- Land where it can be demonstrated that the asset has an unlimited useful life (excluding land subject to depletion, i.e. quarries and landfill sites).

An asset is not depreciated until it is available for use and depreciation ceases at the earlier of: the date the asset is classified as held for sale and the date the asset is derecognised.

The finite useful life of an asset is determined at the time of acquisition or revaluation, estimated by the Valuer. Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Depreciation is calculated using the straight-line method. For Council Dwellings the depreciation charge is calculated on a componentised depreciation basis, using the Planned Programme Approach. The depreciation charge is calculated based on the stock data at 1st April, using the stock data of the major components at that date, from the housing condition data. The components are depreciated on a straightline basis over their useful life (10-80 years) for Decent Homes Standard; with the residual amount (excluding land) depreciated over 150 years.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

1.12. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and Impairment losses used on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

Depreciation, amortisation, impairments, revaluation gains or losses charged to the Surplus or Deficit on the Provision of Services are not proper charges to the General Fund or Housing Revenue Account. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement. The only exception is depreciation charges for HRA dwellings and other properties, which are real charges to the HRA.

This ensures the Council is not required to raise Council Tax to cover depreciation, amortisation or revaluation/impairment losses. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement; further details are provided at Accounting Policy 1.16 (The Redemption of Debt). Depreciation, amortisation and revaluation/impairment losses are therefore replaced by revenue provision transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Interest payable is reported within Net Operating cost within the Income and Expenditure Account and depreciation, calculated in accordance with Accounting Policy 1.11 (Depreciation), is charged directly to service revenue accounts.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately on the Movement in Reserves Statement.

1.13. Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the Council, and amounts directed under section 16(2) of Part 1 of the Local Government Act 2003.

Such expenditure is charged to the Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure shall be accounted for by debiting the Capital

Adjustment Account and crediting the General Fund Balance and shown as a reconciling item in the Movement in Reserves Statement.

1.14. Heritage Assets

Tangible Heritage Assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture. Intangible heritage assets are intangible assets with cultural, environmental, or historical significance.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Councils accounting policies on property, plant and equipment. However, due to the unique nature of Heritage Assets, some of the measurement rules are relaxed in relation to the categories of Heritage Assets held.

1.15. Capital Receipts

Capital receipts from the disposal of assets are held in the Usable Capital Receipts Reserve until such time as they are used to finance capital expenditure, used to finance expenditure under the flexibilities around the use of Capital Receipts for transformational revenue purposes currently extended to 2024/25 or are used to repay debt. At the balance sheet date, the Council may opt to set aside capital receipts in-hand within the Capital Adjustment Account to reduce the Capital Financing Requirement and the Minimum Revenue Provision (MRP) charge for the following financial year.

1.16. The Redemption of Debt

The Council makes provision for the repayment of debt in accordance with the statutory "Minimum Revenue Provision" (MRP) requirements. For supported borrowing MRP is calculated based on a 45 year annuity basis and utilises Adjustment A (the variance between the credit ceiling and the Capital Financing Requirement (CFR) as at 1st April 2004) to reduce the supported borrowing CFR for MRP purposes. For unsupported borrowing MRP is calculated based on an annuity basis over the expected life of the asset for which the borrowing was undertaken. These amounts are transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

For HRA debt there is no mandatory requirement to make provision in the HRA for annual MRP payments. However, the Council will make annual voluntary provision for debt repayment in the HRA based on affordable levels in the HRA against the need for investment and delivering services in the HRA.

For assets under on-balance sheet PFI contracts and finance leases, the annual principal payment amount in the PFI or finance lease model is used as the MRP payment amount, with no additional charges above those within the contract.

Where the Council has made capital loans to third parties financed from the Council's balances, the annual repayments of principal amounts are treated as capital receipts and set aside in the Capital Adjustment Account in place of a revenue MRP charge.

1.17. Leases

The Council as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later).

The lease liability is measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined.

Lease payments included in the measurement of the lease liability include:
• fixed payments, including in-substance fixed payments
• variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
• amounts expected to be payable under a residual value guarantee
• the exercise price under a purchase option that the authority is reasonably certain to exercise
• lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
• penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:
• there is a change in future lease payments arising from a change in index or rate
• there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
• the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
• there is a revised in-substance fixed lease payment.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

The right-of-use asset is subsequently measured using the fair value model unless it is deemed that the cost model is a reasonable proxy.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

Leases of low value assets (less than £10,000) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement.

The Council as Lessor

Operating leases

Where the Council grants an operating lease the asset is retained in the Balance Sheet. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.18. Government Grants and Contributions

Revenue Grants

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution and there is reasonable assurance that the monies will be received. If there are outstanding conditions on the grant income the income is held on the Balance Sheet as a Government creditor. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant and New Homes Bonus) are credited to the foot of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure.

Capital Grants

Grants and contributions relating to capital expenditure shall be accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the Council has not satisfied.

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund (or Housing Revenue Account) to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure it is posted to the capital grants unapplied reserve.

Community Infrastructure Levy

The Council has elected to charge Community Infrastructure Levy (CIL) with effect from 1 January 2012. The levy applies to planning applications for the following types of development:

- The formation of one or more new dwellings, (including holiday lets), either through conversion or new build, regardless of size (unless it is 'affordable housing'); or
- The establishment of new residential floor space (including extensions and replacements) of 100sqm or above.

The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund infrastructure projects. This will largely be capital expenditure and includes roads and other transport schemes, flood defences, schools and other education facilities, medical facilities, sporting and recreation facilities and open spaces. Five percent of CIL charges will be used to meet the administrative costs of operating the levy.

CIL is received without outstanding conditions; it is therefore recognised in the Comprehensive Income and Expenditure Statement in accordance with the Council CIL instalment policy, following commencement date of the chargeable development in accordance with the accounting policy for government grants and contributions set out above.

The only exception for this is CIL monies received on developments where the CIL Liability Notice has been issued after 25th April 2013. On these receipts 15% of gross receipt or 25% in areas with a statutory Neighbourhood Plan in place; is treated as the Neighbourhood Fund element. The Neighbourhood Fund is the portion of CIL provided directly to Town and Parish Councils to be used for the provision, improvement, replacement, operation or maintenance of infrastructure or anything else which is concerned with addressing the demands that development places on an area.

1.19. Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest i.e. where the cash flows do not take the form of a basic debt instrument.

Financial Assets Measured at amortised cost
Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provision of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council,, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, adjusted

for accrued interest receivable at the year end. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to individuals at less than market rates (soft loans). Ordinarily when soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest would then be credited at a marginally higher effective rate of interest than the rate receivable from the individual, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance would be managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. However, the soft loans that the Council has made are not material to the accounts so the impact has not been incorporated into the Core Financial Statements, instead Note 21 to the Core Financial Statements provides details about these soft loans.

Financial Assets Measured at Fair Value through Profit of Loss
Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model
The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

1.20. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings that the Council has, this means the amount presented in the Balance Sheet is the outstanding principal repayable, adjusted for accrued interest payable at the year end. Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.21. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

1.22. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the Council a present legal or constructive obligation that probably requires settlement by the transfer of economic benefits or service potential, and where a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes

aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes apparent that a transfer of economic benefits is not required, the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but any material liabilities will be disclosed in a separate note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts if it is probable that there will be an inflow of economic benefits or service potential and the sum is material to the accounts.

1.23. Inventories

Inventories and stock are included on the Balance Sheet at the lower of cost price or net realisable value.

1.24. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2023/24. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

1.25. Group Accounts

The Council has financial relationships with a number of entities and partnerships and, therefore, is required to prepare Group Accounts, in addition to its main financial statements. All of the financial relationships within the scope of Group Accounts have been assessed.

The Council has accounted for Group Accounts in accordance with IFRS 3 - Business Combination, IFRS10 – Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS12 – Disclosure of Interest in Other Entities, IAS 27 - Separate Financial Statements, IAS28 - Investments in Associates and Joint Ventures except where interpretations or adaptations to fit the public sector have been detailed in the Code of Practice on Local Authority Accounting. Subsidiaries have been consolidated within the Council's accounts on a line by line by line basis and joint ventures have been consolidated using the equity method. Accounting policies have been aligned between the Council and the companies consolidated in the Group. Intragroup transactions relating to Subsidiaries are eliminated on consolidation.

1.26. Value Added Tax (VAT)

Only irrecoverable VAT is included in revenue and capital expenditure. All VAT receivable is excluded from income.

1.27. Employee Benefits

The Council accounts for employee benefits in accordance with the requirements of IAS 19 – Employee Benefits. This covers short-term employee benefits such as salaries, annual leave and flexi leave, termination benefits and post-employment benefits such as pension costs.

In accounting for annual leave the Council has categorised the staff into teachers and other staff. Teaching staff have been accounted for on the basis that working during term time entitles them to paid leave during the holidays e.g. working the Spring Term entitles them to paid Easter holidays. An accrual has been calculated based on the untaken holiday entitlement relating to the Spring Term. An accrual has been calculated for other staff based on the amount of untaken leave as at 31 March.

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. The cost of these are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure statement.

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The NHS Pensions Scheme, administered by NHS Pensions;
- The Local Government Pensions Scheme, administered by Shropshire Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However, the arrangements for the Teachers'

scheme and the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to the two schemes in the year.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Shropshire County Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.8% (based on the indicative rate of return on high quality corporate bonds of appropriate duration)
- The assets of the Shropshire County Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

  - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Shropshire County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.28. Foreign Currency Transactions

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transaction, by applying the spot exchange rate at the date of the transaction.

1.29. Private Finance Initiative (PFI) Schemes

PFI contracts are agreements to receive services, where the PFI contractor has responsibility for making available the assets needed to provide the services. The Council pays the contractor a payment, which is called a unitary charge, for the services delivered under the contract.

The Council has two PFI projects: the Quality in Community Services (QICS) PFI and the Waste Services PFI. Further details of these PFI projects are set out later in the document. The Council is deemed to control the services provided under these two PFI schemes, and as ownership of property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the operational assets used under the contracts on its balance sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the QICS scheme, the liability was written down by an initial capital contribution of £2.5m. At the commencement of the Waste contract the Council made various existing waste infrastructure assets available to the contractor. Under the Waste scheme, not all property, plant and equipment scheduled to be provided in the initial years of the contract has been provided and as a result part of the payments made to the scheme operator have been accounted

for as a prepayment, with a corresponding entry also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **Finance cost** – an interest charge as a percentage (based on the Internal Rate of Return of the scheme) of the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **Lifecycle replacement costs** – proportion of amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out. On recognising the prepayment for lifecycle replacement costs a corresponding entry is also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account. Where works are carried out earlier than planned they are recognised as additions to Property, Plant and Equipment balanced by a temporary increase in the finance lease liability. When the programmed payment takes place the liability is written down.

1.30. Accounting for Council Tax and Non Domestic Rates

The Council Tax income included in the Comprehensive Income & Expenditure Statement is the accrued income for the year, and not the amount required under regulation to be transferred from the Collection Fund to the General Fund (the Collection Fund Demand). The difference is taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

As the collection of Council Tax for preceptors (the West Mercia Police and Crime Commissioner, and Shropshire & Wrekin Fire & Rescue Authority) is an agency arrangement, the cash collected belongs proportionately to Shropshire Council as the billing authority and to the preceptors. This gives rises to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts and prepayments.

In relation to Non-Domestic Rates, Shropshire Council collects income due as an agency arrangement. As with council tax, the cash collected belongs proportionately to Shropshire Council as the billing authority, and to Central Government and Shropshire & Wrekin Fire & Rescue Authority as preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts, appeals and prepayments.

1.31. Accounting for Local Authority Maintained Schools

All Local Authority Maintained Schools in the Council area are considered to be entities controlled by the Council. In order to simplify the consolidation process and avoid consolidating in Group Accounts a considerable number of separate, relatively small entities; the Council's single entity financial statements include all the transactions of Local Authority Maintained Schools i.e. income, expenditure, assets, liabilities, reserves and cash flows of the schools.

The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

The Council recognises on balance sheet the non-current assets of schools where the Council legally owns the assets or where the school is in the legal ownership of a non religious body, on the basis that they are the assets of the school and need to be consolidated into the Council's accounts.

Community schools are owned by the Council and therefore recognised on the balance sheet.

The majority of Voluntary Aided and Voluntary Controlled schools in the Council area are owned by the respective Diocese. There is currently no legal arrangement in place for the School/Council to use the Diocese owned schools. The School/Council uses the school building to provide education under the provisions of the School Standards and Framework Act 1998. On this basis the school assets are used under "mere" licences and the assets are not recognised on the Council's balance sheet. The only exception to this is there are a small number of schools/part of schools that should have transferred to Diocese under Education Legislation; but the legal transfer has not been completed. These are still recognised in the Council balance sheet with an additional note disclosing that they are due to transfer.

Foundation schools owned by the Diocese are not recognised on the Council balance sheet as the position is the same as Voluntary Aided and Voluntary Controlled. Where ownership lies with the school or the school's Governing Body the School is recognised on the Council's Balance Sheet. There are a small number of schools who have recently changed their status to Foundation as part of local area Education Trusts. As yet no legal transfers have taken place of school land and buildings. On the assumption that these trusts will constitute the Governing Bodies of these schools, the schools are to remain on-balance sheet. This will be reviewed when the legal transfers are agreed in case the position is different.

Academy schools are not maintained schools controlled by the Council and as such are not accounted for in the Council's Accounts. Schools in Council ownership (Community Schools) which become Academies are provided to the Academy on a 125 year peppercorn lease. When schools transfer to Academy status the assets are written out of the balance sheet as at the date that the asset transfers. Additional notes are included in the accounts disclosing details of any schools where approval by the Department for

Education to transfer the School to Academy has been granted, but the school has not transferred by the balance sheet date.

1.32. Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

2. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been made to the Council's 2023/24 financial statements as a result of a change to the Council's reporting structure.

The impact of the change to the Council's reporting structure on the Comprehensive Income and Expenditure Statement is detailed below:

Directorates per 2023/24 statement of accounts	As reported in the CI&ES 2023/24	Movement between Directorates	As restated 2023/24
Gross Expenditure	**£000**	**£000**	**£000**
Health & Wellbeing	17,735	13,930	31,665
Local Authority Housing	22,731	0	22,731
People	455,576	10,431	466,007
Place	189,866	(24,733)	165,133
Resources	63,094	(313)	62,781
Strategic Management Board	4,008	685	4,693
Corporate	10,327	0	10,327
Cost of services	**763,337**	**0**	**763,337**

Directorates per 2023/24 statement of accounts	As reported in the CI&ES 2023/24	Movement between Directorates	As restated 2023/24
Gross Income	**£000**	**£000**	**£000**
Health & Wellbeing	(16,987)	(6,105)	(23,092)
Local Authority Housing	(20,399)	0	(20,399)
People	(217,839)	(3,379)	(221,218)
Place	(70,649)	10,675	(59,974)
Resources	(53,220)	(1,111)	(54,331)
Strategic Management Board	(1)	(80)	(81)
Corporate	(38,148)	0	(38,148)
Cost of services	**(417,243)**	**0**	**(417,243)**

Directorates per 2023/24 statement of accounts	As reported in the CI&ES 2023/24	Movement between Directorates	As restated 2023/24
Net Expenditure	**£000**	**£000**	**£000**
Health & Wellbeing	748	7,825	8,573
Local Authority Housing	2,332	0	2,332
People	237,737	7,052	244,789
Place	119,217	(14,058)	105,159
Resources	9,874	(1,424)	8,450
Strategic Management Board	4,007	605	4,612
Corporate	(27,821)	0	(27,821)
Cost of services	**346,094**	**0**	**346,094**

3. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

This applies to the adoption of the following new or amended standards within the 2025/26 Code:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8.

The changes to IAS 21 and IAS 17 are not expected to have an impact on the Council's accounts. The changes to the measurement of non-investment assets are being monitored. It is not practicable to estimate the impact for the 2024/25 accounts and this will be assessed during 2025/26.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council takes judgements over the element of control in terms of deciding which assets should be on our balance sheet. The Council considers both the legal ownership of the asset and the circumstances under which schools occupy them, including rights and obligations.

  A judgement is taken around Local Authority Maintained schools and particularly Voluntary Aided, Voluntary Controlled and Foundation schools that are not owned by the Council. The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The substance of the arrangement in addition to the legal form are considered including any rights to take back the school buildings.

The Council makes an assessment on whether it is probable that economic benefits or service potential associated with the asset will flow to the authority. Where assets are owned by the Council and used by maintained schools, the economic benefits and service potential of the asset is considered to be within the control of the Council and therefore the assets are recognised on the Council's balance sheet. Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body and provided to the school under "mere licences" which pass no interest to the school and are always revokable they are not recognised as assets of the school. Therefore they are not included on the Council's Balance Sheet.

The Council has completed an assessment of the different types of schools it controls within the Shropshire Council area to determine how these should be accounted for. The accounting treatment is detailed in the accounting policies (see 1.31).

- The Council receives a number of grants which require a judgment to be made as to whether it is acting as an agent for the Government in relation to the distribution of these grants or as the principal based on the criteria of each grant. Where the Council are deemed to be acting as an agent transactions are not reflected in the Council's accounts with the exception of a debtor, creditor and net cash position on the Balance Sheet.

- The Council is part of the Marches Local Enterprise Partnership (LEP) along with Herefordshire and Telford & Wrekin. Shropshire Council, Herefordshire Council and Telford & Wrekin Council set up a Joint Committee in 2023/24 to oversee the assets, resources and responsibilities of the Marches LEP. The Council acts as accountable body for the Marches LEP Joint Committee and therefore receives grant income on behalf of the LEP and processes expenditure in line with the grant schemes. The Council has concluded that the role of accountable body is to be deemed as an agent as the decisions in relation to the allocation of the funding is made by the Marches LEP Joint Committee, and therefore only the net grant held and corresponding creditor is included within the Council's accounts.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There is a risk of material adjustment in the forthcoming financial year for the following items in the council's Balance Sheet at 31 March 2025:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment (PPE)	Full valuation is carried out a minimum of every 5 years. Where a full valuation is not carried out in year, a desktop valuation review is carried out to update all valuations annually to the Balance Sheet date.	There is a risk of material adjustment in the year when the property is revalued. Note 16 details the carrying value for each class of PPE asset. A 1% increase in property valuations would result in a £2.554m increase in the valuation of Council dwellings and a £4.228m increase in the value of other land and buildings.
	Estimates of remaining useful economic life are provided as part of the valuation and are used to calculate the depreciation charge on a straightline basis.	There is a risk that annual depreciation charges are over or under stated and also correspondingly the NBV of the asset. This could also result in a risk of material adjustment in the year when the property is revalued.
Property, Plant & Equipment - Infrastructure	Infrastructure assets are measured at historic cost and depreciated over the useful lives of the various types of works on the highways network as assessed by the Asset Manager in Highways using industry standards. Highways assets are assumed to have been fully consumed once the useful life applied has expired. The carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is considered to be nil. This is because parts of infrastructure assets are rarely replaced before the part has been fully consumed.	If the useful life of assets is different to the life applied, depreciation is over or under charged in year and the carrying amounts of the assets are misstated. If previous expenditure has not been fully depreciated (carrying amount not nil) at the point replacement expenditure is incurred, the carrying amounts for assets will be overstated.
Investment Properties	Valued on a fair value basis reflecting market conditions at the balance sheet date and thus annual valuation reviews are required. This ensures the carrying amount reflects fair value at the Balance Sheet date.	Note 17 details the carrying value of Investment Properties. A 1% movement in Investment Property valuations would result in a £0.622m movement in the valuation of Investment Properties.
NDR Appeals Provision	The provision set aside for Non Domestic Rate appeals is estimated based on the number of outstanding appeals as per the Valuation Office and then these are assessed to establish the likelihood of the appeal being successful and the potential reduction in rateable value.	There is a risk that successful appeals will be significantly more than the estimate leading to an increased demand on the NDR collection fund in the year. Note 27 provides details on the NDR Appeals Provision. A 10% movement in the losses from appeals would result in a £0.190m movement in the value of the NDR Appeals Provision.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Further information on the assumptions and sensitivity is detailed in Note 41.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £64.834m.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured or based on quoted prices in active markets (i.e. level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 17 and 21.	The authority uses the discounted cash flow model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Accruals	Estimates of known future expenses or income where amounts are not yet certain are accrued in the year that they relate to. The proportion of estimates within the accruals processed for debtors and creditors are: • Debtors 24% • Creditors 28%	The expense or the income could be either higher or lower than expected. A 10% increase in the estimates for debtors would result in an additional debtor of £0.632m. A 10% increase from the estimate for creditors would result in an additional creditor of £0.402m.
Debt Impairment	The balance of outstanding debtors, including Council Tax and Business Rates debtors, is assessed annually and	There is a risk that if collection rates were to deteriorate then the allowance

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	a bad debt provision calculated to estimate the potential liability from non collection of the outstanding debts. The impact of the cost of living increases has created uncertainly around future collection rates. The estimated impact of this has been included in the calculation however the long-term impact of this is currently unknown.	for the impairment of bad debts would need to increase. Note 22 provides details on outstanding debtors and the allowance for impairment.

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Executive Director, S151 Officer on 30th June 2025. Events taking place after this date are not reflected in the financial statement or notes.

7. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24 Restated						2024/25				
Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
1,399	5,177	6,576	1,997	8,573	Health and Wellbeing	5,503	(1,695)	3,808	1,476	5,284
0	(1,542)	(1,542)	3,874	2,332	Local Authority Housing	0	(5,271)	(5,271)	(1,629)	(6,900)
206,496	33,078	239,574	5,215	244,789	People	245,931	4,282	250,213	22,543	272,756
77,677	(18,242)	59,435	45,724	105,159	Place	66,722	(3,677)	63,045	53,115	116,160
4,161	2,429	6,590	1,860	8,450	Resources	8,462	(137)	8,325	1,287	9,612
302	603	905	3,707	4,612	Strategic Management Board	295	537	832	7,020	7,852
(26,819)	2,189	(24,630)	(3,191)	(27,821)	Corporate	(30,986)	2,613	(28,373)	4,785	(23,588)
263,216	**23,692**	**286,908**	**59,186**	**346,094**	**Net Cost of Services**	**295,927**	**(3,348)**	**292,579**	**88,597**	**381,176**
0	(270,258)	(270,258)	(31,351)	(301,609)	Other Income and Expenditure	0	(282,338)	(282,338)	(26,135)	(308,473)

2023/24 Restated						2024/25				
Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
263,216	**(246,566)**	**16,650**	**27,835**	**44,485**	**Surplus or Deficit**	295,927	(285,686)	10,241	62,462	72,703
		72,031			Opening General Fund and HRA Balance			55,381		
		(16,650)			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year			(10,241)		
		55,381			**Closing General Fund and HRA Balance at 31 March***			**45,140**		

* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from management reporting and General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Pension items reported at Directorate level (note 1) £000	Reserves reported at Directorate level (note 1) £000	Interest Payable and Receivable reported at Directorate level (note 2) £000	Reallocation of traded services and internal recharges (note 2) £000	Investment properties/Levies/revenue impairment reported at Directorate level £000	Other Adjustments (note 3) £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustment between funding and accounting basis £000
Health and Wellbeing	0	53	(5)	(1,726)	0	(17)	**(1,695)**	2,297	(947)	126	**1,476**
Local Authority Housing	0	0	0	0	0	(5,271)	**(5,271)**	(1,629)	0	0	**(1,629)**
People	(659)	3,224	(273)	2,050	0	(60)	**4,282**	12,216	(5,787)	16,114	**22,543**
Place	(2)	997	(9,692)	3,074	2,188	(242)	**(3,677)**	55,029	(1,696)	(218)	**53,115**
Resources	(41)	1,193	263	(1,394)	0	(158)	**(137)**	1,734	(454)	7	**1,287**
Strategic Management Board	0	11	0	524	0	2	**537**	7,124	(126)	22	**7,020**
Corporate	0	(26,695)	(7,191)	(646)	0	37,145	**2,613**	(4,529)	9,629	(315)	**4,785**
Net Cost of Services	**(702)**	**(21,217)**	**(16,898)**	**1,882**	**2,188**	**31,399**	**(3,348)**	**72,242**	**619**	**15,736**	**88,597**
Other Income and Expenditure from the Expenditure and Funding Analysis	702	645	16,898	(1,882)	(2,188)	(296,513)	**(282,338)**	(21,165)	458	(5,428)	**(26,135)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**0**	**(20,572)**	**0**	**0**	**0**	**(265,114)**	**(285,686)**	**51,077**	**1,077**	**10,308**	**62,462**

Adjustments from management reporting and General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Pension items reported at Directorate level (note 1) £000	Reserves reported at Directorate level (note 1) £000	Interest Payable and Receivable reported at Directorate level (note 2) £000	Reallocation of traded services and internal recharges (note 2) £000	Investment properties/Levies reported at Directorate level (note 2) £000	Other Adjustments (note 3) £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustment between funding and accounting basis £000
Health and Wellbeing	0	1,583	9	(2,378)	0	5,963	**5,177**	2,194	(193)	(4)	**1,997**
Local Authority Housing	0	0	0	0	0	(1,542)	**(1,542)**	3,874	0	0	**3,874**
People	(131)	25,643	(207)	566	0	7,207	**33,078**	4,555	(1,096)	1,756	**5,215**
Place	0	4,634	(13,450)	2,207	1,782	(13,415)	**(18,242)**	45,976	(291)	39	**45,724**
Resources	(10)	831	369	415	0	824	**2,429**	1,954	(83)	(11)	**1,860**
Strategic Management Board	0	196	0	677	0	(270)	**603**	3,717	(14)	4	**3,707**
Corporate	0	(25,564)	(6,285)	(691)	0	34,729	**2,189**	(5,230)	2,355	(316)	**(3,191)**
Net Cost of Services	**(141)**	**7,323**	**(19,564)**	**796**	**1,782**	**33,496**	**23,692**	**57,040**	**678**	**1,468**	**59,186**
Other Income and Expenditure from the Expenditure and Funding Analysis	141	856	19,564	(796)	(1,782)	(288,241)	**(270,258)**	(40,812)	4,878	4,583	**(31,351)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**0**	**8,179**	**0**	**0**	**0**	**(254,745)**	**(246,566)**	**16,228**	**5,556**	**6,051**	**27,835**

Note 1) For resource management purposes, the authority includes pension charges in relation to IAS19 debits and credits in its directorate reporting, however this needs to be removed as it is not included in the net expenditure chargeable to the general fund and HRA balances.

Note 2) The authority includes income and expenditure in relation to investment properties, interest payable and receivable, levies and trading accounts within the Directorates however this is reported in the financial statements below the cost of services line and therefore the above table shows these items being reallocated. The income and expenditure for Corporate Landlord and Passenger Transport is also adjusted within the amendments for trading/internal recharges.

Note 3) Corporate Funding and Housing Revenue Account are not reported to management as part of the Service Area reporting therefore these items have been included as adjustments in the above table.

Adjustments for Capital Purposes

1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest in the defined benefit liability is charged to the CIES.

Other Differences

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The transfer of any deficit arising on the Dedicated Schools Grant to the Dedicated Schools grant adjustment account
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

Expenditure/Income	2024/25 £000	2023/24 £000
Expenditure		
Employee benefits expenses	233,838	221,430
Other service expenses	582,130	510,969
Support service recharges	28,559	35,440
Depreciation, amortisation, impairment	65,101	64,980
Interest payments	24,068	26,194
Precepts and levies	10,984	10,306
(Gain)/Loss on the disposal of assets	26,611	4,898
(Gain)/Loss Financial Assets and Liabilities	(928)	0
Total Expenditure	**970,363**	**874,217**
Income		
Fees, charges and other service income	(215,463)	(204,734)
Interest and investment income	(4,181)	(4,515)
Income from council tax, non-domestic rates	(269,932)	(253,445)
Government grants and contributions	(408,084)	(367,038)
Total Income	**(897,660)**	**(829,732)**
Surplus or Deficit on the Provision of Services	**72,703**	**44,485**

10. REVENUE CONTRACTS WITH CUSTOMERS

The Council's income from revenue contracts with customers is analysed by Service Area as follows:

Fees, charges and other service income	2024/25 £000	2023/24 £000
Health and Wellbeing	(10,924)	(8,699)
Local Authority Housing	(23,116)	(20,421)
People	(99,358)	(89,087)
Resources	(26,532)	(32,952)
Place	(48,304)	(47,392)
Strategic Management Board	(4,848)	(4,703)
Corporate	(2,381)	(1,480)
Total Income	**(215,463)**	**(204,734)**

11. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2024/25	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources:						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension costs	1,077	0	0	0	0	(1,077)
Financial instruments	(315)	0	0	0	0	315
Council tax and NDR	(5,379)	0	0	0	0	5,379
Holiday pay	669	0	0	0	0	(669)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	83,361	(4,555)	4,434	0	7,828	(91,068)
Dedicated Schools grant	15,335	0	0	0	0	(15,335)
Total Adjustments to Revenue Resources	**94,748**	**(4,555)**	**4,434**	**0**	**7,828**	**(102,455)**
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset proceeds from revenue to the Capital Receipts Reserve	(6,167)	(2,761)	0	22,258	0	(13,330)
Administrative costs of non-current asset disposals	479	24	0	(503)	0	0
Pooling of HRA resources from revenue to the Major Repairs Reserve						
Statutory provision for the repayment of debt	(18,352)	0	0	0	0	18,352
Capital expenditure financed from revenue balances	(954)	0	0	0	0	954
Total Adjustments between Revenue and Capital Resources	**(24,994)**	**(2,737)**	**0**	**21,755**	**0**	**5,976**
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	(21,801)	0	21,801
Use of the Major Repairs Reserve to finance capital expenditure	0	0	(8,580)	0	0	8,580
Application of capital grants to finance capital expenditure	0	0	0	0	(12,975)	12,975
Cash payments in relation to deferred capital receipts	0	0	0	46	0	(46)
Total Adjustments to Capital Resources	**0**	**0**	**(8,580)**	**(21,755)**	**(12,975)**	**43,310**
Total Adjustments	**69,754**	**(7,292)**	**(4,146)**	**0**	**(5,147)**	**(53,169)**

2023/24 Comparative Figures	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources:						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension costs	5,556	0	0	0	0	(5,556)
Financial instruments	(315)	0	0	0	0	315
Council tax and NDR	4,570	0	0	0	0	(4,570)
Holiday pay	(510)	0	0	0	0	510
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	38,565	5,465	5,134	0	15,465	(64,629)
Dedicated Schools grant	2,304	0	0	0	0	(2,304)
Total Adjustments to Revenue Resources	**50,170**	**5,465**	**5,134**	**0**	**15,465**	**(76,234)**
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset proceeds from revenue to the Capital Receipts Reserve	(8,550)	(1,848)	0	14,833	0	(4,435)
Administrative costs of non-current asset disposals	65	20	0	(85)	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Pooling of HRA resources from revenue to the Major Repairs Reserve	0	0	0	0	0	0
Statutory provision for the repayment of debt	(13,775)	0	0	0	0	13,775
Capital expenditure financed from revenue balances	(1,524)	(2,188)	0	0	0	3,712
Total Adjustments between Revenue and Capital Resources	**(23,784)**	**(4,016)**	**0**	**14,748**	**0**	**13,052**
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	(14,792)	0	14,792
Use of the Major Repairs Reserve to finance capital expenditure	0	0	(6,526)	0	0	6,526
Application of capital grants to finance capital expenditure	0	0	0	0	(9,362)	9,362
Cash payments in relation to deferred capital receipts	0	0	0	44	0	(44)
Total Adjustments to Capital Resources	**0**	**0**	**(6,526)**	**(14,748)**	**(9,362)**	**30,636**
Total Adjustments	**26,386**	**1,449**	**(1,392)**	**0**	**6,103**	**(32,546)**

12. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2024/25.

	Balance at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 25 £000
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations	14,747	(12,208)	9,735	12,274	(13,914)	6,544	4,904
Insurance Reserves	3,636	(2,582)	529	1,583	(413)	280	1,450
Reserves of trading and business units	0	(5)	5	0	(2)	2	0
Reserves retained for service departmental use	21,584	(10,521)	1,631	12,694	(9,337)	7,486	10,844
School Balances	12,612	(11,534)	7,778	8,856	(7,784)	7,185	8,257
Total	**52,579**	**(36,850)**	**19,678**	**35,407**	**(31,450)**	**21,497**	**25,454**

RESERVES

Sums set aside for major schemes, such as capital developments, or to fund major reorganisations – includes redundancy reserve, and specific reserves to fund capital and major projects including service transformation within the Council.

Insurance Reserves – includes fire liability and motor insurance reserves to fund the Council's future self insurance liabilities.

Reserves of trading and business units – includes any balance carried forward in relation to Shire Services to help smooth trading profits and losses over future years.

Reserves retained for service departmental use – includes a number of specific earmarked reserves for known service expenditure in future years. Significant balances include the Public Health reserve and a reserve including unringfenced revenue grants that have not been spent.

School Balances – includes unspent balances of budgets delegated to individual schools.

A breakdown of all specific earmarked reserve balances is shown in the 2024/25 Financial Outturn report.

13. OTHER OPERATING EXPENDITURE

	2024/25 £000	2023/24 £000
Parish Council Precepts	10,831	10,156
Levies	154	151
(Gains)/losses on the disposal of non-current assets	26,477	5,232
(Gains)/losses on change in valuation of non-current assets	134	(334)
	37,596	**15,205**

14. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25 £000	2023/24 £000
Interest payable and similar charges	24,068	26,192
Pensions interest cost and expected return on pensions assets	1,160	5,019
Interest receivable and similar income	(4,181)	(4,515)
Income and expenditure in relation to investment properties and changes in their fair value	(5,684)	(2,271)
(Gains)/Losses on Financial Assets and Liabilities	(928)	0
Revenue Impairment Losses	724	(22)
(Surpluses)/deficits on Trading Activities	7,006	4,792
	22,165	**29,195**

15. TAXATION AND NON SPECIFIC GRANT INCOMES

	2024/25 £000	2023/24 £000
Council tax income	(217,368)	(202,683)
Non domestic rates	(52,565)	(50,762)
Non ringfenced government grants	(45,660)	(42,597)
Capital grants and contributions	(52,641)	(49,967)
	(368,234)	**(346,009)**

16. PROPERTY, PLANT & EQUIPMENT

The figures below provide information on the movement of non-current assets held by the Council during 2024/25.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant, & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Cost or valuation									
At 1 April 2024	**244,119**	**431,429**	**17,742**	**9,505**	**2,289**	**6,761**	**52,846**	**764,691**	**127,299**
Additions	14,959	14,440	1,890	20	514	0	19,634	**51,457**	365
Revaluation increases/(decreases) recognised in the Revaluation Reserve	75	(13,500)	0	0	0	(952)	0	**(14,377)**	(21,057)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,439)	(10,311)	(2,544)	0	0	396	0	**(14,898)**	(12,974)
Derecognition – disposals	(1,208)	(24,098)	(153)	0	0	0	0	**(25,459)**	0
Derecognition – other	0	(3,387)	(2,724)	(67)	(20)	0	0	**(6,198)**	(1,856)
Assets reclassified (to)/from Held for Sale	(64)	(1,883)	0	0	0	(525)	0	**(2,472)**	0
Other movements in cost or valuation	(86)	30,099	2,517	0	0	1,016	(2,063)	**31,483**	36,718
At 31 March 2025	**255,356**	**422,789**	**16,728**	**9,458**	**2,783**	**6,696**	**70,417**	**784,227**	**128,495**
Depreciation and Impairments									
At 1 April 2024	**0**	**0**	**(8,282)**	**(4,258)**	**(514)**	**(1,006)**	**0**	**(14,060)**	**(5,525)**
Depreciation charge for 2024/25	(4,355)	(21,457)	(2,400)	(443)	(97)	(36)	0	**(28,788)**	(8,539)
Depreciation written out to the Revaluation Reserve	176	15,062	0	0	0	0	0	**15,238**	2,471
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,179	6,364	0	0	0	36	0	**10,579**	4,716
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	(3,088)	0	0	0	0	0	**(3,088)**	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(90)	(25)	(36)	0	0	0	0	**(151)**	0

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant, & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Derecognition – disposals	0	0	64	0	0	0	0	**64**	0
Derecognition – other	0	30	2,712	67	20	0	0	**2,829**	1,856
Other movements in depreciation and impairment	90	3,114	36	0	0	0	0	**3,240**	0
At 31 March 2025	**0**	**0**	**(7,906)**	**(4,634)**	**(591)**	**(1,006)**	**0**	**(14,137)**	**(5,021)**
NBV at 31 March 2025	**255,356**	**422,789**	**8,822**	**4,824**	**2,192**	**5,690**	**70,417**	**770,090**	**123,474**
NBV at 31 March 2024	**244,119**	**431,429**	**9,460**	**5,247**	**1,775**	**5,755**	**52,846**	**750,631**	**121,774**

The comparative movements in 2023/24 were as detailed below:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Cost or valuation									
At 1 April 2023	**236,024**	**436,600**	**24,008**	**8,750**	**2,285**	**2,488**	**39,464**	**749,619**	**131,675**
Additions	13,598	3,743	3,303	755	34	0	21,190	**42,623**	2,089
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(109)	7,612	0	0	0	1,107	0	**8,610**	1,329
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,092)	(1,106)	0	0	0	28	0	**(11,170)**	25
Derecognition – disposals	(882)	(3,251)	(49)	0	0	(317)	0	**(4,499)**	0
Derecognition – other	0	(3,297)	(9,520)	0	(77)	0	0	**(12,894)**	(7,819)
Assets reclassified (to)/from Held for Sale	(547)	(2,015)	0	0	0	0	(880)	**(3,442)**	0
Other movements in cost or valuation	6,127	(6,857)	0	0	47	3,455	(6,928)	**(4,156)**	0
At 31 March 2024	**244,119**	**431,429**	**17,742**	**9,505**	**2,289**	**6,761**	**52,846**	**764,691**	**127,299**
Depreciation and Impairments									
At 1 April 2023	**0**	**0**	**(14,250)**	**(3,820)**	**(537)**	**(1,006)**	**0**	**(19,613)**	**(10,987)**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Depreciation charge for 2023/24	(5,067)	(21,198)	(3,472)	(438)	(54)	(242)	0	**(30,471)**	(9,179)
Depreciation written out to the Revaluation Reserve	178	19,391	0	0	0	208	0	**19,777**	6,895
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,889	1,807	0	0	0	34	0	**6,730**	31
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	(2,755)	0	0	0	(172)	0	**(2,927)**	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(762)	(68)	0	0	0	(63)	0	**(893)**	0
Derecognition – disposals	0	0	24	0	0	0	0	**24**	0
Derecognition – other	0	0	9,416	0	77	0	0	**9,493**	7,715
Other movements in depreciation and impairment	762	2,823	0	0	0	235	0	**3,820**	0
At 31 March 2024	**0**	**0**	**(8,282)**	**(4,258)**	**(514)**	**(1,006)**	**0**	**(14,060)**	**(5,525)**
NBV at 31 March 2024	**244,119**	**431,429**	**9,460**	**5,247**	**1,775**	**5,755**	**52,846**	**750,631**	**121,774**
NBV at 31 March 2023	**236,024**	**436,600**	**9,758**	**4,930**	**1,748**	**1,482**	**39,464**	**730,006**	**120,688**

Local Authority Maintained Schools

Included in the above balances for other land and buildings are all or a significant part of three primary schools for which plans are being finalised with the Diocese or for which instructions have been issued, but full ownership has not yet transferred to the Diocese. This detailed work is necessary because in many circumstances the schools are now physically different, and it is necessary to ensure that the transfers relate purely to the school function and no other uses which may now be on site. There is a legal obligation to transfer ownership under Education legislation (Education Act 1946 or Schools Standards and Framework 1998).

Work commenced on the first transfers in 2008/09, and further schools were identified in 2011/12, mainly as a result of Primary School Amalgamations, which resulted in the change of the category of a number of schools. These schools will be removed from the Council's balance sheet on completion of the legal transfer. The total net book value for these schools still included as at the balance sheet date is £8.199m.

In addition there are a number of primary schools where a small part of the site is required to transfer from the Council to the Diocese, these are mainly as a result of extensions to schools which have been built across land still in Shropshire Council ownership (e.g. former playing field land). Work is ongoing to legally transfer these further sections, and they are not included in the Council's balance sheet.

Academy Schools

Where the School land and premises are in the freehold ownership of the Council, these are now leased by the Council to the Academy school on a 125-year peppercorn rent. On this basis the schools are now listed in the Council's fixed asset register at nil value. In 2024/25 eight schools in the freehold ownership of the Council and playing field sites at three further schools, transferred to Academy status. The value written out of the Council balance sheet in 2024/25 for the schools transferring was £20.811m.

At the balance sheet date Department of Education approval had been granted for twelve schools to convert to Academy status. Of the schools to transfer, three are in Council freehold ownership plus a further six the playing field land or associated facilities are. A lease to the schools on a 125-year peppercorn rent will be completed as part of the Academy transfers. The value of the school properties in the 2024/25 accounts is £6.120m. This is considered as a non-adjusting event after the reporting date.

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council Dwelling – componentised depreciation basis, using the Planned Programme Approach. The components are depreciated on a straightline basis over their useful life (10-80 years) for Decent Homes Standard; with the residual amount (excluding land) depreciated over 150 years.
- Other Land and Buildings – average 10 to 60 years range.
- Vehicles, Plant, Furniture & Equipment – 5 to 25 years.
- Infrastructure – 5 to 100 years.

Capital Commitments

At 31 March 2025, the Council has entered into a number of contracts for the purchase, construction or enhancement of Property, Plant and Equipment or to provide grant funding to other bodies for a capital purpose in 2025/26 and future years budgeted to cost £24.693m. Similar commitments to 31 March 2023 were £30.302m. The major commitments were:

- Highways schemes - £15.776m
- Oswestry Innovation Park Scheme - £2.066m
- Climate Change Schemes - £1.544m
- Shrewsbury Town Centre Redevelopment Programme - £1.200m
- Homes & Communities Schemes - £0.441m
- Cambrian Railway Scheme - £0.122m
- Primary School Condition Scheme - £0.112m
- HRA Temporary Accommodation Programme - £1.407m

- HRA New Build Programme - £1.314m
- HRA Single Homelessness Accommodation Programme - £0.711m

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years and are subject to an annual desktop review, in year where a full valuation is not undertaken. Valuations are undertaken by External and Internal Valuers for the General Fund and External Valuers for HRA assets. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant, furniture and equipment are held on historic cost basis.

The significant assumptions applied in estimating the current values are:

- For all assets valued on a DRC or EUV basis an apportionment of each valuation has been made between land and buildings. The apportionment is provided only for the financial purposes, but this does not necessarily reflect how each asset would be treated in the open market.
- Valuation is based on the continuation of the existing uses for all of those properties that are owner occupied by Shropshire Council. Assumed that the properties are all occupied and/or operated in accordance with a valid planning permission. Valuers have not carried out any enquiries into highways or other statutory matters and have assumed there is nothing that would affect value.
- In accordance with instructions from Shropshire Council, Valuers have not undertaken any Building Surveys, test of services or site investigations and have prepared valuations on the basis that all properties (sites and buildings) are:
    - Free of any matters (including deleterious materials or contamination) that could otherwise affect value;
    - None of the properties are prone to flooding or other infrequent or regularly occurring natural events that could affect value;
    - All necessary mains services are connected to the properties.
- All valuations undertaken are reported on a gross basis before deduction of purchaser's costs, including stamp duty at prevailing rates. No allowance has been made for any expenses of realisation, nor taxation (including VAT) which might arise in the event of a disposal, and the property has been considered free and clear of all mortgages or other charges which may be secured thereon.
- All of the assets are held on an unencumbered freehold basis with the Title being good and marketable, based on the Report on Title provided.
- Where relevant, Valuers have carried out informal enquiries only of statutory undertakers. This information has been obtained from verbal discussions or the internet, and is provided without liability on behalf of the statutory bodies.
- Opinion of the remaining lives of property assets has been provided. This may not necessarily be the useful life of the asset to Shropshire Council. Estimates of the properties remaining lives are based upon information

provided together with Valuers understanding of any recent capital expenditure which has been incurred in replacing or refurbishing individual buildings and the use of the buildings (if any) at the date of valuation. All buildings are assumed to have a maximum life expectancy from new of 60 years.

Valuations of Non-Current Assets carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment. The valuations are commissioned from External Valuers. The basis of valuation is set out in the Statement of Accounting Policies. All values are stated on a net present value basis.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Total £000
Carried at Historical Cost	0	0	8,822	0	8,822
Valued at Current Value as at: 31-Mar-25	255,356	422,789	0	5,690	683,835
Total Cost or Valuation	**255,356**	**422,789**	**8,822**	**5,690**	**692,657**

All assets were subject to a Full or Desktop Valuations as at 31/03/25 to ensure the carrying amount reflected Current Value as at the balance sheet date.

In order to perform this exercise the other land and building category was split into the sub-categories with the relevant values detailed in the table below:

	2024/25 £000	2023/24 £000
Schools, Children's Services and other Education Facilities	60,098	84,592
Culture & Heritage Buildings	61,582	60,683
Leisure & Recreation	70,441	52,501
Highways & Car Parks	26,756	25,710
Social Care	41,635	40,906
Administrative Offices	13,967	17,172
Waste Management Site	106,744	104,470
Business / Commercial Sites (including Markets)	26,912	28,618
Housing Services (including Gypsy Sites)	8,371	8,700
Smallholdings	4,006	5,676
Other	2,277	2,401
Total	**422,789**	**431,429**

Highway Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant

information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2024/25 £000	2023/24 £000
Net book value (modified historical cost):		
At 1 April	387,873	385,883
Additions	25,116	29,613
Derecognition	0	0
Depreciation	(29,876)	(27,959)
Impairment	0	0
Other Movement in cost	206	336
At 31 March	**383,319**	**387,873**

Reconciliation note to Property, Plant & Equipment in the Balance Sheet:

	2024/25 £000	2023/24 £000
Highway Infrastructure Assets	383,319	387,873
Other PPE Items	770,090	750,631
Total PPE Assets	**1,153,409**	**1,138,504**

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil. Given the financial position of the Council over a number of years, we have not had sufficient resources to do anything other than undertake replacement or renewal expenditure when parts of infrastructure assets are worn out.

17. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2024/25 £000	2023/24 £000
Rental income & service charges from investment property	(2,861)	(2,571)
Direct operating expenses arising from investment property	648	764
Net (gain)/loss	**(2,213)**	**(1,807)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	Long term		Current	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Balance at start of the year	43,029	60,736	18,283	5,906
Additions:				
- Purchases	0	0	0	0
- Construction	0	6	0	0
- Subsequent expenditure	105	371	0	0
Disposals	(105)	(293)	(4,350)	(5,906)
Net gains/(losses) from fair value adjustments	2,044	(3,569)	1,427	4,033
Transfers:				
- (To)/from Property, Plant and Equipment	1,789	28	0	0
- (To)/from Current/Long term	840	(14,250)	(840)	14,250
Balance at end of the year	**47,702**	**43,029**	**14,520**	**18,283**

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2025 are as follows:

2024/25 Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2023 £000
Residential (market rental) properties	0	2,160	2,440	4,600
Land	0	12,360	16,600	28,960
Commercial units	0	289	28,373	28,662
Total	**0**	**14,809**	**47,413**	**62,222**

2023/24 Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2022 £000
Residential (market rental) properties	0	3,993	0	3,993

2023/24 Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2022 £000
Land	0	31,334	0	31,334
Commercial units	0	25,985	0	25,985
Total	**0**	**61,312**	**0**	**61,312**

Transfers between levels of the fair value hierarchy

The transfers between levels 2 and 3 during the years is following the change of Valuers for the General Fund assets and the Valuers assessment of the fair value hierarchy, based on the information they have had available to them.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the residential properties and land are where disposals are actively progressing (assets classed as Current Held for Sale Investment Property) and the valuation has been based on the market approach using current market conditions that have been observed following marketing of the assets and agreeing terms.

The commercial units are those held by the HRA and have been based on the market approach, with observable inputs from analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

Significant Unobservable Inputs – Level 3

The remaining Investment Properties have been measured using the market approach, utilising lease information, market evidence, income evidence and information that has been provided by the client. They are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's Investment Properties, the valuations have been on the basis of the highest and best use of the asset. In a small number of instances this differs to their current use, mainly where sites would have a higher value if use for residential development, and it is expected planning permission for these sites would be granted based on existing planning policy. The authority is actively working to bring these sites forward for development, but this process can take a number of years.

Valuation Process for Investment Properties

The fair value of the authority's investment properties are subject to revaluations in accordance with the authority's policy on revaluing non-current assets, commissioned to External and Internal Valuers. As the fair value must reflect market conditions at the balance sheet date, annual revaluations are necessary unless the authority can demonstrate that the carrying value is not materially different from the fair value at that date.

18. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/25 £000	2023/24 £000
Opening Capital Financing Requirement (including PFI & Finance Lease)	**550,192**	**517,409**
Capital investment		
Property, Plant and Equipment	76,698	72,336
Investment Properties	105	377
Long Term Investment	10	-
Intangible Assets	55	300
Revenue Expenditure Funded from Capital under Statute	58,138	33,921
Capital Loans	16,627	23,500
Right To Use Assets	42,272	-
Sources of finance		
Capital receipts	(21,801)	(14,792)
Capital grants and other contributions	(78,997)	(58,845)
Direct Revenue Financing (Including MRA)	(9,534)	(10,239)
Minimum Revenue Provision	(18,353)	(13,775)
Closing Capital Financing Requirement (including PFI & Finance Lease)	**615,412**	**550,192**
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – General Fund	399,235	368,442
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – HRA	100,193	96,745
Closing Capital Financing Requirement – PFI & Finance Lease	115,984	85,005
	615,412	**550,192**
Explanation of movements in year		
Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	(8,590)	3,841
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	42,832	34,564
Assets acquired under finance leases	4,666	-
Assets acquired under PFI contracts	26,312	(5,622)
Increase/(decrease) in Capital Financing Requirement	**65,220**	**32,783**

19. PRIVATE FINANCE INITIATIVE SCHEMES

The Council has two Private Finance Initiative (PFI) schemes: The Quality in Community Services (QICS) PFI, signed on 21 May 2005, and the Waste Services PFI contract, signed on 29 September 2007.

a. The Quality in Community Services PFI Project

On 21 May 2005 the Council entered into a 30 year contract with Integrated Care Solutions (ICS) to supply and maintain six buildings:

- Three Resource Centres
- A Nursing Home
- A Joint Service Centre
- An Intermediate Care Hub

The contract was a Private Finance Initiative under the Capital Finance Regulations. The Council was awarded a PFI credit of £20.400m.

b. The Waste Services PFI Project

On 29 September 2007, the former Shropshire County Council, in its capacity as Contracting Authority for the former Shropshire Waste Partnership, entered into a 27 year waste contract with Veolia ES Shropshire Limited. Services under the contract commenced on 1 October 2007. On 20 October 2008 Shrewsbury & Atcham Borough Council joined the Partnership and the contract with Veolia for the remaining 26 years.

The contract is a Private Finance Initiative (PFI) contract and is part funded by £40.800m of PFI credits which are paid as an annual PFI grant.

There are two separable elements to the contract: a collection and recycling element and a waste treatment services element.

The collection and recycling element comprises the kerbside collections of recycling and waste, the operation of the Integrated Waste Management Facilities (comprising the household recycling centres and transfer stations) and waste treatment and disposal other than the operation of the Energy Recovery Facility. The contract is an output based contract but proposed waste infrastructure that will be used to deliver services under this element of the contract includes upgrades of the existing Craven Arms and Whitchurch recycling facilities, the development of Integrated Waste Management Facilities to service the Oswestry and Bridgnorth areas and the development of an In Vessel Composting Facility.

Two broad groups of assets are being provided under the Waste Services PFI contract:

- Vehicles and waste receptacles used to deliver the day to day waste service.
- Assets to be constructed under the contract to deliver improved recycling and diversion performance.

The value of assets held and liabilities resulting from the QICS and Waste PFI contract and an analysis of the movements are shown below:

	QICS PFI		Waste PFI	
	Year Ended 31/03/25 £000	Year Ended 31/03/24 £000	Year Ended 31/03/25 £000	Year Ended 31/03/24 £000
Non-Current Assets – Land & Buildings				
Balance Brought Forward	17,918	17,394	99,135	98,320
- IFRS 16 Transition Adjustment	(101)	0	34,275	0
- Depreciation in Period	0	0	(16)	(16)
- Additions	0	0	0	0
- Revaluation/Impairment	513	524	(32,001)	831
- Derecognition	0	0	0	0
Balance Carried Forward	18,330	17,918	101,393	99,135
Non-Current Assets – Vehicles, Plant & Equipment				
Balance Brought Forward	0	0	4,722	4,974
- IFRS 16 Transition Adjustment	0	0	2,544	0
- Depreciation in Period	0	0	(1,336)	(2,237)
- Additions	0	0	365	2,089
- Revaluation/Impairment	0	0	(2,544)	0
- Derecognition	0	0	0	(104)
Balance Carried Forward	0	0	3,751	4,722
Prepayments				
Balance Brought Forward	0	0	13,140	11,386
- Planned Capital Expenditure	0	0	1,093	1,754
Balance Carried Forward	0	0	14,233	13,140
Finance Lease Liability				
Balance Brought Forward	(10,223)	(10,638)	(87,922)	(91,376)
- IFRS 16 Transition Adjustment	524	0	(26,668)	0
- Additions	(447)	0	(8,152)	0
- Early Lifecycle	0	0	0	0
- Repayment of Principal	420	415	6,918	3,454
Balance Carried Forward	(9,726)	(10,223)	(115,824)	(87,922)

Details of Payments due to be made under PFI contracts

Year	Service Charges * £000	Principal £000	Interest £000	Total Unitary Charge Payment £000
Amounts Falling Due Within One Year	40,009	5,154	10,901	56,064
Amounts Falling Due Within 2 – 5 Years	122,513	29,469	39,772	191,754
Amounts Falling Due Within 6 – 10 Years	188,063	39,169	35,851	263,083
Amounts Falling Due Within 11 – 15 Years	151,152	57,533	13,098	221,783
Amounts Falling Due Within 16 – 20 Years	0	0	0	0

* comprised of operating costs and lifecycle costs

20. LEASES

Authority as a Lessee

Right of use assets

This table shows the change in the value of right of use assets held under leases by the authority.

	Land and buildings £000	Vehicles, plant and equipment £000	Total £000
Balance at 1 April 2024	0	0	0
Additions	4,892	1,846	6,738
Revaluations	(3,007)	0	(3,007)
Depreciation and amortisation	(233)	(504)	(737)
Disposals	0	0	0
Balance at 31 March 2025	**1,652**	**1,342**	**2,994**

Reconciliation note to Property, Plant & Equipment in the Balance Sheet:

	2024/25 £000	2023/24 £000
Highway Infrastructure Assets	383,319	387,873
Other PPE Items	770,090	750,631
Right of Use Assets	2,994	0
Total PPE Assets	**1,156,403**	**1,138,504**

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases.

	2024/25 £000	2023/24 £000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	179	0
Expense relating to short term leases	430	0
Expense relating to exempt leases of low-value items	634	0
Cash flow statement		
Minimum lease payments	2,132	0

Maturity of lease liabilities

The lease liabilities are due to be settled over the following time bands:

	31 March 2025 £000	31 March 2024 £000
Less than one year	1,471	1,509
One to five years	1,552	2,892
More than five years	2,263	2,395
	5,286	**6,796**

Authority as Lessor

Operating Leases
The Council leases out property under operating leases for a variety of purposes, including:

- For the provision of community services.
- For economic development purposes to provide suitable affordable accommodation for local businesses.
- For income generation as Investment Properties.

Transactions under leases
The Council made the following gains and losses as a lessor during the year.

	2024/25 £000	2023/24 £000
Operating leases		
Total lease income	5,119	4,851
Total		

Maturity analysis of lease receivables

The minimum lease payments committed as at 31 March are:

	Operating leases	
	31 March 2025 £000	31 March 2024 £000
Expiring less than one year	1,527	1,517
Expiring between one to two years	356	280
Expiring between two to three years	446	352
Expiring between three to four years	265	446
Expiring between four to five years	52	255
Expiring later than five years	1,608	1,325
	4,254	**4,175**

21. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

Financial Assets	Long term				Current				Total	
	Investments		Debtors		Investments		Debtors			
	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000
Fair value through profit or loss										
Long Term Equity Instruments	571	571	0	0	0	0	0	0	571	571
Amortised cost										
Investment	409	400	23,999	15,259	0	0	100,944	79,847	125,352	95,506
Cash and Cash Equivalents	0	0	0	0	50,725	37,293	0	0	50,725	37,293
Total financial assets	**980**	**971**	**23,999**	**15,259**	**50,725**	**37,293**	**100,944**	**79,847**	**176,648**	**133,370**
Non-financial assets	0	0	0	0	0	0	50,176	43,958	50,176	43,958
Total	**980**	**971**	**23,999**	**15,259**	**50,725**	**37,293**	**151,120**	**123,805**	**226,824**	**177,328**

Financial Liabilities	Long term				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors			
	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000	31-Mar-25 £000	31-Mar-24 £000
Amortised cost										
Principal	(364,866)	(281,527)	(591)	(603)	(55,959)	(31,058)	(69,308)	(63,788)	(490,724)	(376,976)
Loans accrued interest	0	0	0	0	(2,433)	(1,744)	0	0	(2,433)	(1,744)
Bank Overdraft	0	0	0	0	0	0	(19,938)	(35,933)	(19,938)	(35,933)
PFI and Finance lease liabilities	(124,212)	(93,313)	0	0	0	0		(4,832)	(124,212)	(98,145)
Total Financial Liabilities	**(489,078)**	**(374,840)**	**(591)**	**(603)**	**(58,392)**	**(32,802)**	**(89,246)**	**(104,553)**	**(637,307)**	**(512,798)**
Non financial liabilities	0	0	0	0	0	0	(38,724)	(19,530)	(38,724)	(19,530)
Total	**(489,078)**	**(374,840)**	**(591)**	**(603)**	**(58,392)**	**(32,802)**	**(127,970)**	**(124,083)**	**(676,031)**	**(532,328)**

The debtors figure included in the balance sheet includes payments in advance from individuals and organisations and transactions relating to Council Tax and Business Rates which are not considered to be financial instruments, therefore these prepayments have been excluded above. Similarly the creditors figure also includes transactions relating to Council Tax and Business Rates and receipts in advance which are not a financial instrument, therefore these have been excluded above. A reconciliation of the Financial Instrument figures to the Balance Sheet is provided below:

	31-Mar-25 £000	31-Mar-24 £000
Debtors:		
Financial assets carried at contract amounts as per Financial Instruments	100,944	79,847
Debtors that are not financial instruments	50,176	43,958
Total Debtors as per Balance Sheet	**151,120**	**123,805**
Creditors:		
Financial liabilities carried at contract amount as per Financial Instruments	(69,308)	(68,620)
Creditors that are not financial instruments	(38,724)	(19,530)
Total Creditors as per Balance Sheet	**(108,032)**	**(88,150)**

Soft Loans

Following a review in this area it has been identified that interest free loans with a nominal value of £2.079m are advanced to clients receiving residential/nursing care, who following assessment, are required to pay the full cost of their care. As all of the clients funds are tied up in the property they own, a legal charge is made against the property and when the property is sold the outstanding debts are cleared and the legal charge removed.

In addition, clients who are required to make adaptations to their homes to maintain their independence are also given interest free loans, the nominal value of these loans is £0.283m. A legal charge is again placed against the property and when the property is sold the amount of the loan is repaid and the legal charge removed.

The deferred charges loans are part of the Charging Residential Accommodation Guide (CRAG) assessment and the adaptation loans are part of Disabled Facilities Grant legislation, which means they are part of national agreements. These loans are not part of the Council's internal policies and therefore are not classified as soft loans.

Income, Expense, Gains and Losses

	2024/25		2023/24	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	0	0	0	0
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0

	2024/25		2023/24	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Financial assets measured at fair value through profit or loss	(928)	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
Total net gains/losses	**(928)**	**0**	**0**	**0**
Interest revenue:				
Financial assets measured at amortised cost	(4,181)		(4,515)	0
Other financial assets measured at fair value through other comprehensive income	0		0	0
Total interest revenue	**(4,181)**		**(4,515)**	**0**
Interest expense				
Interest Expense	24,068		26,192	0

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets held by the Council are carried in the Balance Sheets at amortised cost. The fair values calculated are as follows.

Financial Liabilities	31 March 2025 Carrying amount £000	31 March 2025 Fair value £000	31 March 2024 Carrying amount £000	31 March 2024 Fair value £000
Financial liabilities held at amortised cost				
- Loans/Borrowings	420,798	383,079	312,127	289,460

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain arising from a commitment to pay interest to lenders below current market rates.

Financial Assets	31 March 2025 Carrying amount £000	31 March 2025 Fair value £000	31 March 2024 Carrying amount £000	31 March 2024 Fair value £000
Financial assets held at amortised cost:				
Cash	30,000	30,000	28,400	28,400
Fixed Term Deposits	20,600	20,600	8,000	8,000
Long term debtors	23,999	23,999	15,259	15,259
Long term investments	981	981	970	970

The fair value of the assets held at amortised cost is taken to be the carrying amount due to the short term nature of the assets.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

	31-Mar-25			
Recurring fair value measurements using:	Quoted prices in active markets for identical assets(Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
Financial liabilities				
Financial liabilities held at amortised cost:				
Loans/borrowings	0	383,079	0	383,079
Total	**0**	**383,079**	**0**	**383,079**
Financial assets				
Soft loans to third parties	0	0	0	0
Cash and Fixed Term Deposits	0	50,600	0	50,600
Total	**0**	**50,600**	**0**	**50,600**

	31-Mar-24 Comparative Year			
Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
Financial liabilities				
Financial liabilities held at amortised cost:				
Loans/borrowings	0	289,460	0	289,460
PFI and finance lease liabilities	0	126,387	0	126,387
Total	**0**	**415,847**	**0**	**415,847**
Financial assets				
Soft loans to third parties	0	0	750	750
Cash and Fixed Term Deposits	0	36,400	0	36,400
Total	**0**	**36,400**	**750**	**37,150**

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

Financial Assets	Financial Liabilities
No early repayment or impairment is recognised	No early repayment is recognised
The fair value of cash and fixed term deposits is taken to be the carrying amount due to the short term nature of the assets.	Estimated ranges of interest rates at 31 March 2025 of 4.81% to 5.98% for loans payable, based on new lending rates for equivalent loans at that date
The fair value of trade and other receivables is taken to be the invoiced or billed amount	

22. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The identification, understanding and management of risk are, by necessity, a major part of the Council's treasury management activities. The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses;
- By approving annually in advance prudential and treasury indicators for the following three years;
- By approving an investment strategy for the forthcoming year.

To avoid the Council suffering loss as a result of its treasury management activities a number of risk management procedures have been put in place.

These procedures are based on the concept that firstly security of principal is paramount, secondly that there is a need to maintain liquidity and finally earning a rate of return commensurate with the first two concepts.

Credit Risk Exposure

Credit and counterparty risk is the failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially due to deterioration in its creditworthiness.

As a holder of public funds, Shropshire Council regards it a prime objective of its treasury management activities to be the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the reduction or minimisation of

risk. Accordingly, the Council ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Council's creditworthiness policy which is approved as part of the Annual Investment Strategy. The Council's lending list is reviewed continuously in conjunction with its treasury advisor and formally updated monthly. Additions to, and deletions from, the list are approved by the Section 151 Officer.

The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. For the highest rating the maximum amount is currently limited to £20.000m.

The analysis below summarises the Council's potential maximum exposure to credit risk, based on the experience of default, adjusted to reflect current market conditions.

	Amount deposited at 31 March 2025	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2025	Estimated maximum exposure to default and uncollectability at 31 March 2025
	£000	%	%	£000
	A	B	C	(AxC)
Deposits with banks and financial institutions having a default rating of:				
AAA	30,000	0	0	0
AA	20,600	0	0	0
A	0	0	0	0
BBB	0	0	0	0
Other Local Authorities	0	0	0	0
Debtors (Customers)	38,649	0	0	0

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council generally allows its customers 20 days credit. Of the £38.649m invoiced income outstanding from customers £22.270m is past its due date for payment. This amount past due date is analysed by age as follows:

Age of Debt	2024/25 £000	2023/24 £000
Less than 3 months overdue	3,946	6,967
3 to 6 months overdue	4,113	2,223
6 months to 1 year overdue	3,110	2,717
More than 1 year overdue	11,101	9,469
	22,270	**21,376**

Further details on the amounts outstanding from customers which is past its due date for payment is provided in the below table.

2024/25	Adult Services		Place		Other		Total	
	Value of Debt £000	Allowance for impairment losses £000	Value of Debt £000	Allowance for impairment losses £000	Value of Debt £000	Allowance for impairment losses £000	Value of Debt £000	Allowance for impairment losses * £000
Less than 3 months overdue	4,789	0	1,638	4	541	0	6,968	4
3 to 6 months overdue	1,890	0	287	76	47	2	2,224	78
6 months to 1 year overdue	2,388	204	290	86	40	4	2,718	294
More than 1 year overdue	7,638	4,173	1,374	451	454	112	9,466	4,736
	16,705	**4,377**	**3,589**	**617**	**1,082**	**118**	**21,376**	**5,112**

* Allowance for impairment losses in the table above relates only to sundry debtors. Other allowances for impairment losses in relation to Council Tax and Business Rates debtors are also provided for within the total Debtors figure on the Balance Sheet.

Loss allowances on trade receivables are calculated using historical experience of default and knowledge of any current and future events which could impact on collection. Trade receivables have been assessed on an individual service basis with some items grouped based on their age and type.

Long term debtors are assessed for expected credit losses by reviewing historical experience of repayments and assessing any current or future events which could result in default of repayments.

Liquidity Risk Exposure

Liquidity risk is the risk that cash is not available when required. This can jeopardise the ability of the Council to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Council therefore has sufficient standby facilities to ensure that there is always sufficient liquidity to deal with unexpected circumstances.

As the Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board and money markets for access to longer term funds, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourably high interest rates. The Council's strategy therefore is to ensure that no more than 15% of loans mature in any one financial year.

In addition, all of the Council's short term liquidity requirements can be satisfied through short term borrowing and bank overdraft facilities.

The maturity analysis of financial liabilities is as follows:

Age of Debt	2024/25 £000	2023/24 £000
Less than 1 year	55,932	31,032
Between 1 and 2 years	59,619	932
Between 2 and 5 years	45,446	978
Between 5 and 10 years	74,487	73,487
More than ten years	185,314	206,131
	420,798	**312,560**

Interest Rate Risk

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council minimises this risk by seeking expert advice on forecasts on interest rates from its Treasury Management consultants, and agreeing with them the strategy for the forthcoming year for the investment and debt portfolios. Movement of actual interest rates against these expectations is monitored continuously with advice from our treasury advisor.

The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. Interest rate exposure limits and other prudential limits are set through this Strategy. The limit for variable rate debt is 50% of the total debt portfolio however the Council works to a more prudent level and maximises its exposure to 25%. As borrowings are not carried at fair value, nominal gains and losses on fixed rate borrowings do not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure.

As at 31 March 2025 the Council's total outstanding debt (excluding accrued interest) amounted to £420.798m of which none of these loans were at stepped interest rates. Out of this balance £382.355m relates to fixed rate Public Works Loan Board (PWLB) loans, £20.850m relates to Lenders Option Borrower Option (LOBO) market loans, £16.184m relates to Market Loans, £1.409m relates to SALIX loans and £0.026m relates to temporary loans for voluntary groups. As the LOBO loans have a call option where the lender can increase the rate of the loan at predetermined dates these loans are classified as variable rate loans. The interest rates range between 3.83% and 4.27%. Of the total amount, £5.150m has an annual call date, £5.700m has a 2 yearly call date and £10.000m has a 5 yearly call date. If the lender increases the interest rate on the LOBO loans at the predetermined date then the Council has the option to repay the loan in full thereby offering the potential for the Council to avoid this increase in interest payable.

The majority of the Council's investments are fixed rate deposits however, investments in Call Accounts are classified as variable rate investments. As at the end of March 2025, £30.000m was held in a Call Account.

Price Risk

The Council, excluding the pension fund, does not invest in equity shares or bonds, therefore is not exposed to losses arising from movements in share/bond prices.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies therefore the exposure to loss arising from movements in exchange rates is zero.

23. DEBTORS

These are sums of money due to the Council but unpaid at 31 March 2025.

	2024/25 £000	2023/24 £000
Debtors:		
Central Government Bodies	22,543	14,358
Other Local Authorities	9,512	5,569
NHS Bodies	16,624	6,173
Public Corporations and Trading Funds	0	7
Other Entities and Individuals	75,973	73,420
Prepayments	26,468	24,278
	151,120	**123,805**

24. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	2024/25 £000	2023/24 £000
Less than 1 year	7,314	6,870
1 – 2 years	4,329	3,837
2 – 3 years	3,057	2,753
More than 3 years	11,681	10,368
	26,381	**23,828**

25. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2025 £000	31 March 2024 £000
Bank current accounts	30,115	37,293
Short term deposits	20,610	0
Total Cash and Cash Equivalents	**50,725**	**37,293**
Bank Overdraft	(19,938)	(35,933)
Cash Overdrawn	**(19,938)**	**(35,933)**

26. CREDITORS

These are amounts owed by the Council for work done, goods received or services rendered which had not been paid by 31 March 2025.

	2024/25 £000	2023/24 £000
Creditors:		
Central Government Bodies	(12,819)	(10,012)
Other Local Authorities	(2,439)	(1,929)
NHS Bodies	(652)	(637)
Public Corporations and Trading Funds	0	0
Other Entities and Individuals	(73,635)	(62,042)
Receipts In Advance	(18,487)	(13,530)
	(108,032)	**(88,150)**

27. PROVISIONS

The value of provisions held as at 31 March 2025 are as follows:

	Balance at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 2025 £000
Short Term Provisions							
Accumulated Absences Account	3,055	(3,055)	2,545	2,545	(2,545)	3,212	3,212
Highways & Transport Provision	405	(405)	0	0	0	0	0
Housing Enforcement	156	0	0	156	0	0	156
Termination Benefits	55	(55)	5	5	(5)	1,741	1,741
Other short term provisions	92	(92)	0	0	0	0	0
Total Short Term Provisions	**3,763**	**(3,607)**	**2,550**	**2,706**	**(2,550)**	**4,953**	**5,109**
Long Term Provisions							
S106	73	0	0	73	(73)	0	0
Liability Insurance	4,095	(964)	847	3,978	(885)	875	3,968
NDR Appeals	4,074	(4,461)	2,342	1,955	(2,710)	2,659	1,904
Tenancy Deposit Clawbacks	235	(28)	36	243	(28)	29	244
Total Long Term Provisions	**8,477**	**(5,453)**	**3,225**	**6,249**	**(3,696)**	**3,563**	**6,116**
Total Provisions	**12,240**	**(9,060)**	**5,775**	**8,955**	**(6,246)**	**8,516**	**11,225**

28. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

	31 March 2025 £000	31 March 2024 £000
Usable Capital Receipts Reserve	0	0
Major Repairs Reserve	1,862	6,008
Earmarked Reserves	25,454	35,407
Capital Grants Unapplied Account	53,351	58,498
HRA Balance	14,861	11,737
General Fund Balance	4,825	8,237
Total Usable Reserves	**100,353**	**119,887**

29. UNUSABLE RESERVES

	31 March 2025 £000	31 March 2024 £000
Revaluation Reserve	158,652	180,081
Capital Adjustment Account	504,685	527,183
Financial Instruments Adjustment Account	(2,423)	(2,738)
Deferred Capital Receipts Reserve	407	454
Pensions Reserve	(20,246)	(38,587)
Collection Fund Adjustment Account	2,239	(3,140)
Accumulated Absences Account	(3,214)	(2,545)
Dedicated Schools Grant Adjustment Account	(17,638)	(2,305)
Total Unusable Reserves	**622,462**	**658,403**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2024/25 £000	2023/24 £000
Balance at 1 April	**180,081**	**166,380**
Upward revaluation of assets	29,064	35,536
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(31,254)	(10,077)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**(2,190)**	**25,459**
Difference between fair value depreciation and historical depreciation	(9,193)	(8,572)
Accumulated gains on assets sold or scrapped	(10,046)	(3,169)
Other transfers to the Capital Adjustment Account	0	(17)
Amount written off to the Capital Adjustment Account	**(19,239)**	**(11,758)**
Balance at 31 March	**158,652**	**180,081**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 11 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2024/25 £000	2023/24 £000
Balance at 1 April	**527,183**	**536,319**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non-current assets	(59,644)	(59,400)
- Revaluation losses on Property, Plant and Equipment	(7,482)	(4,105)
- Amortisation of intangible assets	(1,580)	(1,605)
- Revenue expenditure funded from capital under statute	(58,138)	(33,921)
- Amounts of non current assets written off on disposal or sale as part of the gain/loss of disposal to the Comprehensive Income and Expenditure Statement	(48,232)	(19,980)
	(175,076)	**(119,011)**

	2024/25 £000	2023/24 £000
Adjusting amounts written out of the Revaluation Reserve	**19,239**	**11,758**
Net written out amount of the cost of non current assets consumed in the year	**(155,837)**	**(107,253)**
Capital financing applied in the year:		
- Use of the Capital Receipts Reserve to finance new capital expenditure	21,801	14,792
- Use of the Major Repairs Reserve to finance new capital expenditure	8,580	6,526
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	66,022	49,484
- Application of grants to capital financing from the Capital Grants Unapplied Account	12,975	9,362
- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	18,353	13,775
- Capital expenditure charged against the General Fund and HRA balances	953	3,713
	128,684	**97,652**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	**3,471**	**465**
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	**1,184**	**0**
Balance at 31 March	**504,685**	**527,183**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

	2024/25 £000	2023/24 £000
Balance at 1 April	**(2,738)**	**(3,053)**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements.	315	315
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0
Balance at 31 March	**(2,423)**	**(2,738)**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2024/25 £000	2023/24 £000
Balance at 1 April	**454**	**498**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	(47)	(44)
Balance at 31 March	**407**	**454**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25 £000	2023/24 £000
Balance at 1 April	**(38,587)**	**(126,359)**
Remeasurements of the net defined benefit liability/(asset)	19,418	93,328
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(32,877)	(29,640)
Employer's pension contributions and direct payments to pensioners payable in the year	31,800	24,084
Balance at 31 March	**(20,246)**	**(38,587)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2024/25 £000	2023/24 £000
Balance at 1 April	**(3,140)**	**1,431**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	5,379	(4,571)
Balance at 31 March	**2,239**	**(3,140)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2024/25 £000	2023/24 £000
Balance at 1 April	**(2,545)**	**(3,055)**
Settlement or cancellation of accrual made at the end of the preceding year	2,545	3,055
Amounts accrued at the end of the current year	(3,214)	(2,545)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(669)**	**510**
Balance at 31 March	**(3,214)**	**(2,545)**

Dedicated Schools Grant Adjustment Account

On the 6 November 2020, the secretary of State for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020 for the financial years beginning 1 April 2020 and ending 31 March 2023. The Regulations have since been extended for a further three years.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for the financial years beginning on 1 April 2020 and ending 31 March 2026, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the local authorities' general fund for a period of three financial years.

	2024/25 £000	2023/24 £000
Balance at 1 April	**(2,304)**	**0**

	2024/25 £000	2023/24 £000
In year Dedicated Schools Grant (over)/underspend	(15,335)	(2,304)
Balance at 31 March	**(17,639)**	**(2,304)**

30. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2024/25 £000	2023/24 £000
Interest received	(4,422)	(5,397)
Interest paid	23,267	26,278

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements.

	2024/25 £000	2023/24 £000
Depreciation	59,644	59,400
Impairment and revaluation (increases)/decreases	6,299	4,106
Amortisation	1,580	1,605
(Gains)/Losses on Financial Assets/Liabilities	(928)	0
Adjustment for effective interest rates	112	0
Increase/Decrease in Interest Creditors	689	(86)
Increase/Decrease in Creditors	11,709	(12,005)
Increase/Decrease in Interest and Dividend Debtors	241	882
Increase/Decrease in Debtors	(30,266)	(18,144)
Increase/Decrease in Inventories	168	57
Pension Liability	1,077	5,556
Contributions to/(from) Provisions	2,270	(3,285)
Carrying amount of non-current assets sold	34,902	15,546
Movement in Investment Property Values	(3,471)	(464)
	84,026	**53,168**

The Surplus or Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities:

	2024/25 £000	2023/24 £000
Carrying amount of short and long term investment sold	0	0
Capital Grants credited to surplus or deficit on the provision of services	(73,850)	(64,948)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(8,928)	(10,399)
Non cash adjustments	**(82,778)**	**(75,347)**

31. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2024/25 £000	2023/24 £000
Purchase of property, plant and equipment, investment property and intangible assets	76,378	72,650
Purchase of investments in Associates and Joint Ventures	10	0
Other payments for investing activities*	16,627	24,182
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,974)	(10,444)
Proceeds from the sale of short term and long term investments	0	(57,536)
Other receipts from investing activities**	(83,106)	(79,049)
Net cash flows from investing activities	**935**	**(50,197)**

* This includes short term loans granted to third parties
** This includes capital grants received in year.

32. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2024/25 £000	2023/24 £000
Cash receipts of short and long-term borrowing	(170,087)	(30,911)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	10,201	3,869
Repayments of short and long term borrowing	61,043	11,111
Other payments for financing activities*	(2,974)	4,048
Net cash flows from financing activities	**(101,817)**	**(11,883)**

* Represents the difference between the preceptors/Central Government share of cash collected and net cash paid in relation to Council Tax and NDR

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2024/25	1 April	Financing cash flows	Non-cash changes Acquisition	Non-cash changes Other non-cash changes	31 March
	£000	£000	£000	£000	£000
Long-term borrowings	281,527	0	91,087	(7,748)	364,866
Short-term borrowings	32,802	689	79,000	(54,100)	58,391
On balance sheet PFI liabilities	98,146	(9,313)	36,718	0	125,551
Total liabilities from financing activities	**412,475**	**(8,624)**	**206,805**	**(61,848)**	**548,808**

2023/24	1 April	Financing cash flows	Non-cash changes Acquisition	Non-cash changes Other non-cash changes	31 March
	£000	£000	£000	£000	£000
Long-term borrowings	286,998	0	728	(6,199)	281,527
Short-term borrowings	7,606	(86)	182	25,100	32,802
On balance sheet PFI liabilities	102,014	(3,868)	0	0	98,146
Total liabilities from financing activities	**396,618**	**(3,954)**	**910**	**18,901**	**412,475**

34. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year.

	2024/25 £000	2023/24 £000
Basic Allowances	1,049	1,015
Special Responsibility Allowances	297	278
Expenses	11	19
Total	**1,357**	**1,312**

35. OFFICERS' REMUNERATION

The remuneration paid to the Council's senior employees is as follows:

Post Holder Information (Post Title & Name)		Salary	Expense Allowances	Compensation for Loss of Office	Total excl. pension contributions	Employers Pension contributions	Total incl. pension contributions
Chief Executive - Andy Begley	2024/25	£171,321	£0	£0	£171,321	£29,467	£200,788
	2023/24	£167,143	£0	£0	£167,143	£28,748	£195,891
Executive Director of People	2024/25	£148,751	£0	£0	£148,751	£25,585	£174,336
	2023/24	£145,123	£0	£0	£145,123	£24,961	£170,084
Executive Director of Health, Wellbeing & Prevention	2024/25	£148,751	£0	£0	£148,751	£25,585	£174,336
	2023/24	£139,618	£0	£0	£139,618	£24,014	£163,632
Executive Director of Place [2] (left post on 7th March 2025)	2024/25	£185,104	£0	£37,575	£222,679	£23,934	£246,613
	2023/24	£145,123	£0	£0	£145,123	£2,080	£147,203
Executive Director of Resources [1]	2024/25	£148,751	£0	£0	£148,751	£25,585	£174,336
	2023/24	£145,123	£0	£0	£145,123	£24,961	£170,084
Assistant Director – Transformation & Efficiency (started in post on 19th June 2023)	2024/25	£109,252	£0	£0	£109,252	£18,792	£128,044
	2023/24	£83,494	£0	£0	£83,494	£14,361	£97,855

[1] An element of the total remuneration paid to the Executive Director of Resources is recharged to Shropshire & Wrekin Fire Authority (£18,720), the Marches LEP (£694), West Mercia Energy (£12,120) and West Mercia Supplies (£1,320) to reflect the various treasurer roles undertaken within those organisations.

[2] The total remuneration paid to the Executive Director of Place includes 3 months in lieu of notice

The numbers of officers whose remuneration exceeded £50,000 is analysed into bands of £5,000 as follows. The senior officers included in the table above are not included within this analysis. The remuneration disclosed below includes salary costs and expense allowances, paid in line with the Council's pay policy agreed by Full Council:

Salaried Remuneration Band £	2024/25 No. of Employees	2023/24 No. of Employees
50,000 – 54,999	174	158
55,000 – 59,999	95	77
60,000 – 64,999	58	38
65,000 – 69,999	18	19
70,000 – 74,999	14	24
75,000 – 79,999	21	12
80,000 – 84,999	10	18
85,000 – 89,999	13	3
90,000 – 94,999	3	5
95,000 – 99,999	8	8
100,000 – 104,999	1	7
105,000 – 109,999	13	12
110,000 and above	2	1

The numbers of exit packages with total cost per band and total cost of the exit packages, including redundancy payments, pension strain and unpaid leave are set out in the table below. The figures disclosed include exit packages for schools and the Council.

	No. of compulsory redundancies		No. of other departures agreed		Total no of exit packages by cost band		Total cost of exit packages in each band £000	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0 - £20,000	34	18	70	21	104	39	882	337
£20,001 - £40,000	2	5	36	8	38	13	1,070	393
£40,001 - £60,000	1	2	14	2	15	4	729	203
£60,001 - £80,000	0	7	10	1	10	8	706	577
£80,001 - £100,000	1	2	7	2	8	4	723	363
£100,001 - £150,000	0	2	11	2	11	4	1,337	474
£150,001 - £200,000	1	0	20	0	21	0	3,658	0
£200,001+	0	3	10	1	10	4	3,817	1,166
	39	**39**	**178**	**37**	**217**	**76**	**12,922**	**3,513**

36. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

	2024/25 £000	2023/24 £000

	2024/25 £000	2023/24 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	401	380
Fees payable in respect of other services provided by the external audit during the year	88	65
Total	**489**	**445**

37. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools' Budget (ISB), which is divided into a budget share for each school.

Details of the deployment of DSG for 2024/25 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2024/25 before academy recoupment			285,552
Academy and high needs figure recouped for 2024/25			(159,560)
Total DSG after academy recoupment for 2024/25			**125,992**
Brought forward from 2023/24			0
Less Carry Forward to 2025/26 agreed in advance			0
Agreed initial budget distribution in 2024/25	**67,829**	**58,163**	**125,992**
In year adjustments	(238)	0	(238)
Final budget distribution in 2024/25	**67,591**	**58,163**	**125,754**
Actual central expenditure	(83,656)	0	(83,656)
Actual ISB deployed to schools	0	(56,742)	(56,742)
Early years maintained settings included in ISB on S251	0	(691)	(691)
In year carry forward to 2025/26	**(16,065)**	**730**	**(15,335)**
Plus carry forward to 2025/26 agreed in advance			0
Carry forward to 2025/26			**(15,335)**
DSG unusable reserve at the end of 2023/24			(2,304)
Additions to DSG unusable reserve at the end of 2024/25			(15,335)
Total of DSG unusable reserve at the end of 2024/25			**(17,639)**

38. GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2024/25:

	2024/25 £000	2023/24 £000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	(7,974)	(7,479)
Local Services Support Grant	(546)	(430)
New Homes Bonus	(1,808)	(1,748)
Business Rates Relief Grant	(25,565)	(22,688)
Rural Service Support Grant	(8,982)	(7,757)
Services Grant	(357)	(2,066)
Other Grants	(428)	(556)
Capital Grants & Contributions	(52,641)	(49,966)
Total	**(98,301)**	**(92,690)**
Credited to Services		
DWP Housing Benefit	(46,174)	(45,973)
DWP Housing Benefit Admin Subsidy	(643)	(644)
MHCLG Waste PFI	(3,087)	(3,186)
MHCLG Social Services PFI	(1,523)	(1,523)
DFE Dedicated Schools Grant	(125,754)	(115,398)
DFE Pupil Premium Grant	(4,197)	(4,444)
DFE UFSM	(1,573)	(1,746)
DFE PE & Sports	(1,296)	(1,652)
Teachers Pay Grant	(1,273)	(859)
ESFA Teachers Pension employer contribution grant	(1,740)	0
DfT Bus Services Operators Grant	(512)	(512)
Strengthening Families	(1,093)	(1,012)
HO Asylum Seekers	(3,306)	(3,390)
DoH Public Health Grant	(13,658)	(13,192)
MHCLG/DoH Adult Social Care New Burdens	(28,010)	(21,547)
Improved Better Care Fund	(11,863)	(11,863)
DWP Discretionary Housing Payment Grant	(301)	(308)
Flexible Homelessness grant	(1,164)	(1,138)
Apprenticeship Levy	(710)	(474)
DWP Household Support Fund	(4,178)	(4,178)
DfE Holiday Activities and Food Programme	(734)	(714)
MHCLG Rough Sleepers Initiative	(551)	(347)
MHCLG Domestic Abuse Duty Capacity Building Fund	(603)	(592)
DfT CBSSG Restart	(500)	0
DfT Local Transport Fund	0	(1,407)
DfE Recovery Premium Funding	(138)	(558)
DLUHC Homes for Ukraine Scheme Local Authority Tariff Payment	(1,781)	(2,365)
DLUHC UK Shared Prosperity Funding	(6,327)	(1,465)
DfE Homes for Ukraine Education and Childcare Grant	0	(5)

	2024/25 £000	2023/24 £000
DHSC Adult Social Care Discharge Fund	(2,772)	(1,663)
DfT Local Transport Authority Bus Recovery Funding	0	(47)
DHSC Market Sustainability and Fair Cost Fund	(6,098)	(3,264)
DHSC Rough Sleeping Drug and Alcohol Treatment Grant	(906)	(878)
DEFRA Farming in Protected Landscapes	(1,654)	(894)
DfE Early Years Supplementary Grant	35	(929)
DfE Multiply Funding	(425)	(337)
DfE Mainstream Schools Additional Grant	0	(2,021)
DHSC Supplementary Substance Misuse Treatment and Recovery Grant	(552)	(336)
DHSC Market Sustainability and Improvement Fund	0	(2,120)
DHSC Local Authority Urgent and Emergency Care Support Fund	0	(654)
DfT Bus Service Improvement Plan Plus	(2,076)	(61)
DfE Implementing Supported Accommodation Reforms	(485)	(138)
DfE Wraparound Childcare Programme Grant	(668)	(19)
DfE Core Schools Budget Grant	(1,783)	0
DEFRA Food waste collections	(562)	0
DHSC Local Stop Smoking Services and Support Grant	(359)	0
Adoption Support Fund	(384)	(269)
Other Grants	(6,013)	(5,245)
Capital Grants & Contributions	(22,392)	(14,982)
Total	**(309,783)**	**(274,349)**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31-Mar-25 £000	31-Mar-24 £000
Current Liabilities		
Grants Receipts in Advance (Capital Grants)		
Department of Transport	(3,149)	(3,252)
Department for Education	(2,363)	(2,050)
Environment Agency	(1,579)	(872)
Department for Science, Innovation & Technology	(990)	(1,097)
Arts Council	(251)	(40)
Department for Business, Energy & Industrial Strategy	(2,883)	(2,318)
Department for Levelling Up, Housing & Communities		(9,118)
Ministry of Housing, Communities & Local Government	(4,117)	
Department for Environment, Food & Rural Affairs	(2,809)	(12)
Historic England	(38)	(80)
Other Grants & Contributions	(516)	(877)
Total	**(18,695)**	**(19,716)**
Grants Receipts in Advance (Revenue Grants)		

	31-Mar-25 £000	31-Mar-24 £000
Standards Fund	(358)	(350)
DfT Bus Service Improvement Plan Plus	(2,684)	(1,429)
Homes for Ukraine Scheme Local Authority Tariff Payment	(456)	(2,134)
DfT Active Travel	(201)	(174)
UK Shared Prosperity Fund	0	(1,747)
DHSC - The Accelerating Reform Fund	(238)	0
MHCLG - Defence Afghan Relocation & Resettlement	(234)	0
MHCLG Social Services PFI	(210)	(210)
DEFRA Farming in Protected Landscapes	0	(595)
DfT – Bus Capacity	0	(290)
DfT CBSSG Restart	0	(500)
Other Grants	(567)	(1,193)
Total	**(4,948)**	**(8,622)**
TOTAL	**(23,643)**	**(28,338)**

39. COMMUNITIES INFRASTRUCTURE LEVY

The Communities Infrastructure Levy (CIL) is a planning charge that is applied to most types of new development within the county. The balance held at the end of the financial year is detailed in the below table. The Neighbourhood Fund due to Parish and Town Councils is held on the Balance Sheet within Creditors, the remaining balance is held within Capital Grants Unapplied.

	2024/25		2023/24	
	£000	£000	£000	£000
Opening Balance April		**(37,124)**		**(34,288)**
Receipts received	(6,536)		(7,881)	
Expenditure incurred	8,760		5,045	
Closing Balance		**(34,900)**		**(37,124)**
Closing Balance allocated to:				
Neighbourhood Fund	(1,179)		(1,360)	
Strategic Fund	(3,784)		(5,260)	
Local Area Fund	(29,937)		(30,504)	
Total		**(34,900)**		**(37,124)**

40. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The scheme is technically a defined benefits scheme. However the Scheme is unfunded and the Department of Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25, the Council paid £7.946m to Teachers' Pensions in respect of teachers' retirement benefits. The contribution rate for April 2024 to March 2025 was 28.68%. The amount paid for 2023/24 were £7.069m and the contribution rate was 23.68%.

Public Health employees previously employed by the NHS are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme.

In 2024/25, the Council paid £0.019m to the NHS Pensions Scheme in respect of public health employee retirement benefits, representing 14.4% of pensionable pay. The figures for 2023/24 were £0.018m and 14.4%.

41. DEFINED BENEFIT PENSION SCHEMES

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Local Government Pension Scheme, administered by Shropshire Council is a funded defined benefit scheme. This means that the Council and employees pay contributions into a fund, which is invested in accordance with the Local Government Pension Scheme Regulations.

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund/HRA Balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme	
	2024/25	2023/24
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
- current service cost	(21,897)	(22,241)
- past service gain/(cost)	(21)	0
- curtailment gain/(cost)	(8,276)	(2,179)
- settlement gain/(cost)	(1,523)	(201)
	(31,717)	**(24,621)**
Financing and Investment Income and Expenditure:		
- net interest expense	(1,160)	(5,019)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(32,877)**	**(29,640)**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	3,847	72,112
- experience gain/(loss)	1,467	(9,973)
- actuarial gains and (losses) arising on changes in financial assumptions	152,590	14,149
- actuarial gains and (losses) arising on changes in demographic assumptions	3,531	17,040
Effect of asset ceiling	(142,017)	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(13,459)**	**63,688**
Movement in Reserves Statement - reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	32,877	29,640
Actual amount charged against the Fund Balances for pensions in the year:		
- employers' contributions payable to scheme	(31,800)	(24,084)

Assets and Liabilities Recognised in the Balance Sheet

	2024/25 £000	2023/24 £000
Present value of the defined benefit obligation	(1,024,758)	(1,151,280)
Fair value of plan assets	1,146,529	1,112,693
Effect of asset ceiling	(142,017)	0
Net liability arising from defined benefit obligation	**(20,246)**	**(38,587)**

Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Opening fair value of scheme assets at 1 April	1,112,693	1,012,607
Interest income	53,875	48,611
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	3,847	72,112
Settlements	(8,952)	(1,685)
Contributions from employer	31,800	24,084
Contributions from employees into the scheme	7,761	7,571
Benefits paid	(53,516)	(49,651)
Other	(979)	(956)
Closing fair value of scheme assets at 31 March	**1,146,529**	**1,112,693**

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Opening balance at 1 April	(1,151,280)	(1,138,966)
Current Service Cost	(20,918)	(21,285)
Interest Cost	(55,035)	(53,630)
Contributions from scheme participants	(7,761)	(7,571)
Remeasurement gain/(loss):		
Experience gains/(losses)	1,467	(9,973)
Actuarial gains/(losses) arising from changes in financial assumptions	152,590	14,149
Actuarial gains/(losses) arising from changes in demographic assumptions	3,531	17,040
Other		
Past service costs	(21)	0
Losses/(gains) on curtailment	(8,276)	(2,179)
Benefits paid	53,516	49,651
Liabilities extinguished on settlements	7,429	1,484
Closing balance at 31 March	**(1,024,758)**	**(1,151,280)**

Local Government Pension Scheme Assets

Assets in the Shropshire County Pension Fund consist of the following categories:

	2024/25 £000	2023/24 £000
Cash and cash equivalents	**7,567**	**15,578**
Equity investments:		
Global quoted	675,879	629,117
Sub-total equity	**675,879**	**629,117**
Bonds:		

	2024/25 £000	2023/24 £000
Overseas Global active investment grade	113,162	116,165
Overseas Global Dynamic	40,931	46,177
Sub-total bonds	**154,093**	**162,342**
Property:		
Property funds	50,103	39,167
Sub-total property	**50,103**	**39,167**
Alternatives:		
Private Equity	86,563	91,352
Infrastructure	67,531	69,432
Hedge Funds	48,269	46,844
Property Debt	4,930	11,349
Insurance Linked Securities	18,574	18,248
Private Debt	33,020	29,264
Sub-total alternatives	**258,887**	**266,489**
Total assets	**1,146,529**	**1,112,693**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rate, salary levels and other variables.

The Council element of the Fund liabilities has been assessed by Mercer Limited, an independent firm of actuaries. Estimates for the Council element of the Fund are based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme 2024/25	2023/24
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.8yrs	21.8yrs
Women	24.3yrs	24.2yrs
Longevity at 65 for future pensioners:		
Men	23.1yrs	23.1yrs
Women	26.0yrs	26.0yrs
Rate of inflation	2.60%	2.70%
Rate of increase in salaries	3.85%	3.95%
Rate of increase in pensions	2.70%	2.80%
Rate for discounting scheme liabilities	5.80%	4.90%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting

period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	1,046,066	1,003,450
Rate of inflation (increase or decrease by 0.25%)	1,058,799	990,717
Rate of increase in salaries (increase or decrease by 0.25%)	1,029,347	1,020,169
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	959,924	1,089,592

Techniques Employed to Manage Risk

The Shropshire County Pension Fund does not hold an Asset & Liability Matching Strategy however does use other techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits to pay members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Further details of the market, credit and liquidity risk management are detailed in Note 16 of the Shropshire County Pension Fund Annual Report.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. A triennial valuation was completed as at 31 March 2022. Revised contribution rates from the 2022 actuarial valuation took effect on 1st April 2023.

The Council is projected to pay £22.894m employer contributions to the scheme in 2025/26.

The weighted average duration of the defined benefit obligation for scheme members is 16 years for 2024/25 (16 years 2023/24).

Asset Ceiling

Under IFRIC14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value

of any economic benefits available in the form of refunds or reductions in future contributions to the plan. The year end showed a net asset in the pension scheme therefore an adjustment has been made in the 2024/25 accounts to apply the asset ceiling, as calculated by the Actuary.

	2024/25 £000	2023/24 £000
Opening asset ceiling impact	0	0
Interest on surplus above asset ceiling	0	0
Change in asset ceiling (net of interest)	142,017	0
Asset ceiling impact at end of period	**142,017**	**0**

42. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government
Central Government has significant influence over the general operations of the Council, being responsible for the statutory framework within which the Council operates, provides the majority of its funding through the payment of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with Government departments appear in other parts of the Statement of Accounts.

Members and Officers
Members of the Council have direct control over the Council's financial and operating policies. Certain senior officers may also be in a position to influence policies, particularly those who form the Council's management team. All Council members and senior officers have been contacted, advising them of their obligations and asking for any declarations of related party transactions to be disclosed. Members are also asked to confirm that their entries in their Disclosure of Pecuniary Interests are correct.

The Council has made payments to a number of outside organisations on which it is represented by members. The total amount of payments to these bodies in 2024/25 was £34.198m compared with £29.101m for 2023/24.

Councillors are often members of other public or charitable organisations in their own capacity, or are employed by organisations that we process transactions with. These relationships are declared within the Members' register. The Council has made payments of £22.114m to organisations where members and senior officers are employed and £0.460m to organisations where members and senior officers occupy positions in their own capacity.

Entities Controlled or Significantly Influenced by the Council
As administrator for the pension fund, the Council has control of the fund within the overall statutory framework. The Council received £2.411m from the pension fund for the costs of administration it provided in 2024/25 compared with £2.299m for 2023/24.

The Council also has group relationships with West Mercia Energy, West Mercia Supplies Pension, Shropshire Towns & Rural Housing, Cornovii Developments Ltd and Biodynamic Carbon Ltd. Further detail on the type of relationship held with each company is considered in more detail under the Group Accounts section which begins on page 113.

During 2024/25 expenditure of £25.797m and income of £0.858m was incurred between Shropshire Council and Shropshire Towns & Rural Housing Limited. There was a creditor balance of £4.514m and a debtor balance of £0.405m as at 31st March 2025.

During 2024/25 expenditure of £0.187m and income of £2.892m was incurred between Shropshire Council and Cornovii Developments Ltd. There was a debtor balance of £9.509m as at 31st March 2025.

During 2024/25 Shropshire Council paid West Mercia Energy £7.722m.

During 2024/25 income of £0.024m was incurred between Shropshire Council and Biodynamic Carbon Ltd. There was a debtor balance of £0.400m as at 31st March 2025.

43. SCHOOLS

Transactions of Shropshire Council maintained schools are consolidated in the single entity financial statements.

Expenditure and income relating to these schools is detailed below:

	Expenditure £000	Income £000	Total £000
Primary	62,928	(67,742)	(4,814)
Secondary	4,592	(4,211)	381
Special	4,212	(4,480)	(268)
Total	**71,732**	**(76,433)**	**(4,701)**

The number of Shropshire Council maintained schools were:

	31st March 2025	31st March 2024
Primary	64	80
Secondary	1	1
Special	1	1
Total	**66**	**82**

44. BETTER CARE FUND

Shropshire Council and NHS Shropshire Telford & Wrekin Integrated Care Board (ICB) are partners in the provision of a range of services including hospital admission avoidance, hospital discharge planning, carers' support and reablement. Joint arrangements of this type are permitted under section 75 of the National Health Service Act 2006, which enables health and social care authorities to work together for a common

objective, creating a pooled fund, with the aims as below. In Shropshire, the Council acts as the host authority for the pooled fund.

The aims of, and benefits to, the partners in entering into this agreement are to:

- improve the quality and efficiency of the services;
- meet the national conditions and local objectives as set out in the Better Care Fund plan;
- make more effective use of resources through the establishment and maintenance of an aligned fund for expenditure on the services

Financing	2024/25 £000	2023/24 £000
Pooled Fund		
Funding provided to the Better Care Fund:		
Shropshire Council	0	0
NHS Shropshire Telford & Wrekin ICB	11,952	11,849
Total	**11,952**	**11,849**
Expenditure met from the Better Care Fund:		
Shropshire Council	11,952	11,849
NHS Shropshire Telford & Wrekin ICB	0	0
Total	**11,952**	**11,849**
Non-Pooled Fund		
Funding provided to the Better Care Fund:		
Shropshire Council	21,838	20,717
NHS Shropshire Telford & Wrekin ICB	18,217	17,241
Total	**40,055**	**37,958**
Expenditure met from the Better Care Fund:		
Shropshire Council	21,838	20,717
NHS Shropshire Telford & Wrekin ICB	18,217	17,241
Total	**40,055**	**37,958**
Total Better Care Fund		
Total funding provided to the Better Care Fund:	**52,006**	**49,806**
Total expenditure met from the Better Care Fund:	**52,006**	**49,806**
Net Underspend Arising on the Better Care Fund During the Year	**0**	**0**

In 2024/25 Shropshire Council spent Disabled Facilities Grant (DFG) of £5.326m which was an overspend against the planned DFG commitments. This was funded through previous years slippage within the Capital Programme and the temporary use of reserves. This overspend will be accommodated within the Capital budget for 2025/26. DFG has been reported showing spend against the BCF of the full planned amount for 24/25 of £4.942m.

The Council acts as the principal for the Pooled Fund and therefore all income and expenditure incurred in relation to this is accounted for within the Council's Income and Expenditure Statement. Income and expenditure incurred directly by the Council in relation to the Non-Pooled Fund is accounted for in the Council's Income and Expenditure Statement.

46. TRUST ACCOUNTS

Funds held in Trust Accounts are not available for the Council's use. The Council supports the work of a number of trusts including:

Trust	Purpose	Income £	Expenditure £	Assets £	Liabilities £
Shropshire Youth Foundation	Supports the development of under 25 year old residents in Shropshire through their leisure time activities.	(12,537)	4,934	258,361	(1,550)
Shropshire Schools Jubilee Trust	General fund to support the learning needs of children and young people either living or studying in Shropshire.	(5,304)	4,125	173,014	0
Rosalie Inskip Music Trust	Supports excellence in music for young people living in Shropshire.	(20,307)	7,348	387,043	0
Priory Educational Trust	Charitable trust to support ex-pupils of Priory Boys School.	(1,652)	0	67,442	0

Accounts are prepared and published for these organisations by Shropshire Council in our role of administering the trusts.

Trusts deliver great benefit into the local community and make a valuable contribution but the Council itself does not derive benefit from them.

47. CONTINGENT LIABILITIES

At 31 March 2025 Council had the identified the following contingent liabilities:

There are a number of legal cases outstanding that may result in future costs for the Council. These include:

- Employment tribunal appeals
- Dispute relating to adult social care day centre in relation to recovering overpayments.
- Potential planning permission litigation or judicial review involving highways
- Judicial review claim in relation to childcare social work assessment
- Potential property tenancy dispute.

The Council's usual practice when outsourcing a service that requires continued pension provision for employees is to require the contractor to put a Bond in place to reduce the Council's risk regarding picking up outstanding pension liabilities on termination of the admission agreement. The Council has provided additional guarantees, above those covered automatically by the Local Government Pension Scheme Regulations, to a

number of Bodies that have been admitted to the Shropshire County Pension Fund. The bodies with additional guarantees who currently have employees who are active members of the scheme are listed below. The Bodies listed as being grouped with Shropshire Council means all Pension assets and liabilities stay with the Council and they contribute the consolidated Council Employer pension contribution rate unless stated otherwise.

Bodies that have additional pension liability guarantee

Employer	Active Members	Deferred Members	Pensioners Members	Dependant Members	Surplus/(Deficit) as at 31/03/2022 Valuation
Age UK Telford & Wrekin	3	5	28	0	£0.286m
Association of Local Councils	2	0	2	0	(£0.050m)
Coverage Care from 1/3/1997	1	24	124	9	£2.299m
Coverage Care from 13/1/2013	7	16	18	2	£0.690m
Perthyn	3	10	9	0	£0.072m
Shropshire Towns & Rural Housing	169	84	47	3	£0.367m

Bodies that have additional pension liability guarantee and are Grouped with the Council

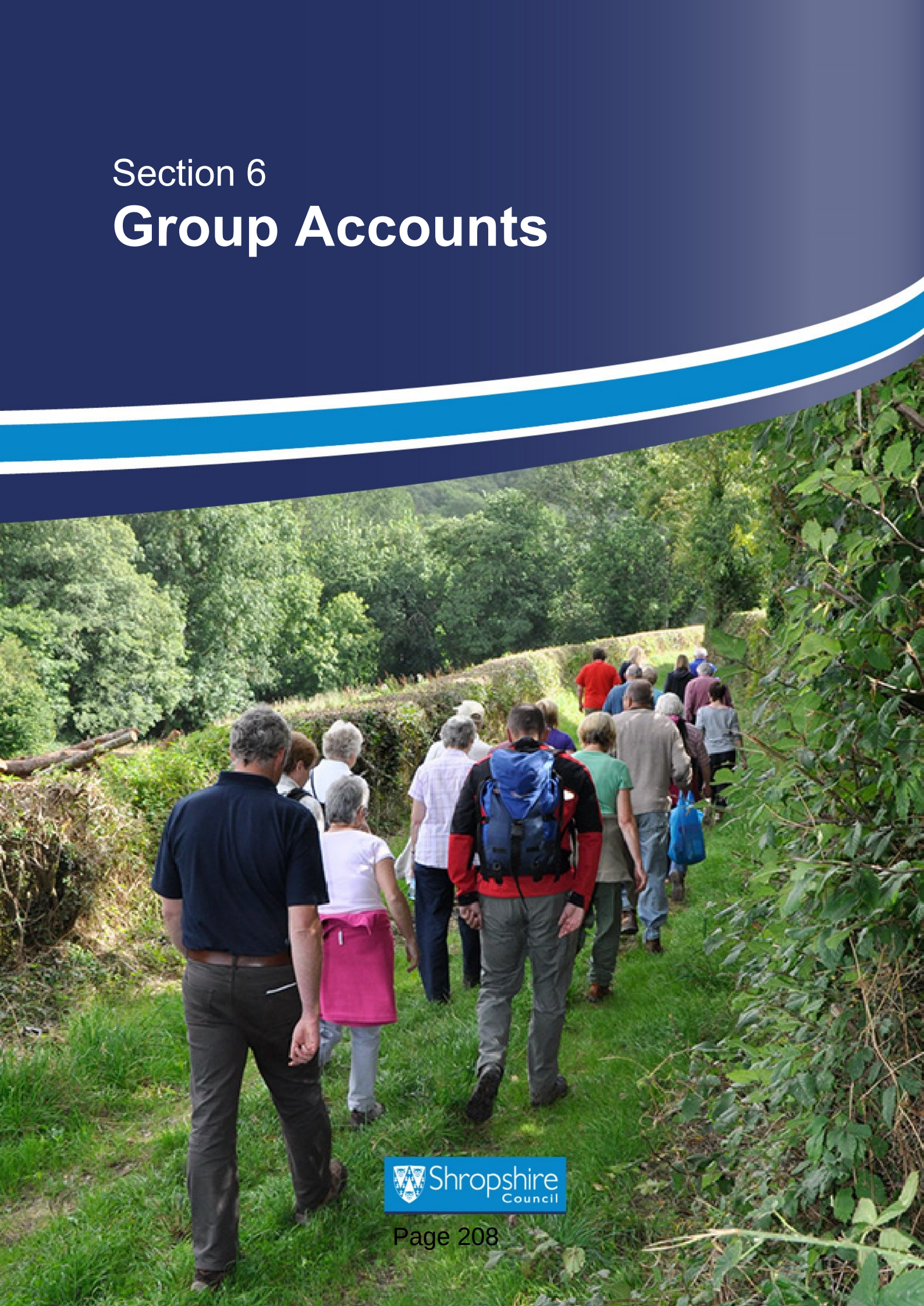
Employer	Active Members	Deferred Members	Pensioners Members	Dependant Members
Bethphage from 8/12/2016	7	6	5	0
Bethphage from1/7/2017	7	1	1	0
Energize Shropshire Telford & Wrekin	0	0	1	0
Enterprise South West Shropshire	0	2	0	0
South Shropshire Leisure Ltd *	13	24	4	0

* South Shropshire Leisure Ltd Employer contribution rate is capped by the Council to 5%.

The Council has entered into six “Funding and Development Agreements” with a Development Trust for construction of supported living properties. Under these agreements the Development Trust has provided the Council with funding totalling £2.696m for the construction of a supported living property at each site. The contributions will be repayable if the properties cease to be used as supported living properties or the Council fails to conform to the stipulated conditions of the contract within a period of 30 years from when the properties are first occupied.

Section 6

Group Accounts



Group Accounts

Introduction

This document presents the statutory financial statements for the Shropshire Council Group for the period from 1 April 2024 to 31 March 2025. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

In common with many other local authorities, the Council uses different forms of service delivery, where this is appropriate. In some cases it has created separate companies with its partners to deliver those services. The use of separate companies mean that the Council's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The Group Accounts more fully reflect the overall financial picture. A review of all of the Council's relationships with other bodies has been carried out to consider whether it is appropriate to prepare full group accounts. The transactions involved are not considered material to the Council's accounts however the Council has decided to provide a full disclosure in terms of bodies that it has a relationship with.

The pages which follow contain the Group's Financial Statements for the year ended 31 March 2025, with comparative figures for the previous financial year.

SHROPSHIRE TOWNS & RURAL HOUSING LIMITED

Shropshire Towns and Rural Housing Limited (the Company) is a private company limited by guarantee wholly owned by Shropshire Council (the Council). The Company was formed as an Arm's Length Management Organisation under Section 27 of the Housing Act 1985 to undertake the management and maintenance of Shropshire Council's retained housing stock from 1st April 2013.

For 2024/25 Shropshire Towns and Rural Housing Limited had total income of £25.728m, total expenditure of £26.413m, assets of £8.248m and liabilities of £5.462m.

WEST MERCIA ENERGY

West Mercia Energy (WME) is a Purchasing Consortium that was established as a Joint Committee under s101 of the Local Government Act 1972. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and the Telford & Wrekin Council.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME within this Council. The Council considers that WME should be accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

For 2024/25 West Mercia Energy had total income of £179.857m, total expenditure of £177.888m, assets of £52.868m and liabilities of £48.880m.

WEST MERCIA SUPPLIES (PENSIONS)

West Mercia Supplies (Pensions) Joint Committee pursuant to section 101(5) of the Local Government Act 1972, was set up from 1st April 2020 by the Executives of the four Member Authorities, Herefordshire Council, Shropshire Council, Telford & Wrekin Council and Worcestershire County Council. The Executives of the four Member Authorities of West Mercia Energy (WME) agreed to remove the responsibility for the discharge of their functions in relation to the pension deficit liability in relation to former West Mercia Supplies (WMS) employees (including added years Benefits) from the business of the WME Joint Committee with effect from 1 April 2020. This is to enable any pension deficit to be separately identified, separately valued and monitored.

WMS Pensions has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures).

For 2024/25 West Mercia Supplies (Pensions) had total income of £0.175m, total expenditure of £0.104m and liabilities of £0.841m.

CORNOVII DEVELOPMENTS LIMITED

Cornovii Developments Limited is a limited company wholly owned by Shropshire Council. The Company's principal activity and reason for it being established is to address unmet housing need in the county of Shropshire.

For 2024/25 the amounts incorporated into the group accounts for Cornovii Developments Limited are total expenditure of £12.280m, income of £12.070m, assets of £37.466m and liabilities of £37.561m.

BIODYNAMIC CARBON LIMITED

Biodynamic Carbon Limited is a limited company in which Shropshire Council obtained a 50% shareholding during 2024/25. The Company uses proprietary technology to produce biochar and also generate Carbon Offset Removal Certificates.

For 2024/25 Biodynamic Carbon Limited had total income of £0.063m, total expenditure of £0.077m, assets of £0.420m and liabilities of £0.415m.

The Group Comprehensive Income & Expenditure Statement

2023/24 Group Expenditure £000	2023/24 Group Income £000	2023/24 Group Net Expenditure £000		2024/25 Group Expenditure £000	2024/25 Group Income £000	2024/25 Group Net Expenditure £000
			Expenditure on Continuing Services			
31,665	(23,092)	8,573	Health and Wellbeing	31,972	(26,688)	5,284
25,893	(20,680)	5,213	Local Authority Housing	15,913	(22,301)	(6,388)
466,007	(221,218)	244,789	People	523,761	(251,005)	272,756
163,631	(59,436)	104,195	Place	197,111	(83,920)	113,191
62,781	(54,331)	8,450	Resources	65,603	(55,991)	9,612
4,693	(81)	4,612	Strategic Management Board	7,963	(111)	7,852
10,683	(38,148)	(27,465)	Corporate	18,543	(41,474)	(22,931)
765,353	**(416,986)**	**348,367**	**Net Cost of Services**	**860,866**	**(481,490)**	**379,376**
		15,205	Other Operating Expenditure			37,596
		30,470	Financing and Investment Income and Expenditure			24,329
		(346,009)	Taxation and Non Specific Grant Income			(368,234)
		48,033	**(Surplus)/Deficit on the provision of services**			**73,067**
		(477)	Associates & Joint Ventures Accounted for on an equity basis			(371)
		47,556	**Group (Surplus)/Deficit**			**72,696**
		(28,387)	(Surplus) or deficit on revaluation of non-current assets			(898)
		2,927	Impairment losses on Non-Current Assets Charged to the Revaluation Reserve			3,088
		(94,563)	Remeasurement of pension assets and liabilities			(19,321)
		(20)	Share of other comprehensive income and expenditure of Associates and Joint Ventures			(316)
		(120,043)	**Other Comprehensive Income and Expenditure**			**(17,447)**
		(72,487)	**Total Comprehensive Income and Expenditure**			**55,249**

Group Accounts

Group Movement in Reserves Statement

2024/25	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority' s Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
Balance at 31 March 2024	**8,237**	**35,407**	**43,644**	**11,737**	**6,008**	**58,498**	**119,887**	**658,403**	**778,290**	**2,657**	**780,947**
Movement in reserves during 2024/25											
Surplus or (deficit) on the provision of services	(61,134)	0	(61,134)	10,477	0	0	(50,657)	0	(50,657)	(22,039)	(72,696)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	17,228	17,228	219	17,447
Total Comprehensive Income and Expenditure	**(61,134)**	**0**	**(61,134)**	**10,477**	**0**	**0**	**(50,657)**	**17,228**	**(33,429)**	**(21,820)**	**(55,249)**
Adjustments between Group Accounts and authority accounts	(22,046)	0	(22,046)	0	0	0	(22,046)	0	(22,046)	22,046	0
Net Increase/Decrease before Transfers	**(83,180)**	**0**	**(83,180)**	**10,477**	**0**	**0**	**(72,703)**	**17,228**	**(55,475)**	**226**	**(55,249)**
Adjustments between accounting basis and funding basis under regulations	69,754	0	69,754	(7,292)	(4,146)	(5,147)	53,169	(53,169)	0	95	95
Net Increase/Decrease before Transfers to Earmarked Reserves	**(13,426)**	**0**	**(13,426)**	**3,185**	**(4,146)**	**(5,147)**	**(19,534)**	**(35,941)**	**(55,475)**	**321**	**(55,154)**
Transfers to/from Earmarked Reserves	10,014	(9,953)	61	(61)	0	0	0	0	0	0	0
Increase/Decrease in 2024/25	**(3,412)**	**(9,953)**	**(13,365)**	**3,124**	**(4,146)**	**(5,147)**	**(19,534)**	**(35,941)**	**(55,475)**	**321**	**(55,154)**
Balance at 31 March 2025	**4,825**	**25,454**	**30,279**	**14,861**	**1,862**	**53,351**	**100,353**	**622,462**	**722,815**	**2,978**	**725,793**

Group Accounts

2023/24 Comparative figures	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority' s Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
Balance at 31 March 2023	7,093	52,579	59,672	12,359	7,400	52,395	131,826	572,162	703,988	4,587	708,575
Movement in reserves during 2023/24											
Surplus or (deficit) on the provision of services	(20,319)	0	(20,319)	(2,039)	0	0	(22,358)	0	(22,358)	(25,197)	(47,555)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	118,787	118,787	1,255	120,042
Total Comprehensive Income and Expenditure	**(20,319)**	**0**	**(20,319)**	**(2,039)**	**0**	**0**	**(22,358)**	**118,787**	**96,429**	**(23,942)**	**72,487**
Adjustments between Group Accounts and authority accounts	(22,127)	0	(22,127)	0	0	0	(22,127)	0	(22,127)	22,127	0
Net Increase/Decrease before Transfers	**(42,446)**	**0**	**(42,446)**	**(2,039)**	**0**	**0**	**(44,485)**	**118,787**	**74,302**	**(1,815)**	**72,487**
Adjustments between accounting basis and funding basis under regulations	26,386	0	26,386	1,449	(1,392)	6,103	32,546	(32,546)	0	(115)	(115)
Net Increase/Decrease before Transfers to Earmarked Reserves	**(16,060)**	**0**	**(16,060)**	**(590)**	**(1,392)**	**6,103**	**(11,939)**	**86,241**	**74,302**	**(1,930)**	**72,372**
Transfers to/from Earmarked Reserves	17,204	(17,172)	32	(32)	0	0	0	0	0	0	0
Increase/Decrease in 2023/24	**1,144**	**(17,172)**	**(16,028)**	**(622)**	**(1,392)**	**6,103**	**(11,939)**	**86,241**	**74,302**	**(1,930)**	**72,372**
Balance at 31 March 2024	**8,237**	**35,407**	**43,644**	**11,737**	**6,008**	**58,498**	**119,887**	**658,403**	**778,290**	**2,657**	**780,947**

Group Balance Sheet

31 March 2024 SC £000	Adjustments £000	Group £000		31 March 2025 SC £000	Adjustments £000	Group £000
1,138,504	56	1,138,560	Property, Plant & Equipment	1,156,403	49	1,156,452
2,119	0	2,119	Heritage Assets	2,167	0	2,167
43,029	0	43,029	Investment Property	47,701	10,232	57,933
2,603	15	2,618	Intangible Assets	1,078	11	1,089
1,186,255	**71**	**1,186,326**	**Total Non-Current Assets**	**1,207,349**	**10,292**	**1,217,641**
971	(571)	400	Long Term Investment	980	(580)	400
0	563	563	Investments in Associates and Joint Ventures	0	867	867
15,259	0	15,259	Long Term Debtors	23,999	(9,360)	14,639
1,202,485	**63**	**1,202,548**	**Total Long Term Assets**	**1,232,328**	**1,219**	**1,233,547**
			Current Assets			
18,283	0	18,283	Current Held for Sale Investment Properties	14,520	0	14,520
3,904	0	3,904	Assets Held for Sale	4,678	0	4,678
0	0	0	Short Term Investments	0	0	0
729	31,357	32,086	Inventories	561	25,831	26,392
123,805	(32,985)	90,820	Short Term Debtors	151,120	(26,856)	124,264
37,293	5,556	42,849	Cash & Cash Equivalents	50,725	3,529	54,254
184,014	**3,928**	**187,942**	**Total Current Assets**	**221,604**	**2,504**	**224,108**
1,386,499	**3,991**	**1,390,490**	**Total Assets**	**1,453,932**	**3,723**	**1,457,655**
			Current Liabilities			
(35,933)	0	(35,933)	Bank Overdraft	(19,938)	0	(19,938)
(32,802)	0	(32,802)	Short Term Borrowing	(58,392)	0	(58,392)
(88,150)	(1,334)	(89,484)	Short Term Creditors	(108,032)	(744)	(108,776)
(2,707)	0	(2,707)	Provisions	(5,109)	0	(5,109)
(8,622)	0	(8,622)	Grants Receipts in Advance – Revenue	(4,948)	0	(4,948)
(19,716)	0	(19,716)	Grants Receipts in Advance – Capital	(18,667)	0	(18,667)
(187,930)	**(1,334)**	**(189,264)**	**Total Current Liabilities**	**(215,086)**	**(744)**	**(215,830)**
1,198,569	**2,657**	**1,201,226**	**Total Assets Less Current Liabilities**	**1,238,846**	**2,979**	**1,241,825**
			Long Term Liabilities			
(603)	0	(603)	Long Term Creditors	(591)	0	(591)
(281,527)	0	(281,527)	Long Term Borrowing	(364,866)	0	(364,866)
(93,313)	0	(93,313)	Other Long Term Liabilities	(124,212)	0	(124,212)
(38,587)	0	(38,587)	Pensions Liability	(20,246)	0	(20,246)
(6,249)	0	(6,249)	Provisions	(6,116)	(1)	(6,117)
(420,279)	**0**	**(420,279)**	**Total Long Term Liabilities**	**(516,031)**	**(1)**	**(516,032)**
778,290	**2,657**	**780,947**	**Total Assets Less Liabilities**	**722,815**	**2,978**	**725,793**
			Financed by:			
119,887	3,147	123,034	Usable Reserves	100,353	2,239	102,592
658,403	(490)	657,913	Unusable Reserves	622,462	739	623,202
778,290	**2,657**	**780,947**	**Total Reserves**	**722,815**	**2,978**	**725,793**

Group Cash Flow Statement

2023/24 SC £000	2023/24 Adjustments £000	2023/24 Group £000	Revenue Activities	2024/25 SC £000	2024/25 Adjustments £000	2024/25 Group £000
44,485	3,071	47,556	Net (surplus) or deficit on the provision of services	72,703	(8)	72,695
(53,168)	24,099	(29,069)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(84,026)	(4,202)	(88,228)
75,347	113	75,460	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	82,778	169	82,947
66,664	**27,283**	**93,947**	**Net cash flows from operating activities**	**71,455**	**(4,041)**	**67,414**
(50,197)	(19,749)	(69,946)	Investing activities	935	6,717	7,652
(11,883)	(356)	(12,239)	Financing activities	(101,817)	(649)	(102,466)
4,584	**7,178**	**11,762**	**Net (increase) or decrease in cash and cash equivalents**	**(29,427)**	**2,027**	**(27,400)**
5,944	12,734	18,678	Cash and cash equivalents at the beginning of the reporting period	1,360	5,556	6,916
1,360	**5,556**	**6,916**	**Cash and cash equivalents at the end of the reporting period**	**30,787**	**3,529**	**34,316**

Notes to Group Accounts

G1. Accounting Policies

G1.1 General

The single entity accounting policies detailed on pages 28-49 have been adopted and applied for group account purposes.
The accounting policies applied by the organisations included within Group Accounts are reviewed and adjustments are made to the accounts to align the accounting policies with those adopted by the Council where necessary.

G1.2 Reason for Consolidation

The organisations included within Group Accounts have been assessed to establish whether Shropshire Council controls the entity, has significant influence over the entity or has joint control of the arrangement. If the organisation does not meet one of these criteria then it is not included within the Group Accounts.

Shropshire Towns and Rural Housing Limited, Cornovii Developments Limited and SSC No.1 Limited are all wholly owned by Shropshire Council. Shropshire Council controls each of the organisations therefore they have been consolidated into the Group Accounts as subsidiaries.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME and WMS (Pensions) within this Council. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and Telford & Wrekin Council. The Council has joint control over the arrangement and has rights to share the net assets. The Council considers that WME should be accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

Shropshire Council is a 50% shareholder of Biodynamic Carbon Ltd. and has joint control over the arrangement. Biodynamic Carbon Ltd has been consolidated into the Group Accounts as a joint venture.

G1.3 Basis for Consolidation

Shropshire Towns and Rural Housing Limited has been included within the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

WME has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of West Mercia Energy balances is 26.9%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31st March 2025.

WMS Pensions has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of West Mercia Supplies Pensions balances is 25%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31st March 2025.

Cornovii Developments Limited has been included within the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Financial Statements) and IAS 27 (Separate Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

Biodynamic Carbon Ltd has been accounted for as a Joint Venture (under IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of Biodynamic Carbon Ltd balances is 50%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31st March 2025.

G1.4 Investment Properties

Investment properties are those that are used solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services, production of goods, or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

G2. Consolidation of West Mercia Energy

Figures in respect of West Mercia Energy have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	WME £000	SC Share (26.9%) £000
Turnover	(179,138)	(48,250)
Cost of Goods Sold and Operating Expenses	177,888	47,913
Interest and Investment Income	(719)	(194)
Net Operating Surplus	**(1,969)**	**(531)**
Distribution of Surplus to Member Authorities	2,438	657
Net Deficit/(Surplus) for the year	**469**	**126**

G3. Consolidation of West Mercia Supplies (Pensions)

Figures in respect of West Mercia Supplies (Pension) have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	WMS(P) £000	SC Share (25%) £000
Turnover	(175)	(44)
Cost of Goods Sold and Operating Expenses	7	2
Interest and Investment Income	97	24
Net Deficit/(Surplus) for the year	**(71)**	**(18)**

G4. Consolidation of Shropshire Towns & Rural Housing Limited

The operating income (£25.728m) and expenditure (£26.310m) of Shropshire Towns & Rural Housing Limited, giving a net expenditure of £0.582m has been included within Local Authority Housing (HRA) in the Net Cost of Services. The inter-company transactions with Shropshire Council have been excluded from Local Authority Housing (HRA) (Income/Expenditure £24.939m).

G5. Consolidation of Biodynamic Carbon Ltd

Figures in respect of Biodynamic Carbon Ltd have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	Biodynamic Carbon Ltd £000	SC Share (50%) £000
Turnover	(63)	(31)
Cost of Goods Sold and Operating Expenses	77	38
Interest and Investment Income	0	0
Net Deficit/(Surplus) for the year	**14**	**7**

G6. Consolidation of Cornovii Developments Ltd

The operating expenditure (£11.733m) and income (£12.033m) of Cornovii Developments Ltd has been included within Place in the Net Cost of Services.

G7. Investment included in Group Balance Sheet

	WME £000	SC Share (26.9%) £000
Assets		
Plant & Equipment	5	1
Other Long Term Assets	98	26
Short term debtors	36,245	9,763
Cash and cash equivalents	16,520	4,450
Total Assets	**52,868**	**14,240**
Liabilities		
Short term creditors	(48,880)	(13,166)
Other long term liabilities	0	0
Total Liabilities	**(48,880)**	**(13,166)**
Net Investments in Associates and Joint Ventures	**3,988**	**1,074**

	WMS(P) £000	SC Share (25%) £000
Assets		
Short term debtors	0	0
Total Assets	**0**	**0**
Liabilities		
Short term creditors	(134)	(33)
Other long term liabilities	(707)	(177)
Total Liabilities	**(841)**	**(210)**
Net Investments in Associates and Joint Ventures	**(841)**	**(210)**

	Biodynamic Carbon Ltd £000	SC Share (50%) £000
Assets		
Plant & Equipment	392	196
Short term debtors	(4)	(2)
Cash and cash equivalents	32	16
Total Assets	**420**	**210**
Liabilities		
Short term creditors	(23)	(11)
Other long term liabilities	(392)	(196)
Total Liabilities	**(415)**	**(207)**
Net Investments in Associates and Joint Ventures	**5**	**3**

G8. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2025 £000	31 March 2024 £000
Bank current accounts	54,254	42,849
Short term deposits with building societies		0
Total Cash and Cash Equivalents	**54,254**	**42,849**
Bank Overdraft	(19,938)	(35,933)
Cash Overdrawn	**(19,938)**	**(35,933)**

G9. Pension Liability

Amounts Recognised in the Comprehensive Income and Expenditure Statement

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
- current service cost	(22,945)	(23,059)
- past service gain/(cost)	(21)	0
- curtailment gain/(cost)	(8,276)	(2,179)
- settlement gain/(cost)	(1,523)	(201)
	(32,765)	**(25,439)**
Financing and Investment Income and Expenditure:		
- net interest expense	(1,133)	(5,055)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(33,898)**	**(30,494)**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	3,913	73,292
- experience (gain)/loss	1,469	(10,083)
- actuarial gains and losses arising on changes in demographic assumptions	152,647	14,341
- actuarial gains and losses arising on changes in financial assumptions	6,679	17,707
- effect of asset ceiling	(145,290)	(3,067)
Total Post Employment Benefit Charged to Other Comprehensive Income and Expenditure	**19,418**	**92,190**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(14,480)**	**61,696**

Assets and Liabilities Recognised in the Balance Sheet

	2024/25 £000	2023/24 £000
Present value of the defined benefit obligation	(1,041,414)	(1,169,238)
Fair value of plan assets	1,167,270	1,131,345
Effect of Asset Ceiling	(146,102)	(694)
Net liability arising from defined benefit obligation	**(20,246)**	**(38,587)**

Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Opening fair value of scheme assets at 1 April	1,131,345	1,028,994
Interest income	54,817	49,405
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	3,913	73,292
Contributions from employer	32,905	24,841
Contributions from employees into the scheme	8,165	7,845
Benefits paid	(53,898)	(50,357)
Settlements	(8,952)	(1,685)
Other	(1,025)	(990)
Closing fair value of scheme assets at 31 March	**1,167,270**	**1,131,345**

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Opening balance at 1 April	(1,169,238)	(1,156,491)
Current Service Cost	(21,920)	(22,069)
Interest Cost	(55,916)	(54,460)
Contributions from scheme participants	(8,165)	(7,845)
Remeasurement gain/(loss):		
Experience gains/losses	1,469	(10,083)
Actuarial gains/losses arising from changes in demographic assumptions	152,647	14,341
Actuarial gains/losses arising from changes in financial assumptions	6,679	17,707
Other	0	0
Past service costs	(21)	0
Losses/(gains) on curtailment	(8,276)	(2,179)
Benefits paid	53,898	50,357
Liabilities extinguished on settlements	7,429	1,484
Closing balance at 31 March	**(1,041,414)**	**(1,169,238)**

Pension Scheme Assets

Assets in the Pension Fund consist of the following categories:

	2024/25 £000	2023/24 £000
Cash and cash equivalents	**7,704**	**15,839**
Equity investments:		
Global quoted	688,106	639,663
Sub-total equity	**688,106**	**639,663**

	2024/25 £000	2023/24 £000
Bonds:		
Overseas Global Active Investment Grade	115,209	118,112
Overseas Global Fixed Income	0	0
Overseas Global Dynamic	41,671	46,951
Other class 2 - absolute return bonds	0	0
Sub-total bonds	**156,880**	**165,063**
Property:		
Property funds	51,009	39,824
Sub-total property	**51,009**	**39,824**
Alternatives:		
Private Equity	88,129	92,883
Infrastructure	68,753	70,596
Hedge Funds	49,142	47,629
Property Debt	5,019	11,539
Insurance Linked Securities	18,910	18,554
Private Debt	33,617	29,755
Sub-total alternatives	**263,570**	**270,956**
Total assets	**1,167,269**	**1,131,345**

G10. Investment Properties

	Long term		Current	
	2024/25 £0	2023/24 £0	2024/25 £0	2023/24 £0
Balance at start of the year	43,029	60,736	18,283	5,906
Additions:				
- Purchases	0	0	0	0
- Construction	0	6	0	0
- Subsequent expenditure	105	371	0	0
Disposals	(105)	(293)	(4,350)	(5,906)
Net gains/(losses) from fair value adjustments	2,965	(3,569)	1,427	4,033
Transfers:				
- (To)/from Property, Plant and Equipment	1,789	28	0	0
- (To)/from Inventories	9,310	0	0	
- (To)/from Current/Long term	840	(14,250)	(840)	14,250
Balance at end of the year	**57,933**	**43,029**	**14,520**	**18,283**

G11. Inventories

	2024/25 £000	2023/24 £000
Raw Materials	552	686
Work in Progress	25,762	31,317
Finished Goods	78	83
Net liability arising from defined benefit obligation	**26,392**	**32,086**

G12. Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority' s Share of Reserves of Subsidiaries, Associates and Joint Ventures	Total Authority Reserves £000
Purchase of goods and services from subsidiaries	22,046	0	0	0	22,046	0	22,046	(22,046)	0
Total adjustments between Group Accounts and authority accounts	**22,046**	**0**	**0**	**0**	**22,046**	**0**	**22,046**	**(22,046)**	**0**

Section 7

Housing Revenue Account

Housing Revenue Account

The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

HRA INCOME AND EXPENDITURE STATEMENT

2023/24		2024/25	
£'		£	£
	Expenditure		
7,301,264	Repairs & Maintenance	7,972,952	
3,673,749	Supervision and Management	4,767,040	
189,603	Rents, rates taxes and other charges	166,363	
4,889,370	Depreciation – Dwellings	4,190,140	
245,300	- Other	243,990	
6,017,538	Impairment, revaluation losses and (reversals of impairment or revaluation losses)	(1,637,256)	
79,010	Debt Management Costs	79,620	
45,000	Provision for Bad or Doubtful Debts	50,000	
22,440,834	**Total Expenditure**		**15,832,849**
	Income		
(19,253,466)	Dwelling Rents	(21,525,323)	
(97,499)	Non Dwelling Rents	(99,371)	
(4,706)	Other Income	(5,674)	
(972,822)	Charges for Services and Facilities	(1,424,648)	
(20,328,493)	**Total Income**		**(23,055,016)**
2,112,341			**(7,222,167)**
268,561	HRA Share of Corporate & Democratic Core		371,690
2,380,902	**Net Cost of HRA Services**		**(6,850,477)**
(467,115)	(Gain) or loss on sale of HRA Assets		(513,956)
3,371,541	Interest payable and similar charges		3,455,326
(1,258,990)	Interest and Investment Income		(1,393,552)
(57,500)	Income & Expenditure in relation to investment properties & change in fair values		(25,500)
(1,930,156)	Capital grants and contributions receivable		(5,148,823)
2,038,682	**(Surplus) or deficit for the year on HRA Services**		**(10,476,982)**

Housing Revenue Account

MOVEMENT ON THE HRA STATEMENT

2023/24 £		2024/25 £
(12,359,313)	**Balance on the HRA at the end of the previous year**	**(11,736,617)**
2,038,682	**(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement**	**(10,476,982)**
467,115	Gain or Loss on sale of HRA non-current assets	513,956
(1,915,411)	Transfer to/from the Capital Adjustment Account	6,778,379
590,386	**Net increase or (decrease) before transfers to or from reserves**	**(3,184,647)**
32,310	Transfers to or (from) Reserves	60,670
622,696	**(Increase) or Decrease in year on the HRA**	**(3,123,977)**
(11,736,617)	**Balance on the HRA at the end of the current year**	**(14,860,594)**

NOTES TO THE HOUSING REVENUE ACCOUNT

1. HOUSING STOCK

	2024/25	2023/24
Total Number of Dwellings at 31 March :		
Houses and Bungalows	3,150	3,148
Flats	887	889
	4,037	**4,037**
Change in Stock		
Stock at 1 April	4,036	4,000
Less: Sales – Right to Buy	(18)	(15)
Sales – Other	0	(1)
Disposal/restructuring	(3)	(23)
Acquisition – full ownership	21	67
Acquisition – shared ownership	0	9
	4,037	**4,036**

2. RENT ARREARS

	2024/25 £	2023/24 £
Due from Current Tenants	154,993	138,690
Due from Former Tenants	88,297	78,782
Total Rent Arrears as at 31 March	**243,290**	**217,472**
Pre-Payments	(644,883)	(601,690)
Net Arrears	**(401,593)**	**(384,218)**

As at 31 March 2025, the total provision set aside for HRA related bad debts is £0.347m.

3. BALANCE SHEET VALUE OF ASSETS

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant & Equipment	Investment Properties	Current Assets Held for Sale	Total
	£	£	£	£	£	£	£	£	£
Cost or Valuation									
At 1 April 2024	**244,118,700**	**1,485,000**	**0**	**315,396**	**2,759,173**	**248,678,269**	**288,500**	**946,027**	**249,912,796**
Additions	14,958,783	5,719	56,602	20,590	2,302,884	**17,344,578**	0	0	**17,344,578**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	75,000	11,000	0	0	0	**86,000**	0	0	**86,000**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,438,607)	3,000	0	0	0	**(2,435,607)**	500	0	**(2,435,107)**
Derecognition – disposals	(1,208,000)	0	0	0	0	**(1,208,000)**	0	(1,009,749)	**(2,217,749)**
Derecognition – other	0	(5,719)	0	0	0	**(5,719)**	0	0	**(5,719)**
Assets reclassified (to)/from Held for Sale	(63,722)	0	0	0	0	**(63,722)**	0	63,722	**0**
Other movements in cost or valuation	(86,354)	(75,000)	0	0	(3,646)	**(165,000)**	0	0	**(165,000)**
As at 31 March 2025	**255,355,800**	**1,424,000**	**56,602**	**335,986**	**5,058,411**	**262,230,799**	**289,000**	**0**	**262,519,799**
Accumulated Depreciation and Impairment									
At 1 April 2024	**0**	**0**	**0**	**(218,610)**	**0**	**(218,610)**	**0**	**0**	**(218,610)**
Depreciation Charge	(4,355,070)	(28,290)	(11,320)	(39,450)	0	**(4,434,130)**	0	0	**(4,434,130)**
Depreciation written out to the Revaluation Reserve	176,250	18,910	0	0	0	**195,160**	0	0	**195,160**
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,178,820	9,380	0	0	0	**4,188,200**	0	0	**4,188,200**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	(49,663)	0	0	0	**(49,663)**	0	0	**(49,663)**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(90,000)	(25,337)	0	0	0	**(115,337)**	0	0	**(115,337)**
Derecognition – disposals	0	0	0	0	0	**0**	0	0	**0**
Derecognition – other	0	0	0	0	0	**0**	0	0	**0**
Other movements in depreciation and impairment	90,000	75,000	0	0	0	**165,000**	0	0	**165,000**
As at 31 March 2025	**0**	**0**	**(11,320)**	**(258,060)**	**0**	**(269,380)**	**0**	**0**	**(269,380)**
Net Book Value									
As at 31 March 2025	**255,355,800**	**1,424,000**	**45,282**	**77,926**	**5,058,411**	**261,961,419**	**289,000**	**0**	**262,250,419**
As at 31 March 2024	**244,118,700**	**1,485,000**	**0**	**96,786**	**2,759,173**	**248,459,659**	**288,500**	**946,027**	**249,694,186**

There is a difference of £381.159m between the tenanted valuation and the District Valuer's Vacant Possession Value of £635.265m at 31 March 2025.

The Vacant Possession Value is an estimate of the total sum that would be received if all of the assets were sold on the open market. The tenanted value declared on the balance sheet is less in recognition of the fact that the properties are occupied by tenants on secure rent less than would be obtainable on the open market.

The difference represents the economic cost of the Government providing council housing at less than market rents.

4. CAPITAL EXPENDITURE FINANCING

Capital expenditure in the year on Council Housing Stock and Infrastructure was financed as follows.

	2024/25 £	2023/24 £
Usable Capital Receipts	175,839	171,497
Revenue Contributions utilised in year	1,967,840	2,968,972
Major Repairs Allowance	8,580,231	6,526,319
Government Supported borrowing	3,447,884	4,243,242
Government Grants and Contributions	3,180,984	1,149,616
Total Capital Expenditure on Housing Stock	**17,352,778**	**15,059,646**

5. CAPITAL RECEIPTS

Capital receipts from the disposal of Housing Revenue Account Assets are shown below. Prior to 2022/23, 75% of Capital Receipts arising from Right to Buy disposals were subject to National Pooling arrangements payable to DLUHC. For 2022/23 and 2023/24 flexibilities were introduced to allow Local Authorities to retain 100% of the Right to Buy Disposal income for these time periods.

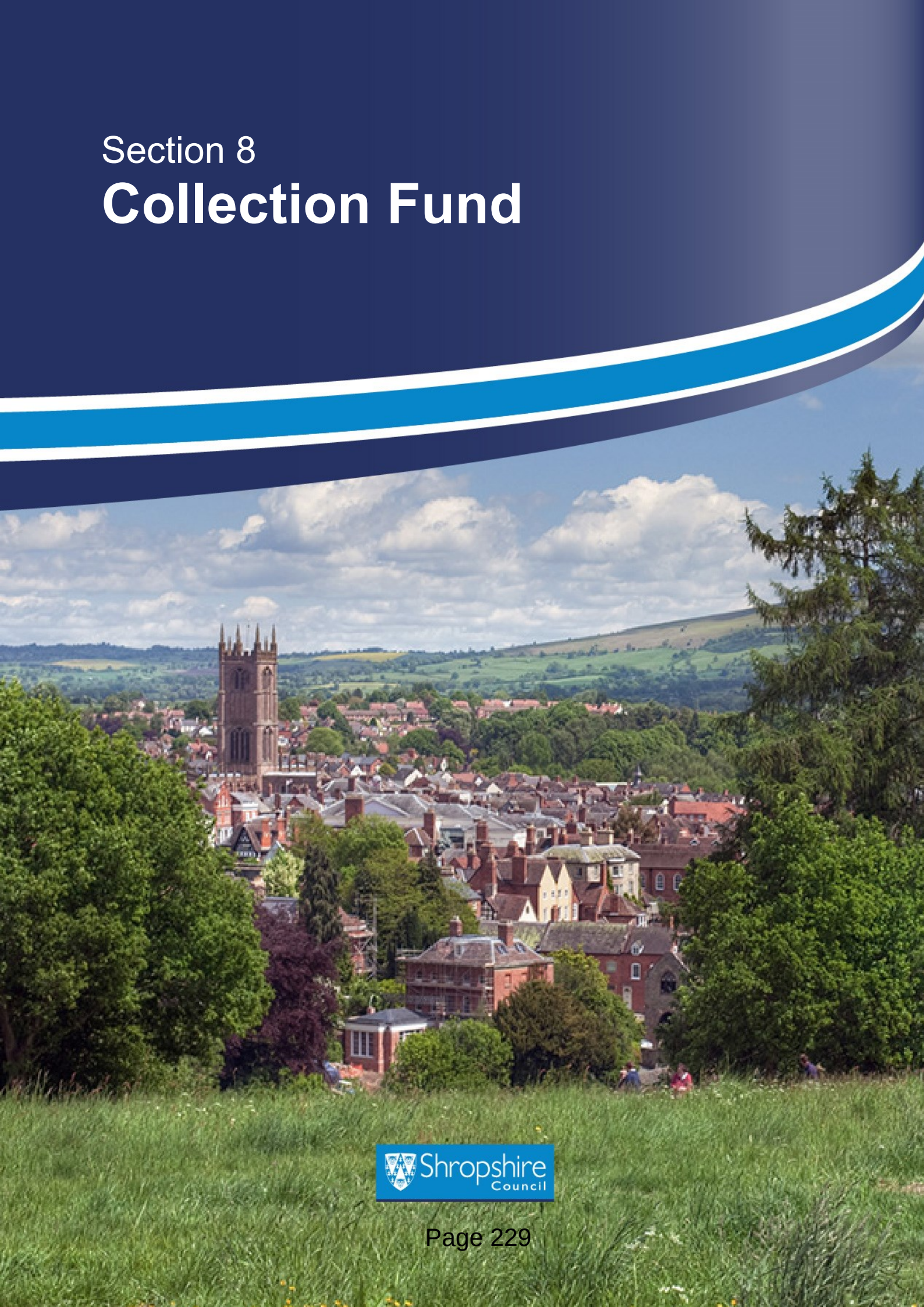
	2024/25 £	2023/24 £
Sale of Council Houses under Right to Buy (RTB)	1,590,650	1,255,043
RTB Discounts Repaid	0	0
Other Land & Buildings	0	0
Mortgage Receipts	0	0
Total Capital Receipts from HRA Asset Disposals	**1,590,650**	**1,255,043**
Less Capital Receipts subject to Pooling requirement	0	0
Net Capital Receipts from HRA Asset Disposals	**1,590,650**	**1,255,043**

6. HOUSING REPAIRS ACCOUNT

	2024/25 £	2023/24 £
Balance Brought Forward 1 April	25,000	25,000
Expenditure on Capital	0	0
Balance Carried Forward 31 March	**25,000**	**25,000**

Section 8

Collection Fund



Collection Fund

The Collection Fund is a statutory account showing the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from taxpayers and the distribution to local authorities and Central Government.

2023/24 Council Tax £000	2023/24 NDR £000	2023/24 Total £000		2024/25 Council Tax £000	2024/25 NDR £000	2024/25 Total £000
			Income:			
(248,358)	0	(248,358)	Income from Council Tax (showing the net amount receivable, net of benefits, discounts for prompt payments and transitional relief)	(264,592)	0	(264,592)
			Transfers from General Fund			
0	0	0	- Transitional relief	0	0	0
(470)	0	(470)	- Discretionary relief	(176)	0	(176)
0	(70,151)	(70,151)	Income collectable from business ratepayers	0	(80,656)	(80,656)
0	(6,697)	(6,697)	Transitional Protection Payments	0	(3,025)	(3,025)
(248,828)	**(76,848)**	**(325,676)**	**TOTAL INCOME**	**(264,768)**	**(83,681)**	**(348,449)**
			Expenditure:			
			Precepts			
203,733	39,425	243,158	- Shropshire Council and Parish and Town Councils	215,935	41,306	257,241
31,239	0	31,239	- West Mercia Police & Crime Commissioner	33,076	0	33,076
13,129	776	13,905	- Shropshire & Wrekin Fire Authority	13,646	812	14,458
0	38,821	38,821	- Central Government	0	40,578	40,578
			Charges to Collection Fund			
0	456	456	- costs of collection	0	460	460
			Bad and doubtful debts			
(294)	0	(294)	- write offs	(317)	3	(314)
2,298	(87)	2,211	- allowance for impairment	684	270	954
			Appeals rates			
0	(9,103)	(9,103)	- write offs	0	(5,532)	(5,532)
0	4,779	4,779	- provisions	0	5,427	5,427
			Contributions			
2,836	4,005	6,841	- Towards previous year's estimated Collection Fund surplus/(deficit)	(1,016)	(5,269)	(6,285)
252,941	**79,072**	**332,013**	**TOTAL EXPENDITURE**	**262,008**	**78,055**	**340,063**
4,113	**2,224**	**6,337**	**Deficit/(Surplus) for the Year**	**(2,760)**	**(5,626)**	**(8,386)**
(2,211)	831	(1,380)	Balance brought forward	1,902	3,055	4,957
1,902	**3,055**	**4,957**	**Balance carried forward**	**(858)**	**(2,571)**	**(3,429)**

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX BASE

The council tax base consists of the number of chargeable dwellings in each valuation band adjusted to reflect discounts and other variations. The total tax base is calculated by converting each band to its band D equivalent and providing for losses and variations during the year of collection. The tax base for 2024/25 was as follows:-

Council Tax Band	Net Dwellings	Ratio	Band D Equivalents
A1	34.62	5/9	19.23
A	18,040.97	6/9	12,027.32
B	30,787.59	7/9	23,945.90
C	27,415.57	8/9	24,369.39
D	19,858.26	9/9	19,858.26
E	16,111.70	11/9	19,692.07
F	8,594.15	13/9	12,413.78
G	4,506.50	15/9	7,510.84
H	289.06	18/9	578.13
			120,414.92
Adjustment for MoD Properties (591.34 Band D Equivalents) and Collection Rate (98.5%)			(1,223.75)
			119,191.17

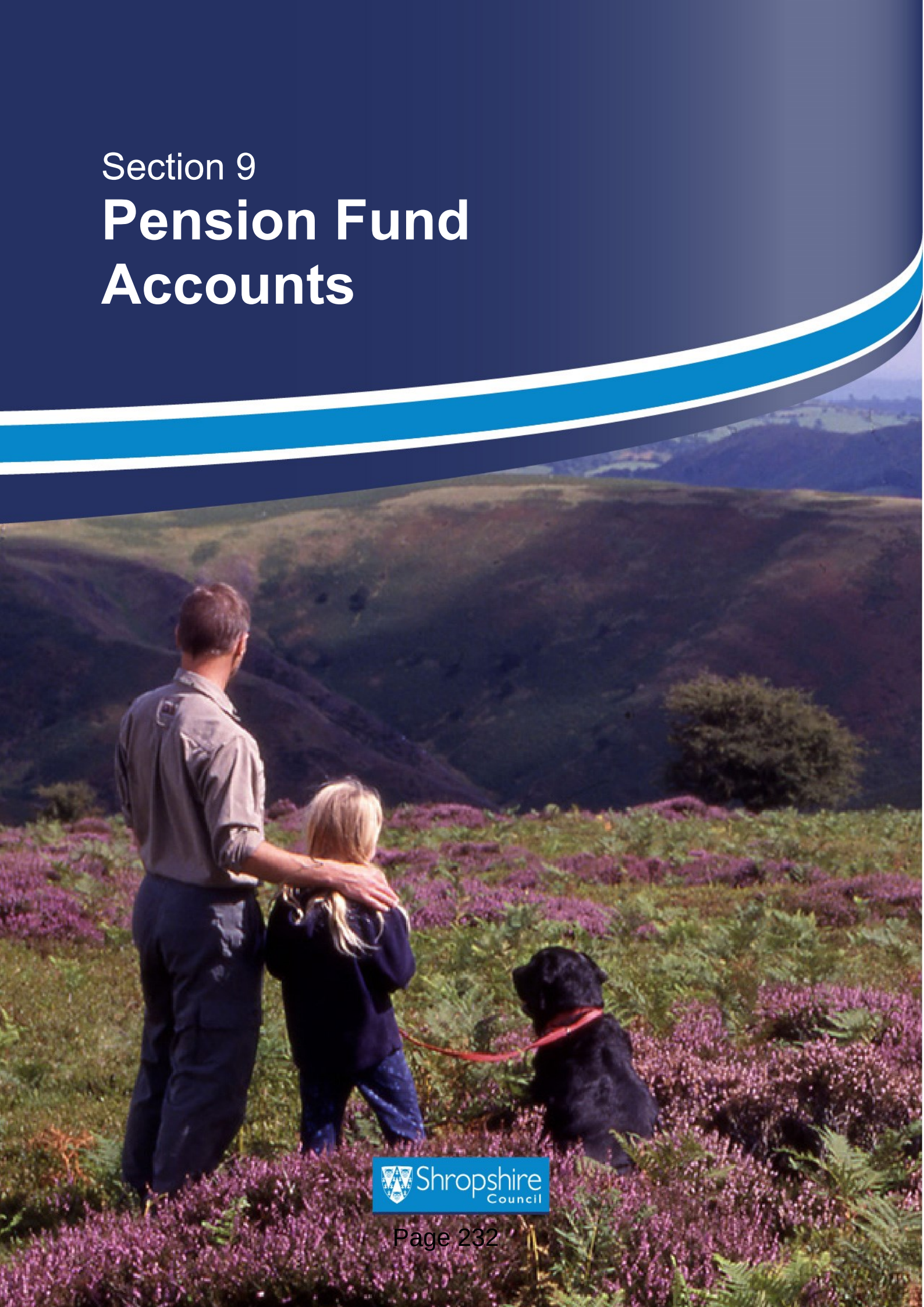
2. NON-DOMESTIC RATES (BUSINESS RATES)

Shropshire Council is the billing authority for NDR and retains 49% share of the total collected and distributes the remaining balance to Central Government (50%) and Shropshire & Wrekin Fire Authority (1%).

At 31 March 2025, the total non-domestic rateable value for all business premises in Shropshire was £251,323,328. The multiplier set by Government to calculate rate bills in 2024/25 was 49.9p for small businesses and 54.6p for all other businesses.

Section 9

Pension Fund Accounts



Shropshire Council

Pension Fund Accounts

Introduction

The Shropshire fund increased in value by £123 million in 2024/25 to be valued at £2.626 billion at the end of the year. The fund increased in value by 5 % over the year but slightly underperformed against its benchmark by 0.14%. The majority of asset classes performed positively with double digit returns from Hedge Funds, Insurance Linked Securities and the LGPS Central Infrastructure Fund. Negative performance was seen on the property debt portfolio reflecting the difficulties in exiting the final few loans remaining as part of the planned maturity of this investment and on Global Sustainable Equity after a difficult final quarter. Overall the portfolio performed as expected given the difficult trading conditions seen in the final quarter of 2024/25.

The strongest absolute returns were generated in Insurance Linked Securities managed by Securis which generated excellent returns of 11.4% despite the impact of the US wildfires on performance in the final quarter. Infrastructure managed by LGPS Central generated returns of 11.3%, Hedge Funds managed by BlackRock generated returns of 10.5% and LGPS Private Debt Fund returned 9.45%.

Equities had a more difficult year compared to 2023/24 with passive equity managed by Legal and general showing the best performance with a return of 7.54%, LGPS Central Global equity return just below 4% whilst LGPS Central Sustainable Equity returned a negative 1.27% for the year. Both the LGPS Central equity products were hit hard by the volatile market conditions in the final quarter of 2024/25 having shown double digit performance for the previous nine months.

The Pensions Committee determine the strategic asset allocation for the fund. This outlines the proportion of assets that the fund invests in equities, bonds and alternative assets such as property and infrastructure. This is the most important decision that the Committee makes because it has the biggest impact on the long-term returns of the fund.

The Committee agreed a revised strategic asset allocation in June 2023. There were no revisions to the investment strategy in 2024/25. Additional commitments were completed in respect of private market allocations as follows private debt managed by LGPS Central for £90m. This fund is still in the early capital raising stages and will take a few years for capital to be fully deployed as is the case with all private market investments. These changes were implemented during the financial year. Additional commitments will also be required to private equity and Infrastructure both managed by LGPS Central in 2025/26 to reflect the return of capital from legacy investments with HarbourVest and GIP Infrastructure. These new/additional allocations will be funded by a reduction to targeted return strategies and a reduction of the overweight equity position.

The fund undergoes an independent actuarial valuation every 3 years. The last actuarial valuation was conducted at the end of March 2022, identifying that the fund had a funding level (the relationship between estimated future pension payments and the funds held to pay for these pensions) of 100% using the fund's standard assumptions which was an increase from 94% at the previous valuation in March 2019. This was the first time for over 23 years the funding level has been 100% at the valuation date which is really positive news. Due to some of the individual employer decisions made as part of this consultation process the official funding level signed off by the Actuary as at 31 March 2022 was 99%. The next valuation is being undertaken as at 31 March 2025 and work on this is already underway with results expected by the end of 2025.

The fund continues to make good progress addressing responsible investment issues, including climate change and achieving its net zero target by 2050 or before.

The fund became a signatory to the revised Stewardship Code in August 2023 and a renewal submission was presented to the Financial Reporting Council (FRC) for the 15 months from 1st January 2023 to 31st March 2024. The FRC confirmed the application was successful in October 2024 which is a great achievement and really positive news. This confirms how seriously the fund continues to take Responsible Investment and Environmental, Social and Governance issues.

Since 2020 the fund has commissioned its pooling company, LGPS Central Limited, to undertake an in-depth review of the fund's exposure to financially material climate-related risks and opportunities on an annual basis. The fund also published its fourth Task Force on Climate-related Financial Disclosures (TCFD) aligned report in December 2024 showing a 63% reduction in the carbon footprint of the equity portfolio compared to 31 March 2020 based on normalized financed emissions.

Further details relating to this and the significant progress which has been made during the year with regards climate risk monitoring, setting a net zero target, responsible investment, climate risk training and the fund's carbon footprint are included within the Corporate Governance section of the annual report.

The Shropshire fund continued to work with eight other funds in the Midlands region during the year. LGPS Central Ltd has been established to manage investment assets on behalf of its eight Local Government Pension Scheme (LGPS) funds across the Midlands region. It is a multi-asset manager, investing up to potentially £60 billion of assets (£32.4 billion invested as at December 2024), on behalf of 900,000 LGPS members and 2,500 employers.

LGPS Central Ltd is jointly owned on an equal share basis by eight pension funds and is a Collective Portfolio Management Investment Firm (CPMI) regulated by the Financial Conduct Authority (FCA). The participating pension funds are Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. West Midlands Integrated Transport Authority (ITA) Pension fund will also be an investor, but not a shareholder, with its shareholder rights represented by West Midlands Pension Fund.

The key objectives of LGPS Central will be to deliver cost savings and improve risk adjusted investment returns after cost, enable access to a wider range of asset classes for the participating pension funds, and to ensure good governance. LGPS Central manage a wide range of asset classes, employing a mix of internal and external investment management. The majority of assets under management are structured in an Authorised Contractual Scheme (ACS), itself regulated by the FCA, in addition to other pooled investments held in alternative structures. The company has been formed to act as an Alternative Investment Fund Manager (AIFM) to allow the participating LGPS administering authorities to pool their respective investments.

On the 14 November 2024, the Chancellor set out his Mansion House speech which included the proposed consultation on LGPS "Fit for the Future", the consultation being published the following day.

The consultation covered three key areas LGPS Pooling, Local investment and Governance of Funds and Pools. Partner Funds in LGPS Central Ltd reviewed the information contained in the consultation and submitted individual responses to the consultation. Delegated authority for the Fund's response was approved at Pension Committee in December 2024. The government response to the consultation is still awaited. Some of the key points to note are:

1. LGPS Pooling - This included a requirement for all legacy assets to be under pool control by the 31st March 2026. At the 31st March 2025 the Fund had a number of legacy portfolios outside the Pools control. These fall roughly into two types, private market assets which will gradually mature and be reinvested in pooled products such as private equity with HarbourVest, Infrastructure with GIP or Property Debt with DRC, or investments that don't have a pooled product equivalent. These include property and targeted return strategies like T Rowe Price Dynamic Bond Fund, BlackRock – Hedge Fund and Insurance Linked Securities. The consultation also proposed that the Pooling companies should provide all investment advice to the funds and that funds should delegate implementation decisions to the pooling company.

   In addition to the impacts on the funds, the consultation also advised that all pooling companies should be FCA regulated companies. In the case of LGPS Central this criterion was already met as that is how the company was established.

2. Local Investment - The Chancellor set out growth as her number one mission and is looking for the LGPS through their pooling companies to build networks and increase long term investment in local communities.

3. Governance - This brought forward many of the recommendations from the Scheme Advisory Board Good Governance review and set up the framework of independent governance reviews.

The governments response to the consultation is expected in late spring early summer 2025 and in the interim regular investment pooling meetings continue to be held with representatives from each of the eight LGPS funds forming LGPS Central on both governance and transition issues.

During 2024/25 we have made an additional £90m allocation to Private Debt to maintain our 7.5% target allocation to this asset class and further allocations will be considered in 2025/26 in light of the 2025 valuation results. The Fund has also completed an oversight agreement with LGPS Central in respect of it passive equity mandate with Legal and General. Given the nature of this asset it is not cost effective to fully transition to a pooled product at this time but the agreement allows LGPS Central through EOS at Federated Hermes to undertake voting on all the Funds equity portfolios which allows consolidation of reporting and increased consistency. This continues to show the fund's commitment to pooling assets and looking for appropriate cost effective solutions for legacy assets.

The Pensions Administration Team have continued to ensure over the past 12 months that the service they deliver is both efficient and effective for all stakeholders and that all benefits are paid accurately, on time and in line with scheme regulations.

Training days for all team members are held twice a year, where the team are able to work in groups to look at how we deliver our service and provide feedback on changes to processes. Information sessions are also held on current issues affecting the LGPS.

All regulatory deadlines were met by the fund in 2024-25, including issuing Annual Benefit Statements, P60 documents, Pensions Savings Statements and publishing the Annual Report.

During the year the team continued to work on the implementing the McCloud ruling and ensuring the underpin is applied to protected members.

Work has also started on the implementation of Pensions Dashboards so that we are able to connect by the October 2025 deadline.

As part of the funds ongoing programme, several policies were reviewed and updated in line with statutory guidance and changes to the team's working practices.

The new Pension Regulator's General Code came into effect on 28 March 2024 and an action plan was created to identify any areas of work that would need to be completed to achieve compliance with this.

Certain aspects of the Scheme Advisory Board's Good Governance recommendations have been introduced as part of the Government's Fit for the Future consultation; we await the Governments formal response to this but have been reviewing the recommendations to identify any gaps we may have.

The fund's Business Plan for 2024-26 can be found on the website and progress against this is reported to and regularly reviewed by both Board and committee members.

The annual meeting for scheme employers is run as a virtual event and the Pension Committee and Pension Board meetings continue to be live streamed, Committee meetings must be held in person, however Board members can choose to attend virtually, this has proved particularly useful when holding training sessions for members of both board and committee.

The information here and other developments are covered in more detail on the following pages.

Pension Fund Accounts

PENSION FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

2023/24 £000		2024/25 £000
	Income	
	Contributions	
(63,025)	Employers (Note 7)	(73,017)
(20,584)	Employees (Note 7)	(21,501)
(7,573)	Transfers In from other pension funds (Notes 3, 7)	(11,061)
(91,182)	**Total Income**	**(105,579)**
	Expenditure	
	Benefits Payable	
79,602	Pensions (Note 7)	88,105
16,026	Commutation of pensions and lump sum retirement benefits (Note 7)	22,014
1,966	Lump Sum Death Benefits (Note 7)	2,591
	Payment to & on Account of Leavers	
243	Refund of contributions (Note 7)	243
6,927	Transfers to other funds (Notes 3, 7)	5,634
104,764	**Total Expenditure**	**118,587**
13,582	**Net (additions) / withdrawals from dealings with scheme members**	**13,008**
21,145	**Management Expenses (Note 8)**	**23,944**
34,727	**Net additions/(withdrawals) including fund management expenses**	**36,952**
	Returns on Investments	
(11,187)	Investment Income (Notes 3, 9)	(14,005)
(11,504)	(Gain)/loss on cash and currency hedging	329
105	Taxes on Income (Note 10)	112
(271,230)	(Profits) and losses on disposal of investments and changes in value of investments (Note 11a)	(146,611)
(293,816)	**Net return on investments**	**(160,175)**
(259,089)	**Net (increase)/decrease in the net assets available for benefits during the year**	**(123,223)**
2,244,087	**Opening net assets of the scheme**	**2,503,176**
2,503,176	**Closing net assets of the scheme**	**2,626,399**

Pension Fund Accounts

PENSION FUND NET ASSET STATEMENT AS AT 31 MARCH 2025

31-Mar-24 £000		31-Mar-25 £000	%
	Long Term Investments		
1,315	Equities (Note 11)	1,315	0.05
	Investment Assets		
16	Equities (Note 11)	18	0.00
	Pooled Investment Vehicles		
2,478,163	Other Managed Funds (Note 11)	2,594,391	98.78
	Other Investment Balances		
685	Loans (Note 11)	685	0.03
	Cash Deposits		
14,957	Deposits (Note 11)	20,246	0.77
1,650	Temporary Investments (Note 27)	5,700	0.22
2,496,786	**Total Investment Assets**	**2,622,355**	**99.85**
	Long Term Debtors		
1,724	Lifetime and Annual Tax Allowances (Note 18a)	1,857	0.07
	Current Assets		
7,171	Contributions due from Employers (Note 18b)	7,262	0.28
2,307	Other Current Assets (Note 18b)	1,121	0.04
0	Cash Balances (Note 27)	46	0.00
	Current Liabilities		
(665)	Unpaid Benefits (Note 19)	(1,418)	(0.06)
(4,107)	Other Current Liabilities (Note 19)	(4,824)	(0.18)
(40)	Cash Balances	0	0
2,503,176	**Net Assets of the Scheme – Available to Fund Benefits as at 31 March**	**2,626,399**	**100.00**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

NOTES TO THE SHROPSHIRE COUNTY PENSION FUND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

1. DESCRIPTION OF FUND

The Shropshire County Pension Fund is part of the Local Government Pension Scheme and is administered by Shropshire Council. The Council is the reporting entity for this Pension Fund.

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Shropshire Council to provide pensions and other benefits for pensionable employees of Shropshire Council and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Shropshire County Pension Fund Committee, which is a committee of Shropshire Council.

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Shropshire County Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 164 employers with active members within the Shropshire County Pension Fund including Shropshire Council itself, as detailed below.

Shropshire County Pension Fund	31 March 2025	31 March 2024
Number of employers with active members	166	146
Number of employees in the scheme		
Shropshire Council	5,395	5,951
Other employers	11,738	11,076
Total	**17,133**	**17,027**
Number of pensioners in the scheme		
Shropshire Council	6,668	6,312
Other employers	7,644	7,143
Total	**14,312**	**13,455**

Shropshire County Pension Fund	31 March 2025	31 March 2024
Number of deferred pensioners in the scheme		
Shropshire Council	8,250	8,301
Other employers	10,108	10,076
Total	**18,358**	**18,377**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2022. Currently, employer contribution rates range from 0% to 30% of pensionable pay.

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, ill-health pensions and death benefits.

2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2024/25 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2024/25.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information within the statement by the consulting actuary.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – revenue recognition

Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate. Contributions received earlier than the due date are

accounted for on receipt and are recognised as contributions received within the pension fund account statement.

- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than due date.

Transfers to and from other schemes
Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 7). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is also disclosed in the net assets statement as a current financial asset.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit/losses during the year.

Fund account – expense items

Benefits payable
Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, provided that payment has been approved.

Taxation
The Fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Management expenses
The Fund discloses its pension fund management expenses in accordance with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative expenses	All staff costs relating to the pensions administration team are charged direct to the Fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the Fund.

Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund. Where invoice has not been received by the year-end date, an estimate based upon the previous quarters is used for inclusion in the fund account. In 2024/25, £0.175m of fees is based on such estimates (2023/24 £0.227m)
Investment management expenses	Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments. Fees charged by external investment managers and custodian are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. In addition, the Fund has negotiated with BlackRock (Hedge Fund) that an element of their fee will be performance related. Total performance related fees for all managers in 2024/25 £0.649m (2023/24 £0.458m). Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2024/25, £0.225m of fees is based on such estimates (2023/24 £0.187m).

Net Assets Statement

Financial assets

The Share Capital investment in LGPS Central Limited is valued at transaction price i.e. cost. LGPS Central Limited began to trade on 3 April 2018. The Pension Fund's view is that the market value of this investment at 31 March 2024 cannot be reasonably assessed as the Company was set up for the sole purpose of LGPS pooling and no market exists for its potential sale, and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 11a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 14).

Foreign Currency transactions
Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Cash and cash equivalents
Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Loans and receivables
Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

Financial liabilities
A financial liability is recognised in the net asset statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Contingent Liabilities
Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. More details are disclosed in Note 21 Related Party Transactions.

The Fund has no other contingent liabilities.

Additional voluntary contributions
Shropshire County Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. Please see note 20 for further information.

4. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Investment in LGPS Central
The Share Capital investment has been valued at cost on the basis that fair value as at 31 March 2025 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Limited was set up for the specific purpose of LGPS Pooling
- No dividend to shareholders has as yet been declared
- There is no market for the sale of shares and all pension authorities are required to comply with the LGPS pooling requirements.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Private Equity	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £199.6 million. There is a risk that this investment may be under or over-stated in the accounts. A 10% movement in the valuation would equate to a £20 million adjustment to the value of these assets
Infrastructure	Infrastructure investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The infrastructure investments in the financial statements are £157.9 million. There is a risk that this investment may be under or over-stated in the accounts. A 10% movement in the valuation would equate to a £15.8 million adjustment to the value of these assets
Property Debt	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total property debt investments in the financial statements are £10.4 million. There is a risk that this investment may be under or over-stated in the accounts. A 5% movement in the valuation would equate to a £1 million adjustment to the value of these assets
Private Debt	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total private debt investments in the financial statements are £79.0 million. There is a risk that this investment may be under or over-stated in the accounts. A 10% movement in the valuation would equate to a £7.9 million adjustment to the value of these assets
Insurance Linked Securities	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total insurance linked securities investments in the financial statements are £44.3 million. There is a risk that this investment may be under or over-stated in the accounts. A 5% movement in the valuation would equate to a £2.2 million adjustment to the value of these assets

Item	Uncertainties	Effect if actual results differ from assumptions
Hedge Funds	Some hedge fund investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total hedge fund value in the financial statements is £114.1 million. There is a risk that this investment may be under or overstated in the accounts. A 5% movement in the valuation would equate to a £5.7 million adjustment to the value of these assets

6. EVENTS AFTER THE REPORTING DATE

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. There have been no events between 31 March 2025, and when these accounts were authorised, that require any adjustments to be made.

Guaranteed minimum pensions (GMP) equalisation remedy in LGPS is still to be legislated on. GMP reconciliation has ensured that data is up to date for when any changes required are known.

The McCloud remedy in LGPS came into force in 2023/24 and is being applied to accounts as required, this is not expected to have a significant impact on any of the figures quoted. The Fund is not aware of any cases affected by the Goodwin test cases.

There are no non-adjusting events after the reporting date for GMP & McCloud.

The Court of Appeal upheld a High Court ruling on section 9(2B) rights in the case of Virgin Media Ltd v NTL in July 2024. We have been advised that HM Treasury is still assessing the implications of this ruling on the LGPS. The Scheme Advisory Board continue to raise the matter with the pensions minister for clarification.

There are no non-adjusting events after the reporting date in respect of this ruling.

7. ANALYSIS OF THE MAIN REVENUE ACCOUNT TRANSACTIONS

The following table provides further analysis of contributions received and benefits paid between the Administering Authority (Shropshire Council), Designated Bodies and Scheme Employers (Unitary, Town and Parish Councils) and Admission Bodies (Private bodies carrying out former Local Government functions or bodies providing a public service on a non-profit making basis).

2024/25	Administering Authority £000	Admission Bodies £000	Designation Bodies/ Scheme Employers £000	Total £000
Contributions Received				
Employees	7,707	1,764	12,030	21,501
Employers	29,860	3,258	39,899	73,017
Transfers In	5,765	346	4,950	11,061

2024/25	Administering Authority £000	Admission Bodies £000	Designation Bodies/ Scheme Employers £000	Total £000
Total Income	**43,332**	**5,368**	**56,879**	**105,579**
Payments Made				
Pensions	47,228	11,673	29,204	88,105
Lump Sums	9,599	3,385	9,030	22,014
Death Benefits	860	260	1,471	2,591
Refunds	76	4	163	243
Transfers Out	2,859	321	2,454	5,634
Total Expenditure	**60,622**	**15,643**	**42,322**	**118,587**

2023/24 comparative figures	Administering Authority £000	Admission Bodies £000	Designation Bodies/ Scheme Employers £000	Total £000
Contributions Received				
Employees	7,550	1,826	11,208	20,584
Employers	22,559	4,815	35,651	63,025
Transfers In	3,617	43	3,913	7,573
Total Income	**33,726**	**6,684**	**50,772**	**91,182**
Payments Made				
Pensions	43,459	10,530	25,613	79,602
Lump Sums	6,778	3,065	6,183	16,026
Death Benefits	429	458	1,079	1,966
Refunds	78	7	158	243
Transfers Out	3,476	74	3,377	6,927
Total Expenditure	**54,220**	**14,134**	**36,410**	**104,764**

This table shows a breakdown of the employers contributions above:

	2024/25 £000	2023/24 £000
Employers normal contributions	60,617	56,555
Employers deficit contributions	2,665	2,845
Employers augmentation contributions	9,735	3,625
	73,017	**63,025**

8. MANAGEMENT EXPENSES

This analysis of the costs of managing the Shropshire County Pension Fund during the period has been prepared in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Management Expenses	2024/25 £000	2023/24 £000
Administrative costs	1,946	1,870
Investment management expenses	20,260	17,634

Oversight and governance costs	1,738	1,641
	23,944	**21,145**

Each external Investment Manager receives a fee for their services based on the market value of the assets they manage on the Fund's behalf. One active manager is required to produce a specific target return in excess of their benchmark return and is paid a performance related fee (over and above a basic fee) for reaching required level of outperformance. The management fees disclosed also include all investment management fees directly incurred by the Fund by pooled fund investments.

The investment management expenses shown below includes £0.649m (2023/24 £0.458m) in respect of performance related fees paid/payable to the Fund's investment managers.

It also includes £3.266m in respect of transaction costs (2023/24 £3.632m).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of Investments (see note 11a).

Investment Expenses	2024/25 £000	2023/24 £000
Management Fees	11,968	8,999
Performance Fees	649	458
Other Fees	4,358	4,524
Transaction Costs	3,266	3,632
Custody Fees	19	21
	20,260	**17,634**

The costs incurred by the fund in administering the fund totalled £1.946m for the year ended 31 March 2025 (2023/24 £1.870m).

Administrative Costs	2024/25 £000	2023/24 £000
Employee Costs	1,241	1,095
IT	408	630
Consultants	81	24
Printing, Postage & Design	61	53
Office Accommodation	37	32
Subscriptions	7	7
Other Costs	111	29
	1,946	**1,870**

The costs incurred by the fund in Oversight and Governance totalled £1.738m for the year ended 31 March 2025 (2023/24 £1.641m).

Oversight & Governance costs	2024/25 £000	2023/24 £000
Investment advice	271	338
Employee costs (pensions investment)	395	302
Actuarial advice	93	103

Oversight & Governance costs	2024/25 £000	2023/24 £000
LGPS Central Pooling costs	704	663
Responsible engagement overlay	51	51
External audit	102	70
Performance analysis	27	30
Internal audit	25	18
Legal & Committee	23	22
Other Costs	47	44
	1,738	1,641

8a. INVESTMENT MANAGEMENT EXPENSES

The tables below show a breakdown of investment management expenses by investment type.

2024/25	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Pooled Investments Vehicles					
Global Equity	3,833	2,413	0	1,239	181
Fixed Income	2,534	675	0	1,824	35
Hedge Fund of Funds	1,290	445	649	0	196
Infrastructure	3,447	2,699	0	0	748
Pooled property investments	1,744	1,613	0	131	0
Private Equity	5,010	2,558	0	0	2,452
Private Debt	1,735	1,171	0	0	564
Property Debt	169	121	0	0	48
Insurance Linked Securities	479	273	0	72	134
	20,241	**11,968**	**649**	**3,266**	**4,358**
Custody Fees	19				
Total	**20,260**				

2023/24 comparative figures	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Pooled Investments Vehicles					
Global Equity	3,329	1,818	0	1,293	218
Fixed Income	4,044	1,183	0	2,234	627
Hedge Fund of Funds	1,438	731	458	0	249
Infrastructure	2,028	1,732	0	0	296
Pooled property investments	1,149	1,104	0	45	0
Private Equity	4,902	1,933	0	0	2,969
Private Debt	24	11	0	0	13

2024/25	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Property Debt	249	200	0	0	49
Insurance Linked Securities	451	287	0	60	104
	17,614	**8,999**	**458**	**3,632**	**4,525**
Custody Fees	20				
Total	**17,634**				

9. INVESTMENT INCOME

The table below analyses the investment income received by the Fund over the last 12 months.

	2024/25 £000	2023/24 £000
Dividends from equities	(1)	(1)
Income from pooled investment vehicles	(12,690)	(10,270)
Interest on cash deposits	(332)	(185)
Other	(982)	(731)
	(14,005)	**(11,187)**

10. TAXES ON INCOME

This table breaks down the taxes on income by asset class.

	2024/25 £000	2023/24 £000
Withholding tax – equities	0	0
Withholding tax – pooled	112	105
	112	**105**

11. INVESTMENTS

This table shows investment assets by type of investment

	2024/25 £000	2023/24 £000
Investment Assets		
Equities	18	16
Pooled Funds		
Global Equity	1,508,181	1,444,229
Fixed Income	363,501	354,383
Hedge Fund of Funds	114,088	103,226
Infrastructure	157,915	161,956
Pooled property investments	117,386	84,545
Private Equity	199,616	200,502
Property Debt	10,417	22,222

	2024/25 £000	2023/24 £000
Insurance Linked Securities	44,303	39,770
Private Debt	78,984	67,330
Other Investments		
Loans	685	685
Cash Deposits		
Deposits	20,246	14,957
Temporary Investments	5,700	1,650
Total	**2,621,040**	**2,495,471**
Long-term Investments		
UK unquoted equities		
Shares in LGPS Central asset pool	1,315	1,315
Total Investment Assets	**2,622,355**	**2,496,786**

11a. RECONCILIATION OF MOVEMENTS IN INVESTMENTS

Investment type 2024/25	Value as at 1 April £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Transition £000	Other cash transactions £000	Change in market value £000	Value as at 31 March £000
Equities	1,331		(38)			0	*1,333
Pooled Investment Vehicles – Other Managed Funds	2,478,163	101,897	(114,054)		(18,282)	146,667	*2,594,391
Other Investment Balances	685						685
Sub total	**2,480,179**	**101,897**	**(114,092)**	**0**	**(18,282)**	**146,707**	**2,596,409**
Cash deposits – with Managers***	14,957	1,782	(3,915)		7,518	(96)	20,246
Temporary Investments	1,650				4,050		5,700
Total	**2,496,786**	**103,679**	**(118,007)**	**0**	**(6,714)**	****146,611**	**2,622,355**

* Within the Pooled Investment Vehicles - other managed funds total of £2594.391m are £605.323m of level 3 investments as at 31 March 2025. Within the Equities figure of £1.333m are £1.315m of level 3 investments as at 31 March 2025. The value of the level 3 investments was £596.321m as at 1 April 2024 which increased to £606.638m as at 31 March 2025. The increase in value is due to purchases of £63.217m, sales of £85.448m and change in market value of £32.548m.

** The total change in market value for 2024/25 as per the table above is £146.611m. This figure is made of up of profit on sales of £33.081m, market value gains offset by directly charged fees of £19.048m and also the difference between book cost and market value for the whole Fund which for 2024/25 was £94.482m.

*** Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.

Investment type 2023/24 Comparative figures	Value as at 1 April £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Transition £000	Other cash transactions £000	Change in market value £000	Value as at 31 March £000
Equities	1,325		(111)			117	*1,331
Pooled Investment Vehicles – Other Managed Funds	2,221,038	378,745	(375,778)		(16,930)	271,088	*2,478,163
Other Investment Balances	685						685
Sub total	**2,223,048**	**378,745**	**(375,889)**	**0**	**(16,930)**	**271,205**	**2,480,179**
Cash deposits – with Managers***	12,683	2,215	(26)		60	25	14,957
Temporary Investments	2,600				(950)		1,650
Total	**2,238,331**	**380,960**	**(375,915)**	**0**	**(17,820)**	****271,230**	**2,496,786**

* Within the Pooled Investment Vehicles - other managed funds total of £2478.163m are £595.006m of level 3 investments as at 31 March 2024. Within the Equities figure of £1.331m are £1.315m of level 3 investments as at 31 March 2024. The value of the level 3 investments was £590.231m as at 1 April 2023 which increased to £596.321m as at 31 March 2024. The increase in value is due to purchases of £74.550m, sales of £74.459m and change in market value of £5.999m.

** The total change in market value for 2023/24 as per the table above is £271.230m. This figure is made of up of profit on sales of £14.251m, market value gains offset by directly charged fees of £16.733m and also the difference between book cost and market value for the whole Fund which for 2023/24 was £240.246.

*** Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.

12. STOCK LENDING

The Fund no longer participates in a stock lending programme with its Custodian, Northern Trust following termination of the remaining segregated equities fund in April 2022.

13. ANALYSIS OF DERIVATIVES

Currently, Legal & General, who manage the global equity passive portfolio, hedge 100% of their foreign currency exposure back to sterling. The global equity passive portfolio also has an equity protection strategy in place on approximately £625m initial notional value.

14. FAIR VALUE – BASIS OF VALUATION

Unquoted equities in LGPS Central are valued using the cost approach / considering Fair Value at Initial Recognition approach as these methodologies provide viable approaches to valuing this shareholding, and they both generate consistent valuations at historic cost less any adjustment for impairment. This will be the approach used for valuing this holding until any change in circumstances creates an alternative approach.

All other investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

The valuation basis for each category of investment asset is set out below.

Pension Fund Accounts

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted equities and pooled fund investments	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Quoted fixed income bonds	Level 1	Quoted market value based on current yields	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Pooled equity fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled fixed income fund investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Infrastructure	Level 3	Discounted Cash Flows, Market valuations of comparable companies & Binding sale agreements	Enterprise Value / EBITDA multiple, Discount Rate	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Shares in LGPS Central asset pool	Level 3	Valued using cost approach and considering fair value at initial recognition approach	No market for shares in LGPS Central and no immediate plans to pay dividends. Cost approach generates a figure similar to the original cost of investment when LGPS Central was created	Valuation reviewed on an annual basis to ascertain if there is any reason that this valuation may have been impaired
Insurance linked securities	Level 3	Closing single price. Investments are fair valued using earned net assets value method	NAV based pricing set on a forward pricing basis. NAV based pricing based upon either 3rd party broker marks or independent Milliman valuations using available industry loss assumptions and 3rd party reports.	Valuations could be affected by any changes to underlying values of the invested portfolio. Value appreciation/depreciation is typically dependent on and contingent on specific insurance events/triggers not occurring.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private Debt	Level 3	Valuations received directly from the manager of the underlying investment and comply with revised International Private Equity and Venture Capital Valuation Guidelines 2018	Inputs are unobservable and are dependent on the valuations provided by the manager of the underlying investment	Valuations could be affected by changes to the valuation of the underlying investment portfolio arising from changes to estimates and differences between unaudited and audited accounts
Property Debt	Level 3	Valued using amortised cost and considering fair value at initial recognition approach	Underlying property value, projected future cashflows, cash available, indicative market interest rates for similar products	Valuation reviewed on a quarterly basis to ascertain if there is a reason that this valuation may have been impaired
Private Equity and other unquoted	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020) or other appropriate guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valuations received directly from the third party hedge funds with which the fund of hedge fund manager invests	Valuations/prices of the investments held are not publicly available. NAV based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against

Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025 and 31 March 2024.

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-25	Potential value on increase	Potential value on decrease
		£000	£000	£000
Private Equity	20%	199,616	239,539	159,693
Hedge Funds	5%	114,088	119,792	108,384
Insurance Linked	5%	44,303	46,518	42,088
Infrastructure	20%	157,915	189,498	126,332
Private Debt	10%	78,984	86,882	71,086

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-25	Potential value on increase	Potential value on decrease
		£000	£000	£000
Property Debt	10%	10,417	11,459	9,375
Unquoted UK Equity	15%	1,315	1,512	1,118
Total		**606,638**	**695,200**	**518,076**

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-24	Potential value on increase	Potential value on decrease
		£000	£000	£000
Private Equity	5%	200,502	210,527	190,477
Hedge Funds	5%	103,226	108,387	98,065
Insurance Linked	5%	39,770	41,759	37,782
Infrastructure	5%	161,956	170,054	153,858
Private Debt	5%	67,330	70,697	63,964
Property Debt	5%	22,222	23,333	21,111
Unquoted UK Equity	5%	1,315	1,381	1,249
Total		**596,321**	**626,138**	**566,506**

14a. FAIR VALUE HIERARCHY

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 - where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.

Level 2 - where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 - where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Shropshire County Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are undertaken quarterly.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Pension Fund Accounts

Asset type	Investment Manager	Investment Type	Market Value	Quoted market price	Using observable inputs	With significant evaluation inputs
2024/25			£000	Level 1 £000	Level 2 £000	Level 3 £000
Equities	LGPS Central Ltd*	UK Equities (unquoted)	1,315			1,315
Pooled Investment Vehicles	HarbourVest Partners Ltd	Private Equity	186,074			186,074
	Aberdeen Property Investors	Property Unit Trusts	117,386		117,386	
	Blackrock	Hedge Fund	114,088			114,088
	Global Infrastructure Partners	Infrastructure	91,810			91,810
	Legal & General	Global Equities	838,683		838,683	
	T.Rowe Price	Global Dynamic Bonds	96,944		96,944	
	Securis	Insurance Linked Securities	44,303			44,303
	DRC	Property Debt	10,417			10,417
	LGPS Central Ltd	Global Equities	669,498	669,498		
	LGPS Central Ltd	Investment Grade Corporate Bonds	266,557	266,557		
	LGPS Central Ltd	Private Debt	78,984			78,984
	LGPS Central Ltd	Infrastructure	66,105			66,105
	LGPS Central Ltd	Private Equity	13,542			13,542
Cash Deposits & Other (including net Current Assets)			26,649	26,649		
Total			**2,622,355**	**962,704**	**1,053,013**	**606,638**

Asset type	Investment Manager	Investment Type	Market Value	Quoted market price	Using observable inputs	With significant evaluation inputs
2023/24			£000	Level 1 £000	Level 2 £000	Level 3 £000
Equities	LGPS Central Ltd*	UK Equities (unquoted)	1,315			1,315
Pooled Investment Vehicles	HarbourVest Partners Ltd	Private Equity	195,758			195,758
	Aberdeen Property Investors	Property Unit Trusts	84,545		84,545	
	Blackrock	Hedge Fund	103,226			103,226
	Global Infrastructure Partners	Infrastructure	112,450			112,450
	Legal & General	Global Equities	789,842		789,842	
	T Rowe Price	Global Dynamic Bonds	100,358		100,358	
	Securis	Insurance Linked Securities	39,770			39,770
	DRC	Property Debt	22,222			22,222
	LGPS Central Ltd	Global Equities	654,387	654,387		
	LGPS Central Ltd	Investment Grade	254,025	254,025		

Asset type 2023/24	Investment Manager	Investment Type	Market Value £000	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant evaluation inputs Level 3 £000
		Corporate Bonds				
	LGPS Central Ltd	Private Debt	67,330			67,330
	LGPS Central Ltd	Infrastructure	49,506			49,506
	LGPS Central Ltd	Private Equity	4,744			4,744
Cash Deposits & Other (including net Current Assets)			17,308	17,308		
Total			**2,496,786**	**925,720**	**974,745**	**596,321**

* Share Capital investment in LGPS Central Ltd has been carried at cost

14b.RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Investment type 2024/25	Value as at 1 April £000	Transfers into Level 3 £000	Transfers out of Level 3 £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Other cash transactions £000	Unrealised gains and losses £000	Realised gains and losses £000	Value as at 31 March £000
Equities (unquoted)	1,315				0	0	0	0	1,315
Private Equity	200,502			17,898	(24,970)	(5,011)	(8,524)	19,721	199,616
Infrastructure	161,957			21,125	(34,747)	(3,447)	(5,529)	18,556	157,915
Hedge Fund	103,225			0	0	(1,290)	10,863	1,290	114,088
Insurance Linked Securities	39,770			0	0	(478)	4,506	505	44,303
Property Debt	22,222			0	(10,218)	(169)	(1,587)	169	10,417
Private Debt	67,330			24,194	(15,513)	(1,735)	2,973	1,735	78,984
Total	**596,321**	**0**	**0**	**63,217**	**(85,448)**	**(12,130)**	**2,702**	**41,976**	**606,638**

15. FINANCIAL INSTRUMENTS

15a. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

	31 March 2025			31 March 2024		
	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Financial Assets						

	31 March 2025			31 March 2024		
	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Equities	1,333			1,331		
Pooled Investment Vehicles – Other Managed Funds	2,594,391			2,478,163		
Other Investment Balances - Loans		685			685	
Cash		25,992			16,607	
Total Assets	**2,595,724**	**26,677**	**0**	**2,479,494**	**17,292**	**0**
Financial Instruments						
Debtors		10,240			11,202	
Creditors			(6,242)			(4,812)
Total	**2,595,724**	**36,917**	**(6,242)**	**2,479,494**	**28,494**	**(4,812)**

15b.NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

	2024/25 £000	2023/24 £000
Financial Assets		
Fair value through profit and loss	146,611	271,230
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
Financial Liabilities		
Fair value through profit and loss	0	0
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
	146,611	**271,230**

16. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits to pay members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk
Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the assets mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis and manage any identified risk in two ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Other price risk
Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund investment strategy.

Other price risk – sensitivity analysis
In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2025/26 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Asset Type	Potential market movements (+/-)
Global Unconstrained Equities	20.7%
Global Equities (passive)	19.5%
Investment Grade Bonds	7.8%
Unconstrained bonds	5.9%
UK Property	12.5%
Private Equity	23.9%
Hedge Funds	5.1%
Infrastructure	20.5%
Property Debt	10.1%
Insurance Linked Securities	4.8%
Private Debt	10.6%

Should the market price of the Fund investments increase/decrease in line with the above, the change in the net assets available to pay benefits would be as follows.

Asset type 2024/25	Value as at 31 March 2025 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Net Assets including Cash and Other	31,990	0	31,990	31,990
Investment Portfolio Assets				
Global Equities (unconstrained)	669,516	138,590	808,106	530,926
Global Equities (passive)	838,683	163,543	1,002,226	675,140
Investment Grade Bonds	266,557	20,791	287,348	245,766
Unconstrained Bonds	96,944	5,720	102,664	91,224
Property	117,386	14,673	132,059	102,713
Private Equity	199,616	47,708	247,324	151,908
Hedge Funds	114,088	5,819	119,907	108,269
Infrastructure	157,915	32,373	190,288	125.542
Property Debt	10,417	1,052	11,469	9,365
Insurance Linked Securities	44,303	2,127	46,430	42,176
Private Debt	78,984	8,372	87,356	70,612
Total assets available to pay benefits	**2,626,399**	**440,768**	**3,067,167**	**2,185,631**

Asset type 2023/24 Comparative Figures	Value as at 31 March 2024 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Net Assets including Cash and Other	24,998	0	24,998	24,998
Investment Portfolio Assets				
Global Equities (unconstrained)	654,403	133,498	787,901	520,905
Global Equities (passive)	789,842	153,229	943,071	636,613
Investment Grade Bonds	254,026	18,290	272,316	235,736
Unconstrained Bonds	100,358	5,921	106,279	94,437
Property	84,545	10,568	95,113	73,977
Private Equity	200,502	47,920	248,422	152,582
Hedge Funds	103,225	5,264	108,489	97,961
Infrastructure	161,956	31,258	193,214	130,698
Property Debt	22,221	1,978	24,199	20,243
Insurance Linked Securities	39,770	1,989	41,759	37,782
Private Debt	67,330	6,464	73,794	60,866
Total assets available to pay benefits	**2,503,176**	**416,378**	**2,919,554**	**2,086,798**

Interest rate risk

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 is set out below.

Asset Type	As at 31 March 2025 £000	As at 31 March 2024 £000
Cash and cash equivalents	25,946	16,607
Cash balances*	(46)	(40)

Asset Type	As at 31 March 2025 £000	As at 31 March 2024 £000
Bonds	363,501	354,383
Total change in assets available	**389,493**	**370,950**

* Overdrawn cash balance as at 31 March 2024

The following analysis shows the effect in the year on the net assets available to pay benefits of a plus or minus 1% change in interest rates assuming all variables, in particular exchange rates, remain constant. This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets exposed to interest rate risk	Value as at 31 March £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
As at 31 March 2025				
Cash and cash equivalents	25,946	0	25,946	25,946
Cash balances	46	0	46	46
Fixed Income	363,501	3,635	367,136	359,866
Total	**389,493**	**3,635**	**393,128**	**385,858**

Assets exposed to interest rate risk	Value as at 31 March £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
As at 31 March 2024				
Cash and cash equivalents	16,607	0	16,607	16,607
Cash balances	(40)	0	(40)	(40)
Fixed Income	354,383	3,544	357,927	350,839
Total	**370,950**	**3,544**	**374,494**	**367,406**

During 2024/25 the Fund received £0.267m (2023/24 £0.120m) in interest from surplus pension fund revenue cash. This was either invested in call accounts (including Insight Money Market Fund) which are classified as a variable rate investment or a fixed term deposit. A 1% change in interest rates throughout the year would have increased or decreased the amount of interest earned on these investments by £0.059m. In addition, the Fund earned £0.065m (2023/24 £0.066m) in interest on its loan to LGPS Central Ltd. The impact of a 1% change in interest rates would have increased or decreased interest earned on this loan by £0.007m.

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency risk – sensitivity analysis

Assets exposed to currency risk	Asset value as at 31 March 2025 £000	Potential market movement £000 10%	Value on increase £000 10%	Value on decrease £000 10%
Overseas Equities	627,244	62,724	689,968	564,520
Overseas Private Equity	199,002	19,900	218,902	179,102
Overseas Private Debt	31,645	3,165	34,810	28,480
Overseas Infrastructure	125,065	12,507	137,572	112,558
Cash balances	13,563	1,356	14,919	12,207
Total change in assets available to pay benefits	**996,519**	**99,652**	**1,096,171**	**896,867**

Assets exposed to currency risk	Asset value as at 31 March 2024 £000	Potential market movement £000 10%	Value on increase £000 10%	Value on decrease £000 10%
Overseas Equities	610,843	61,084	671,927	549,759
Overseas Private Equity	199,813	19,981	219,794	179,832
Overseas Private Debt	21,846	2.,185	24,031	19,661
Overseas Infrastructure	140,711	14,071	154,782	126,640
Cash balances	7,893	789	8,682	7,104
Total change in assets available to pay benefits	**981,106**	**98,111**	**1,079,217**	**882,995**

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Pension Fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2025 and 31 March 2024 were received in the first two months of the financial year.

In January 2018 the Fund advanced a loan of £0.685m to LGPS Central asset pool on commercial rates, repayable in 2027. LGPS Central have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2025 is therefore not considered to be significant and no credit loss adjustment has been made.

The Fund has set limits on the maximum sum placed on deposit with individual financial institutions.

The investment priorities for the management of the pension fund revenue cash held for day-to-day transactions are the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the minimisation of risk. Accordingly, the Administering Authority

ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Administering Authority's creditworthiness policy which the Pension Fund has also adopted and approved as part of the annual Pension Fund Treasury strategy.

The Fund's lending list is reviewed continuously in conjunction with the Administering Authority's treasury advisor. The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. The maximum amount is currently limited to £5,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions including Money Market funds, part nationalised institutions and other Local Authorities. In addition to credit ratings the Administering Authority continually monitors the financial press and removes institutions from its approved lending list immediately if appropriate.

The Pension Fund has had no experience of default or uncollectable deposits over the past five financial years.

Asset type	Rating	As at 31 March 2025 £000	As at 31 March 2024 £000
Lloyds	AA-	3,000	0
Insight BGP Liquidity Fund	AAAm	2,700	0
Handelsbanken Instant Access Account	AA	0	1,650
Total		**5,700**	**1,650**

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due i.e. that cash is not available when required. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements at 31 March 2025 was £5.70m (31 March 2024 £1.65m).

The Fund has immediate access to cash through two instant access accounts and one instant access money market account, which at any one time could have up to £13 million available in total. The Fund can also access immediate cash held by Northern Trust, which as at 31 March 2025 was £16.617m (31 March 2024 £12.373m). The Fund does not have access to an overdraft facility.

Officers prepare a daily cash flow forecast to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the investment strategy.

17. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation will take place as at 31 March 2025.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- To ensure that employer contribution rates are as stable as possible
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- To reflect the different characteristics of employing bodies in determining contribution rates where it considers it reasonable to do so
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations

The aim is to achieve 100% solvency over a period of 16 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. For each individual employer, the funding objective, method and assumptions depend on a particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the Funding Strategy Statement.

At the 2022 actuarial valuation, the Fund was assessed as 99% funded (94% at the March 2019 valuation). This corresponded to a deficit of £22 million (2019 valuation was £132 million) at that time. Revised contributions set by the 2022 valuation were introduced in 2023/24 and the common contribution rate (i.e. the average employer contribution rate in respect of future service only) is 18.4% of pensionable pay (16.6% at the March 2019 valuation).

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows:

Financial assumptions	31 March 2022	31 March 2019
Discount rate	4.8% p.a.	4.25% p.a.
Assumed long term CPI inflation	3.1% p.a.	2.4% p.a.
Salary increases – long term	4.35% p.a.	3.65% p.a.
Salary increases – short term	No allowance	No allowance
Pension increases in payment	3.1% p.a	2.4% p.a

The assumed life expectancy from age 65 is as follows:

Demographic assumptions		31 March 2022	31 March 2019
Current pensioners (at age 65)	Males	22.1	22.8
	Females	24.4	24.9
Future pensioners (assumed current age 45)	Males	23.4	24.1
	Females	26.2	26.6

It is assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement (80% at 2019).

18a. LONG TERM DEBTORS

Details of long-term debtors outstanding as at 31 March 2025 is shown below:

Long term Debtors	2024/25 £000	2023/24 £000
Lifetime and annual tax allowances*	1,857	1,724
Total	**1,857**	**1,724**

* The HMRC annual allowance limits the tax relief on pension contributions each year and the Life time allowance (abolished after 5th April 2023) limits the total amount of savings in a pension pot without facing a tax charge when drawing it. The Pension Fund pays the tax charge upfront on behalf of those members affected and who elect for 'scheme pays'. The Fund is reimbursed by the members via pension deductions over time.

18b. ANALYSIS OF DEBTORS

Provision has been made for debtors known to be outstanding as at 31 March 2025. An analysis of debtors outstanding as at 31 March 2025 is shown below:

Debtors	2024/25 £000	2023/24 £000
Contributions due - employees	1,626	1,561
Contributions due - employers	5,636	5,610
Other entities and individuals	1,121	2,307
Total	**8,383**	**9,478**

19. ANALYSIS OF CREDITORS

Provision has also been made for creditors known to be outstanding at 31 March 2025. An analysis of creditors outstanding as at 31 March 2025 is shown below:

	2024/25 £000	2023/24 £000
Central Government bodies	(1,310)	(1,023)
Other Local Authorities	(2,420)	(2,306)
Other entities and individuals	(2,512)	(1,443)
Total	**(6,242)**	**(4,772)**

20. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Scheme members have the option to make Additional Voluntary Contributions (AVCs) to enhance their pension benefits. These contributions are invested with an appropriate provider and used to purchase an annuity at retirement. Contributions are paid directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Contributions are invested in with-profit, unit linked or deposit funds of the scheme member. At present there are around 582 scheme members with AVC policies. These policies are held either by Utmost or Prudential.

During 2024/25 contributions to schemes amounted to £1.176m (2023/24 £1.078m). The combined value of the AVC funds as at 31 March 2025 was £5.342m (31 March 2024 £5.669m).

NOTE 21: RELATED PARTY TRANSACTIONS

Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.411m (2023/24 £2.299m) in relation to the administration and management of the Fund and all these costs are recharged to the Pension Fund.

Shropshire Council is also the single largest employer of members of the Pension Fund. At the year end, a balance of £3.487m (2023/24 £2.798m) was due to the Fund from the Council relating to contributions which became due in March but were paid in April and other payments due.

Several employees of Shropshire Council hold key positions in the financial management of the Shropshire County Pension Fund. The Executive Director of Resources (s151 Officer), the Head of Pensions (LGPS Senior Officer), the Pensions Investment & Responsible Investment Manager, the Pension Fund Accountant, the Pensions Investment Analyst and the Pensions Administration Manager are all active members of the Fund.

Under the Local Government Pension Scheme 1997 Regulations, Councillors were entitled to join the scheme. Legislation which came into force on 1 April 2014 meant the LGPS was only available to councillors and elected mayors of an English County Council or District Council who elected to join before 31 March 2014. From 1 April 2014 access to the LGPS for councillors was removed and those councillor members who were in the Scheme on the 31 March 2014 could only remain in the Scheme until the end of their current term of office. The remaining active councillor members were removed from the Scheme in May 2017 at the end of their individual office. All councillor members who sit on the Pension Fund Committee who joined the LGPS before 31 March 2014 are now either deferred or pensioner members of the Fund.

LGPS Central

LGPS Central (LGPSC) has been established to manage investment assets on behalf of nine Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool.

The Fund invested £1.315m in share capital and £0.685m in a loan to LGPSC in 2017/18. These remain the balances at 31 March 2025. The Fund was owed interest of £0.065m (31 March 2024 £0.065m) on the loan to LGPSC at 31 March 2025. The rate of interest applied to the LGPSC loan is Bank of England Base Rate plus 4.5% margin. This loan is due to be repaid to the fund in 2027.

In addition, the Fund has now invested in several LGPSC sub-funds (Global Equity, Global Sustainable Equity, Infrastructure, Private Debt, Private Equity and Global Investment Grade Corporate Bonds). The Fund incurred investment management costs totalling £8.942m in respect of investments held with LGPS Central of which £0.032m was payable to LGPSC at 31 March 2025.

The Fund incurred costs totalling £0.703m (2023/24 £0.645m) in respect of Governance, Operator Running and Product Development in connection with LGPSC in 2024/25 of which £0.168m (31 March 2024 £0.159m) was payable to LGPSC at 31 March 2025.

Shropshire Council as the Administering Authority of the Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. If this guarantee is called this will be funded by the Pension Fund. The guarantee is on a joint and several basis with the other partner Funds in LGPS Central.

As at the 31st March 2025 LGPS Central Ltd IAS 19 figure was a surplus of £1.68m. As the figure is in surplus, no amount would be due from the Fund.

The guarantee only comes into effect following certain events which (directly or indirectly) cause LGPS Central to cease to be a Scheme employer or fail to pay amounts due. This is not anticipated to be a likely event. The amount of any liability calculated under IAS 19 is subject to the specific assumptions required for the calculation of such a figure under accounting standards. In the event of an exit payment being required, this would be calculated by the Actuary based on the best estimates of the actual liability at the time.

NOTE 21a: KEY MANAGEMENT PERSONNEL

The posts of Executive Director of Resources (s151 Officer) and Head of Pensions (LGPS Senior Officer) are deemed to be key management personnel with regards to the fund. The financial value of the relationship with the fund (in accordance with IAS24) is set out below:

	2024/25 £000	2023/24 £000
Short-term benefits*	145	124
Post employment benefits**	61	173
Total	**206**	**297**

* This is the Pension Fund's element of short term remuneration for key management personnel, i.e. annual salary, benefits in kind and employer contributions

** This is the change in value of accrued pension benefits, expressed as cash equivalent transfer value

22. CONTRACTUAL COMMITMENTS

The Fund has a 22.5% (~£590 million) strategic asset allocation to private market investments split Private Equity (7.5%), Infrastructure (7.5%) and Private Debt (7.5%). The Fund has a legacy allocation to Property Debt which will mature over the next 6 months and be subsumed by the Private Debt allocation. It is necessary to over commit the strategic asset allocation because some of these investments will mature and be repaid before the committed capital is fully invested.

As at 31 March 2025 £338m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£278m) and a separate investment through LGPS Central (£60m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2025 the fund's Private Equity investments totalled £199.616m (31 March 2024 £200.502m). Commitments outstanding at the 31 March 2025 were £94.6m.

As at 31 March 2025 £220m has been committed to investment in Infrastructure via Global Infrastructure Partners (£135m) and LGPS Central Core/Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at the 31 March 2025 were £42.4m (Global Infrastructure Partners £20.2m and LGPS Central Core/Opportunistic Infrastructure Partnership £22.2m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2025 the fund's Infrastructure investments totalled £157.915m (31 March 2024 £161.956m).

As at 31 March 2025 £47m has been committed to investment in Property Debt via DRC & £210m committed to investment in Private Debt via LGPS Central. The Property Debt portfolio is a legacy asset and will mature over the next 6 months. As at 31 March 2025 there were outstanding commitments of £136.9m, Private Debt via LGPS Central £131.6m and Property Debt via DRC £5.3m. The commitment of £210m to LGPS Central includes £90m commitment to the LGPS Central 2024 Private Debt Scheme to allow further commitments in line with the strategic asset allocation. No drawdown against this commitment had been made at the 31 March 2025. Investments in the Private Debt portfolio will be made as opportunities arise over the next 2-3 years. As at 31 March 2025 the fund's Property Debt and Private Debt investments totalled £10.417m & £78.984m (31 March 2024 £22.222m & £67.330m) respectively.

NOTE 23: CONTINGENT ASSETS

23 admitted body employers in the Shropshire County Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

NOTE 24: VALUE ADDED TAX

The Fund is reimbursed VAT by HM Revenue and Customs. The accounts are shown exclusive of VAT.

NOTE 25: CUSTODY OF INVESTMENTS

Custodial Services are provided to the Fund by Northern Trust. This includes the safekeeping of assets, the collection of income and the monitoring and execution of corporate actions in conjunction with investment managers. The Custodian also provides independent confirmation of the assets and their value held by the Fund. Securities are held on a segregated basis via a nominee account and are clearly separated from the Custodian's own assets.

NOTE 26: FUND AUDITORS

Grant Thornton has completed its audit in accordance with the Local Audit and Accountability Act 2014 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. The Audit Certificate is published within this report.

NOTE 27: PENSION FUND BANK ACCOUNT

Since April 2010 all income received for the Pension Fund has been paid into a separate pension fund bank account. The balance on this account is monitored daily and surplus cash balances invested and as at 31 March 2025 £5.70 million was invested (31 March 2024

£1.65m). The cash balance in the Pension Fund account as at the same date was in hand by £0.05 million (31 March 2024 £0.04m overdrawn).

NOTE 28: FUND STRUCTURE UPDATE

In June 2023 following several investment strategy workshops the Pension Committee agreed the Fund's new strategic asset allocation which is detailed below against the previous allocations:

Asset	2021 Strategic Allocation % of Fund	2023 Strategic Allocation % of Fund	Change
Targeted return funds (e.g. absolute return bonds, hedge funds, insurance linked securities)	25%	7.5%	-17.5%
Property Debt	3.5%	0%	-3.5%
Equities	50%	55%	+5%
Private Debt	4%	7.5%	+3.5%
Indirect Property	5%	5%	-
Private Equity	6.25%	7.5%	+1.25%
Infrastructure	6.25%	7.5%	+1.25%
Investment Grade Corporate Bonds	0%	10%	+10%

Implementation of the new strategy commenced in 2023/24 and continued in 2024/25. Allocation changes in respect of public markets (Equity and Investment Grade Corporate Bonds) were all completed in 2023/24. Private Market (Private Equity, Infrastructure, Debt) changes will take longer to fully implement as this involves the timing of maturities from existing investments and the drawdown of new commitments over time. This will result in additional holdings remaining in target return funds until the capital is required to meet commitments. Investments in this sector currently reside with individual managers as the proposed LGPS Central product for this area was withdrawn in 2023/24.

In September 2017, an equity protection strategy was implemented with Legal & General, one of the Fund's existing managers. The strategy is currently being used to reduce equity risk. At 31 March 2025 approximately 42% of total global equities were being protected at this time. The equity protection strategy remained constant during 2024/25 at c.£640 million (notional). Geopolitical tensions and uncertainty in economic forecasts led to a full review of the equity protection options on several occasions during 2024/25. At the 31 March 2025, the fund held equity protection options with Legal and General which had expiry dates of June 2025 and December 2025. The June 2025 equity protection policy was removed in April 2025 after the year end. The December 2025 protection on the S&P only remains in place covering a notional value of £420m. Full updates are provided to Pension Committee each quarter on the equity protection strategy.

During the financial year the Fund made additional commitments of £90m to the LGPS Central Private Debt 2024 vintage to achieve the target allocation of 7.5%. The Fund also made increased investments with Aberdeen to increase the property allocation towards the 5% allocation. The Committee also agreed to a slight amendment to the targeted return allocation of 7.5% with Insurance Linked Securities being retained at an allocation of 1.5% and absolute bonds reduced from 3.75% allocation to 2.25% to accommodate.

The strategic allocation in June 2023 removed the allocation to property debt in favour of private debt. The property debt portfolio will mature over the next 6 months and proceeds will be used to meet existing commitments to the LGPS Central Private Debt fund. The total proportion of the fund to debt investments remains at 7.5% but this is now reflected as private debt in the strategic asset allocation.

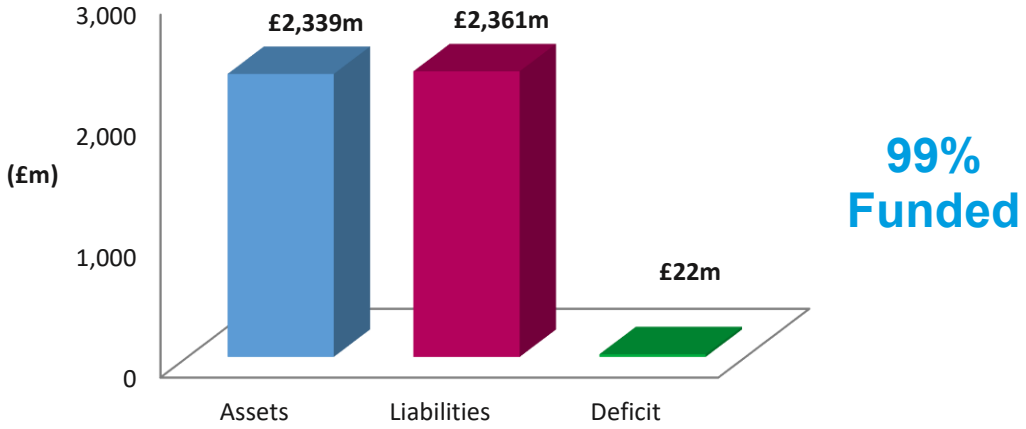
SHROPSHIRE COUNTY PENSION FUND

Accounts for the year ended 31 March 2025
Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Shropshire County Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £2,339 million represented 99% of the Fund's past service liabilities of £2,361 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £22 million.



The valuation also showed that a Primary contribution rate of 18.4% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the actuarial valuation the average recovery period adopted was 16 years for employers in deficit and 12 years for the employers in surplus, and the total initial recovery payment (the "Secondary rate" for 2023/26) was an addition of approximately £1.7m per annum in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate):		
Standard	4.80% per annum	5.20% per annum
Lower risk	4.55% per annum	4.70% per annum
Rate of pay increases (long term)	4.35% per annum	4.35% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix B.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	**£2,519m**
Interest on liabilities	£121m
Net benefits accrued/paid over the period*	(£28m)
Actuarial losses / (gains) - see below	(£364m)
End of period liabilities	**£2,248m**

**this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- Change in financial assumptions: Corporate bond yields increased over the year, with a corresponding increase in discount rate from 4.9% p.a. to 5.8% p.a. The long-term assumed CPI is slightly lower at the end of year than it was at the start of year. In combination, these factors lead to a significant reduction in liabilities.
- Change in demographic assumptions: As noted in appendix B, the mortality assumptions have been updated to reflect the latest mortality tables and future life expectancy improvement model. This acts to slightly reduce the liabilities.
- Pension increases / inflation experience: The figures allow for the impact of actual CPI experienced over the year compared to the start of period assumption (experience to September 2024 fed into the April 2025 pension increase of 1.7%, and actual inflation from that point will feed into the 2026 increase). As inflation over the year was a little lower than the long-term assumption, this slightly decreases the liabilities.

Clive Lewis
Fellow of the Institute and Faculty of Actuaries

Mark Wilson
Fellow of the Institute and Faculty of Actuaries

Mercer Limited
May 2025

Appendix A - additional considerations

The "McCloud judgment": The figures above allow for the impact of the judgment based on the proposed remedy.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Market volatility and tariffs: There was significant volatility in markets shortly after the accounting date, in part due to the announcements on tariffs coming from the USA. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

Virgin Media Court Case: Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

Appendix B – financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2025 (the 31 March 2024 assumptions are included for comparison):

Financial assumptions

	31 March 2024	31 March 2025
Rate of return on investments (discount rate)	4.90% per annum	5.80% per annum
Rate of CPI inflation/Care benefit revaluation	2.70% per annum	2.60% per annum
Rate of pay increases	3.95% per annum	3.85% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.80% per annum	2.70% per annum

Post retirement mortality (normal health)

	31 March 2024 (M/F	31 March 2025 (M/F)
Base mortality table	SAPS 3 / SAPS 3 middle	SAPS 4 / SAPS 4 middle
Future improvements	CMI 22 1.5%	CMI 23 1.5%
Additional parameters	S=7, A=0 W20=W21=0%, W22=25%	S=7, A=0 W20=W21=0%, W22=W23=15%
Non-retired member (current age 45):		
Weightings	102% / 92%	101% / 93%
Life expectancies at age 65	23.1 / 26.0	23.1 / 26.0
Retired members (current age 65):		
Weightings	98% / 92%	96% / 92%
Life expectancies at age 65	21.8 / 24.2	21.8 / 24.3

The base tables are set based on the most recent mortality analysis for the Fund (undertaken as part of the 2022 actuarial valuation). The future improvements allow for a best estimate long-term improvement rate of 1.5%, and have been updated to allow for the latest base tables available (the “S4” series of tables and CMI 2023 at the end of period), with a reweighting to maintain consistency with the underlying mortality analysis.

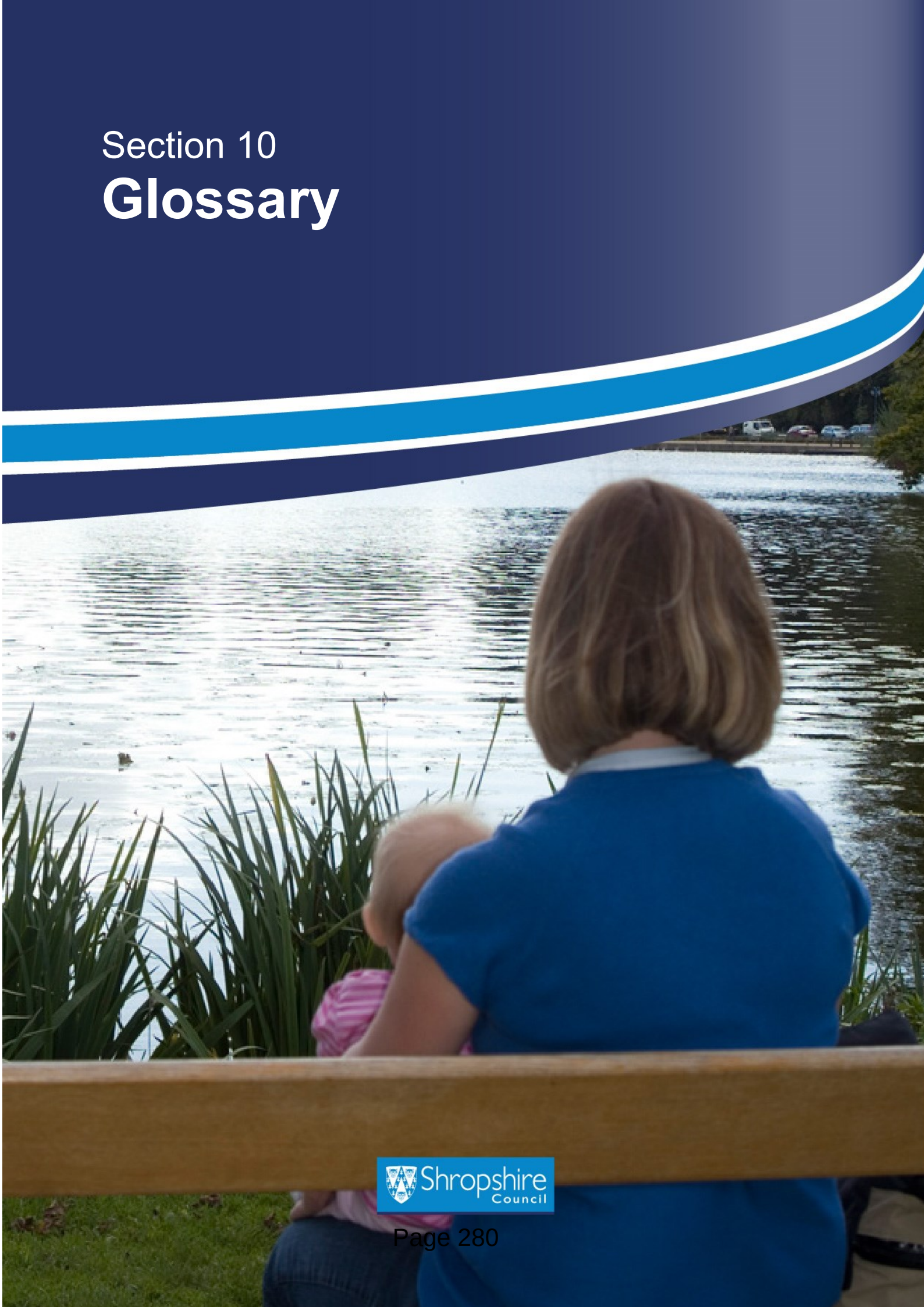
Other demographic assumptions

The other demographic assumptions are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

TO BE COMPLETED FOLLOWING EXTERNAL AUDIT

Section 10

Glossary



Glossary

Accountable Body	An accountable body receives external funding and is responsible for the financial management of these funds, therefore the accountable body must ensure that robust accounting and performance management arrangements are in place with regard to the distribution and spending of these funds.
Accounting Concepts	The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.
Accounting Policies	The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.
Accumulated Absences Account	The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.
Accruals	The accruals accounting concept requires the non-cash effect of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Actuarial Gain	This may arise on defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated).
Actuarial Loss	These may arise on defined benefit pension scheme liabilities and assets. A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

Glossary

Adjusted Capital Financing Requirement	The value of the Capital Financing Requirement after it has been adjusted by the value of Adjustment A.
Adjustment A	The difference between the Council's Credit Ceiling and Capital Financing Requirement to ensure that the impact of the Prudential Code (effective from 1 April 2004) is neutral on the Council's revenue budget. Once calculated the figure is fixed.
Appropriation	The transfer of sums to and from reserves, provisions and balances.
Asset Ceiling	This is the limit on the amount of surplus (net assets) that an employer an recognise on their balance sheet for a defined benefit pension scheme. The limit is based on the present value of any economic benefits the employer can derive from the surplus.
Assets	These are economic resources that can include anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value.
Associated Company	An organisation in which the Council has a participating interest and over which it can exercise significant influence without support from other participants in that organisation (e.g. other board members etc.). The exercise of significant influence occurs when one organisation is actively involved and is influential in the direction of another organisation through its participation in policy decisions including decisions on strategic issues. A holding of 20% or more of the voting rights of an organisation is generally recognised as being a significant influence.
Balances	Amounts set aside to meet future expenditure but not set aside for a specific purpose.
Balance Sheet	The financial statement that reports the financial position of an organisation at a point in time, for Shropshire Council this is the 31st March. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the non-current assets held.

Glossary

Below the Line Items	Items that are notionally allocated to services to arrive at the “Net Cost of Service”. Below the line items include depreciation and IAS19 pension costs.
Bonds	Investment in certificates of debts issued by a Government or company. These certificates represent loans which are repayable at a future date with interest.
Borrowing	Loans from the Public Works Loans Board and the money markets which finance the capital programme of the Council.
Budget	The financial plan reflecting the Council’s policies and priorities over a period of time i.e. what the Council is going to spend to provide services. This is the end product of a budget strategy.
Budget Strategy	A plan of how the Council is going to meet its policies and priorities, taking account of the resources available to the Council. This will include proposals for efficiency savings and possibly service changes and/or cuts, which may free resources to spend on other policies and priorities.
Cabinet	The group of members (local councillors) that provide the executive function of the Council within the policy parameters set by Council. This group of members is able to exercise considerable control over the Council. Its decision- making powers are set out in the Council’s Constitution.
Capital Adjustment Account	The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.
Capital Expenditure	Expenditure on items that have a life of more than one year, such as buildings, land, major equipment.

Glossary

Capital Financing Requirement (CFR)	This sum represents the Council's underlying need to borrow for capital purposes. It is calculated by summing all items on the balance sheet that relate to capital expenditure, e.g. non-current assets, financing leases, Government grants deferred etc. The CFR will be different to the actual borrowing of the Council as actual borrowing will relate to both capital and revenue activities and it is not possible to separate these sums. This figure is then used to calculate the Council's Minimum Revenue Provision.
Capital Grants Unapplied	The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.
Capital Receipts	The proceeds from the sale of non-current assets such as land and buildings. These sums can be used to finance new capital expenditure.
Capital Receipts Reserve	The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.
Capitalised Expenditure	Represents expenditure on assets. This expenditure is reflected in the value of assets that are reported in the Balance Sheet and will result in increased depreciation costs to the Income and Expenditure Account.
Cash Equivalents	Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Cash Flow Statement	The financial statement that summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Code of Practice on Local Authority Accounting (Code)	A publication produced by CIPFA that provides comprehensive guidance on the content of a Council's Statement of Accounts.

Glossary

Collection Fund	A separate statutory fund which records Council Tax and Non-Domestic Rates collected, together with payments to precepting authorities (e.g. Police Authorities, Fire Authorities etc.), NDR distribution to Central Government and the billing Council's own General Fund.
Collection Fund Adjustment Account	The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
Comprehensive Income and Expenditure Statement	This is fundamental to the understanding of a Council's activities. It brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise Council Tax according to different rules and for the ability to divert particular expenditure to be met from capital resources.
Constitution	The document that sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people.
Contingent Liability	Potential costs that the Council may incur in the future because of something that happened in the past.
Corporate Bonds	Investments in certificates of debt issued by a company. These certificates represent loans which are repayable at a future date with interest.
Council	The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.
Council Tax	A local taxation that is levied on dwellings within the local Council area. The actual level of taxation is based on the capital value of the property, which is split into 8 bands from A to H, and the number of people living in the dwelling.

Glossary

Council Tax Base	To set the Council Tax for each property a Council has to first of all calculate the council tax base. This is a figure that is expressed as the total of band D equivalent properties. The total amount to be raised from Council Tax is divided by this figure to determine the level of tax for a band D property. The level of tax for the other bands of property are calculated by applying a predetermined ratio to the band D figure.
Council Tax Precept	The amount of income due to the Council in respect of the total Council Tax collected.
Credit	A credit represents income to an account.
Credit Ceiling	A term from the old Local Authority capital expenditure system, the credit ceiling represented the Council's total debt outstanding after taking account of sums set aside to repay borrowing.
Creditors	Represents the amount that the Council owes other parties.
Debit	A debit represents expenditure against an account.
Debt Charges	This represents the interest payable on outstanding debt.
Debtors	Represents the amounts owed to the Council.
Dedicated Schools Grant (DSG)	A specific grant paid to Local Authorities to fund the cost of running its schools.
Dedicated Schools Grant (DSG) Adjustment Account	The Dedicated Schools Grant (DSG) Adjustment Account holds any DSG deficit separately from the Council's General Fund.
Deferred Capital Receipts Reserve	The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts.
Deficit	Arises when expenditure exceeds income or when expenditure exceeds available budget.

Glossary

Depreciation	The accounting term used to describe the charge made representing the cost of using tangible non-current assets. The depreciation charge for the year will represent the amount of economic benefits consumed in the period, e.g. due to wear and tear over time.
Direct Revenue Financing	The cost of capital projects that is charged against revenue budgets.
Equities	Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder's meetings.
Estimation Techniques	The methods adopted by an organisation to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves.
Exceptional Item	Material Items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The payments usually cover the full cost of the asset, together with a return for the cost of finance.
Financial Instruments	Financial instruments are formally defined in the Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition is a wide one, it covers the treasury management activity of the Council, including the borrowing and lending of money and the making of investments. However, it also extends to include such things as receivables and payables and financial guarantees.

Financial Instruments Adjustment Account	The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.
Fixed Interest Securities	Investments in mainly Government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange before the repayment date.
Futures	A contract made to purchase or sell an asset at an agreed price on a specified future date.
General Fund Balance	The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance is the reserve held by the Council for general purposes, i.e. against which there are no specific commitments. That said it is prudent and sensible for these sums to be treated as a contingency to protect the Council's financial standing should there be any financial issues in the year.
Going Concern	The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.
Group Accounts	Where a Council has an interest in another organisation (e.g. a subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.
Hedge Funds	An investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money to make investment, borrowing shares in order to sell them and profiting from company mergers.

Glossary

Heritage Assets	These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture.
Housing Revenue Account	The Housing Revenue Account reflects the statutory obligation to maintain a revenue account for the local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. This account includes the revenue costs of providing, maintaining and managing Council dwellings are charged. These costs are financed by tenants' rents and government housing subsidy.
Impairment	Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (e.g. fire at a school) or a deterioration in the quality of the service provided by the asset (e.g. a library closing and becoming a storage facility), or by a general fall in prices of that particular asset or type of asset.
Index Linked Securities	Investments in Government stock that guarantee a rate of interest linked to the rate of inflation. These securities represent loans to Government which can be traded on recognised stock exchanges.
Inflow	This represents cash coming into the Council.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards are issued by the International Accounting Standards Board (IASB) to develop a single set of financial reporting standards for general purpose financial statements.
Investments	An asset which is purchased with a view to making money by providing income, capital appreciation or both.
Joint Venture	An organisation in which the Council is involved where decisions require the consent of all participants.
LDI	Liability driven investment (LDI) strategies aim to enable pension funds to reduce risk and improve funding levels by reducing volatility over time. Because the value of future pension payments is directly linked to inflation, interest rates and the longevity of Fund members, Funds have sought investments linked to such factors.

Leases	A method of funding expenditure by payment over a defined period of time. An operating lease is similar to renting, the ownership of the asset remains with the lessor and the transaction does not fall within the capital control system. Finance leases are more akin to borrowing and do fall within the capital system.
Liabilities	An obligation to transfer economic benefits. Current liabilities are usually payable within one year.
Liquid Resources	These are resources that the Council can easily access and use, e.g. cash or investments of less than 365 days.
Major Repairs Reserve	The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.
Managed Funds	A type of investment where a number of investors pool their money into a fund which is then invested by a fund manager.
Materiality	Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the reader of the accounts. Materiality has both quantitative and qualitative aspects.
Minimum Revenue Provision (MRP)	A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).
Movement in Reserves Statement	This provides a reconciliation showing how the balance of resources generated/consumed in the year links in with statutory requirements for raising Council Tax.
Non Domestic Rates (NDR)	Taxation that is levied on business properties. This is collected by billing authorities and then distributed to preceptors and Central Government.
Net Book Value	The amount at which non-current assets are included in the balance sheet. It represents historical cost or current value less the cumulative amounts provided for Depreciation or Impairment.

Glossary

Net Expenditure	The actual cost of a service to an organisation after taking account of all income charged for services provided.
Net Cost of Service	The actual cost of a service to an organisation after taking account of all income charged for services provided. The net cost of service includes the cost of depreciation relating to non-current assets.
Non-Current Assets	Tangible assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.
Operating Lease	A lease where the asset concerned is returned to the lessor at the end of the period of the lease.
Outflow	This represents cash going out of the Council.
Outturn	Actual expenditure within a particular year. In the Narrative Report this expenditure is stated before taking into account Depreciation and other Below the Line Items.
Pension Reserve	The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.
Post Balance Sheet Event	Those events both favourable and unfavourable, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Responsible Financial Officer.
Precept	The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the council on their behalf. A body which can set a precept is called a preceptor.

Primacy of Legislation	The accounting concept primacy of legislation applies when accounting principles and legislative requirements are in conflict, in such an instance the latter shall apply.
Prior Period Adjustments	These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.
Private Finance Initiative (PFI)	A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.
PFI Credits	The financial support provided to Local Authorities to part fund PFI capital projects.
Provisions	Provisions represent sums set aside to meet specific future expenses which are likely or certain to be incurred, as a result of past events, where a reliable estimate can be made of the amount of the obligation.
Prudence	This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Prudential Borrowing	The amount of borrowing undertaken by the Council to fund capital expenditure, in line with affordable levels calculated under the Prudential Code.
Prudential Code	The Government removed the extensive capital controls on borrowing and credit arrangements from 2004/05 and replaced them with a Prudential Code under which each Council determines its own affordable level of borrowing. The Prudential Code requires authorities to set specific prudential indicators e.g. affordable borrowing limit on an annual basis.
Public Works Loans Board (PWLB)	A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.
Public Sector Bonds	Investments in certificates of debt issued by Government. These represent loans to Governments which are tradable on recognised stock exchanges.

Revaluation Reserve	The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised. The Reserve contains only revaluation gains accumulated since April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.
Revenue Expenditure	Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.
Revenue Expenditure Funded By Capital Under Statute	Expenditure incurred during the year that may be capitalised under statutory provisions and does not result in the creation of non-current assets.
Revenue Support Grant (RSG)	An amount of money that Central Government makes available to Local Authorities to provide the services that it is responsible for delivering.
Reserves	Sums are set aside in reserves for specific future purposes rather than to fund past events.
Service Reporting Code of Practice (SERCOP)	Provides guidance to local authorities on financial reporting to stakeholders. It establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.
Soft Loan	This is a loan which is provided with a below-market rate of interest.
Specific Grant	A grant awarded to a Council for a specific purpose or service that cannot be spent on anything else.
Subsidiary	An organisation that is under the control of the Council (e.g. where the Council controls the majority of voting rights, etc.)
Surplus	Arises when income exceeds expenditure or when expenditure is less than available budget.

Glossary

Trading Service/Organisation	A service run in a commercial style and environment, providing services that are mainly funded from fees and charges levied on customers.
Treasury Strategy	A plan outlining the Council's approach to treasury management activities. This includes setting borrowing and investment limits to be followed for the following year.
Unit Trusts	A pooled Fund in which small investors can buy and sell units. The pooled Fund then purchases investments, the returns on which are passed on to the unit holders. It enables a broader spread of investments than investors could achieve individually.
Unquoted Equity Investment	Investments in unquoted securities such as shares, debentures or unit trusts which are not quoted or traded on a stock market.
Usable Capital Receipts Reserve	Represents the resources held by the Council that have arisen from the sale of non-current assets that are yet to be spent on other capital projects.
Usable Reserves	Reserves that can be applied to fund expenditure or reduce local taxation, all other reserves retained on the balance sheet cannot.
Variation	The difference between budgeted expenditure and actual outturn, also referred to as an over or under spend.
Virement	The transfer of resources between two budgets, such transfers are governed by financial rules contained within the Constitution.

Draft Statement of Accounts
2024-2025

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Appendix 2

Analytical Review of Shropshire Council's Statement of Accounts for 2024/25

1. The analytical review for 2024/25 highlighted several areas where there were material changes (Variances over £8m or over 10%), the most significant are detailed below along with an explanation of why these changes have occurred:

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Health and Wellbeing**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Income	(26,688)	(23,092)	(3,596)	16

Income within Planning services has increased by £1.605m relating to planning application fees and an increase in fees to external organisations. Several grants received within Health, Wellbeing and Prevention have increased including an increase of £0.465m in the Public Health grant, £0.280m Nutrient Support Fund grant, £0.360m Local Stop Smoking Services and Support grant and £0.216m Supplementary Substance Misuse Treatment and Recovery. Contributions from Health for the Shropshire Partnership have increased by £0.603m

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Local Authority Housing**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Gross Expenditure	16,190	22,731	(6,541)	(29)

In 2024/25 there has been a revaluation gain of £1.753m compared to a revaluation loss of £5.256m in 2023/24 resulting in a £7.009m swing in expenditure. In 2023/24 there were revaluations losses experienced on new build properties in applying social housing discount factor to value them on EUV SH basis. In 2024/25 there were no new build properties and only a small number of acquisitions which were revalued on a EUV SH basis. The overall movement on the stock was a revaluation increase.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Local Authority Housing**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Income	(23,090)	(20,399)	(2,691)	13

Income within the HRA has increased due to a 7.7% increase to Social Housing and Affordable rents and an increase in income from service charges which are based on actual cost.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – People**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Gross Expenditure	523,761	466,007	57,754	12

Within Adult Social Care Operations there has been an increase in costs of £18.936m mainly relating to the cost of Care Contracts. Costs associated with Home to School transport have increased by £3.473m mainly relating to SEND Transport due to an increase in the number of children. Payments to Early Years settings have increased by £13.011m which is offset by DSG. The cost of External Residential Placements Fees has increased by £5.737m within Children's and Families due to an increase in the number of placements. There has been an increase in costs within Learning & Skills - SEN & Disability Services of £4.447m in relation to external placement fees and £8.646m in School Top Up Funding.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – People**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Income	(251,005)	(221,218)	(29,787)	13

Grants within People Services have increased by £15.261m, the main increases being a £10.357m increase in DSG and £6.098m Market Sustainability and Fair Cost Fund. £4.648m REFCUS grants in Adult Social Care Business Support. Income within Adult Social Care has increased by £8.112m which includes service user contributions and contributions from Health.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Place**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Gross Expenditure	188,270	165,133	23,137	14

Expenditure in relation to depreciation, impairments and revaluations has increased by £12.235m. The main area of movements were a revaluation loss in relation to PFI assets of £7.954m, £3.030m revaluation loss in relation to assets brought onto the Balance Sheet in relation to Finance Leases and £1.952m increase in depreciation in Highways. There has been an increase in expenditure of £5.370m in Partnerships and Economic Development in relation to grants awarded to external bodies from the UK Shared Prosperity Fund. This has been offset by grant income. Costs within Corporate Landlord increased by £1.381m in relation to the Multi Agency Hub. Costs within Growth and Economy increased by £1.336m in relation to Affordable Housing. Payments to contractors within Theatre Services increased by £0.796m which was offset by increased income from productions.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Place**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Income	(72,110)	(59,974)	(12,136)	20

In 2024/25 grant income has increased within Place. Grant income of £7.634m was released in relation to the UK Shared Prosperity Fund to offset costs incurred on this programme compared to £1.818m in 2023/24. Grants within Shropshire Hill National Landscape increased by £1.064m. Income from Theatre productions increased by £1.577m. There was an increase in funding of £2.179m in relation to the Broadband Project and £1.581m in relation to the Multi Agency Hub.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Strategic Management Board**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Gross Expenditure	7,963	4,693	3,270	70

Expenditure has increased in Strategic Management Board as a result of costs incurred on the Transformation Programme. £7.147m has been spent

with PWC to help deliver savings proposals compared with £3.360m in 2023/24.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Strategic Management Board**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Income	(111)	(81)	(30)	37

Income has increased due to additional sponsorship income achieved during 2024/25 within Commercial Services.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Corporate**

	2024/25 £000	2023/24 £000	Movement £000	Movement %
Gross Expenditure	17,886	10,327	7,559	73

The most significant increase within Corporate Services relates to Curtailments for Pensions which has increased from £2.179m in 2023/24 to £8.276m in 2024/25. Curtailment costs are normally the result of increased benefits being awarded in the event of members retiring early during the year. The contribution to the provision for Termination Benefits has increased by £1.796m in relation to termination benefits that the Council has legally committed to during 2024/25, but the costs will not be realised until 2025/26.

- **Comprehensive Income and Expenditure Statement – Other Operating Expenditure**

2024/25 £000	2023/24 £000	Movement £000	Movement %
37,593	15,205	22,391	147

The loss on disposal of non-current assets increased from £5.232m in 2023/24 to £26.477m in 2024/25. Areas of significant change were in relation to the write out of previous components where replacement expenditure took place (£3.468m) and in 2024/25 eight schools in SC ownership transferred to Academy Schools, plus playing fields at three others transferred to Academy Schools and The Centre, a youth facility in Oswestry.

- **Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

2024/25 £000	2023/24 £000	Movement £000	Movement %
22,165	29,195	(7,030)	(24)

Pensions interest cost and expected return on pensions assets reduced from £5.019m in 2023/24 to £1.160m in 2024/25. Interest on plan assets increased by £5.264m and interest on pension liabilities increased by £1.405m. The interest is calculated using the discount rate at the start of the year, this increased from 4.8% to 4.9%.

Interest Payable has decreased by £2.123m due to a reduction in Finance Lease interest which is partially offset by an increase in PWLB interest charges relating to new borrowing taken out in 2024/25.

The movement in the valuation of Investment Properties increased from a £0.464m gain in 2023/24 to a £3.471m gain in 2024/25. This relates to specific movements in the value of assets in this category and represents the net position.

- **Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Income**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(368,234)	(346,009)	(22,225)	6

Income due from Council Tax increased by £14.685m in 2024/25. This was due to a 4.99% increase in the Council Tax charge. Income from Business Rates increased by £1.803m. Non-ringfenced revenue grants increased by £3.063m which is a net position which includes an increase of £2.877m of Business Rates Relief Grant, an increase of £1.225m in Rural Services Delivery Grant and a decrease in Service Grant of £1.709m. Capital grants and contributions increased by £2.674m.

- **Comprehensive Income and Expenditure Statement – Surplus or Deficit on Revaluation of Property, Plant and Equipment Assets**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(898)	(28,387)	27,489	(97)

This figure is the value of upward or downward revaluations that are debited/credited directly to the Revaluation Reserve, rather than to service revenue accounts, this can only be done where there is a balance on the

revaluation reserve for the asset. The increase recorded in 2023/24 was £28.387m but the increase in 2024/25 was only £0.898m. This reflects the movement market values, change in build costs (DRC valuations) and the latest property information provided to the Valuers. Also, as this is the net position, across all assets, the increases on some assets were also offset by the loss charged on PFI assets, which were revalued based on the lease liability under the terms of the lease and IFRS16 requirements, before being revalued back to their fair value valuations.

- **Comprehensive Income and Expenditure Statement, Remeasurement of the Net Defined Benefit Liability**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(19,418)	(93,328)	73,910	(79)

The movement in the remeasurement of the net defined benefit liability is due to movements in several figures affecting the pension assets and liabilities. The liability element has moved from a net gain of £21.216m in 2023/24 to a net gain of £157.588m due to an increase in the discount rate. The assets element has moved from a gain of £72.112m in 2023/24 to a gain of £3.847m due to lower positive returns on investments than the prior year. In 2024/25 an asset ceiling has been applied to adjust the net surplus on the pension asset/liability to limit any surplus based on economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The asset ceiling applied was £142.017m giving a net remeasurement gain of £19.418m.

- **Balance Sheet Non-Current Assets – Property, Plant and Equipment**

2024/25 £000	2023/24 £000	Movement £000	Movement %
1,156,403	1,138,504	17,899	2

This reflects the overall movement in property, plant and equipment. The movement consists of additions, disposals, revaluations (upwards and downwards), depreciation charges and impairments. The main reason for the increase is a £17.571m increase in Assets Under Construction due to the ongoing development of significant schemes such as North West Relief Road, Oswestry Innovation Park and Shrewsbury Town Centre Developments. There has also been a £11.237m revaluation increase in Council Dwellings due to a rise in market value of dwellings within the HRA. These have been offset by a net £8.640m reduction in Other Land and Buildings following the derecognition of school assets transferred to Academies and other asset valuation movements.

- **Balance Sheet Non-Current Assets – Investment Property**

2024/25 £000	2023/24 £000	Movement £000	Movement %
47,701	43,029	4,672	11

The most significant increase was a net £2m gain in valuations of investment properties. There were also transfers into this category with £1.8m for the Ptarmigan building moving from PPE to investment property following the change of use from occupied office space to a property leased out.

- **Balance Sheet Long Term Assets – Intangible Assets**

2024/25 £000	2023/24 £000	Movement £000	Movement %
1,078	2,603	(1,525)	(59)

The reduction in the balance sheet value of intangible assets in 2024/25 reflects the reduction in expenditure under the Digital Transformation Programme which had resulted in a higher level of expenditure on intangible assets in previous years. As intangible assets are subject to a relatively short asset life, the annual amortisation charge leads to a significant reduction in the net book value annually.

- **Balance Sheet Long Term Assets – Long Term Debtors**

2024/25 £000	2023/24 £000	Movement £000	Movement %
23,999	15,259	8,740	57

The increase in long term debtors is mainly due to an increase in the loan provided to Cornovii Developments Limited (£9.36m) in order that they can progress with their target to meet unmet housing need in Shropshire.

- **Balance Sheet Current Assets – Current Held for Sale Investment Properties**

2024/25 £000	2023/24 £000	Movement £000	Movement %
14,520	18,283	(3,763)	(21)

There has been a reduction relating to the disposal of assets of £4.35m in relation to the part of the land holding at Oxon sold on to Lidl. This is partly offset by a £1.427m increase in the valuation of the remaining land at Oxon, reflecting increased sales price expectations.

- **Balance Sheet Current Assets – Current Assets Held for Sale**

2024/25 £000	2023/24 £000	Movement £000	Movement %
4,678	3,904	774	20

The balance sheet value of assets in this classification reflects the position the Council are at with regards disposing of assets and whether they meet the criteria to be classified as Asset Held for Sale at the balance sheet date. From the assets in this category at 31/03/24, disposals of a number of these assets have been completed including the former Hope School, one smallholding and part of the land at another smallholding and properties developed by the HRA for shared ownership sale. Transfers into this category for 2024/25 include the former Hodnet depot, one Smallholding, Craven Arms Gypsy Site, the Former Bridgnorth Waste Transfer site, former Stretton Road car park and plots at Ludlow Eco Business Park.

- **Balance Sheet Current Assets – Inventories**

2024/25 £000	2023/24 £000	Movement £000	Movement %
561	729	(168)	(23)

The reduction in stock is mainly due to reduction in the Salt stock held. This stock level will also be subject to change depending on the number of gritting incidences during the year, and the timing of those in relation to the end of the financial year.

- **Balance Sheet Current Assets – Short Term Debtors**

2024/25 £000	2023/24 £000	Movement £000	Movement %
151,120	123,805	27,315	22

The increase in short term debtors relates to several areas. Revenue Grant debtors have increased by £3.316m due to an increase of £1.322m in the amount due to the Council for Housing Benefit Subsidy and £1.990m due to the Council in relation to the Shared Prosperity Grant Scheme. Capital Grant Debtors have increased by £2.090m which mainly relates to the capital element of the Shared Prosperity Grant Scheme. The debtor balance in relation to VAT repayments due from HMRC has increased by £2.366m. Local Authority debtors has increased by £4.610m with £1.080m relating to an invoice for debt charges which was raised in March and remained outstanding at the end of the financial year, £0.478m relating to the Police and Crime Commissioner and Fire Authority Council Tax debtor. This was previously a creditor in 2023/24. NHS debtors has increased by £10.451m mainly relating to charges to the NHS for Adult Social Care.

- **Balance Sheet Current Assets – Cash & Cash Equivalents**

2024/25 £000	2023/24 £000	Movement £000	Movement %
50,725	37,293	13,432	36

- **Balance Sheet Current Liabilities – Bank Overdraft**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(19,938)	(35,933)	15,995	(45)

The net increase in cash and cash equivalents and the bank overdraft needs to be considered together to explain the true difference in cash balance during the two years. There are several elements that detail the difference in cash balances:

i. Increase in borrowing (increase in cash) – The Council has undertaken more external borrowing during 2024/25, including an additional £26.900m relating to the capitalisation direction awarded by Government. In total external borrowing has increased by £108.929m which is providing additional cash into the organisation, however £20.065m was borrowing required to fund capital expenditure in 2024/25 and £26.900m for the transformation costs under the capitalisation direction. Therefore £61.964m represented new borrowing which was reversing previous internal borrowing undertaken.

ii. Movement in General Fund Balance and Earmarked Reserves (decrease in cash) - There was a £3.412m decrease in the General Fund Balance in 2024/25 with a reduction in earmarked reserves of £9.953m which will reduce available cash balances.

iii. Capital (reduction on cash)– The capital grants unapplied account reduced by £5.147m in the main due to Better Care Fund grants (1.734m) being applied to Disabled Facilities Grant in the year, and the use of £2.818m of basic need capital grant to schools.

iv. Movement in debtors/creditors (reduction in cash) - Debtors have increased by £27.315m during 2024/25 thereby increasing the amount of money owed to the authority and decreasing the potential cash balance held. Creditors have increased by £19.882m thereby increasing the cash balance held. This provides a net reduction in cash of £7.433m

v. Movement in long term debtors (reduction in cash) – Long term debtors have increase by £8.740m, representing the increase in loans to Cornovii Developments Limited, which will have reduced the level of cash available.

- **Balance Sheet Current Liabilities – Short Term Borrowing**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(58,392)	(32,802)	(25,590)	78

Short term borrowing has increased following the Council securing additional external borrowing in line with the Treasury Strategy. The Council is now securing external borrowing rather than utilising internal cash balances given the reduced level of reserves held by the Council. As the interest rate and bank rates remain reasonably high, a lot of the external borrowing has been carried out between 12 months and 2.5 years, which it is intended will then be reprofiled over a longer time period once interest rates reduce as expected over this period.

- **Balance Sheet Current Liabilities – Short Term Creditors**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(108,032)	(88,150)	(19,882)	23

Short term creditors relating to other entities and individuals increased by £15.868m. A significant element of this relates to payments relating to Adult Social Care which were processed at the end of March and were held in creditors control. Amounts due to central government bodies increased by £2.783m due to the amounts owed to Central Government in relation to the Business Rates Collection Fund.

- **Balance Sheet Current Liabilities – Provisions**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(5,109)	(2,707)	(2,402)	89

The most significant increase in Short term provisions relates to the provision for Termination Benefits. This is set aside for known termination benefits that the Council has legally committed to during 2024/25, but the costs will not be realised until 2025/26. For 2024/25 this has increased following the Council's commitment to resize the workforce with 2025/26 implementation dates, despite these decisions being taken during 2024/25.

- **Balance Sheet Current Liabilities – Grants Receipts in Advance - Revenue**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(4,948)	(8,622)	3,674	(43)

Revenue grants receipts in advance have reduced mainly due to 2 grants. In 2023/24 there was a balance of £1.747m in relation to Shared Prosperity, the Council now holds a debtor balance in relation to this grant for the final payment of the 2022-2025 programme. The opening balance in relation to the Homes for Ukraine Scheme Local Authority Tariff Payment was £2.134m, £1.604m has been released in 2024/25 to cover costs associated with this scheme.

- **Balance Sheet Long Term Liabilities – Long Term Borrowing**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(364,866)	(281,527)	(83,339)	30

Long term borrowing has increased following the Council securing additional external borrowing in line with the Treasury Strategy. The Council is now securing external borrowing rather than utilising internal cash balances given the reduced level of reserves held by the Council. As the interest rate and bank rates remain reasonably high, a lot of the external borrowing has been carried out between 12 months and 2.5 years, which it is intended will then be reprofiled over a longer time period once interest rates reduce as expected over this period.

- **Balance Sheet Long Term Liabilities – Other Long Term Liabilities**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(124,212)	(93,313)	(30,899)	33

Other Long Term Liabilities has increased due to the introduction of IFRS 16 Leases. Several leases are now required to be brought onto the Balance Sheet which has resulted in a long term lease liability of £3.819m. The PFI lease liability has also been recalculated as a result of the introduction of the accounting standard which has increased the closing liability by £27.083m.

- **Balance Sheet Long Term Liabilities – Pensions Liability**

2024/25 £000	2023/24 £000	Movement £000	Movement %
(20,246)	(38,587)	18,341	(48)

The deficit on the pension liability has decreased due to a gain on financial assumptions as a result of the increase in the discount rate.

- **Balance Sheet Financing – Usable Reserves**

2024/25 £000	2023/24 £000	Movement £000	Movement %
100,353	119,887	(19,534)	(16)

Usable reserves have reduced mainly due to Earmarked reserves reducing by £9.953m and the General Fund reducing by £3.412m as detailed in the Financial Outturn report to accommodate the overspend in the revenue budget. Also, the Capital Grants Unapplied Account has reduced by £5.147m in the main due to Better Care Fund grants (1.734m) being applied to Disabled Facilities Grant in the year, and the use of £2.818m of basic need capital grant to schools. The Major Repairs Reserve also reduced by £4.146m due to the level of capital investment in the HRA.

- **Balance Sheet Financing – Unusable Reserves**

2024/25 £000	2023/24 £000	Movement £000	Movement %
622,462	658,403	(35,941)	(5)

The decrease in Unusable Reserves is due to changes in the Revaluation Reserve, the Capital Adjustment Account, the Pensions Reserve and the Dedicated Schools Grant Adjustment Account. The Revaluation Reserve decreased by £21.4m (12%) in 2024/25 which reflects the movement in asset values and disposals. The area of significant movement in 2024/25 was the reduction of £10m relating to balances held for the schools derecognised due to transferring to Academies. The Capital Adjustment Account reduced by £22.498m (4.27%). The movement reflects the capital charges, movement in asset values, disposals and capital expenditure financing in 2024/25. The reduction reflects that the movement in values and capital charges were greater than the contributions applied to finance capital expenditure. Increased expenditure on the High Needs Block of the Dedicated Schools Grant (DSG) has resulted in an overspend of £15.335m in 2024/25 against the DSG. Any deficits in relation to DSG are kept separate from the General Fund and transferred to the DSG Adjustment Account to be recovered over future years.

2. The analytical review will be part of the papers to be considered by the external auditors during the annual audit and will be used in forming their opinion on the Statement of Accounts that will be reported in the Audit Opinion and Certificate

Committee and Date Audit Committee 16th July 2025 10:00am	Item Public

Annual Review of Internal Audit Quality Assurance and Improvement Programme (QAIP) 2024/25

Responsible Officer:	James Walton		
email:	James.Walton@shropshire.gov.uk	Tel:	01743 255011
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

1.1. This report confirms, following a self-assessment quality assurance review (QAIP) and an external assessment by Chartered Institute of Public Finance and Accountancy (CIPFA), that Internal Audit complies with the Public Sector Internal Audit Standards (PSIAS).

2. Executive Summary

2.1 The Accounts and Audit Regulations 2015 (5) require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering Public Sector Internal Auditing Standards (PSIAS) or guidance.

2.2 As part of the Service's Quality Assurance and Improvement Programme (QAIP), this report provides the results of a self-assessment of the Internal Audit Service against the requirements of the Public Sector Internal Audit Standards. Compliance with these standards demonstrates an effective

Internal Audit Service. Audit Committee is required to review this report and its findings.

2.3 This review should be read in conjunction with the Annual Internal Audit report, presented to the June 26th Audit Committee meeting. When read together the two reports demonstrate the effectiveness of internal audit. The update of the self-assessment has confirmed that the Council continues to operate an effective Internal Audit function. There are no areas where the Internal Audit function is not complying with the Code and, whilst there are areas of partial compliance, these are not considered significant and do not compromise compliance with the code.

2.4 The PSIAS also contain a requirement for an external assessment of the Internal Audit function once every five years. The Service presented the results of the 2022 assessment to the Committee in February 2022 and full compliance was recorded. The next assessment is to be undertaken by 31st March 2027, it should be noted that this review will be undertaken against the Global Internal Audit Standards (GIAS) as applied in the UK Public Sector which came into effect from April 2025.

3. Decisions

3.1 The Committee is asked to consider and endorse with appropriate comment, the conclusion that the Council employs an effective internal audit service to evaluate its risk management, control and governance processes that complies with the principles of the Public Sector Internal Audit Standards and has planned improvement activities to work towards continuing and full compliance where appropriate.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The Accounts and Audit Regulations 2015 (section 5) require a relevant authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering PSIAS or guidance.

4.2. Under the PSIAS, Internal Audit's mission is, 'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.' Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Thereby providing assurances on the Council's internal control systems by identifying areas for improvement or potential weaknesses and engaging with management to address these in respect of current systems and during system design.

Internal Audit will also continue to align its work with the Strategic Risk Register.

4.3. The use of a consistent framework for internal audit across the UK public sector has benefits for both partnership working and for internal auditors who work across different parts of the public sector. The standards are designed to drive improvement and lead to better public finance arrangements. Under 1310 of the PSIAS there is a requirement for Internal assessments which include:

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessments by other persons within the organisation with enough knowledge of internal audit practices.

4.4. Ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity and is incorporated into the routine policies and practices used to manage the activity. It uses processes, tools and information considered necessary to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards.

4.5. This report provides Members with details of an annual assessment conducted to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. It is completed by the Head of Policy and Governance and discussed with the Section 151 Officer before the results and improvement plan are reported to Audit Committee.

4.6. Under 1312 of the PSIAS there is a requirement for External assessments every five years which include:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

4.7. An independent external assessment must be completed by a body independent to the organisation qualified in the practice of internal auditing. Independence for these reviews is critical to ensure an objective external assessment will demonstrate to the Audit Committee compliance with the PSIAS and the improvement plan will show actions to close any gaps.

4.8. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental or equalities consequences of this proposal.

4.9. The Global Internal Audit Standards (GIAS) which will become effective from 2025. They will replace the existing International Professional Practice Framework (IPPF), the mandatory elements of which are the basis for the current UK public sector internal auditing standards (the PSIAS).

4.10. In response to the new Global Internal Audit Standards CIPFA have issued an Application Note which forms the basis of UK public sector internal audit effective from 1 April 2025. The effective date aligns the new standards with

requirements for annual opinions and other relevant aspects of UK public sector governance which align with the financial year. Until 1 April 2025, the existing PSIAS based on the old International Professional Practices Framework will continue to apply. As this report considers 2024/25 financial year, the assessment is against the PSIAS.

5. Financial Implications

5.1. The Internal Audit service is provided within approved budgets.

6. Climate Change Appraisal

6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Committee and the Internal Audit team will look at these aspects relevant to the governance, risk management and control environment.

7. Background

Shropshire Internal QAIP

7.1. The Public Sector Internal Audit Standards (PSIAS) are mandatory for all principal local authorities as updated in 2017. They consist of:

- Mission of Internal Audit;
- Definition of Internal Auditing;
- Core Principles for the Professional Practice of Internal Auditing;
- Code of Ethics; and
- Standards for the Professional Practice of Internal Auditing.

7.2. The 'Mission' of Internal Audit is, 'to enhance and protect organisational value by providing risk based and objective assurance, advice and insight'. Internal Audit's effectiveness is demonstrated when the following principles are present and operating effectively.

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive and future focused
- Promotes organisational improvement.

7.3. Internal Audit is reviewed using CIPFA's Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (April 2019) for compliance with the Standards, the results of which are summarised in **Appendix A**.

7.4. The PSIAS aim to promote further improvement in the professionalism, quality and effectiveness of internal audit across both the public and private sectors. They reaffirm the importance of robust, independent and objective internal audit arrangements to provide the Executive Director (Section 151 Officer) with the key assurances he needs in both managing the financial affairs of the Council and producing the annual governance statement.

7.5. In complying with the PSIAS, Shropshire Council can provide assurances to Internal Audit's external customers of the teams' professionalism, quality and effectiveness.

7.6. **Appendix A** provides an update against the previously approved improvement plan. Most standards are complied with totally. Where there are areas of partial conformance these are detailed below for members to consider further. Members should note that there are no new areas of none or partial compliance. Where further improvements have been identified in areas of compliance these, along with the actions outlined below, appear in the improvement plan within the appendix, to ensure continuing conformance to the standards.

Additional Information

Internal Assessment: Areas of potential non-conformance

7.7. There is no change to the areas of potential conflict from previous years, the details of which are repeated here. The role of Head of Policy and Governance post includes responsibility for Information Governance and the corporate complaints function. The Internal Audit Manager post adds a layer of independence from the Chief Audit Executive (CAE) in the operational management of the audit team on a day-to-day basis.

7.8. The CAE and Internal Audit Manager have direct access to the Chief Executive, Chairman of the Audit Committee, Leader of the Council, S151 Officer and Monitoring Officer to ensure independence is maintained. In addition the post holder is required to be CCAB qualified and therefore bound by their professional body code of ethics as well as the general requirement to adhere to the NOLAN principles on standards in public life.

7.9. **Code of Ethics - Objectivity Standard**: Do internal auditors display objectivity by not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?

Finding: It is important that internal audit is consulted during system, policy or procedure development. Auditors are assigned to business review projects where there is a possibility that internal control systems will be affected. This is an opportunity for internal audit to provide insight, add value and strengthen internal control arrangements. Where specific auditors have been involved in providing such advice, they will be excluded from carrying out the audit as far as possible i.e. another auditor would be allocated to the audit. If this is not possible, it is felt the benefit of using the experience of

developing controls and procedures outweighs concerns of independence and the review process will help to ensure that the review and report remain objective and evidenced based.

There is therefore **partial** conformance. This is not considered to be to the detriment of the principles of auditing and the independent review process helps to mitigate any risks, therefore no actions are proposed.

7.10. **1100 Independence and Objectivity Standard:** Does the Chief Audit Executive (CAE) confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples **can be** used by the CAE when assessing the organisational independence of the internal audit activity: The Board:

Approves the internal audit budget and resources plan.

Finding: It is the responsibility of the Section 151 Officer to ensure that the budget and resources allocated to internal audit are sufficient to ensure delivery of the plan and to report any concerns to the Audit Committee.

Approves decisions relating to the appointment and removal of the CAE

Finding: It is the responsibility of the Section 151 Officer to ensure that the budget and resources allocated to internal audit are sufficient to ensure delivery of the plan, including the appointment and removal of the CAE, and to report any concerns to the Audit Committee.

Therefore, **partial** conformance: Governance requirements in the UK public sector would not generally involve the board specifically approving the CAE's remuneration. The underlying principle is that the independence of the CAE is safeguarded by ensuring that their remuneration or performance assessment is not inappropriately influenced by those subjected to audit. In the UK public sector, CIPFA advise that this can be achieved by ensuring that the Chief Executive (or equivalent) undertakes, countersigns, reviews or contributes feedback to the performance appraisal of the CAE and that feedback is also sought from the Chair of the Audit Committee, this is completed for Shropshire Council.

The Assistant Director, Legal and Governance also seeks, as he deems appropriate, opinions from the Chairs of externally serviced Audit Committees and their key officers on the Chief Audit Executive's performance for use in his PDP.

The above are not considered significant variations in respect of the principles of the PSIAS to require specific mention in the Annual Governance statement and this has been supported by the findings of the external QAIP reported below.

External QAIP

7.11. The PSIAS also contain a requirement for an external assessment of the Internal Audit function once every five years. The Service presented the results of the 2022 assessment to the Committee in February 2022 and full compliance was recorded. The next assessment is to be undertaken by 31st March 2027 under then Global Internal Audit Standards as applied in the UK Public Sector.

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

- Accounts and Audit Regulations 2015.
- Public Sector Internal Audit Standards 2017
- Local government application notes for the UK Public Sector Internal Audit Standards CIPFA 2019, 2025
- Global Internal Audit Standards 2025
- Completed Conformance Checklist 2024/25 and supporting evidence
- Internal Audit Quality Assurance Improvement Programme – External assessment report, Audit Committee, February 2022.

Local Member: N/A

Appendices

Appendix A: Public Sector Internal Audit Standards conformance assessment and improvement plan.

APPENDIX A – PUBLIC SECTOR INTERNAL AUDIT STANDARDS CONFORMANCE ASSESSMENT AND IMPROVEMENT PLAN APRIL 2025

Standard	Conform	Observations and actions proposed
Mission	Yes	
Definition of Internal Audit	Yes	
Code of Ethics	Yes	
Integrity	Yes	Plan ongoing compliance updates with PSIAS/GIAS at team meetings. Quarterly Chief Audit Executive
Objectivity	Partially	Internal audit is consulted during system, policy or procedure development. Auditors have been assigned to business review projects where there is a possibility that internal control systems will be affected. This is an opportunity for internal audit to add value and strengthen internal control arrangements. Where specific auditors have been involved in providing system advice, they will be excluded from carrying out the audit as far as possible i.e. another auditor would be allocated to the audit. If this is not possible, it is felt the benefit of using the experience of developing controls and procedures outweighs concerns of independence and the review process will help to ensure that the review and report remain objective and evidenced based.
Confidentiality	Yes	Ensure all filing conforms with retention guidelines. Review Audit manual documents and contents are up to date Ongoing Principal Auditors
Competency	Yes	Set dates for PDPs. April/May 2025

Standard	Conform	Observations and actions proposed
		Head of Policy and Governance, Internal Audit Manager and Principal Auditors
Attribute Standards		
1100 Independence and Objectivity	Yes	
1110 Organisational Independence	Partially	It is the responsibility of the Section 151 Officer to ensure that the budget and resources allocated to internal audit are sufficient to ensure delivery of the plan; including the appointment and removal of the CAE and to report any concerns to the Audit Committee. The role of Head of Policy and Governance commenced in the role from 1 April 2023. The Internal Audit Manager post was appointed to from 1 June 2023 which adds a layer of independence from the CAE in the operational management of the audit team on a day-to-day basis.
1111 Direct Interaction with the Board	Yes	
1120 Individual Objectivity	Yes	
1130 Impairment to Independence or Objectivity	Yes	
1210 Proficiency	Yes	Ongoing continuous development of IT skills across the audit team and move the type of audit review conducted by auditors to a more technical one to reflect digital transformation plans and to reflect new systems. March 2026 Chief Audit Executive / Internal Audit Manager Continue to embed the data analytics approach to appropriate audits March 2026 Chief Audit Executive / Internal Audit Manager Principal Auditor IT recruitment complete – commencement July 2025
1220 Due Professional Care	Yes	

Standard	Conform	Observations and actions proposed
1230 Continuing Professional Development	Yes	
1300 Quality Assurance and Improvement Programme	Yes	Ongoing review of the Audit manual and the quality review processes to ensure complete compliance with the standards and suitable guidance for staff. March 2026 Chief Audit Executive / Internal Audit Manager Complete this assessment and continue to report to Audit Committee annually along with a high-level improvement programme. July 2025 Chief Audit Executive
1310 Requirements of the Quality Assurance and Improvement Programme	Yes	
1311 Internal Assessments	Yes	
1312 External Assessments	Yes	
1320 Reporting on the Quality Assurance and Improvement Programme	Yes	
1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'	Yes	Report outcome of this assessment to July Audit Committee on compliance with the standards and a resulting QAIP. July 2025 Chief Audit Executive
1322 Disclosure of Non-conformance	Yes	
2000 Managing the Internal Audit Activity		
2010 Planning	Yes	
2020 Communication and Approval	Yes	

Standard	Conform	Observations and actions proposed
2030 Resource Management	Yes	
2040 Policies and Procedures	Yes	Continue to review policies and procedures March 2026 Chief Audit Executive / Internal Audit Manager
2050 Coordination	Yes	
2060 Reporting to Senior Management and the Board	Yes	Continue to ensure senior managers are informed of changes in the internal control environment. Quarterly throughout the year Chief Audit Executive
2070 External Service Provider and Organisational Responsibility for Internal Auditing	Yes	
2110 Governance	Yes	
2120 Risk Management	Yes	Refresh risk assessments throughout the year as risks change March 2026 Chief Audit Executive / Internal Audit Manager
2130 Control	Yes	
2210 Engagement Objectives	Yes	
2220 Engagement Scope	Yes	
2230 Engagement Resource Allocation	Yes	
2240 Engagement Work Programme	Yes	
2300 Performing the Engagement	Yes	
2310 Identifying Information	Yes	
2320 Analysis and Evaluation	Yes	
2330 Documenting Information	Yes	
2340 Engagement Supervision	Yes	

Standard	Conform	Observations and actions proposed
2410 Criteria for Communicating	Yes	
2420 Quality of Communications	Yes	
2421 Errors and Omissions	Yes	
2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'	Yes	
2431 Engagement Disclosure of Non-conformance	Yes	
2440 Disseminating Results	Yes	
2450 Overall Opinion	Yes	

	Committee and Date Audit Committee 16th July 2025 Council 17th July 2025	Item Public

Audit Committee Annual Assurance Report to Council 2024/25

Responsible Officer:	James Walton		
email:	James.Walton@shropshire.gov.uk	Tel:	01743 255011
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

A key part of the Audit Committee's role is to report annually to Full Council on the Committee's findings, conclusions and recommendations. Audit Committee has some concerns and in the light of the Chief Audit Executive's opinion can only provide limited assurance.

2. Executive Summary

2.1 Attached to this report is the Audit Committee's Annual Assurance Report to Council for 2024/25. This provides Council with limited assurance that it has in place adequate and effective governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that can be relied upon and which contribute to the high corporate governance standards that this Council expects and maintains consistently.

2.2 The Audit Committee recognises and is concerned about the limitations identified in the internal control framework as reported in the Chief Audit

Executive's Opinion and the potential impact on value for money. The Committee is requesting an increase in the number of members serving on it to nine and a change to its title to the Audit and Governance Committee.

3. Decisions

3.1 Audit Committee is asked to consider and comment on the contents of the draft Annual Assurance report for 2024/25 before forwarding to Council with a recommendation to consider, comment upon and accept this report.

Recommendation to Council

3.2 Council is asked to consider and comment on the contents of the Annual Assurance report for 2024/25 before recommending accepting this report.

1. To accept the contents and judgements in this report

2. To agree to change the name of the Committee to that of the Audit and Governance Committee

3. To note its recommendation that the membership of the Committee ought to be increased so that it comprises nine Councillors, and one Independent non-voting person.

4. To appoint the additional four Councillors in accordance with the requirements of political balance.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The Audit Committee's Annual Assurance Report is part of the overall internal control arrangements and risk management process. The Audit Committee objectively examines and evaluates the adequacy of the control environment through the reports it receives and in turn can provide assurances to Council on its governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that inform the Annual Governance Statement

4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change requirements or consequences of this proposal.

5. Financial Implications

5.1. There are no direct financial implications from this report. In assessing the internal control environment, risk management and governance aspects of

the Council, the Audit Committee can provide a perspective on the overall value for money of these.

6. Climate Change Appraisal

6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

7. Background

7.1. A key part of the Audit Committee's role is to report annually to Full Council on the Committee's findings, conclusions and recommendations; providing its opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements. In addition, the Audit Committee should report to Council where they have added value, improved or promoted the control environment and performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions.

7.2. The Audit Committee has a well-established role within the Council, and it is important that an Annual Assurance report based on the work of the Committee is produced and recommended to Council. In compiling this assurance report, information provided at the Audit Committee meeting on 16th July 2025 has also been considered.

7.3. In addition, this report has been reviewed to ensure its continuing compliance with CIPFA 's Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition. This requires the Audit Committee to be held to account on a regular basis by the Council specifically in relation to:

7.4. Whether the;

- committee has fulfilled its agreed terms of reference;
- committee has adopted recommended practice;
- development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities;
- committee has assessed its own effectiveness, or been the subject of a review, and the conclusions and actions from that review and,
- what impact the committee has on the improvement of governance, risk and control within the Council.

7.5. The annual assurance report to Council for 2024/25, attached to this report, is an aid to addressing the key areas where the Committee should be held to account. This report has been prepared in conjunction with key Officers who

have supported the committee in the previous year as the current Committee were only appointed in May 2025 following the local elections.

7.6. The Leadership Board has developed a new way of operating that will align the resources, systems, governance and strategies of the organisation to the vision, priorities and objectives of The Shropshire Plan, within the financial envelope of the Medium Term Financial Strategy (MTFS). Work to embed this will continue throughout 2025/26 which includes the development of a new Shropshire Plan.

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

- CIPFA's Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition
- CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022
- Audit Committee reports 2024/25

Local Member: N/A

Appendices

Appendix A - Draft Audit Committee Annual Assurance Report 2024/25

APPENDIX A

AUDIT COMMITTEE ANNUAL ASSURANCE REPORT FINANCIAL YEAR 2024/25

STATEMENT FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

1. Governance in and of the public sector continues to be high profile with the Chartered Institute of Public Finance and Accountancy (CIPFA) supporting good practice in local government. In Shropshire we have a Code of Corporate Governance which is reviewed annually in line with the best practice issued by CIPFA and SOLACE; we have also produced an Annual Governance Statement, again in line with best practice and legislative requirements. Being well managed and well governed are important attributes in helping to improve performance and in reducing the risk of failing to achieve our objectives and providing good service to our community.

2. Shropshire Council has an Audit Committee that is long established in seeking to maintain and improve our governance procedures. The Committee is a key component of the Council's corporate governance arrangements and a major source of assurance of the Council's arrangements for managing risk, maintaining an effective control environment and reporting on internal and external audit functions and financial and non-financial performance.

3. This year the Committee has held seven planned meetings including the meeting held on 16th July 2025. The previous committee have received and considered a substantial number of reports across key areas of the Council's activity (**see Annex A).**

4. Membership of the Audit Committee for 2024/25 was made up of the following Councillors: Brian Williams (Chairman), Simon Harris (Vice Chairman), Kate Halliday, Nigel Lumby and Roger Evans. Substitutes were invited to attend and contribute at all meetings and training. An independent audit committee member, Jim Arnold was appointed in January 2023. Following the local elections in May 2025 a new committee has been appointed. The opportunity has been taken at this point to review the appropriateness of membership levels to ensure that the committee is adequately resourced to support the Council.

5. The benefits to the Council of operating an effective Audit Committee are:
   - Maintaining public confidence in the objectivity and fairness of financial and other reporting.
   - Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement.
   - Providing a sharp focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of the financial reporting process.
   - Assisting the co-ordination of sources of assurance and, in so doing, making management more accountable.

- Providing additional assurance through a process of independent and objective review.
- Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
- Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.

6. The Committee continues to have a professional and arm's length relationship with Grant Thornton, the Council's external auditors, who attend all meetings of the Committee to offer their advice where needed.

7. The Committee undertakes a substantial range of activities and works closely with both internal and external auditors and the Chief Finance Officer (Executive Director of Resources /Section 151 Officer) in achieving our aims and objectives. We have put together a work and development plan for the year to enable key tasks to be considered and completed.

8. As the newly elected Chair of the Audit Committee, I see training as a key priority for members to undertake our roles effectively. The Committee has undertaken a full and extensive programme in 2024/25. Training has been received in relation to:
   - Audit Committee self-assessment and effectiveness of the Audit Committee
   - Risk management
   - Treasury Management
   - Procurement Act
   - The Council's Operating Model

9. Members also have access to CIPFA's Better Governance Forum network which provides specific information in the form of regular briefings, training events, and an informative web site.

Details of Reports/Information Received

10. **Annex A** provides a summary of the key reports and information received by the Audit Committee at its meetings. These appear categorised in the areas which, under the Terms of Reference, Audit Committee have a responsibility to consider and report upon. They are
    - Governance;
    - Risk management framework;
    - Controls, including specific focus on:
      - Contracts and partnerships
      - Fraud, corruption and whistleblowing
      - Value for money

11. Following receipt of the reports the Audit Committee:
    - Resolved that there were reasonable arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members.

- Resolved that the risk management and assurance framework was fit for purpose and operating as intended.
- Recognise the increased risks in the control environment and resolved that there is still a need with pressures on resources, fiscal economic factors, the impact of voluntary redundancies and the Council's new Target Operating Model, to ensure continual monitoring by management and members alike on the internal control environment.
- Resolved that there were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).
- Resolved that there was evidence of effective arrangements in place to support Value for Money but recognised the links to good financial management and sound internal controls in minimising opportunities for waste and fraud and maximising income and use of all assets, and the need to ensure continual monitoring by management and members alike given the reported direction of travel of the internal control environment.
- Resolved that Financial Statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards.

12. The Chief Audit Executive has offered Limited Assurance for the 2024/25 year on the Council's framework for governance, risk management and internal control. There are a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments that are significant in aggregate but where discrete parts of the system of internal control remain unaffected. A new council structure and operating model was implemented from March 2025, however it is too early to assess the impact of this on the wider system of internal control. Work with the strategic partner PwC has continued and been refined throughout 2024/25 to help deliver the plan, however the full impact of this engagement is yet to be fully realised. Given that this is the 6th year reporting a limited assurance opinion, it is critical for the Council to demonstrate improvements in governance, internal control, and risk management throughout the 2025/2026 period. The findings of this report highlight the need for a proactive approach in addressing the areas rated limited or unsatisfactory assurance during 2024/2025.

13. A key focus must be placed on fostering a culture where audit recommendations are implemented promptly and effectively. Improved accountability across senior management is critical for ensuring active engagement and successful delivery of the Internal Audit Plan. By prioritising these actions, we can enhance the Council's overall control environment, mitigate risks, and support the organisation's strategic objectives. Continuous improvement in these areas will be vital for achieving long-term success and organisational resilience. It should be noted that External Audit criticised this position in their year-end report presented at the December 2024 Audit Committee meeting.

14. The Chief Audit Executive's overall opinion on the control environment has been "Limited" for six years. The Committee shares the concern that there has been no demonstrable improvement in the internal control environment during

2024/25. There is a significant risk that this position is accepted as the norm and puts further pressure on the achievement of the Councils aims and objectives as set out in the Shropshire Plan. It is therefore crucial that appropriate action is taken to reverse this position.

15. This will require a culture change across the organisation and embedding of the values and principles of audit and governance in every part of the Council. This will not be an easy task as the Council faces the following challenges:

a) For six years in succession the Council has only received a limited assurance on the Council's framework for governance, risk and internal control from the Chief Audit Executive.
b) The turnover of Councillors at the election means that three of the five members of the Audit Committee are new to the Council and, like the many other new members, face a steep learning curve.
c) The Council faces an unprecedented financial situation which was adjudged to be perilous two years ago and has worsened since then with external audit identifying significant weakness in financial stability and governance. There is likely to be a corresponding increase in public scrutiny as tough decisions have to be made focussing attention on efficiency, effectiveness, value for money and good governance.
d) The latest update of the strategic risk register shows a very significant increased risk of failure of officers and members to adhere to governance arrangements.

16. In order for the Audit Committee play a leading role in establishing this new culture and addressing the issues that have led to the Council's assurance being limited it is requested that the Council increase the size of the Committee by four members so that all groups on the Council can be represented on it and it has the capacity to manage its work through sub-groups or working parties if appropriate. It is also requested that the title is amended to "Audit and Governance Committee" to make its role clearer.

Audit Service Staff

17. The key Internal Audit staff were Barry Hanson, Head of Policy and Governance and his deputy, Internal Audit Manager, Katie Williams.

18. Without the support of all Audit staff and, in particular, of the officers mentioned above, it would not be possible for the Audit Committee to be as highly effective as peer comparisons show us to be. My thanks and that of my fellow committee members are given to all our Audit Service officers.

Annual Statement of Assurance

19. Based on:
    - The work carried out by the Internal and External Auditors and their reports presented to this Committee;
    - Reports from service managers and;
    - The work carried out by the Section 151 Officer, Head of Policy and Governance and their reports presented to this Committee

    The Audit Committee recognises and is concerned about the limitations identified in the internal control framework and the impact on value for money. Therefore on balance, the Audit Committee can provide limited assurance, founded on those reports, explanations and assurances received, that the Council has in place adequate and effective governance, risk management and internal control systems; internal, external audit functions and financial reporting arrangements that can be relied upon and which contribute to the high corporate governance standards that this Council expects.

Signed Date

On behalf of the Audit Committee

ANNEX A

Summary of assurance reports received by Audit Committee

Governance

- **Management report - ; Annual Governance Statement (AGS) and a review of the effectiveness of the Council's internal controls and Shropshire's Code of Corporate Governance**

Report of the Section 151 Officer on the effectiveness of the system of internal controls and the production of the Annual Governance Statement. In addition, he reported on compliance with the Corporate Governance Code as reasonable. It confirmed the Council's commitment to the principles of good corporate governance and set out clear improvements targeted at managing known strategic risk areas for 2025/26.

- **Internal Audit – Annual review of Internal Audit, Quality Assurance and Improvement Programme (QAIP) 2024/25**

Report of the Section 151 Officer which provided Members with the results of the 2024/25 self-assessment of the Internal Audit Service against the requirements of the Public Sector Audit Standards, compliance against which demonstrates an effective Internal Audit service. There are no areas where the Internal Audit function is not complying with the Code and, whilst there are areas of partial compliance, these are not considered significant and do not compromise compliance with the code. It was noted the report should be read in conjunction with the Internal Audit Annual Report.

- **Annual review of Audit Committee terms of reference**

Report of the S151 Officer which ensures that the Council continues to provide an effective Audit Committee. Terms of Reference are considered and approved by members annually. There were no significant changes proposed in 2024/25.

- **Annual Audit Committee self-assessment**

Report of the Section 151 Officer which requested members to review and comment on compliance with the Chartered Institute of Public Finance and Accountancy's guidance on the function and operation of audit committees. There is significant compliance with the code and an improvement plan to address one area of partial compliance.

- **Internal Audit Charter and Mandate**

Report of the Chief Audit Executive which set out the requirement for an annual review of the Internal Audit Charter and Mandate which had been completed. The Charter demonstrates how Internal Audit complies with Public Sector Internal Audit Standards. The Audit Committee approves the Charter which incorporates the mandate, mission, code of ethics, definition and core principles of Internal Audit. There were no significant changes.

- **Draft Audit Committee annual work plan and future learning and development requirements 2025/26**

Report of the Chief Audit Executive which provided a proposed Audit Committee work plan and sought discussion and agreement around a learning and development plan for members to ensure they were well informed and appropriately skilled to fulfil their role. Therefore ensuring the integrity of the financial reporting and governance of the Council.

The Audit Committee resolved that there were reasonable arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members.

Risk Management Framework

- **Management report: Risk Annual Report 2023/24**

Report of the Risk and Business Continuity Manager provided an overview of the activity of the Risk Management Team during 2023/2024 with a synopsis of the current risk exposure of the Council in relation to strategic, operational and project risks. The Risk Management audit for 2023/24 had received "reasonable" assurance and the Risk and Business Continuity Manager confirmed all recommendations had now been actioned.

- **Management report: Strategic risks update**

The management of the strategic risks is a key process which underpins the successful achievement of our priorities and outcomes. Strategic risks are linked, where appropriate, with the Annual Governance Statement Targeted Outcomes.

Reports during the year set out the existing strategic risk exposure. There were 11 strategic risks on the strategic risk register at the time of the biannual review in June 2024. Seven of these were high risk and two were medium. The report provided the rationale for the increased risk scores and noted that 100% of strategic risks were above the tolerance level.

As part of the review in December 2024 strategic risk were reassessed. 9 were assessed as high risk and who as medium. Three strategic risks were scores at the maximum level of 25, those being:

- Failure to protect and manage the impact of a targeted cyber attack on ICT systems used by the Authority.
- Inability to contain overall committed expenditure within the current available resources within this financial year.
- Inability to set a balanced budget for a given year within the MTFS

Strategic risks are monitored to enable achievement of Council priorities and outcomes and are linked, where appropriate, with the Annual Governance Statement Targeted Outcomes.

- **Internal Audit report of the review of Risk Management audit 2024/25**

Report of the Internal Audit Manager which summarised the detailed findings identified in the Internal Audit review of risk management of which the overall control environment had been assessed as reasonable, with minor control weaknesses identified. The focus of the review was on user compliance with processes around operational and project risks.

- **Draft Internal Audit Annual plan 2025/26**

The draft plan will be presented to the July Audit Committee for consideration and approval. The plan was delayed from the February meeting given the significant senior leadership change, the new Council operating model and Council structure due to be

defined over the coming months it was not possible to complete a full short-term assessment. It was considered prudent to wait for this to be completed before undertaking a full audit needs assessment for the 2025/26 financial year. This will allow Internal Audit resources to be targeted on high priority / high risk areas as defined by the new structures and allow the new Committee to comment on the planned audit work.

The Audit Committee resolved that the risk management and assurance framework was fit for purpose and operating as intended.

Controls

- **Management Update: Blue Badges**

The Transactional Management and Licensing Team Leader provided an update on action taken to address the recommendations made in the 2022/23 audit report and provide Members with an update on the number of applications as requested at the February 2024 meeting. A follow up audit had been completed in April 2024 which confirmed action had been taken to address the recommendations and the overall assurance level had improved from limited to good.

- **Management Update: Cyber Security**

The Head of Automation and Technology provided an update on the Council's current position in relation to the strategic risk of "Failure to protect from and manage the impact of a successful targeted cyber-attack on ICT systems used by the authority." This followed a request at the June Audit Committee members where Members challenged the scoring of the strategic risk at the highest level of 25 (5 for likelihood and 5 for impact).

- **Management Report: North West Relief Road Management Update**

At the February 2024 Audit Committee members requested a further management update in response to the unsatisfactory audit report and two fundamental recommendations.
The Director of Place provided an update on improvements made to address the recommendations in the recent audit of the North West Relief Road project management arrangements.

Following dissatisfaction with the progress made implementing the recommendations and further work highlighted by External Audit the Committee requested a further update in February 2025. The project was subject to new management arrangements following the departure of the Executive Director of Place. Management assurance was received that steps were now in place to address the governance weaknesses identified.

- **Management Update: Bishops Castle Community College**

Audit Committee members requested a management update following an unsatisfactory audit and two fundamental recommendations. The Head teacher provided an update on the actions taken since the audit to address the recommendations. The Committee expressed their concern regarding the length of time it had taken to comply with the recommendations.

- **Management Update: Social Media**

The Audit Committee requested an update on the actions taken to address the recommendations raised in the unsatisfactory audit of the Council's Social Media arrangements. Management assurance was provided that actions were underway to address the recommendations made in the audit report however, some of these actions had log implementation dates due to the structural changes required. It was also noted that further changes to the team as part of the Council's restructure could impact this.

- **Management Update: The Lantern**

Members received an update regarding the actions taken to address the repeated unsatisfactory audit assurance opinion. The establishment had been subject to repeated audits of it's income collection and letting arrangements. Management assurances were provided that recommendations were wither completed or in progress based on the implementation of a new booking system.

- **Management Update External Catering Contracts**

The Audit Committee received a management update on the progress made in implementing a fundamental recommendation made as part of an audit of Shire Services External Catering contracts. Management assurance was provided that significant progress had been made ensuring that signed contracts were in place for the majority of their school contracts.

- **Internal Audit performance report and revised annual audit plan 2024/25**

Report of the Chief Audit Executive provided Members with an update of the work undertaken by Internal Audit throughout the year. By September Members were informed that 31% of the revised plan had been completed. Performance which was slightly behind previous delivery records. Revisions were made to the plan following a successful recruitment campaign.

By the year end the Chief Audit Executive informed members that 96% of the revised plan had been completed and Internal Audit continued to add value to the Council in supporting its business continuity processes and the delivery of bespoke pieces of work, including sharing best practice and providing advice on system developments.

Lower assurance levels and fundamental recommendations were separately identified throughout the year. Where appropriate, members requested management updates at subsequent meetings.

- **Internal Audit annual report 2024/25**

Report of the Chief Audit Executive on achievements against the revised internal audit plan for 2024/25 and the annual internal audit assurance. The Chief Audit Executive gave limited assurance for the year that the Council's framework for governance, risk management and internal control is sound and working effectively.

Revisions were made to the plan to reflect both changing resources and risks. There are a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments that are significant in aggregate but where discrete parts of the system of internal control remain unaffected.

The Audit Committee recognise the increased risks in the control environment and resolved that there is still a need to ensure continual monitoring by management and members alike on the internal control environment.

Controls: Fraud, Corruption and Whistleblowing

- **Fraud, special investigation and Regulation of Investigatory Powers Act (RIPA) update (Exempted by categories 2, 3 and 7)**

Members are provided with exempt reports of the Internal Audit Manager providing an update on the current fraud and special investigations undertaken by Internal Audit and current RIPA activity. From February 2025 these updates now include details of exemptions from the Council's Contract and Financial Rules in relation to procurement activity.

Following the departure of the postholder under the voluntary redundancy programme there are currently no arrangements in place for RIPA activity. The last update was received in July 2024 with the interim arrangements still yet to be decided.

- **Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities, including an update on the National Fraud Initiative**

Report of the Chief Audit Executive outlined the measures undertaken in the last year to evaluate the potential for the occurrence of fraud, and how the Council managed these risks with the aim of prevention, detection and subsequent reporting of fraud, bribery and corruption. It also provided an update on the action plan to ensure continuous improvement and an update to members in response to national and local issues. It was confirmed that the Strategy had been reviewed and updated to reflect both best practice and to continue to be aligned with the updated Fighting Fraud and Corruption Locally Strategy 2020. The Council can never be free from fraud activities, but continues to be focused on acknowledging, preventing and pursuing fraud, bribery and corruption and Audit Committee members reaffirmed the Council's Counter Fraud, Bribery and Anti-Corruption Strategy.

- **Annual Whistleblowing report**

Report of the Assistant Director of Workforce which detailed the cases reported under the Whistleblowing arrangements. Assurance was provided as to the currency of the Whistleblowing Policy and its effectiveness. There has been 23 whistleblowing reports in 2023/24, a slight decrease on the previous year. The committee requested that a note be included in the Chief Executive's weekly staff newsletter to raise awareness of the policy. This was included on the weekly staff Update on 25th July 2024 and on the Leader's Briefing for July 2024.

The Audit Committee resolved that there were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).

Controls: Value for Money

Sound internal controls lead to the effective, efficient and economic use of Council resources (VFM), assurances are taken from the robustness of the internal control

environment, management of risks, soundness of governance and any additional reports add weight to these.

- **External Audit: Pension fund audit plan**

Report of the Engagement Lead (Grant Thornton) setting out the Pension fund plan for the accounting year ending 31 March 2024.

- **External Audit: Shropshire Council audit plan**

Report of the Engagement Lead (Grant Thornton) setting out the plan for the audit of Shropshire Council for the accounting year ending 31 March 2024.

The Audit Committee resolved that there was evidence of effective arrangements in place to support Value for Money but recognised the links to good financial management and sound internal controls in minimising opportunities for waste and fraud and maximising income and use of all assets, and the need to ensure continual monitoring by management and members alike given the reported direction of travel of the internal control environment.

Financial reporting

- **External Audit: Shropshire County Pension Fund Audit Findings (Information) 2023/24**

Report of the Engagement Lead (Grant Thornton) summarised the findings for the year ended 31 March 2024 on the audit of the Pension Fund financial statements. it confirmed that there were no issues around the Fund's ability to continue as a going concern and that it was intended to issue an unqualified opinion to the Pensions Committee.

- **External Audit: Audit progress report and sector update**

Report of the Engagement Lead (Grant Thornton) which highlighted progress and provided a summary of emerging national issues and developments of relevance to the Council.

In December 2024 the Engagement Lead confirmed that the majority of the work had been completed for the Shropshire Council accounts for 2023/24. They were unablet to conclude the audit and issue an audit certificate due to an outstanding objection from 2020/21 and 2023/24, however, they were satisfied that the work would not have a material impact on the financial statements for 2023/24.

- **Financial outturn report 2024/25**

The report from the Section 151 Officer providing details of the revenue outturn position for the Council and the full year capital expenditure and financing of the Council's capital programme will be presented to the July Committee.

- **Approval of the Council's Statement of Accounts 2024/25 including a review of accounting policies**

September 2024: The Committee received the report of the Section 151 Officer which provided the final approval of the Statement of Accounts for 2023/24 detailing the final amendments to the Draft Statement of Accounts made during the audit process.
November 2024: The External Audit Engagement Lead presented their final statement of accounts for 2023/24 for approval.

February 2025: The 2023/24 accounts were presented and approved by the Audit Committee but had not been signed off by External Audit due to delays on their part relating to infrastructure assets.
The report from the Section 151 Officer providing an overview of the Accounts for the year 2024/25 and details of the reasons for the most significant changes between the 2024/25 Accounts will be presented to the July Committee.

Treasury Management

- **Annual treasury report 2023/24**

Report of the Assistant Director Finance and Technology (Deputy Section 151) which set out the borrowing and investment outturn for 2023/24, together with the Treasury limits and Prudential Indicators. This confirmed all appropriate CIPFA regulations and indicators has been followed and the team outperformed the benchmark by 0.79% delivering a return of 4.79%. It was also confirmed that an Internal Audit had been completed of the Treasury function and had received a "good" assurance rating.

- **Treasury Strategy 2024/25 mid-year report**

Report of Section 151 Officer which provided Members with an economic update for the first six months of 2024/25, along with reviews of the Treasury Strategy 2024/25 and Annual Investment Strategy, the Council's investment portfolio for 2024/25, the Council's borrowing strategy for 2024/25, any debt rescheduling taken and compliance with Treasury and Prudential limits for 2024/25.

- **Treasury Strategy 2025/26**

Report of the Section 151 Officer which proposed the Treasury Strategy for 2025/26. It set out the arrangements for how the council would appropriately manage its arrangements for banking, cash flow management, investments, and borrowing, supporting the delivery of the MTFS and The Shropshire Plan. He explained that the report set out the current market conditions that the Council were working within along with the prudential indicators which gave a measure of the financial viability from a capital point of view and a borrowing point of view for the organisation.

The Audit Committee resolved that Financial Statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards

	Committee and Date Audit Committee 16th July 2025 10:00am	Item Public

Draft Internal Audit Annual Plan 2025/26

Responsible Officer:	Barry Hanson		
email:	barry.hanson@shropshire.gov.uk	Tel:	07990 086409
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

The risk based Internal Audit Plan, 2025/26 is presented to Audit Committee for approval. It will evaluate the effectiveness of the Council's risk management, internal control and governance processes across all Directorates.

2. Executive Summary

2.1. This report provides Members with the proposed risk based Internal Audit Plan for 2025/26. The annual plan will provide coverage across the high-risk areas of the Council and delivers internal audit services to a range of external organisations. It takes account of issues identified by the clients' risk management frameworks, including the risk appetite levels set by management for the different activities or parts of the organisations audited. The proposed plan considers the requirement to produce an annual internal audit opinion and assurance framework. The plan is usually presented at the February Audit Committee meeting; however, it was agreed to delay the finalisation of the 2025/26 plan due to the significant changes to the Council's senior leadership team, wider changes to the Council structure and operating model at that time.

The slight delay in the development of the plan also allowed for consideration of any additional risk areas.

2.2. Given the need to respond flexibly to both the Council's demands and the available resources in the team at different times throughout the year, the plan is designed to ensure that all external contracts are completed and for Shropshire Council, must do areas of work are delivered alongside an element of high-risk audits. If there is further recruitment within the year allocations will be made on risk priority matched to auditor skill sets from high-risk areas within the Council not covered in the planned element. The draft 2025/26 Internal Audit plan is set out in **Appendix A** and the call off list of in **Appendix B**. Delivery outcomes will continue to be reported to Audit Committee through the standard performance reports.

3. Recommendations

3.1. The Committee is asked to consider and endorse, with appropriate comment, the approach taken to create the proposed Internal Audit Plan for 2025/26 and approve its adoption.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. Under the Audit Committee's terms of reference, reviewing the risk-based audit plan, including internal audit resource requirements, the approach to using other sources of assurance and any other work upon which reliance is placed, is an important responsibility. In considering this plan Members should be assured that it is linked to the Council's key risks and provides enough coverage to ensure a reasonable opportunity to identify weaknesses in the internal control environment. Risks identified as being critical to the Council's operations will be reported and rectified where possible and viable.

4.2. Areas to be audited within the plan have been considered using risk register information both at an operational and strategic level.

4.3. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

4.4. The Internal Audit Annual Plan satisfies the Global Internal Audit Standards (GIAS), CIPFA's Application Note on the GIAS and the Accounts and Audit Regulations 2015 part 2. The latter sets out the requirements on all relevant authorities in relation to internal control, including requirements in respect of accounting records, internal audit and review of the system of internal control. Specifically:

'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

5. Financial Implications

5.1. The Internal Audit plan is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets.

6. Climate Change Appraisal

6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Audit Team will look at these aspects relevant to the governance, risk management and control environment of the Council. The majority of audit work will continue to be carried out remotely thereby reducing fuel consumption.

7. Background

7.1. The provision of a risk based Internal Audit Plan consistent with the Council's goals is an essential part of ensuring probity and soundness of the Council's internal controls, risk exposure and governance framework. The plan has been devised to ensure that it delivers against the GIAS and the requirement to produce an annual Head of Internal Audit opinion and assurance framework. In so doing it can be confirmed that the plan covers the following activities:

- Governance processes
- Ethics
- Information technology governance
- Risk management and
- Fraud management.

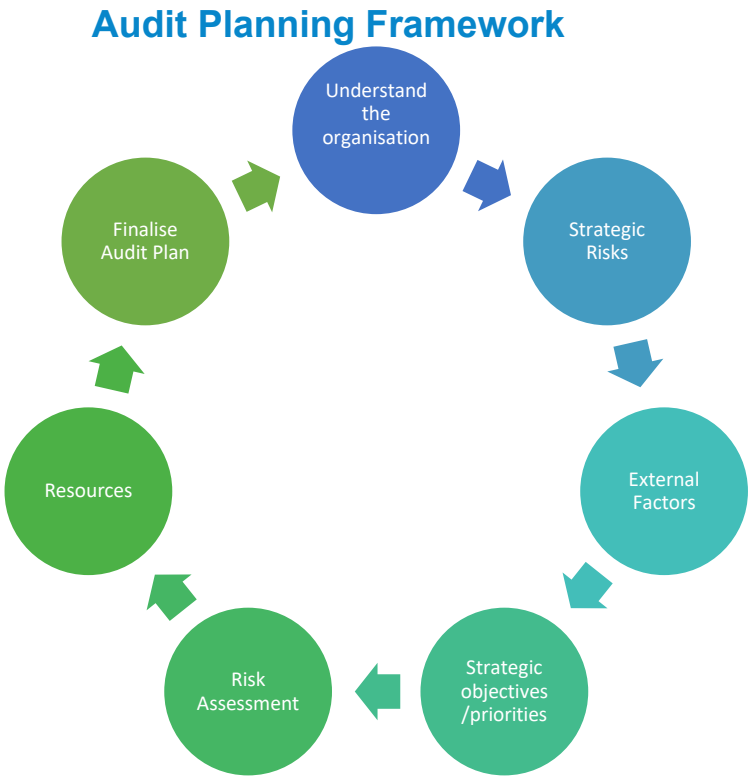
7.2. The plan has been, for several years, presented at the February Audit Committee meeting rather than June/July. It was agreed to delay the finalisation of the 2025/26 plan, however, due to the imminent and significant changes to the Council's senior leadership team, wider changes to the Council structure and operating model at that time. The slight delay in the development of the plan also allowed for consideration of any additional risk areas.

7.3. The 2025/26 Internal Audit year will continue to see pressures on services due to the impact of the voluntary redundancy programme, the required savings delivery, recruitment challenges in some areas, target operating model / restructure and transformation project work. Due to the scale and pace of change within the organisation the audit plan needs to be agile to respond to the changing risk environment it faces.

7.4. The audit risk assessment is reviewed annually with the Chief Executive, Executive Directors including the s151 Officer and Service Directors to ensure that it remains robust and relevant to the needs and risk profile of the Council.

The process also recognises that the Council is embarking on a significant period of changes through transformation and service redesign, continuing to seek service improvements using innovative approaches in providing services, all against a background of reducing resources and the need to identify further savings.

7.5. In accordance with the GIAS there is a requirement that Internal Audit must create a risk based internal audit plan that supports the achievement of the organisation's objectives. The risk-based planning process is summarised in the diagram below:



7.6. When considering the risks affecting audit areas, account has been taken of:

- changes to services / transformation;
- the new Council operating model, transformation programmes, refined principles and service plans;
- the Shropshire Plan;
- Workforce pressures following the voluntary redundancy programme;
- budget pressures and saving commitments;
- previous audit findings;
- opening and closure of establishments;
- comments from the external auditors on scope and coverage to ensure the work of Internal Audit does not duplicate that of the external auditor;
- Audit Committee terms of reference;
- increased partnership working or different delivery models for future service delivery;
- risks identified by the risk management process;
- school budget deficits and self-assessments;

- large contracts likely to be undertaken; and
- assurances from services, internal governance and external parties.

7.7. Top risks facing councils include continuing pressures on finance and therefore financial sustainability including setting a balanced budget; income collection and problem debt; commercialism; supply chains and third party risks; increasing demand on services; safeguarding children; growth and complexity demands on social care functions; environmental, social and governance issues; cyber security and digital services; attraction of and retention of staff with enough experience, knowledge and capacity to manage risks and reduce the potential for waste, losses or inefficiencies. All of which have been considered when formulating the plan.

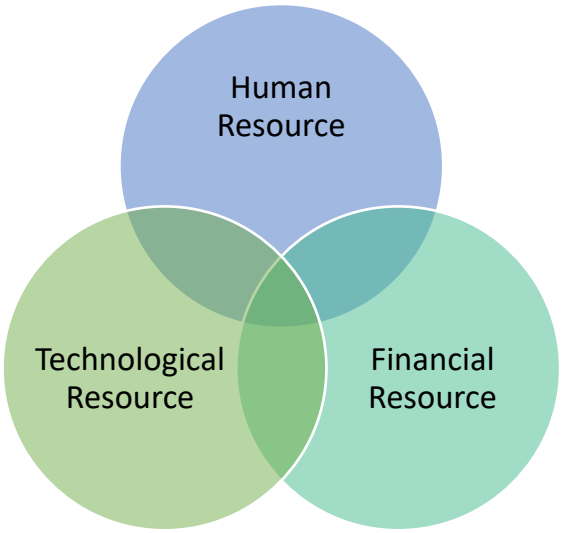
7.8. The impact of the voluntary redundancy programme is still ongoing with some key posts removed as part of this process and is therefore not yet reflected in the internal control environment. There are a significant number of lower assurance levels and fundamental recommendations made. Follow up of these areas is a must do in respect of unsatisfactory audits, with only a proportion of limited assurance audits being revisited within current resources.

7.9. **Appendix A** provides the summarised Internal Audit plan and identifies a planned day requirement of 1,088 days for Shropshire Council audit work and 159 days of work for external clients.

Resources

7.10. The team has provision for posts for just short of 11 full time equivalents with a mix of skills in finance, information technology, contract management, governance, establishments, systems, counter fraud, investigations and project management. There has been several changes to the team during 2024/25 and four posts remain vacant. Skills continue to be developed across the wider team and funding for external contractors from any vacancy monies will be considered if recruitment is unsuccessful. As at June 2025, a recruitment process is currently underway for Senior Auditors.

7.11. The GIAS specifically refer to resource requirements, broadly these can be broken down into the following:



Resource Area	GIAS Requirement	Current position
Human Resource	The Internal Audit service needs to have an appropriate range of knowledge, skills, qualifications and experience to deliver the audit plan. Internal Auditors should also have support from management to perform their duties effectively.	As part of the new Council operating model Internal Audit are required to deliver £78,720 of savings. One post has been identified within the Internal audit Structure to contribute to this. Given the number of vacancies held within the team, one vacant post has been removed which leaves four vacant posts. I would not ordinarily want to diminish the capacity of Internal Audit but in my view the removal of this vacant post will have a minimal impact overall. Further recruitment is currently underway.
Financial Resource	The Internal Audit service should have access to the necessary resources to deliver the internal audit strategy and audit plan.	The Internal Audit team budget is set by finance and approved by members as part of the main Council budget. Given the current financial position there are control gateways on recruitment and purchasing across the Council and Internal Audit are subject to these.
Technological Resource	Internal Auditors should have access to the necessary resources, including information technology to support the delivery of audit work and pursue opportunities to improve efficiency and effectiveness.	An audit management system (Pentana) is in place and analytics tools are available through Microsoft and specialist audit software such as IDEA analytics. There is a need to further develop analytics within the team to drive efficiencies in audit testing. A resources and training strategy is being developed to ensure that this is addressed.

7.12. The Audit Plan for 2025/26 has been prepared to ensure maximum benefit to the Council with available resources. Based on a risk analysis approximately 3,778 days are required to review all high-risk areas. With current resources it would

take almost four years to cover all high-risk areas. Resources available after deducting allowances for non-chargeable time (leave, management meetings, administration, etc.); and chargeable time (attendance at corporate officer and member meetings, responding to legislation, s151 officer work requests, training etc.) amount to 1,088 days, of which 159 are to be used on providing services to customers other than Shropshire Council leaving a balance of 929 days. This includes recent recruitment with the successful candidates starting in June and July.

7.13. If further recruitment within the year is successful, allocations will be made on risk priority matched to auditor skill sets from high-risk areas within the Council not covered in the planned element. The call off list of audit areas is prioritised based on risk and will ensure high risks are focused on; it removes the need to spend time replanning as new resources become available and work can be assigned almost immediately by any Principal Auditor. **Appendix A** provides details of the areas that Audit will review during 2024/25 and **Appendix B**, the call off list for currently unplanned work that will be prioritised. To provide some context one full time Auditor delivers approximately 200 additional days per year

7.14. Members are reminded that where Audit cannot provide independent assurance, they can at any time, request Managers for any of the areas identified to provide assurances directly to them; this should be considered by Members especially for items listed in **Appendix B** that are not guaranteed an audit in the next twelve months.

7.15. Contingencies for fraud and advice, if not required in full this year, can be re-allocated and higher priority reviews brought back into the plan.

7.16. In considering the plan for 2025/26 the key items to note are:

- Included in the plan are several key fundamental systems which are of a high material value to the Council's operations and require regular review.
- A separate risk-based analysis of the IT audit areas has been conducted and assessments of applications, projects, developmental changes, new technology, changes to guidance and follow ups in areas requiring improvements are planned. IT continues to form a significant part of the internal audit plan reflecting the Council's reliance on technology and digital transformation requirements as services are redesigned and the threat of cyber risks expands. This work underpins the Council's principle to make digital the preferred way to work and transact.
- The counter fraud contingency has been maintained at 150 days to accommodate the current level of investigation work in progress.
- Internal Audit will continue to request schools to complete a self-assessment process on a three-year basis. The Headteachers will be asked to share the self-assessment with both the Chair of Finance and Governors and seek their sign off to it. This approach will enable provision of a more rounded assessment of processes to support the s151 Officer's wider assurance of the school environment.
- Consultation with the Chief Executive, Executive Directors and Service Directors have identified areas where they would like assurances, most of these are high risk and as such included in the plan.

- The plan provides continual professional development and training for auditors during the year. This helps to retain staff, future proof the skills of team members and build skills in areas where updated knowledge is required for the benefit of the Council, external clients and the auditors. To reflect the number of Auditors new to the Council and in some cases Audit, the plan continues to allow for inclusion of review areas to support professional training courses that based on risk alone would not be covered in the plan.
- Decisions based on current data and intelligence is another of the Council's principles and the increased use of data analytics within Audit will support both testing and focus, as well as providing information on where controls can be improved alongside quality of the systems used. This will build on the work already in place which has been used to add value to IT Active Directory and Purchase ledger audit work.
- Resources are allocated to provide internal audit services to external clients and various honorary, voluntary and grant funds. In addition, audit time is allocated to review areas of significant risk which are being considered for transfer to other delivery models.

7.17. A copy of the draft plan for Shropshire Council and those of our external clients will be forwarded to the appropriate external auditors inviting their comments on coverage and to maximise any shared learning from each other's work.

7.18. Every effort has been made to include all key audit areas required in the plan. If other items are identified from discussions with colleagues from External Audit, or as knowledge becomes available from other sources, these will be agreed with the Section 151 Officer and reported to a future Audit Committee

8. Conclusions

8.1. The audit plan has been developed to allow for appropriate coverage aligned to the GIAS and to allow sufficient flexibility to respond to change which will happen during the year. Whilst every effort is made to deliver the audit plan as shown, there will always be the need to respond to emerging risks and changing circumstances. The audit plan is therefore a statement of intent and our regular meetings with senior management throughout the year will ensure that it is reviewed regularly and bought back to Audit Committee to approve any changes.

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

Audit universe and resources analysis
Global Internal Audit Standards
CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector
CIPFA Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition
Accounts and Audit Regulations 2015
Risk in Focus – Hot topics for Internal Auditors ECIIA 2025

Local Member:	N/A

Appendices

Appendix A: 2025/26 Draft Internal Audit Plan
Appendix B: Call Off List
Appendix C: Strategic Risk Key

APPENDIX A

2025/26 DRAFT INTERNAL AUDIT PLAN

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage. At the start of each audit, an initial discussion will be held to agree the specific objective and scope of the review.

Audit Area	Days Required	Strategic Risk	Scope Description
Assurance Audits			
Corporate Governance	8	GOV	Review of the effectiveness of the governance framework and processes to ensure the Council operates in a transparent, accountable and ethical manner aligning with statutory obligations and best practice. This is a key audit to feed into the Chief Audit Executive's (CAE) year end opinion and support the assurances required by the Audit Committee and sets out the Local Code of Governance to demonstrate compliance with the CIPFA SOLACE framework.
Ethics / Culture	10	GOV	Review of the Council's arrangements to implement a robust ethical framework and supportive culture to ensure it serves the public effectively and responsibly. The audit aims to ensure the Council promotes accountability and transparency whilst ensuring compliance with legal and regulatory requirements such as the Nolan Principles of Public Life.
New Operating Model (NOM)	10	GOV / BBS	Review of the Council's operating model against statutory deliverables, compliance with legislation and corporate plans (The Shropshire Plan). The audit aims to ensure there is appropriate governance and oversight to ensure the Council's new operating model is fit for purpose and supports the delivery of financial sustainability and value for money. The pilot in HR will be subject to review in this current year.
Amazon Web Services (AWS) Platform	10	CYB	Review of the use of the Amazon platform to ensure it is secure and efficient, safeguards public data and resources and aligns to the Councils IT strategy given the critical role of cloud platforms in supporting the Council's operations.
Debt Recovery	15	BBS	To provide assurance that the Council's debt recovery arrangements are effective, efficient, compliant with legislation and internal policy to support the Council's financial sustainability and good governance.
Budget Management	8	BBS	To provide assurance on the robustness of the budgetary control process including savings and ensuring informed forecasting during the financial year to inform decision making so that budgets are planned, monitored and controlled to support the Council's objectives. The audit

Audit Area	Days Required	Strategic Risk	Scope Description
			aims to ensure that public funds are allocated and utilised effectively, financial risks are identified and mitigated whilst maintaining transparency and accountability in financial management.
Business Continuity Planning	10	CYB	To provide assurance that the Council is effectively managing the risks to critical services, data, staff and infrastructure throughout the relocation to the Guildhall. The audit aims to ensure there are appropriate arrangements in place to maintain essential services, safeguard resources and meet statutory duties.
Disaster Recovery	5	CYB	Review of the disaster recovery plans for the Councils ICT systems to assess the preparedness, resilience and governance of the Council's IT systems in the event of a disruptive incident such as a cyber attack or hardware failure.
Conditional Access	7	CYB	To evaluate the effectiveness, security and governance of the arrangements that control access to Council systems and data based on conditions such as user identify, device status, location and risk level.
Decommission Shirehall Data Centre Project	10	CYB	To review the project management of the arrangements for the closure of the Shirehall datacentre. The audit aims to ensure that the integrity of the Council's IT network and data is maintained in a secure and efficient manner.
IT Restructure	5	GOV	To provide assurance on the restructure of the IT Service to ensure it if effective, aligns with strategic objectives and ensures appropriate arrangements are in place for service delivery.
Networking Switch Management	10	CYB	To provide assurance that the Council's network infrastructure is secure, resilient, properly configured and effectively managed to support critical service delivery and data protection.
Nutanix Data Centre Solution	10	CYB	To provide assurance on the security, reliability and governance of the Council's Nutanix platform used to manage virtualised IT environments, storage and cloud services.
Power BI Reporting and Development	7	GOV	To provide assurance on the administration, governance, accuracy, security and effectiveness of the use of Power BI for data analytics and decision making.
PSN (public sector network) Accreditation	5	CYB	To provide assurance that the Council is meeting the security and governance requirements to access and use the Public Sector Network that enables secure and efficient data sharing between local authorities and government departments.
Solar Winds Network Monitoring	10	CYB	To provide assurance over the secure, effective and compliant use of the Solar Winds IT management software suite used for network monitoring, systems management and IT Infrastructure oversight.

Audit Area	Days Required	Strategic Risk	Scope Description
Unified Communications	7	CYB	To provide assurance that integrated communication services tools are being managed securely, effectively and in line with strategic, operational and legal requirements.
Northgate - Revenues & Benefits Application	10	CYB	An IT application audit of the revenues and benefits system software. The audit aims to ensure the software is well governed, secure and is administered effectively in line with best practice.
Procurement Strategy	8	GOV	To review the Council's approach to managing procurement activity to achieve value for money, promote efficiency, sustainability and social value. The audit aims to ensure that the procurement strategy supports the Council's objectives whilst complying with legal and regulatory requirements demonstrating the effective use of public funds. The audit will consider the arrangements for ensuring compliance with the Procurement Act 2023 which came into force in February 2025.
Human Resources / Workforce Planning	10	SKI	To review the process used to ensure the Council has the right number of skilled employees with the right mix of capabilities and the right time to meet current and future service delivery needs to ensure productivity is maximised. The audit aims to ensure there are effective processes for workforce planning strategies which align to the council's strategic objectives, budgetary constraints and workforce diversity objectives.
Health & Safety	8	MHW	To provide assurance on the controls in place for managing health and safety responsibilities and compliance with Council policy and relevant legislation.
Emergency Planning	8	CCS	To provide assurance that the Council is effectively fulfilling its legal duties under the Civil Contingencies Act 2004 and that it is adequately prepared to respond to and recover from major incidents that could impact the health, safety and wellbeing of the local population.
Risk Management	10	GOV	Annual audit required as part of the Audit Committee Terms of Reference and ensure compliance with Global Internal Audit Standards (previously Public Sector Internal Audit Standards). This will include a review of the procedures in place to compile, report and monitor, operational, project and strategic risks against the requirements of the Risk Management Strategy to ensure risks are appropriately identified, assessed, managed and monitored to support the achievement of the Council's strategic and operational objectives. This will include a review of new risk management system, framework, policy and effectiveness planned for 2025.

Audit Area	Days Required	Strategic Risk	Scope Description
Liquid Logic Application (Adults & Childrens) / Controcc	15	CYB	An IT application audit of the social care and case management software used by adults and childrens social care teams. The audit aims to ensure the software is well governed, secure and is administered effectively in line with best practice
Virtual School	10	SGC	To provide assurance that the Council is meeting its statutory responsibilities for the education of Looked-After Children (LAC) and children with a social worker who were previously LAC. The audit aims to ensure that there are appropriate arrangements in place to support vulnerable learners.
Magic Notes AI	7	SGC	To provide assurance over the governance, security, effectiveness and ethical use of Magic Notes AI pilot as a transcription tool to automate documentation within childrens social care.
EHCP AI	7	GOV	To provide assurance over the governance, security, effectiveness and ethical use of Artificial Intelligence (AI) as a transcription tool to automate the documentation of Education, Health and Care Plans (EHCPs) for children with Special Educational Needs or Disabilities (SEND).
SEND Commissioning	10	SGC / BBS	To provide assurance on the commissioning arrangements for high cost SEND plans. The audit aims to ensure commissioning provides value for money whilst meeting the strategic objectives of the Council.
Care Act - Market Shaping	10	BBS	To provide assurance that the Council is fulfilling its legal duties to manage, influence and support a sustainable adult social acre market as required by the Care Act 2014. The audit aims to ensure has appropriate arrangements in place so that high-quality, diverse and affordable care services are available to meet the current and future needs of Shropshire residents.
Shirehall Disposal	7	BBS / GOV	To provide assurance on the process undertaken to dispose of Shirehall to ensure it is lawful, transparent, well-managed and maximises value for money for the Council.
Big Town Plan / Shrewsbury Riverside Development	10	GOV / BBS	To provide assurance on the governance arrangements in place to manage this large scale capital project. The audit aims to ensure that a robust system of oversight is in place to ensure the project is delivered on time and budget and meets the intended objectives.
IDOX Planning, Building Control & Gazetteer Management System	10	CYB	An IT application audit of the software used to manage key regulatory and planning functions. The audit aims to ensure the software is well governed, secure and is administered effectively in line with best practice.

Audit Area	Days Required	Strategic Risk	Scope Description
Community Equipment Contract (Medequip)	3	BBS	To provide assurance that the are appropriate governance arrangements in place to effectively manage the contract for community equipment services such as wheelchairs, walking aids and hoists to support independent living, reduce hospital admissions and enable hospital discharge.
Housing Options / Homelessness	12	BBS	To provide assurance that the Council are satisfying its obligations under the following legislation: Homelessness Act 2002; Homelessness Reduction Act, 2017 and Domestic Abuse Act 2021. In addition, the audit will establish how the Housing Options Team prevent and manage homelessness within Shropshire.
Garden Waste Collection	8	CCS	To provide assurance on the process for requesting and paying for the collection of garden waste following the introduction of charges in 2024/25.
Follow Up Audit Assurance			
Shropshire Plan Delivery	5	GOV / BBS	To provide assurance that the Shropshire Plan is embedded into operational delivery and appropriate governance arrangements are in place to ensure it delivers its objectives. This is a follow up of the recommendations made as part of the 2024/25 unsatisfactory audit assurance report which included a fundamental recommendation.
Management & Control of CCTV Operations	6	GOV	Review of the arrangements to ensure appropriate governance arrangements are in place for CCTV surveillance systems and ensure compliance with legislation and data protection. This audit will follow up the recommendations made in the 2022/23 and 2023/24 limited assurance audit reports.
VAT	5	GOV	Review of arrangements for ensuring that Value Added Tax (VAT) is properly controlled and accounted for in line with legislation. This audit will follow up the recommendations made in the 2020/21 and 2023/24 limited assurance audit reports.
BluPrint - Print Unit Operations	6	Gov	To provide assurance that the service is efficient, well-managed, cost effective and aligned to the Council's objectives. This will include following up the recommendations made as part of the 2017/18 limited assurance audit.
Corporate Networking - Active Directory	10	CYB	To provide assurance that the Council's identity and access management systems, centrally managed through Active Directory are secure, well-managed, compliant and support the Council's cybersecurity and operational objectives and in line with the corporate information security policy / best practice. This will include following up the recommendations made as part of the 2017/18 limited assurance audit report.

Audit Area	Days Required	Strategic Risk	Scope Description
Database Access / Admin / Management	8	CYB	To provide assurance that the Council's internally managed databases are secure, properly maintained and effectively governed. The audit aims to ensure that the Council's data is accurate, available, resilient and protected from misuse or loss. This will include following up the recommendations made as part of the 2022/23 limited assurance audit report.
ICT Project Financing and Recharges	5	BBS	To provide assurance that the Council is effectively managing the financial planning, funding, allocation and recovery of costs for it's ICT projects. The audit aims to ensure compliance with internal policies, and the principles of transparency, accountability and value for money. This will include following up the recommendations made as part of the 2017/18 limited assurance audit report. This area was previously received a limited audit assurance in 2016/17.
IT Code of Practice / Acceptable Use	8	GOV	To provide assurance that a policy and associated standards have been created to provide clarity on acceptable use of IT facilities. The audit aims to ensure that the Council complies with industry best practice guidance and that appropriate mechanisms are in operation to monitor compliance with it. This will include following up the recommendations made as part of the 2021/22 limited assurance audit report.
Mobile Device Management - Intune	5	CYB	To provide assurance on the security, governance, compliance and operational effectiveness of the Council's use of Microsoft Intune which is used to manage devices and applications on the IT network. This will include a follow up of the recommendations made in the 2020/21 limited assurance audit report.
Remote Support	5	CYB	To provide assurance on the effectiveness and security of how the Council delivers remote IT services to staff and Councillors. This will include a follow up of the recommendations made in the 2017/18 limited assurance audit. This area was also rated as limited in 2016/17.
WhatsApp	3	CYB	To ensure that the use of WhatsApp as a communication tool is aligned to the Council's policies and complies with legal and regulatory requirements and is used in an effective and secure manner. Given the increasing role in informal communication it is critical to ensure that WhatsApp usage is appropriately managed to safeguard the Council's operations and reputation. This will include following up the recommendations made as part of the 2024/25 unsatisfactory audit assurance report. This area was previously rated as unsatisfactory in 2023/24.
Key Supply Contracts	10	BBS	To provide assurance on the adequacy of the contract management arrangements for Supply Contracts by examining a sample of the arrangements for mid-term contracts that are

Audit Area	Days Required	Strategic Risk	Scope Description
			not reviewed separately as part of the audit plan. This will include following up the recommendations made as part of the 2019/20 limited assurance audit.
Performance Management & PI's	8	GOV	To provide assurance that the Council's performance management framework is measuring the right things, interpreting them correctly and using that information to improve services, demonstrate accountability and achieve the desired outcomes in line with the Shropshire Plan. A briefing note was issued in 2024/25 and the audit deferred to 2025/26 due to a restructure in that area.
Agency & Consultancy Staff	5	BBS	Review of compliance with Council policies and procedures in relation to the employment of agency and consultancy staff. This audit will follow up the recommendations made as part of the 2024/25 unsatisfactory internal audit report which was issued following two previous limited audit assurances.
Payroll System	25	GOV	Fundamental audit of the operations of the payroll system including starters, leavers, payments to third parties e.g. HMRC, payroll runs and BACS payments. The aim of the audit is to ensure that employees are paid the correct amount, at the correct time for work performed, deductions are calculated correctly and all legal and contractual obligations are met. The audit will follow up the recommendations made as part of the 2022/23 Limited audit assurance report.
Recruitment / Retention / Redeployment arrangements	6	MHW / SKI	To review the arrangements in place for recruiting staff. The audit aims to ensure that recruitment is undertaken in a fair and transparent way in compliance with relevant legislation ensuring relevant pre-employment checks have been undertaken. This will include a follow up of the recommendations made in the 2023/24 limited assurance audit. This area was previously assessed as limited in 2022/23 and 2017/18.
Travel and Subsistence	4	BBS	To review the arrangements for reimbursing employees who have incurred business related expenditure whilst doing their job to ensure compliance with the Council policy. This will include following up recommendations made as part of the 2024/25 limited assurance audit. This area was previously assessed as limited in 2022/23.
Assistive Technologies including BOTS	10	GOV	To provide assurance on how effectively and safely assistive technologies are being used by the Council to support vulnerable adults and children receiving care at home or in supported living. This will include a follow up of the recommendations made as part of the 2019/20 limited assurance audit report of the pilot Broseley Project / Activage.

Audit Area	Days Required	Strategic Risk	Scope Description
Continuing Health Care (CHC) Funding	8	BBS / PAR	To ensure that the Council's responsibilities and financial contributions in relation to CHC are being managed effectively and in line with relevant legislation in the context of joint working with the NHS. The audit aims to ensure there are appropriate processes in place to identify responsibilities of both parties to reduce the risk of funding dispute and financial risk for the Council. This will include following up the recommendations made as part of the 2024/25 limited assurance audit.
Adoption Process including allowances	10	SGC	To provide assurance that the Council is making adoption allowance payments that are accurate, timely and are properly approved in line with the Council's policy. This area was previously rated as limited following a self-assessment in 2020/21.
Children's Residential Care Contract Management	4	SGC	To provide assurance that the Council is safely, legally and effectively commissioning and managing residential placements for looked-after children. The audit aims to ensure that the contracts deliver quality care, value for money and strong safeguarding standards. The audit will include a follow up of the recommendations made as part of the 2023/24 limited assurance audit which included a fundamental recommendation.
Children's Social Care budget management	5	SGC / BBS	To provide assurance on the arrangements for setting, monitoring and reporting of Children's Social Care budgets. This will include a follow up of the recommendations made in the 2024/25 limited assurance audit.
Direct Payments Children	10	SGC	Review of Children's Direct Payments processed and monitored by Social Care to ensure that client spend is in line with their agreed Support Plan and to ensure client contributions are made where required and overpayments or large unspent balances are identified and recovered where appropriate. The audit will review compliance against the statutory elements of the Care Act 2014 whilst identifying risks, promoting value for money and the safeguarding of public funds. This will include a follow up of the recommendations made as part of the 2020/21 Limited assurance audit.
Domiciliary & Respite Services (Short Breaks)	4	SGC	To provide assurance that the Council is delivering its legal, financial and safeguarding responsibilities in relation to a short breaks service for disabled children and their families in line with the Childrens Act 1989 and the Breaks for Carers of Disabled Children Regulations 2011. The audit will follow up the recommendations made as part of the 2023/24 unsatisfactory audit assurance report which included a fundamental recommendation.

Audit Area	Days Required	Strategic Risk	Scope Description
Foster Care	5	SGC	To provide assurance that the Council is making foster care payments that are accurate, timely and are properly approved in line with the Council's policy. This will include a follow up of the recommendations made as part of the 2022/23 limited assurance audit.
Bishops Castle Community College	10	GOV	To provide assurance that the school is managing its financial, governance and operational responsibilities effectively in compliance with statutory requirements and the Council's Financial Rules. This will include a follow up of the recommendations made in the 2023/24 unsatisfactory assurance audit which included two fundamental recommendations. The school had previously been assessed as limited in 2021/22 and unsatisfactory in 2019/20.
Personal Budgets / Direct Payments Finance Team- Adults	10	BBS	Review of Direct Payments processed and monitored by Social Care to ensure that client spend is in line with their agreed Support Plan and to ensure client contributions are made where required and overpayments or large unspent balances are identified and recovered where appropriate. The audit will review compliance against the statutory elements of the Care Act 2014 whilst identifying risks, promoting value for money and the safeguarding of public funds. This will include a follow up of the recommendations made as part of the 2020/21 Limited assurance audit.
Security of Council Buildings Health and Safety	5	GOV	To provide assurance that appropriate security measures are in place and in line with Council Policy to protect all Council Buildings. This will include a follow up of the recommendations made in the 2024/25 limited audit assurance report. This follows previous limited assurance audits in 2019/20 and 2023/24.
External Catering Contracts	2	BBS	To provide assurance that the Council has appropriate arrangements in place for the management of Shire Services contracts for external catering. The audit aims to ensure that contract monitoring arrangements are robust and the profitability of the contracts are monitored. This will include a follow up of the fundamental recommendation made as part of the 2024/25 audit which was reasonable assurance opinion.
Partnerships	8	GOV	To provide assurance that the Council's partnerships arrangements are effectively governed to deliver value for money and ensure accountability and transparency whilst supporting the Council's aims and objectives. This will also include following up the recommendations made as part of the 2023/24 limited assurance audit. This area was previously assessed as limited in 2019/20.
Housing Client Side	5	GOV	To provide assurance that there are robust contract management arrangements, and adherence to the legal agreement between Shropshire Council and Shropshire Towns and

Audit Area	Days Required	Strategic Risk	Scope Description
			Rural Housing (STaRH). This will include following up the recommendations made as part of the 2024/25 limited assurance audit.
Much Wenlock Sports Centre - Joint Use	5	GOV	To provide assurance that operational procedures are in place at the establishment to ensure compliance with policy, procedure and best practice. It will also include a follow up of the recommendations made in the 2024/25 limited audit. The establishment previously received unsatisfactory assurance opinions in 2023/24, 2022/23, 2019/20 and 2016/17. It also received a limited assurance in 2017/18.
Galaxy - Libraries System	8	GOV	An IT application audit of the Libraries system software. The audit aims to ensure the software is well governed, secure and is administered effectively in line with best practice. This will include following up the recommendations made as part of the 2017/18 limited assurance audit report. This area was also rated as limited in 2016/17.
The Lantern	5	GOV	To provide assurance that operational procedures are in place at the establishment to ensure compliance with policy, procedure and best practice. This follow up review will focus on the arrangements in place for the collection of income in relation to lettings at the establishment. It will also include a follow up of the recommendations made in the 2024/25 Unsatisfactory audit. The establishment previously received unsatisfactory assurance opinions in 2021/22 and 2019/20.
Chipside Parking System Application Review	10	GOV	An IT application audit of the parking system software. The audit aims to ensure the software is well governed, secure and is administered effectively in line with best practice. This will include following up the recommendations made as part of the 2018/19 limited assurance audit report. This area was also rated as limited in 2016/17.
CONFIRM-Highways Management System	10	GOV	An IT application audit of the highways management system software. The audit aims to ensure the software is well governed, secure and is administered effectively in line with best practice. This will include a follow up of the recommendations made as part of the 2022/23 limited assurance audit report. This area was also rated as limited in 2018/19 and 2017/18.
Highways Maintenance - Term Maintenance -Kier	15	GOV	To review the contract management arrangements for highways services provided externally by Kier under the Term Maintenance contract. The audit aims to ensure that the Council is safeguarding public resources and delivering value for money through its contractual arrangements. This will include a follow up of the recommendations made as part of the 2023/24 limited assurance audit report. This area was previously rated as limited in 2021/22 and unsatisfactory in 2020/21 and 2019/20.

Audit Area	Days Required	Strategic Risk	Scope Description
Highways Other Major Contracts	2	GOV	To review the arrangements in place to devolve the responsibilities for horticultural maintenance to Shrewsbury Town Council including establishing appropriate delegation and a monitoring board. The management of this contract was previously assessed as limited in 2024/25 and unsatisfactory in 2022/23 with a fundamental recommendation.
Section 38 Road Adoption	4	GOV	To provide assurance that appropriate governance processes are in place to ensure that Section 38 agreements are overseen in accordance with the Highways Act 1980. This will include following up the recommendations made as part of the 2024/25 unsatisfactory audit. The service was previously rated as limited in 2018/19
TOG (Transport Operations Group)	10	GOV	To provide assurance that operational procedures are in place to effectively manage the Transport Operations Group (TOG) to ensure compliance with policy, procedure and best practice. The audit aims to ensure that the Council has appropriate arrangements in place for the vehicles it hires, leases or owns or operates. This audit will include following up the recommendations made as part of the 2018/19 limited assurance audit report. The service was previously rated as unsatisfactory in 2017/18.
Waste - Veolia Contract	8	CCS	To provide assurance on the adequacy of the contract management and payment arrangements on the Veolia Contract. The audit aims to ensure that the contract is administered in a manner that achieves value for money, delivers intended outcomes and complies with statutory and regulatory requirements. Additionally it identifies risks and weakness in contract management to support continuous improvement and mitigate potential financial, legal and reputational risks. This will include following up the recommendations made as part of the 2017/18 limited assurance audit report.
Other Audit Work			
Annual Governance Statement (AGS)	1	GOV	Contributing to the compilation of the Annual Governance Statement (AGS) and Director Assurance Statements. The AGS is a key part of the Council's governance framework and accompanies the Council's audited Financial Statements.
Counter Fraud Work	15	GOV	Proactive counter fraud work including awareness, training, fraud risk assessment, Self Assessment against Fighting Fraud and Corruption Locally (FFCL) 2020s and high risk fraud areas on a rolling programme.
Counter Fraud, Policies and Training	2	GOV	Review of policies and procedures in order to keep up to date with emerging fraud risks, regulation and case law.

Audit Area	Days Required	Strategic Risk	Scope Description
Finance - Final Grant Claims	8	BBS	Audits of grants requiring Chief Audit Executive approval prior to submission to the administering body. These audits ensure compliance with the grant terms and conditions providing assurance that the Council is managing public funds effectively and maximising grant expenditure where possible.
National Fraud Initiative (NFI)	20	GOV	Co-ordination of NFI exercise mandated by the Cabinet Office. This work aims to ensure that the Council is using the initiative effectively to prevent fraud and safeguard public funds.
Active Directory Analytics	10	CYB	To undertake an analytical review of the on-premise Active Directory using a variety of PowerShell Scripts to produce a variety of data and extracts, which could if necessary be further analysed using IDEA. This work aims to ensure that Active Directory is managed in a secure an efficient manner to control access to the Council's IT systems.
Financial Evaluations	30	GOV	Financial Evaluations are required as part of Financial Rules for major contracts (those valued at over £170,000). Financial sustainability checks may also be completed part way through delivery of a contract where there is a risk of financial failure of a service provider. This work helps mitigate financial risks to the Council.
Payroll Data Analytics (IDEA)	4	GOV	To provide quarterly data to the Payroll Manager to improve the accuracy, reliability, consistency and integrity of the data within the payroll system. The aim of this work is to ensure that data within the payroll system is of a high quality to reduce the risk of fraud or error.
Schools Self Assessments (Audit Provided)	8	GOV	To review a sample of schools controls evaluation self assessments. Results are used to inform the annual programme of work targeting higher risk areas and providing feedback to schools where weaknesses are identified.
SFVS - Schools Financial Value Statement	2	GOV	To review the results of SFVS returns completed by schools. This review informs the annual programme of work for schools, highlighting areas of non-compliance or risk. This work also provides assurance to the S151 Officer to support the sign off the SFVS CFO Assurance Statement.
BSOG Grant Bus Subsidy	2	N/A	To provide assurance over the compliant and effective use of the Bus Services Operators Grant (BSOG) to support bus services that might otherwise be unprofitable and to help operators keep fares down.
Advisory Contingency (General)	20	N/A	To provide ad hoc advice to all areas of the Council.
Fraud Contingency	150	GOV	Reactive work on fraud investigations.

Audit Area	Days Required	Strategic Risk	Scope Description
Unplanned Audit Contingency	50	N/A	The contingency allows for responding to emerging issues and ad hoc pieces of work not foreseen at the annual planning stage and completion of prior year work in progress at year end.
Other non-Audit Chargeable Work	120	N/A	This includes other corporate requirements such as training, management responsibilities, briefings, corporate reporting and servicing the Audit Committee.
External Clients	159	N/A	Delivery of work for external and honorary and voluntary clients.
Total Days	**1,208**		

Appendix B

Call off Audit List 2025/26

Audit Area	Days Required	Strategic Risk	Scope Description
Role of Proper Officer	**8**	**GOV**	To provide assurance that the statutory and delegated responsibilities assigned to designated officers are being discharged lawfully, transparently and effectively.
Freedom of Information (FOI) and Subject Access Requests (SAR)	**8**	**GOV**	To provide assurance on the Council's management of FOI requests and SARs. The audit will review the robustness of second line controls to oversee compliance when FOIs and SARs are handled across the organisation, this will include Environmental Information Regulation (EIR) requests.
Members allowances and expenses	**10**	**GOV**	To provide assurance that Members allowances and expenses are paid in line with policy requirements.
Member Development Training	**8**	**GOV**	To provide assurance that the Council has robust arrangements to support Members in their induction and continued learning to enable effective decision making and governance arrangements at the Council.
Regulation of Investigatory Powers Act (RIPA)	**8**	**GOV**	To review the arrangements for ensuring staff are aware of the RIPA policy and ensure there are appropriate arrangements in place for managing the process.
Registrars	**10**	**GOV**	To provide assurance on the adequacy and effectiveness of the controls in place within the Registrars Service to ensure compliance with statutory requirements, the accuracy and security of registration records, the efficiency of service delivery, and the quality of customer service provided to the public.
Coroners and Mortuary Service	**10**	**GOV**	To provide assurance on the adequacy and effectiveness of the controls in place within the Coroners Service to ensure compliance with statutory requirements.
Project Management	**12**	**BBS**	To review the adequacy, effectiveness and consistency of project management across the organisation, including governance structures, risk and resource management, and performance monitoring, to ensure that projects are delivered on time, within budget, and in alignment with the Council's strategic objectives The audit will consider projects that are managed both within and outside of the Project Management Office (PMO).
Strategic Transformation Partner - PwC Contract	**10**	**BBS**	To provide assurance that the contract was well managed, delivered its key objectives and delivered value for money.

Audit Area	Days Required	Strategic Risk	Scope Description
Business Continuity Planning	10	GOV / CYB	To provide assurance on the completeness and effectiveness of service recovery / business continuity plans. The audit will assess staff knowledge of existing plans and evaluate how resilient plans are in the event of a significant event/action e.g. complete IT outage.
Revenues and Benefits service delivery	8	GOV	To provide assurance on the delivery of the revenues and benefits service, to identify potential efficiency savings and opportunities for increased income.
Organisational Workforce Resilience	15	SKI	To provide assurance that the workforce is resilient and productivity is maximised. The audit will review components of the employee experience to identify how resilient the organisation is and what actions are being taken to address potential weaknesses. Areas included in the review will be absence trends, exit interviews, vacancy management and staff satisfaction surveys.
Parking and Parking Enforcement	10	BBS	To provide assurance on the management arrangements in place for parking and parking enforcement. The audit will include consideration of the management proposal to bring them together in the future to ensure strategies are aligned and there are joined up working relationships between the two areas.
Adults with Learning Disabilities Day Services	10	BBS	To provide assurance on the adequacy of the day services provided for adults with learning disabilities to ensure they meet customer requirements, current demand and provide value for money. The audit will review strategies, demand and financial viability.
Shropshire Carers Support Team	10	GOV	To provide assurance that the operational processes are in place following the service being brought back into the Council 18 months ago.
Adult Social Care Data Quality	12	GOV	To provide assurance on data quality across Adult Social Care and ensure it meets the needs of the service for performance reporting purposes to ensure accurate financial management and decision making. The audit will identify available datasets to understand if there are any weaknesses within the data, including where data is held, availability and format.
Approved Mental Health Professionals	8	SKI	To provide assurance on the management arrangements are in place for the recruitment and retention of Approved Mental Health Professionals (AMHPs). The audit will address potential risks in this area and will include reviewing national pay, retention policies, roles and responsibilities and impact of an aging workforce.
Stepping Stones	10	BBS / SGC	To provide assurance on the management arrangements to ensure the program is achieving its intended outcomes to prevent children from entering care and stepping them down from residential care. The audit will include all stepping down of residential placements and will review

Audit Area	Days Required	Strategic Risk	Scope Description
			the savings identified are monitored on a regular basis and corrective action taken if these are not to be met and alternative savings identified.

Total Days 177

Appendix C

Strategic Risk Key

Strategic Risk	Abbreviation	Risk Owner	Likelihood	Impact	Status
Failure to protect from and manage the impact of a targeted cyber-attack on ICT Systems used by the Authority	CYB	James Walton	5	5	25
Inability to contain overall committed expenditure within the current available resources within this financial year	BBS	James Walton	5	5	25
Inability to set a balanced budget for a given year within the MTFS.	BBS	James Walton	5	5	25
Failure of Officers and Members to adhere to Governance arrangements.	GOV	James Walton	5	4	20
Health & Wellbeing of The Workforce	MHW	James Walton	5	4	20
Critical Skills shortage impacting on Recruitment, Retention & Succession Planning	SKI	James Walton	5	4	20
Impact of extreme pressures upon partners (social care, health, and criminal justice)	PAR	Rachel Robinson / Tanya Miles	5	4	20
Responding and Adapting to Climate Change	CCS	Andy Begley	4	4	16
Impact of increased waiting lists in relation to DoLs, OT and SI	WLI	Tanya Miles	4	4	16
Safeguarding children.	SGC	Tanya Miles	3	4	12

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Grant Thornton

The Audit Plan for Shropshire County Pension Fund

Year ending 31 March 2025

March 2025

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01 Key developments impacting our audit approach

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Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;

Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;

- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the Ministry of Housing, Communities and Local Government (MHCLG), with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

All of Shropshire County Pension Fund's prior year pension fund audits have been completed ahead of backstop deadlines with unqualified opinions.

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Key developments impacting our audit approach

National Context

Administration and Governance

The total membership of the Local Government Pension Scheme (LGPS) was 6.7 million people. Of this number around one third are active employees who still contribute to the scheme. 71.1% (4.8 million) of all the members of the LGPS are covered by local authorities and other connected bodies, though local authorities and connected bodies represent only 16.5% of employers (with 3,478 employers). In total, there were 21,131 employers covered by the Local Government Pension Scheme at the end of March 2024.

In respect of administration and governance some key matters impacting 2024/25:

- The Pension Regulator's (TPR) General Code of Practice came into effect on 28 March 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous codes into one. The Code provides an opportunity for funds to review current practices but also presents challenges during what is already a busy time for the LGPS.
- The Pensions Dashboards Regulations 2022 set out in law the connection to the ecosystem and that maintenance of connection is a legal requirement, it also sets out that schemes must connect to the ecosystem by the 'connection deadline' 31 October 2026. To avoid placing undue strain on all parties facilitating connection, the Department for Work & Pensions (DWP) published guidance confirming that public service pension schemes should 'connect by' 31 October 2025.
- The regulations implementing the McCloud remedy took effect from 1 October 2023. Statutory Guidance was published in June 2024 and pension funds have, for most members, the period up until a fund's annual benefit statements for 2024/25 are issued to complete implementation i.e. by the end of August 2025.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

Local Context

- Latest Investment strategy for Shropshire pension fund is published as at June 2023. The investment strategy will normally be reviewed every three years. As per the strategy, the Fund will invest 55% in Equities, 10% in investment grade corporate bonds and 7.5% each in private equity, Infrastructure, Illiquid credit and Absolute Return Funds, and 5% in Property funds over the course of 3 years.
- As per discussion with management, it has been noted that next reset of the investment strategy will be decided at the end of 2025 or in the beginning of 2026.
- The Administration System (Altair) earlier hosted by Shropshire Council has been migrated to a fully cloud based solution with Heywood. As this is a migration to the 'cloud' we do not consider this a new system that would require additional audit procedures to be undertaken in 2024/25.

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Key developments impacting our audit approach (continued)

National and International Context

Investments and Funding

Triennial valuations for local government pension funds as at 31 March 2022 (the 2022 valuation) were published in March 2023. These valuations, provide updated information regarding the funding position of local government pension funds and set employer contribution rates for the period 2023/24 – 2025/26. In August 2024 the Government Actuary's Department (GAD) published its Section 13 report analysing the outcomes of the valuations. GAD noted that funding levels have improved since 2019, however not all funds were in a surplus after the 2022 valuation, with 26 out of 87 being in deficit. In addition, there continues to be considerable variation between funds, with the highest funding level at 154% and the lowest funding level at 67%. This is a wider range than previously reported in the 2019 valuation. The average primary contribution rate to cover future benefit accruals has increased from 18.6% to 19.8% following the 2022 valuations.

At the end of March 2024, the market value of LGPS funds was £391.5 billion, an increase of 9.0% compared to the end of March 2023. Total LGPS income in England and Wales in 2023-24 was £20.7 billion with expenditure of £17.1 billion.

The Fund will be entering the 2025 valuation (as at 31 March 2025) process this calendar year. The valuation will set employer contribution rates for 1 April 2026 through to 31 March 2029. The national and international economic context continue to present challenges for pension funds with a consequential impact on the investments held by pension funds but investment performance and setting stable, affordable contributions for employers will be key factors.

In July 2024 the government launched a Pensions Review of workplace defined contribution pensions schemes and the Local Government Pension Scheme in England and Wales (LGPS). The focus of the review for the LGPS is to look at how tackling fragmentation and inefficiency can unlock the investment potential of the scheme, including through further consolidation. This review, Fit for the future, is being led by the Ministry of Housing, Communities and Local Government (MHCLG). Consultation on the Government's proposals sought views in three key areas; reforming the LGPS asset pools, boosting LGPS investment in their localities and regions in the UK, and strengthening the governance of both LGPS AAs and LGPS pools. The consultation closed in January 2025 and outcomes from it are now awaited.

In planning our audit, we have taken account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.

Local Context

- For Shropshire Pension Fund, the 2022 triennial valuation was undertaken by Mercer, and revised contribution rates from the 2022 actuarial valuation took effect on 1st April 2023.
- We expect requests to be received from employer body auditors to undertake work on the accuracy and completeness of the information provided to the actuary as part of the 2025 valuation process. If these are received then this will be additional work outside the normal course of our audit work and will be the subject of additional fees/fee variations. We will discuss the scope and timing of this work with the Fund should it arise.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk in relation to management override of controls.

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Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government and local government pension schemes. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Head of Pensions.
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your staff will make themselves available to our audit team. This is also in compliance with our delivery commitments in our contract with PSAA.
- We would like to offer a formal meeting with the Head of Pensions quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to:
  - meet informally with the Chairs of the Council's Audit Committee and Pensions Committee, to brief them on the status and progress of the audit work to date, and
  - In line with best practice, offer to meet in private with the Audit and Pensions Committees.
- We will continue to provide you, your Pensions Committee and your Audit Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation , discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.

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02 Introduction and Headlines

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Introduction and headlines

Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Shropshire County Pension Fund ('the Fund') for those charged with governance.

Respective responsibilities

- The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fund.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Pension Committee); and we consider whether there are sufficient arrangements in place at the Fund.

The audit of the financial statements does not relieve management or the Audit and Pensions Committees of their responsibilities. It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk based.

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Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of Level 3 investments

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £28.14m (PY £27.9m) for the Pension Fund, which equates to 1.13% of your gross investment assets as at 31 March 2025.

We have determined a lower specific planning materiality for the Fund Account of £12.6m (PY £11.3m), which equates to 10% of prior year gross expenditure on the fund account.

Clearly trivial has been set at £1.4m (PY £1.39m).

Audit logistics

Our Planning visit will take place in February and March month and our final visit will take place between June and July. Our key deliverables are this Audit Plan, Auditor's Report and our Audit Findings Report.

Our proposed fee for the audit is £86,240 (PY: £83,094) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

The Custodian does not independently value the Pension Fund's Level 1 or Level 2 Investments, meaning we are not able to triangulate valuations included in the financial statements to investment manager and custodian confirmations for these investments. As a result, we carry out further audit procedures to gain assurance over the valuations of these investments. For Level 1 and Level 2 investments we will:

- independently request year end confirmations from investment managers;
- check the unit price to the market quoted price (if available) at the reporting date, or test the valuation to direct confirmation of capital balances from investment managers and, where available, to latest audited financial statements; and
- complete sample testing of purchases and sales to prime documentation across the period to support our reconciliation of the opening and closing balances.

See page 12 for further details regarding our approach to auditing the valuation of Level 3 Investments.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we, as a Firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

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03 Identified risks

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Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: • Evaluate the design effectiveness of management controls over journals • Analyse the journals listing and determine the criteria for selecting high risk unusual journals • Identify and test unusual journals made during the year and the accounts production stage for appropriateness and corroboration • Gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence
Valuation of Level 3 investments	The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.	By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant accounting estimate by management in the financial statements due to the size of the balance and the sensitivity of the estimate to changes in key assumptions. We have therefore identified the valuation of Level 3 investments as a significant risk. Under ISA 315 significant risks often relate to significant non-routine transactions and judgmental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers and/or custodians to estimate the fair value as at 31 March 2025. We therefore identified valuation of level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • Review the nature and basis of estimated values and considered what assurance management has over the year end valuation provided for these types of investments to ensure the requirements of the code are met; • Evaluate management's processes for valuing Level 3 investments; • Independently request year end confirmations from investment managers • Obtain and review the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements the valuations will be compared accounting for cashflows; • Obtain and review the corresponding investment manager report as at the investment accounts and the Fund accounts reporting dates where appropriate; • Review purchase and sale transactions of the investment near the reporting date where appropriate; • Review the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts; • Review management's classification of the assets; • Obtain and review investment manager service auditor report on design and operating effectiveness of internal controls where appropriate. • Complete sample testing of purchases and sales to prime documentation across the period to support out reconciliation of the opening and closing balances.

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Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Presumed risk of fraud in revenue recognition ISA (UK) 240	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. As external audits in the public sector, we are also required to give regard to Practice Note 10, which interprets the ISA in a public sector context and directs us to consider whether the assumption also applies to expenditure.	We have identified and completed a risk assessment of all revenue and expenditure streams for the Fund. We have rebutted the presumed risk that revenue and expenditure may be misstated due to the improper recognition of revenue/expenditure for all revenue and expenditure streams, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the administration authority, Shropshire Council, and the Fund, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Pension Fund.	Having considered the risk factors set out in ISA 240 and nature of the revenue stream at the Fund, we have determined that the risk of fraud arising from revenue and expenditure recognition can be rebutted (see opposite). Therefore , at the planning stage we do not consider this to be a significant risk for Shropshire County Pension Fund and standard audit procedures will be carried out. We will continue our risk assessment throughout the audit to identify any circumstances indicating a requirements to alter the decision.
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because: • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Pension Fund.	We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.

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Other matters

Other work

The Pension Fund is administered by Shropshire Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2024/25 financial statements, consider and decide upon any objections received in relation to the 2024/25 financial statements;
  - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

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04 Our approach to materiality

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Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
01	**Determination** We have determined financial statement materiality determined at the planning stage of the audit based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as shareholder expectations, industry developments, financial stability and reporting requirements for the financial statements. Materiality at planning stage of our audit is £28.14m which equates to 1.13% of your gross investment assets as at 31st March 2024.	• We determine planning materiality in order to: – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements.
02	**Other factors** An item does not necessarily have to be large to be considered to have a material effect on the financial statements	• An item may be considered to be material by nature when it relates to instances where greater precision is required. • Additionally, there may be items which we feel would benefit from a lower specific materiality for those account balances (e.g. the Fund Account). Details of lower specific materialities applied can be found on the next page.
03	**Reassessment of materiality** Our assessment of materiality is kept under review throughout the audit process	• We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
04	**Matters we will report to the Pensions Committee and Audit Committee** Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Pensions and Audit Committees any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	• We report to the Pensions and Audit Committees any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. • In the context of the Fund, we propose that an individual difference is clearly trivial if it is less than £1.41m (PY £1.39m). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Pensions Committee and Audit Committee to assist them in fulfilling their governance responsibilities.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

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Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Headline materiality for the Fund's financial statements	£28.1m	Headline Materiality for planning equates to 1.13% of your gross investment assets as at 31 March 2024. We deem this to be a level above which errors or omissions would alter the economic decisions of users of the accounts.
Specific Materiality for Fund Account The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which headline materiality will be applied.	£12.6m	Materiality for the Fund Account for planning equates to 10% of gross expenditure (in the fund account) as at 31 March 2024. We deem this to be a level above which errors or omissions would alter the economic decisions of users of the accounts.

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05 Progress against prior year audit recommendations

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Progress against prior year audit recommendations

We identified the following issues in our 2023/24 audit of the Fund's financial statements, which resulted in 2 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management have implemented all our recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Low – Best practice improvement opportunity	IT recommendation – Lack of Change Management Controls for Batch Scheduling in Altair The IT audit uncovered a deficiency in change management controls related to batch scheduling configurations. Specifically, there is a lack of formalized procedures for documenting, reviewing and approving changes made to batch scheduling parameters and job schedules. Risk Without adequate change management controls, unauthorized or undocumented changes to batch scheduling configuration can lead to disruptions in critical business processes, data loss, and security vulnerabilities. Furthermore, the absence of a structured change management process increase the likelihood of configuration errors and inconsistencies.	In September 2024, management confirmed that the only batch jobs managed by pension fund are the scheduled monthly reports. A process will be implemented to manage any change to these. It will involve the change and sign off by Senior Systems officer. Update as of Feb 2025 : Management have confirmed that the above responses have been implemented. Management confirmed that any change to the monthly reporting is now signed off by Gareth or Neil. However, the way that the Council do this has changed as reporting is now from Insights which is a new reporting feature and creates Dashboard information rather than monthly reports. We will review this as part of our audit testing.
Low – Best practice improvement opportunity	IT recommendation – Lack of UAT testing completed for Altair changes – We noted that for sample change obtained, testing was not conducted before promoting the change into the live environment. Additionally, no approval was given prior to implementation. However, we noted that post implementation approvals were given to confirm the change implemented had met that change request. Risk Failure to adequately perform change management testing prior to releasing the change into the production environment could lead to a loss of data integrity, processing integrity and/or system down-time	In September 2024, management mentioned that when a system release is being deployed by Heywood's there will be Systems Team Leader sign off on the test plan following the testing undertaken in the TEST environment to the release being deployed into the LIVE environment. Please note that dates to the TEST and LIVE environment are agreed before testing is undertaken. Update as of Feb 2025 : Management commented that the Council have had several new releases since the audit and the test plans are now checked and signed off by Cheryl before the Live system is updated. We will review this as part of our audit testing.

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06 IT audit strategy

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IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

application	Audit area	Planned level IT audit assessment
nit 4	Financial reporting	• Detailed ITGC Assessment completed by internal expert. We plan to test the design and implementations of ITGCs.
tair	Member Data	• Detailed ITGC Assessment completed by internal expert. We plan to test the design and implementations of ITGCs.

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07 Interim audit work

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Interim Audit Work

Details of work to be conducted at interim:

Description	Work commentary
Contribution Testing	We will: • Request the GL data for 9 months as well as the closing Trial Balance (TB) at Month 9 • Send a sample for further testing based on interim data provided • Test the sample of contribution listing
Benefit Testing	We will: • Request the Gross to Net report data for 9 months as well as the closing TB at Month 9 • Send a sample for further testing based on interim data provided • Test the sample of Benefits
Investment Purchase and Sales Testing	We will: • Request the Investment Purchase and sales data for 9 months • Send a sample for further testing based on interim data provided • Test the sample of Investment Purchase and Sales

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08 Logistics

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Logistics

The audit timeline

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Our team and communications

Grant Thornton core team

Grant Patterson
Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Siobhan Barnard
Senior Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Sonu Jain
In-charge

- Audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Client Surveys	• The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings Report	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior (In-charge) and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

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09 Fees and related matters

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Our fee estimate

Our estimate of the audit fees we will charge is set out in the table below, along with the fees billed in the prior year

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017 PSAA awarded a contract of audit for Shropshire County Pension Fund to begin with effect from 2018/19. [For existing audited bodies – This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2024/25 audit is £86,240.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here Fee Variations Overview – PSAA

Description	Audit Fee for 2023/24 (£)	Proposed fee for 2024/25 (£)
Shropshire County Pension Fund Audit	£75,564	£86,240
ISA 315	£7,530	£nil
Total Audit Fees (Excluding VAT)	**£83,094**	**£86,240**
IAS 19 letters*	£2,200	£2,200
Total (Exc. VAT)	**£85,294**	**£88,440**

*Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Previous year

In 2023/24 the scale fee set by PSAA was £75,564. The actual fee charged for the audit was £83,094, as detailed in the table on this page.

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10 Independence considerations

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Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms. In this context, there are no matters that we are required to report:

We are also required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We report the that no breaches have been identified by team.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have compiled with the Financial reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statement. Further, we have compiled with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in September 2022 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the pension fund.

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Fees and non-audit services

The following table below sets out the non-audit services charged from the beginning of the financial year as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Fund's policy on the allotment of non-audit work to your auditor

None of the below services were provided on a contingent fee basis

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Shropshire Pension Fund. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees as detailed in the table below.

Grant Thornton UK LLP also acts as the statutory auditor of Shropshire Council. The fees for the audit and non-audit services charged for this entity are reported in its Audit Plan. We consider that such services and fees do not impair our independence.

Assurance Service Fees

Service	£	Threats Identified	Safeguards applied
Audit Related Assurance			
IAS19 Assurance letters for Admitted Bodies outside of the LGPS Code of Audit Practice	1,100 per letter	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee for this work is £1,100 in comparison to the total proposed fee for the audit of £86,240 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

This covers all services provided by us and our network to the Fund, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

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11 Communication of audit matters with those charged with governance

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Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Fund's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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12 Delivering audit quality

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Delivering audit quality

Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

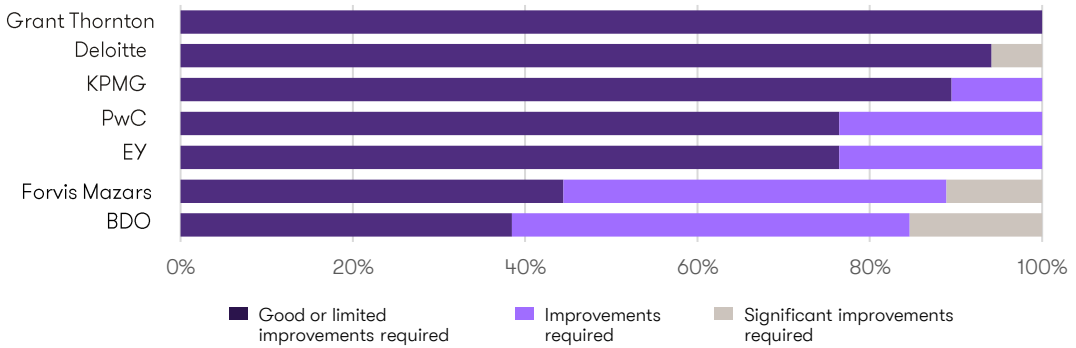
Oversight and control

Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit

FRC's Audit Quality Inspection and Supervision Inspection
(% of files awarded in each grading, in the most recent report for each firm)



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13 Appendices

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IFRS reporters New or revised accounting standards that are in effect

First time adoption of IFRS 16 Lease liability in a sale and leaseback	• IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. • This year will be the first year IFRS 16 is adopted fully within Local Government. It is not expected to have a significant impact on pension fund accounts and auditors.
IAS 1 amendments Non-current liabilities with covenants	• These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IAS 7 and IFRS 7 Supplier finance arrangements	• These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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IFRS reporters Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

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