

# Medium Term Financial Strategy 2023/24 – 2027/28

December 2022





## Foreword

Following engagement with the public, our partners, and local businesses, Shropshire Council agreed 'The Shropshire Plan' at its meeting in May 2022. This plan sets out the Council's vision, purpose and priorities, grouped into 4 themes:

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

A clear strategy helps us all to be agile in our response to new challenges. It helps us to plan ahead in a consistent and coherent way. This strategy will help us to do that, by connecting our overall objectives as set out in The Shropshire Plan to how we allocate financial resources to our many different activities.

**This update for December 2022 includes savings proposals for the MTFS period. These proposals are extensive – they total £50.6m in next year. The proposals are not put forward without a keen awareness of their likely impact – but we need to address the financial challenges we face, challenges arising from national and international economic pressures, and we must do that now.**

**The alternative is that we lose the ability to control our future, a fate we have already seen other councils succumb to, but which we are determined to avoid.**



**Lezley Picton**  
Leader of the  
Council



**Andy Begley**  
Chief Executive

# Introduction

This financial strategy begins the process of ensuring that the Council's finances are aligned to the delivery of The Shropshire Plan, as agreed by Councillors in May 2022.

It also builds upon the engagement of the Council with the Local Government Association (LGA) through its 'peer review' process: We invited colleagues from other councils to spend time with us reviewing our financial affairs – including our financial strategy, our budget approach, and our wider financial management across the whole Council.

The LGA review was unequivocal in its conclusions; the technical and professional resources the Council has at its disposal are of a high standard and provide a sound foundation from which to meet the coming challenges.

The review also emphasised that the approaches we have used in recent years were unlikely to secure the efficiency and effectiveness we know we need to meet our future challenges. It highlighted that we could make changes in several areas, including

- Confidence in our ability to deliver Member and resident aspirations.
- Clarity over the financial outlook in the short-, medium-, and long-term.
- A move from minimising to managing risk.
- A transparent approach to how we will secure sustainable finances, and the consequences of failing to do so.

Lastly, following the pressures of the pandemic, it is clear that the wider economic outlook continues to be uncertain. The invasion of Ukraine and subsequent price inflation was not anticipated in our previous plans at the current levels. We are now adjusting our plans accordingly and taking the steps needed – the proposals for spending reductions set out in the strategy report are part of the proactive planning process and – if approved by Council – will ensure that the council is financially sustainable in the coming years.

**Further to this update of our strategy, we look forward to engaging with residents, partner agencies, local businesses and other stakeholders to understand better where they agree with our approach and where there may be unintended consequences.**



**Gwilym Butler**  
Cabinet Member  
for Finance



**James Walton**  
Executive Director  
of Resources

# Medium Term Financial Strategy Summary; Outlook and forward planning



# Medium Term Financial Strategy

## - Summary at December 2022

The MTFS for 2022/23 and later years was first agreed in February 2022 by Full Council. An update was presented and agreed in July 2022, and again in October. Since that date, a number of factors have continued to affect the financial outlook for the Council.

Internally, the Council has agreed 'The Shropshire Plan', launched formally in October. This sets out the vision and key priorities for the coming years. This will help to navigate the financial pressures by helping to prioritise activities and removing or reducing work where this does not directly support the objectives of the plan.

Externally, the war in the Ukraine continues to have an impact on the wider economy, which is also impacted by the changed leadership of the national government and the new direction anticipated in the coming months.

This update of the MTFS includes detailed revenue savings proposals. These have been developed in alignment with the Shropshire Plan, and will secure a sustainable budgetary position across the MTFS period. However, these savings also represent a significant challenge – and risk – in terms of their delivery. These factors are set out in this update of the MTFS.

## Financial Outlook

The overview of the revenue position is summarised in the table below. The expenditure estimates include savings proposals in 2023/24 £50.6m, set out in the attachment to this MTFS update.

SUMMARY REVENUE FUNDING GAP	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Estimated Funding	635,436,197	646,756,460	648,989,407	664,332,993	680,452,847
Estimated Expenditure	637,175,368	646,761,687	649,896,578	669,540,371	681,813,629
<b>Funding gap in year</b>	<b>1,739,172</b>	<b>5,227</b>	<b>907,171</b>	<b>5,207,378</b>	<b>1,360,782</b>

## Resources

The table above shows that the Council receives resources each year which average £655m per annum across the period.

Overall resources are largely stable throughout the period. These are driven by Council tax receipts and retained business rates under the rates retention mechanism and supplemented by government grants for specific services.

- Council tax – this is currently estimated to increase each year by c £11m due to an estimated 1.5% per year growth in the number of chargeable properties (the tax base), an assumed 1.99% national limit on the increase in the charge (included for each year; assumed as 2.99% in 2023/24, as noted below), and a further charge of 2% per year for the social care precept. Overall levels of Council Tax are expected to grow from £191m in 2023/24 to £239m by 2027/28.

These assumptions have been updated for the announcements included in the Autumn Statement presented by the Chancellor on 17 November. This indicated that the anticipated limit for increases to the basic charge of council tax would increase to 2.99% for 2023/24. Similarly, it is assumed that the social care precept will increase at 2%. (NB – each 1% on council tax yields c £1.8m additional resource for the council.)

- Business rates - The 'rates retention' mechanism, including the 'top-up' and 'tariff' arrangements, indicate that resources from retained business rates average £55m per year, rising from £52m to £60m across the period as the NDR multiplier is increased each year. (These figures also include retained Revenue Support Grant of £6.5m per year.) It is anticipated that the NDR multiplier may increase in line with general inflation for 2023/24. However, this may not yield a corresponding increase in receipts retained by the council, due to the position of NDR receipts within a wider funding framework (the settlement funding assessment, 'SFA')
- Other important resources include ringfenced and targeted government grants. The application of these is usually restricted, and the Council needs to ensure that the planned use is appropriate and sustainably contained within the available funding. These include, for example (using current year values):
  - £105m Dedicated Schools Grant
  - £38m Mandatory Rent Allowances
  - £17m business rate reliefs compensation grant (s31)
  - £12.4m Public Health Grant

## Expenditure

Estimated expenditure averages £657m per year, with estimated spending in 2023/24 of nearly £637m (after savings applied). Inflationary pressures and the pressure from local population growth is usually around £20m per year – but this has more than doubled as a result of the current level of inflation.

The table above is an estimate of the costs the council expects to incur in the *future*, based on no other changes being made to current operating methods and demand for services continuing at the same rate or continuing to increase at the same rate. The

savings proposals relate to those forecast future costs, reducing them by adopting new ways of working in the future, revising future contracts and changing future staffing structures. While it may seem unlikely that the council can reduce a net budget of £244m by £50m without people seeing a significant difference to the services provided 'on the ground', that can be explained in terms of reducing future costs which are expected but not yet incurred, rather than reducing costs below the present level.

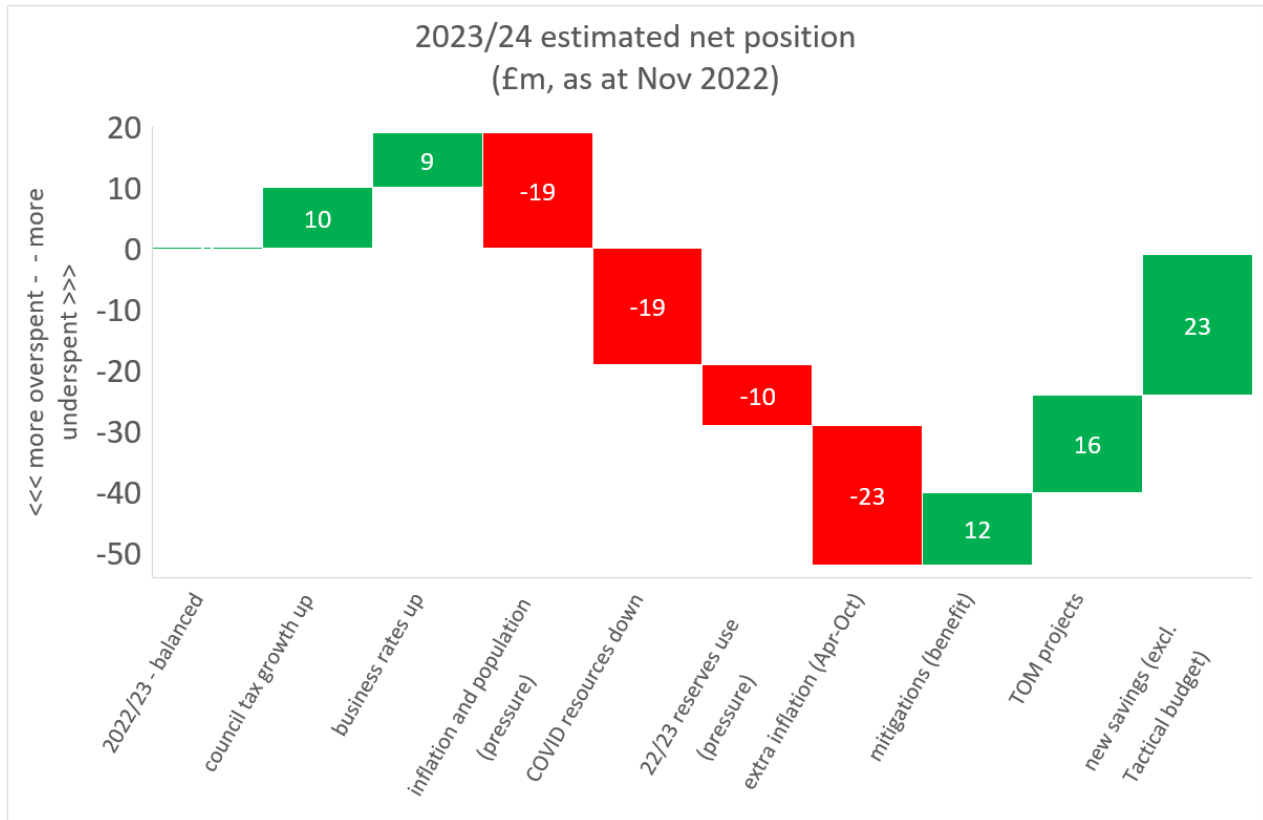
## **Estimated Net Expenditure**

The impact of different factors on the MTFS position from the current year to the next year is set out in the chart below. This shows that anticipated resource growth into the coming year was estimated to match cost increases from population growth and price increases, based on the inflation forecasts at the time (January 2022). The loss of COVID resources was also anticipated, although the persistence of a range of associated costs was not. Reserves use agreed as part of the 22/23 budget would not be repeated into the next year, which was a calculated risk taken at the time (and driven by the uncertainty around future adult social care funding). Additional inflation arising after January 2022 provided a further substantial pressure.

Work to mitigate these pressures began earlier than has been the case in previous years, a reflection of the urgency of the situation. A range of mitigations were identified in early summer (and the current position on these is included in the savings tables at the end of this appendix).

Further savings have been identified arising from new 'target operating model' (TOM) projects – designed to maximise organisational efficiency and effectiveness, and adopting best practice opportunities from across the local government sector.

Additional savings have been identified from a range of opportunities within existing operating models. In many cases these help to reduce costs to within an affordable range by reducing or diverting demand, or by securing more efficient delivery methods. In many cases, proposals are expansions or accelerations of existing efficiency measures, reflecting the journey of local government as a whole in recent years, where each new year sees us 'doing more with less'.



## Financial Strategy – Short, Medium and Long-Term Objectives

The chart above includes the estimated impact of the actions being put into place in the short term to address inflationary pressures and ensure we maintain a balanced budget. The actions include both short term measures (that is, actions in this year and next year), and actions expected to yield benefit in future years.

Many proposed actions require either separate decisions to enable them or rely on collaboration with bodies outside the council for them to be achieved. There remains therefore a clear risk in the delivery of these proposals. However, the council is aware of this risk and is actively managing it.

Overall, the longer-term strategy of the council is to ensure that, as set out in the Shropshire Plan, we are ‘living the best life’. In financial terms, this requires some rebalancing of our budgets so that less is spent on social care, and more is spent on maintaining good health and independence and preventing poor health. In a similar way, we aim to provide more resources to support the growth in our local sources of income – building more homes to accommodate a growing population, but in doing so, being able to increase council tax receipts.



This will help us plan sustainably, generating income from local taxation and fees and charges levied, which, together with the 'core spending' funding received from government will balance the cost of the services we provide.

## Preparing the budget for 2023/24

As noted in the last MTFS update, the approach taken to planning for 2023/24 has been to:

- seek recurrent savings from service areas in order to address the budget gap identified for 2023/24 in a sustainable way, and
- remove use of reserves to bridge the budget gap, and if possible, make contributions in order to replenish them.

This process has been informed by The Shropshire Plan, our Workforce Strategy is set out to ensure that all staff are supported to deliver the aims of the Shropshire Plan, including initiatives badged as 'Getting it Right' and 'Getting Leadership Right', and the 'Target Operating Model' or 'TOM'. These are described below.

The Shropshire Plan (see link here: [The Shropshire Plan 2022-2025 | Shropshire Council](#)) is informed by the following key objectives:

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



The Workforce Strategy is here: [Workforce Strategy 2022 to 2025 \(shropshire.gov.uk\)](#). The illustration below, taken from the Workforce Strategy, sets out the key values of 'Getting It Right' (GiR) which is our overarching approach.

The Workforce Strategy also contains a leadership programme for the 10% of staff who are central to the leadership and performance of the whole Council. This leadership programme is called 'Getting Leadership Right'. Over 300 staff are enrolled in the first phase of GLR, including the Chief Executive, the Executive Directors, and the Assistant Directors. Many staff have already spoken positively of their experiences of this programme, which is important – the values of GiR and the learning from GLR will be vital in being able to secure the MTFS objectives: They will enable significant service transformation and cultural change across the Council.



# Impact on the current year



# Impacts from the current year

## Changes since February and their impact on 2023/24 Budget

### Interest Rate Increases

In response to the impact on the economy that the inflationary pressures is causing, the Bank of England has increased the base rate from 0.1% in December 2021 to the current rate of 3.0% (from 3 November).

Any increase in the base rate is likely to translate into increasing costs of borrowing should the Council need to borrow for the Capital Programme. Accordingly, this is likely to have a corresponding impact on the revenue budget and the business cases for capital schemes. This will be carefully monitored during the course of the Medium Term Financial Strategy. Base rates may also lead to higher interest receivable from the investment of cash balances.

### Adult Social Care Reform

The Government published outline reforms to adult social care funding late in 2021. There remain a number of key issues to be resolved, but it is likely that (based on current information) there will be a net cost to councils delivering social care. These costs are not yet factored into the later years of the Council's MTFS as their likely level is not known with confidence.

The LGA briefing on the potential impact of adult social care reform on councils is available here:

[Not enough money for adult social care reforms, say 98 per cent of councils in LGA survey | Local Government Association](#)

### Local Government Pressures

There have been a number of 'public interest reports' made by external auditors in recent months. These have highlighted how the current financial pressures are affecting the financial standing of different councils. The consistent message is that securing robust technical management of the accounts together with a transparent culture of honest and open engagement between officers and Members, and with clarity on the current financial position and the likely financial outlook, is critical.

Recent Public Interest Reports are summarised below. These now include the third s114 notice issued by LB Croydon, and the recent reports on the commercial investment strategies pursued by Spelthorne and Thurrock Councils.

Authority	Issues raised
<b>Croydon</b>	<b>Third s114 notice issued (19 November). Budget gap of 43% for 23/24.</b>
<b>Spelthorne</b>	<b>Regulatory basis for commercial investments.</b>
<b>Thurrock</b>	<b>£470m funding gap identified arising from its investment strategy.</b>
Nottingham City Council	Treatment of HRA appropriations
LB Croydon	Contracts for housing work; Fairfield Halls improvement works
Wirral Council	Need for strategic (multi-year) approach to savings plans
Slough	Incorrect accounting including reserves and MRP calculations
Warrington Council	Credit rating reduction
Northamptonshire	Inaccurate financial reporting leading to inappropriate decisions; inappropriate use of capital receipts

Additionally, Grant Thornton have updated their review of Public Interest Report themes in September 2022, further to their previous review in March 2021 (here: [Lessons from Public Interest Reports \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/insights/public-interest-reports)).

The key themes they identify are all mitigated in the approach set out in this MTFS. The themes and mitigations are set out below.

Grant Thornton theme	Local mitigation
Cultural and Governance issues	Leadership and performance management training; definition of organisation core values (Workforce Strategy, GiR, GLR); Review of Internal Audit workplan for 2023/24 in view of MTFS savings proposals.

Failure to understand and manage the risks associated with external companies	Ongoing dialogue with Cornovii Developments Limited (CDL) and STAR Housing to ensure that financial planning is undertaken in view of all relevant information.
Failure to address and resolve relationship issues between senior officers and members.	Open dialogue between Council Leader and Chief Executive on matters of Member and Officer conduct.
Financial capability and capacity	Ongoing review of financial service staffing, capability and performance; engagement within wider networks and sector experts to secure technical advice and guidance as necessary; updated financial training and support to operational managers to develop wider organisational capacity.
Audit Committee effectiveness	Ongoing review and insight including from s151 officer/CFO; provision of Audit Committee training sessions as requested.

## Internal Reviews and Developments

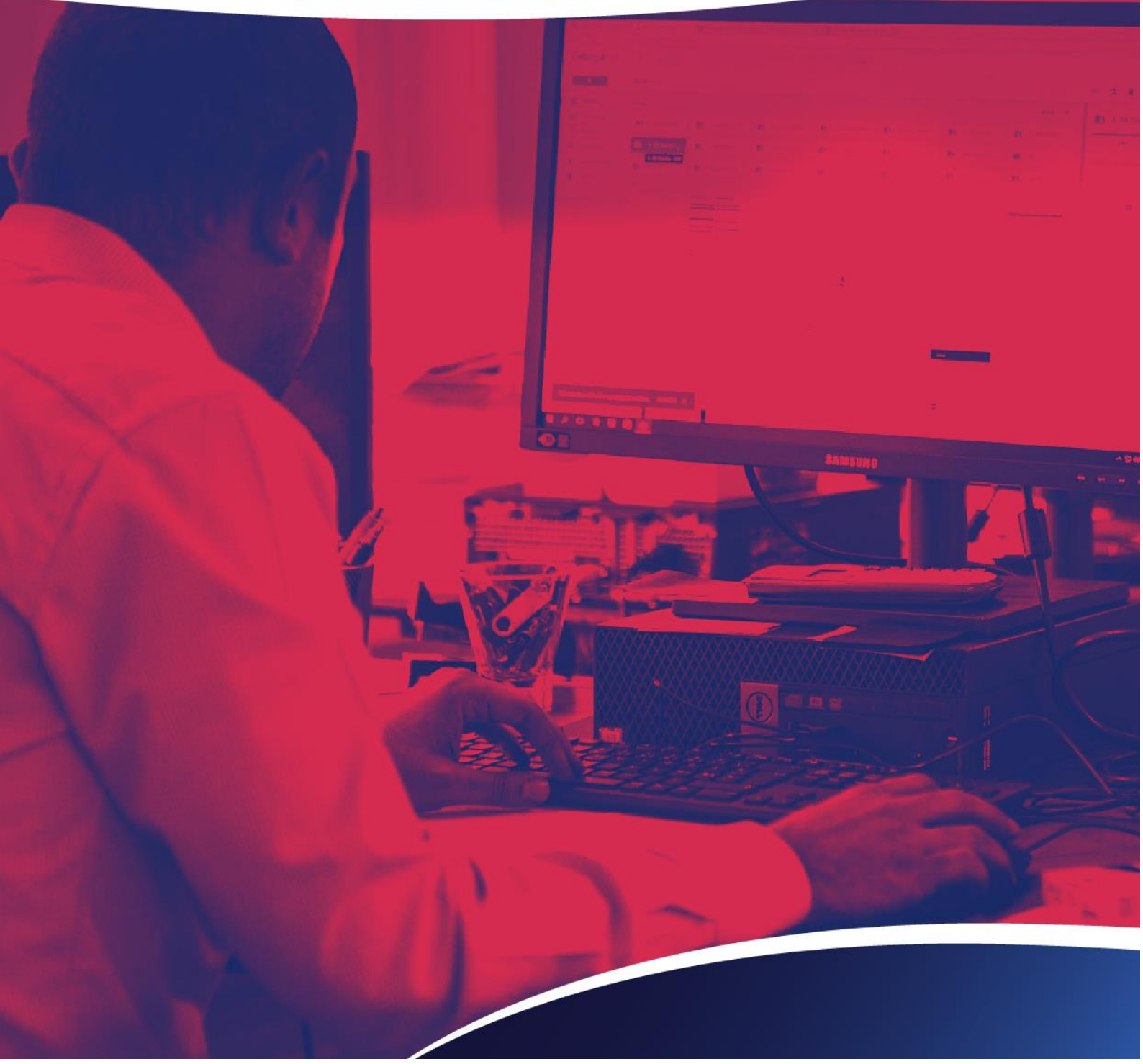
On 12<sup>th</sup> May 2022, the Council approved the Shropshire Plan which sets out its vision and key priorities for the coming years. This document will now help shape where the Council prioritises its activities and remove or reduce work where this does not directly support the objectives of the plan. Therefore the Financial Strategy will be closely aligned to the Shropshire Plan to ensure that the Council resources are deployed to only those areas of priority.

In order to ensure that the Council's Financial standing and processes are as robust as possible, it was agreed with the Local Government Association that a Finance Peer Review would be undertaken in June 2022. This exercise was far reaching across the Council and not only examined the financial strategy and budget approach of the organisation, but also looked at the wider financial management approaches across the organisation.

The results from the Peer Review were positive and stated that they believe that the Council should be confident in its ability to meet the challenges for the future. They believe that the actions taken by the Council to address recently identified inflationary pressures and the planned implementation of the Target Operating Model to align the activities of the Council to the Shropshire Plan will put the Council in a good position to address the funding position (as now set out in this report).

There were a number of recommendations made by the Peer Review have helped to refine the Council's approach. The peer review report is available, alongside the Council's action plan building on the recommendations of the report, here: [LGA finance review | Shropshire Council](#).

# Impact on Medium Term Financial Strategy 2023/24 – 2027/28





## Revised MTFs Summary and Funding Gap

The impact of the inflationary pressures and mitigating savings activity outlined above has affected the funding gap over the period of the MTFs. The revised gap is outlined below, detailing the changes that have occurred since February 2022.

The details of impacts identified on resources and spending estimates are summarised below, with details in the following 2 tables.

1) REVENUE FUNDING GAP	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
Ongoing Funding ( <i>from table 2</i> )	600,245,282	610,659,022	611,958,251	626,340,107	641,469,379
<b>One off Grants &amp; Reserves:</b>					
Improved Better Care Funding	10,252,045	10,618,624	10,996,201	11,385,105	11,785,676
New Homes Bonus - One Off	0	0	0	0	
Rural Services Delivery grant	6,940,755	6,940,755	6,940,755	6,940,755	6,940,755
Social Care Grant - One Off	17,998,115	18,538,058	19,094,200	19,667,026	20,257,037
<b>Total one-off resources</b>	<b>35,190,915</b>	<b>36,097,438</b>	<b>37,031,156</b>	<b>37,992,886</b>	<b>38,983,468</b>
<b>Estimated Funding</b>	<b>635,436,197</b>	<b>646,756,460</b>	<b>648,989,407</b>	<b>664,332,993</b>	<b>680,452,847</b>
Estimated Expenditure (excl savings plans)	682,254,535	660,169,408	659,890,404	673,375,243	681,821,269
Savings plans	(45,079,166)	(13,407,722)	(9,993,826)	(3,834,872)	(7,640)
<b>Estimated Expenditure (<i>incl savings plans; table 3</i>)</b>	<b>637,175,368</b>	<b>646,761,687</b>	<b>649,896,578</b>	<b>669,540,371</b>	<b>681,813,629</b>
<b>Funding gap in year</b>	<b>1,739,172</b>	<b>5,227</b>	<b>907,171</b>	<b>5,207,378</b>	<b>1,360,782</b>

Table 3 sets out the basis of the estimated expenditure, and includes net savings proposed of £45.1m (or £50.6m gross, including previously agreed savings, tactical budget savings, target operating model (TOM) projects, and new savings proposed).

This is a substantial savings programme for a single year and entails significant delivery risk. This risk is acknowledged and is planned to be mitigated through the increased visibility and focus of financial performance reporting, including:

- Clear savings delivery plans and identified governance and decision-making routes for all savings proposed.
- Risk reviews of individual proposals.
- Clear officer accountability and support for financial monitoring
- Monthly savings delivery reporting, with areas of concern and any mitigating actions required, monitoring areas of delay (or acceleration), and under- or over-delivery.
- Monthly overall budget reporting.
- Urgent escalation of issues as required.

2) ESTIMATED FUNDING	2023/24	2024/25	2025/26	2026/27	2027/28	Assumptions
	£	£	£	£	£	
<b>Council Tax</b>	193,577,046	204,622,653	216,298,569	228,640,264	241,685,930	- Council tax increase of 2.99% in 2023/24, reverting to 1.99% thereafter. - 2% on SC precept - Growth in Taxbase of 2.02% in 23/24 and 1.65% in future years - An increase in collection rate to 98.5%
<b>Council Tax Collection Fund Surplus/(Deficit)</b>	-93,463	500,000	500,000	500,000	500,000	2023/24 based on smoothing of COVID exceptional balance, will be updated later in the year once final figures are known.
<b>Business Rates:</b>						
Business Rates Collected	35,752,067	42,424,766	43,083,729	43,752,927	44,432,519	Future years based on valuation list growth of 0.8% and multiplier increase of 1%, 23/24. It is assumed all reliefs remain in place.
Business Rates - Energy Renewable Schemes	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	Assumed £1m flat rates from Energy Renewable schemes.
Top Up Grant	10,031,260	10,031,260	10,031,260	10,031,260	10,031,260	As per Final Local Government Finance Settlement 2022
Business Rate Collection Fund Surplus/(Deficit)	-168,114	-500,000	-500,000	-500,000	-500,000	2023/24 based on smoothing of COVID exceptional balance, will be updated later in the year
<b>REVENUE SUPPORT GRANT</b>	6,450,404	6,450,404	6,450,404	6,450,404	6,450,404	No assumed RSG growth.
<b>NET BUDGET</b>	<b>246,549,199</b>	<b>264,529,082</b>	<b>276,863,961</b>	<b>289,874,854</b>	<b>303,600,114</b>	
<b>Grants included in Core Funding:</b>						
Improved Better Care Fund	10,252,045	10,618,624	10,996,201	11,385,105	11,785,676	As per Final Local Government Finance Settlement 2022, inflated by 3% (per SR21)
New Homes Bonus	2,424,326	0	0	0	0	Assumed one further year allocation at the same level as 22/23 allocation.
Rural Services Delivery Grant	6,940,755	6,940,755	6,940,755	6,940,755	6,940,755	As per Final Local Government Finance Settlement 2022, cash flat
Social Care Support Grant	17,998,115	18,538,058	19,094,200	19,667,026	20,257,037	As per Final Local Government Finance Settlement 2022, inflated by 3%, plus an additional £5m resulting from Autumn Statement announcement
<b>CORE FUNDING</b>	<b>284,164,440</b>	<b>300,626,520</b>	<b>313,895,117</b>	<b>327,867,740</b>	<b>342,583,581</b>	
<b>Local Income</b>						
Fees and charges (including income savings from prior years)	82,718,167	83,151,596	83,593,807	84,045,021	84,496,235	No assumed growth or loss.
Other Grants and contributions	30,785,140	30,785,140	30,785,140	30,785,140	30,785,140	No assumed growth or loss.
Specific Grants (excl Core Funding Grants above)	193,473,094	186,991,326	174,579,747	174,537,766	174,499,983	No assumed growth or loss.
Internal Recharges	9,104,440	9,104,440	9,104,440	9,104,440	9,104,440	No assumed growth or loss.
<b>TOTAL FUNDING (to table 1)</b>	<b>600,245,282</b>	<b>610,659,022</b>	<b>611,958,251</b>	<b>626,340,107</b>	<b>641,469,379</b>	

3) ESTIMATED EXPENDITURE	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
<b>Original Gross Budget Requirement</b>	<b>656,496,475</b>	<b>637,175,368</b>	<b>646,761,687</b>	<b>649,896,578</b>	<b>669,540,371</b>
<b>Inflationary Growth :</b>					
Pay	11,336,970	3,968,420	4,087,470	4,210,090	4,336,370
Apprenticeship Levy	21,970	14,110	14,530	14,970	15,420
Pensions	(982,060)	305,669	458,757	0	0
Prices					
Corporate Landlord inflation	2,180,000	185,447	190,084	194,836	199,707
Contract inflation	25,026,668	6,059,096	6,223,974	6,380,058	6,539,053
<b>Demography &amp; Demand</b>	<b>1,133,830</b>	<b>289,455</b>	<b>299,535</b>	<b>306,085</b>	<b>237,550</b>
<b>Service Specific Pressures</b>	<b>0</b>	<b>168,000</b>	<b>(400,000)</b>	<b>(500,000)</b>	
<b>Local Generated Pressures:</b>					
Elections			400,000	(400,000)	
Specific Grants Changes between years	(23,437,694)	824,701	(11,477,861)	919,749	952,799
One off investment in IT infrastructure					
Ongoing reduction in New Homes Bonus (pressure)	2,227,139	2,424,326			
Ongoing Pressures	7,552,822				
Estimated Cost of Investment - <i>Approved</i>	895,415	1,774,815	1,371,229	1,382,878	
<i>Additional Staff for Capital Programme</i>	(500,000)				
Invest to Save Fund for delivery of future savings	(97,000)	(20,000)	(39,000)	(30,000)	
Energy Renewable Schemes					
Adjustment to Gross budget offset by Income changes	400,000				
Contribution to General Fund		5,000,000	5,000,000	5,000,000	
MTFS reserve (savings slippage / optimism bias)		2,000,000	7,000,000	6,000,000	
<b>Savings</b>					
<i>One off saving - Morrissons Lease and Buyout</i>	1,415,065				
<i>Unachievable Savings agreed in previous years</i>	4,559,010				
<i>Savings Agreed in Previous Financial Strategies</i>	(3,680,737)	(3,114,476)	(4,025,667)	(5,878,139)	
<i>Tactical Budget Savings</i>	(8,512,561)	(3,420,000)	(662,000)	(80,000)	(55,000)
<i>TOM Budget Savings</i>	(15,796,058)	(7,143,796)	(5,580,759)	(578,285)	
<i>New Savings Proposals</i>	(23,063,885)	270,550	274,600	2,701,552	47,360
<b>Subtotal - all savings</b>	<b>(45,079,166)</b>	<b>(13,407,722)</b>	<b>(9,993,826)</b>	<b>(3,834,872)</b>	<b>(7,640)</b>
<b>TOTAL EXPENDITURE (to table 1)</b>	<b>637,175,368</b>	<b>646,761,687</b>	<b>649,896,578</b>	<b>669,540,371</b>	<b>681,813,629</b>

4) Approved Capital Programme Summary	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Projects (analysed below)	45,960,705	70,200,004	71,333,072	29,711,360	633,261	-
Maintenance - Highways / Schools / Corporate Landlord	45,487,054	33,378,236	30,603,500	22,153,500	15,432,000	13,582,000
Supported Care Management and Equipment	1,464,728	150,000	200,000	-	-	-
Schools Devolved Formula Capital (DFC)	640,390	1,050,000	300,000	250,000	200,000	150,000
Grants And Loans - Disabled Facilities / Green Homes	15,427,165	5,112,528	4,149,000	4,149,000	4,698,000	3,600,000
HRA Planned Maintenance Programme	5,322,487	4,828,300	4,828,300	5,000,000	5,000,000	5,000,000
<b>Total Capital Investment Programme</b>	<b>114,302,528</b>	<b>114,719,068</b>	<b>111,413,872</b>	<b>61,263,860</b>	<b>25,963,261</b>	<b>22,332,000</b>

5) Capital Financing	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Self Financed Prudential Borrowing	28,761,698	27,098,980	24,567,669	8,397,303	633,261	-
HRA - Self Financed Prudential Borrowing	5,867,599	12,069,585	6,269,313	5,004,318	-	-
SALIX Loan	786,999	1,910,494	-	-	-	-
Government Grants & Contributions	40,728,356	48,690,313	58,838,383	30,481,000	18,730,000	17,332,000
Non Government Grants	6,514,694	117,750	60,750	20,250	-	-
Other Contributions	14,607,819	7,174,815	5,860,750	2,100,195	-	-
Revenue Contributions to Capital	5,124,261	749,069	-	3,308,501	-	-
Major Repairs Allowance	4,090,223	4,828,300	4,828,300	5,000,000	5,000,000	5,000,000
Capital Receipts	7,820,880	12,079,762	10,988,707	6,952,293	1,600,000	-
<b>Total Financing</b>	<b>114,302,528</b>	<b>114,719,068</b>	<b>111,413,872</b>	<b>61,263,860</b>	<b>25,963,261</b>	<b>22,332,000</b>

6) Projects Analysis	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b><u>Place</u></b>						
Whitchurch Swimming & Leisure Facility	621,824	4,420,657	5,357,237	2,067,303	633,261	-
Recycling Bin Roll Out Programme	2,928,076	-	-	-	-	-
In Vessel Composting Facility	-	-	325,000	-	-	-
Street Lighting LED Replacements	1,457,550	4,372,955	-	-	-	-
Oxon Relief Road (OLR)	785,462	1,653,055	4,000,000	2,000,000	-	-
North West Relief Road (NWRR)	3,961,625	10,000,000	20,000,000	10,000,000	-	-
Shrewsbury Integrated Transport Package	473,372	-	-	-	-	-
Investment in Electric Vehicle Charging Points	1,264,711	-	-	-	-	-
Bishops Castle Business Park	2,157,287	-	-	-	-	-
Oswestry Highway Improvement & Innovation Park	2,105,514	7,296,019	6,496,020	4,251,293	-	-
Multi Agency Hub, Shrewsbury	-	-	-	-	-	-
Pride Hill Redevelopment	-	-	-	-	-	-
Broadband Improvements Programme	995,136	3,000,000	2,200,000	1,079,945	-	-
Commercial Investment Fund Unallocated	-	-	5,479,704	-	-	-
The Tannery Development Site B&C	6,000	-	-	-	-	-
The Tannery Development Site A	597,753	1,353,605	5,000,000	-	-	-
Whitchurch Medical Practice	2,342,783	2,978,228	-	-	-	-
Shrewsbury Town Centre Property Acquisition	3,846,000	-	-	-	-	-
Oswestry Central Property Acquisition	3,326,850	-	-	-	-	-
Meole Brace Pitch & Putt	620,360	4,264,298	503,415	-	-	-
Maesbury Solar Farm	-	2,041,173	-	-	-	-
Travellers Transit Site, Battlefield	5,000	266,000	-	-	-	-
<b><u>People</u></b>						
Childrens Residential Care Investment	1,080,041	-	-	-	-	-
Greenacres Supported Living	105,683	2,255,000	1,000,000	-	-	-
Schools Future Place Planning	4,170,746	9,652,058	10,678,384	2,000,000	-	-
<b><u>Resources</u></b>						
Digital Transformation/IT Replacement Programme	485,549	1,000,000	-	-	-	-
<b><u>Housing Revenue Account</u></b>						
HRA Temporary Accommodation Programme	1,871,250	2,000,000	1,000,000	-	-	-
HRA New Build Programme	10,752,134	13,646,956	9,293,312	8,312,819	-	-
<b>Total Projects</b>	<b>45,960,705</b>	<b>70,200,004</b>	<b>71,333,072</b>	<b>29,711,360</b>	<b>633,261</b>	<b>-</b>



Shropshire  
Council

# Financial Stability; Reserves and balances



## General Fund Balance

The General Fund balance held as at 1 April 2022 is £11.5m. This is significantly below the risk assessed level for 2022/23 which is £18.7m. This leaves the Council vulnerable to any unexpected spending pressures that may arise during the course of the year. Whilst one off savings will be sought wherever possible to mitigate against unforeseen pressures that may arise, the General Fund does need to be at a sufficient level in case this is any shortfall.

In 2022/23 a one off contribution of £4m has been budgeted bring the General Fund Balance to £15.5m (dependent on delivery of a balanced budget in 2022/23) which is considered to be acceptable, albeit below the target level.

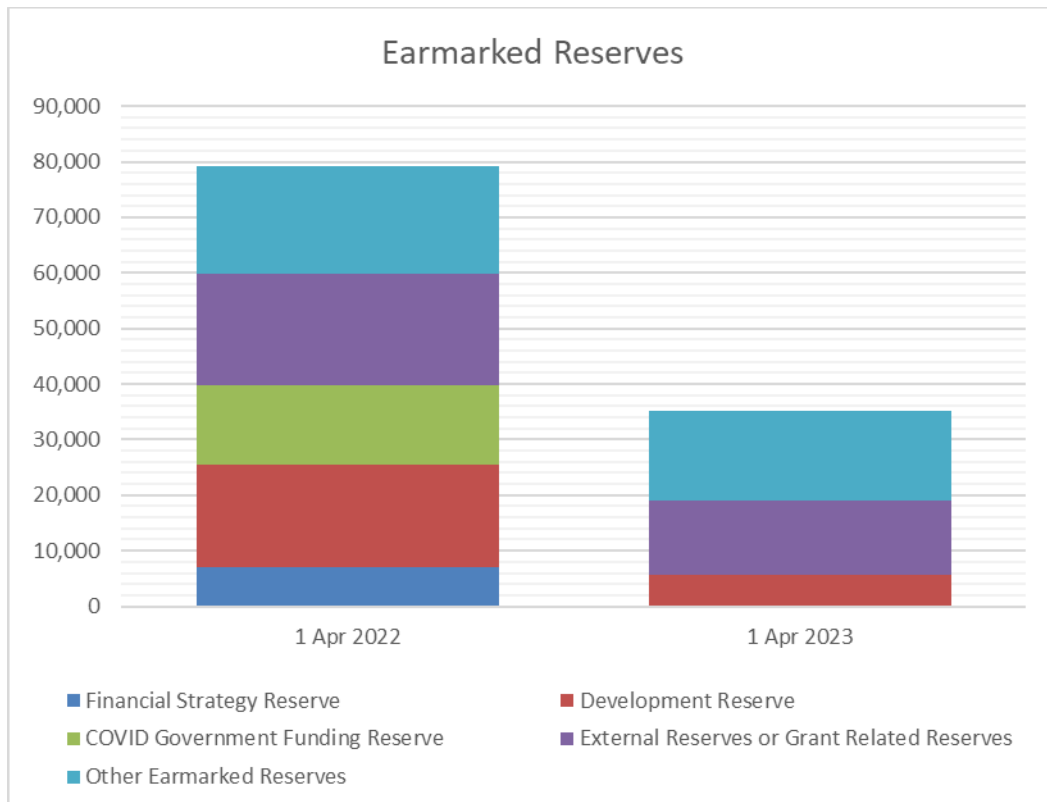
In the medium to long term financial strategy, contributions to the General Fund balance have been factored into assumptions to ensure that the authority is resilient to any future risks.

## Earmarked Reserves

The Council has assumed in previous financial strategies that it would use earmarked reserves, particularly the Financial Strategy Reserve, to help balance the budget. The Financial Strategy Reserve will be fully applied in 2022/23 and therefore this can no longer be considered for future financial years.

The total value in Earmarked Reserves as at 1 April 2022 is £79.2m (excluding schools related reserves). It should be noted that a significant proportion of these reserves have been assumed to be utilised in 2022/23 or are committed in line with grant conditions.

The chart below demonstrates the planned reduction in earmarked reserves in the 2022/23 financial year, with a total reduction of £47.6m anticipated to be drawn down by the end of the year, leaving a balance of £31.6m remaining. A significant proportion of the reduction relates to the use of COVID funding. Anticipated use of the Development Reserve is based on initial estimates or requirements for transformation/TOM projects (discussed above). The level and timing of funding required for this purpose is under review. The Financial Strategy reserve is anticipated to be fully utilised in delivery of the current year budget (as set out in the agreed budget plans for 2022/23).



The Council’s financial strategy will also seek to minimise use of reserves in the medium term, and then to replenish them. This will afford the Council the resources to be able to deal with unexpected challenges, or to invest in further transformation and improvement of its services.



**Attachment – savings proposed**

ref		2023/24	2024/25	2025/26	2026/27	2027/28
1	<b>Policy Choices</b>	<b>176,940</b>	<b>1,064,000</b>	<b>263,000</b>	-	-
2	<b>People Directorate – Policy</b>	<b>302,000</b>	<b>337,000</b>	<b>263,000</b>	-	-
3	Review the transport arrangements for SEND education placements to ensure efficient use of resources whilst providing appropriate support.	100,000	100,000	100,000	-	-
4	Consult on options to revise the contribution scheme for Post 16 applicants with SEND to ensure efficient use of resources.	-	100,000	125,000	125,000	-
5	Review the transport arrangements for placements at the Tuition Medical Behaviour Support Service to ensure efficient use of resources.	202,000	-	-	-	-
6	Consult on options to revise the Post 16 transport assistance scheme to ensure efficient use of resources.	-	20,000	30,000	-	-
7	<b>Place Directorate – Policy</b>	<b>(125,060)</b>	<b>727,000</b>	-	-	-
8	Installation of battery units at Shirehall and Theatre Severn to store electricity generated from rooftop photovoltaic cell installations, to support reduced local energy use from the Grid and more locally generated energy, and to replace 'selling back' energy to the Grid.	75,000	75,000	-	Reduce	-
9	Reduce small grant funding to local groups	25,000	-	-	-	-
10	Review of collection charges for bulky waste	15,000	-	-	-	-
11	Savings in the Museum Service	0	25,000	-	-	-
12	Implementation of green waste charges proposals (setup cost in 2023/24)	(240,060)	627,000	-	-	-
13	<b>Efficiency Measures</b>	<b>50,473,301</b>	<b>11,621,057</b>	<b>9,200,826</b>	<b>674,872</b>	<b>2,640</b>
14	<b>People Directorate - Efficiencies</b>	<b>18,550,005</b>	<b>7,807,127</b>	<b>7,915,136</b>	<b>3,121,424</b>	-
15	Expand and enhance reablement model to improve people's outcomes	3,844,860	3,922,130	4,000,570	-	-

ref		2023/24	2024/25	2025/26	2026/27	2027/28
	get better and to remain independent.					
16	Review care at home model	2,759,563	-	-	-	-
17	Review client contributions in line with national guidance	1,800,000	-	-	-	-
18	Managing predicted growth	1,300,000	-	-	-	-
19	Removal of budgets for vacant posts (avg. 3%)	1,275,377	-	-	-	-
20	Increase numbers of local foster carers to enable reductions in independent foster care costs (local foster carers, engaged by the Council, are less costly than independent foster carers)	1,000,000	200,000	-	-	-
21	Review supported living model	1,000,000	-	-	-	-
22	Reduce numbers of childcare placements in long-term residential placements, where appropriate ('Stepping Stones' project, implementing the proven North Yorkshire model of children's social care management).	1,000,000	2,023,997	3,180,566	2,891,424	-
23	Prevent the need for residential care	832,198	-	-	-	-
24	Deliver efficiencies across the ISF model	500,000	-	-	-	-
25	Review of support contracts	346,620	-	-	-	-
26	Decreased use of B&B accommodation as temporary accommodation for 2022/23 (including associated costs) in view of current action to reduce or divert demand.	344,000	-	-	-	-
27	Develop flexible support model to support people to remain at home	325,000	522,000	520,000	-	-
28	Reduce transport costs through improved efficiencies	300,000	-	-	-	-
29	Review exceptionally high-cost children's residential care placements to identify the optimum care arrangements for each child,	250,000	250,000	-	-	-

ref		2023/24	2024/25	2025/26	2026/27	2027/28
	reflecting their changing levels of need.					
30	Review care at home model.	240,437	-	-	-	-
31	Review the Council contribution to maintained school redundancy costs.	180,000	-	-	-	-
32	Review the Independent Living Service to ensure value for money.	150,000	-	-	-	-
33	Increase joint training opportunities.	150,000	150,000	-	-	-
34	use external grant funding to support staff costs	136,680	-	-	-	-
35	Review of arrangements for personal budgets	110,000	110,000	110,000	110,000	-
36	Increase private sector housing fees	100,000	-	-	-	-
37	review the 'Enable' services budget	88,000	-	-	-	-
38	Review funding arrangements across Learning and Skills to maximise the use of the Central School Services Block (CSSB) grant funding, in line with Government guidance, to rebalance the Council contribution to the service.	86,180	-	-	-	-
39	Review grants (non-statutory)	80,000	50,000	-	-	-
40	Review of Day Services model.	75,000	-	-	-	-
41	Improve value for money of housing security provision	74,000	-	-	-	-
42	Review service model to deliver wellbeing training and capacity building offer.	66,610	-	-	-	-
43	Charge for sourcing care to self funders	43,000	59,000	74,000	90,000	-
44	Optimise Occupational Therapy service delivery by ending 'just checking' contract.	30,000	-	-	-	-
45	Review the 'Enhance' contract	21,000	-	-	-	-
46	Review of Enable	12,000	-	-	-	-
47	Review of care packages jointly funded with health services	10,000	20,000	30,000	30,000	-
48	Contract review for supported living	7,480	-	-	-	-

Medium Term Financial Strategy Summary

ref		2023/24	2024/25	2025/26	2026/27	2027/28
49	Increase Fees and Charges relating to Day Services	7,000	-	-	-	-
50	Remove use of external venues	5,000	-	-	-	-
51	Reduce social care demand through family support and early interventions to prevent crisis.	0	500,000	-	-	-
52	<b>Place Directorate - Efficiencies</b>	<b>13,730,730</b>	<b>65,930</b>	<b>1,120,690</b>	<b>- 1,773,260</b>	<b>- 47,360</b>
53	Review PFI contract costs to secure greater efficiency	4,500,000	-	-	-	-
54	Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	2,019,310	-	- 424,600	- 1,547,360	- 47,360
55	Increased charges for car parking including changes to permit schemes and some reduction in concessions.	2,000,000	1,561,000	-	-	-
56	Once-only use of adverse weather reserves while other savings plans are put into place.	1,561,000	- 1,561,000	-	-	-
57	Review application of grant funding.	976,000	- 976,000	-	-	-
58	Removal of budgets for vacant posts (avg. 3%)	869,590	-	-	-	-
59	Fees and charges increased in line with cost inflation.	426,060	-	-	-	-
60	Shopping Centres - Pride Hill and Riverside base budget reduced as not required once the demolition works begin. To be reinstated in 2026-27	265,450	265,450	- -	530,900	-
61	Reshape Planning Services to become closer to cost neutral by 2025/26	200,000	200,000	200,000	200,000	-
62	Public Health funding to increase health improvement benefits through leisure services.	140,000	-	-	-	-
63	Repurposing unclaimed developer bonds.	125,000	- 125,000	-	-	-
64	Revised service structure for Communities, Leisure and Tourism functions.	105,000	48,000	- 8,000	25,000	-
65	Revise Shire Services cleaning contracts to	100,000	-	-	-	-

ref	2023/24	2024/25	2025/26	2026/27	2027/28
66	100,000	-	-	-	-
67	80,000	200,000	-	-	-
68	69,300	-	-	-	-
69	60,000	-	-	-	-
70	50,000	100,000	93,290	-	-
71	30,000	40,000	50,000	50,000	-
72	30,000	-	-	30,000	-
73	25,000	25,000	25,000	25,000	-
74	20,000	20,000	-	-	-
75	10,000	5,000	5,000	5,000	-
76	10,000	10,000	10,000	10,000	-
77	0	200,000	-	-	-
78	0	58,480	-	-	-
79	0	-	100,000	-	-
80	0	5,000	10,000	10,000	-

Medium Term Financial Strategy Summary

ref		2023/24	2024/25	2025/26	2026/27	2027/28
81	Self-issue software reducing library costs	0	35,000	-	-	-
82	Increased income generation within Council-operated Leisure Centres	0	5,000	10,000	10,000	-
83	Cost savings in leisure services	0	-	500,000	-	-
84	Libraries - Implementation of changes under the Library Transformation Project	0	50,000	-	-	-
85	Efficiency savings within Highways Operations	0	-	500,000	-	-
86	Reduce horticultural contract costs.	0	-	150,000	-	-
87	Change to staff charges to CDL/Cornovii (reduced charges to CDL, increased costs to the Council)	(40,980)	-	-	-	-
<b>88</b>	<b>Whole Organisation Savings (to be allocated)</b>	<b>13,250,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
89	Target Operating Model - staffing budget turnover and wastage increase by 5% (year-end review).	5,000,000	-	-	-	-
90	Target Operating Model - sixty projects already identified but benefits not yet costed; estimated benefits of £0.050m per project.	3,000,000	-	-	-	-
91	Target Operating Model - Transformation partner delivers 4 x end-to-end process reviews yielding £0.5m per project.	2,000,000	-	-	-	-
92	Increase interest receivable budgets based on changing bank rates	1,300,000	-	-	-	-
93	Target Operating Model/Workforce Strategy - Getting Leadership Right - cashable benefit of improved organisation-wide performance management	1,000,000	1,000,000	-	-	-
94	Budget review – treasury investment returns.	700,000	-	-	-	-
95	Contract Spend Analysis and Contract Management Review	250,000	-	-	-	-
96	Increase coverage for non-cash payments (removed)	0	-	-	-	-
<b>97</b>	<b>Resources Directorate - Efficiencies</b>	<b>4,476,452</b>	<b>2,748,000</b>	<b>165,000</b>	<b>673,292</b>	<b>50,000</b>

Medium Term Financial Strategy Summary

ref		2023/24	2024/25	2025/26	2026/27	2027/28
98	Review of customer contact teams across the Council - Channel shifting to promote more streamlined and cost-efficient responses.	1,112,000	-	115,000	-	-
99	Reduce housing benefit subsidy loss arising from use of expensive bed and breakfast accommodation (reverses budget growth from 2021/22 into 2022/23)	1,000,000	-	-	-	-
100	Removal of budgets for vacant posts (avg. 3%)	704,810	-	-	-	-
101	New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	515,222	-	-	515,222	-
102	Legal and Governance restructure to include deletion of some vacant posts and the movement of others into transformation	231,850	-	-	-	-
103	New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Finance and IT).	208,070	-	-	208,070	-
104	Income savings from 22/23 - 26/27 Capital Strategy (ICT Equipment Replacement Fund)	130,000	-	-	-	-
105	Contract rebates and spending reductions	129,500	-	-	-	-
106	Operating Model - Digital County - Reduce/remove uneconomical Service Delivery	100,000	-	-	-	-
107	Review of single person discount and housing benefit applications against data warehouse to reduce error and fraud.	100,000	50,000	50,000	50,000	50,000
108	CCTV provision and management - Seek partner funding contributions	75,000	-	-	-	-
109	Review of ICT contracts to streamline supplier use	50,000	-	-	-	-
110	Full recovery of legal and other recovery costs for	46,000	-	-	-	-

Medium Term Financial Strategy Summary

ref		2023/24	2024/25	2025/26	2026/27	2027/28
	unpaid council tax and business rates					
111	Review use of Customer Relationship Management system	25,000	-	-	-	-
112	Increase fees and charges in line with cost inflation	21,000	-	-	-	-
113	Reduce use of printers and copiers (Multi-Functional Devices - MFDs)	12,000	-	-	-	-
114	Complete migration to SharePoint document management and sharing software	10,000	-	-	-	-
115	SMS reminder - Debt recovery (council tax)	6,000	-	-	-	-
116	Additional 100% premium on vacant properties	0	510,000	-	-	-
117	Additional 100% levy on second homes	0	2,200,000	-	-	-
118	Income generation within Audit Services (target level in 2024/25 reduced from previously agreed level)	0	- 12,000	-	-	-
119	Getting it right - leadership development – Moved, see line 93	0	-	-	-	-
120	<b>Health &amp; Wellbeing Directorate - Efficiencies **</b>	<b>466,114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
121	Review application of grant funds	218,930	-	-	-	-
122	Additional capacity to support transformation programme	128,960	-	-	-	-
123	Removal of budgets for vacant posts (avg. 3%)	73,224	-	-	-	-
124	Review future model of pest control delivery	40,000	-	-	-	-
125	Reduce the cost by providing the minimum statutory duty for Public Health Funerals..	5,000	-	-	-	-
126	<b>Total Savings Proposals</b>	<b>50,650,241</b>	<b>12,685,057</b>	<b>9,463,826</b>	<b>674,872</b>	<b>2,640</b>

*\*\* Health & Wellbeing total excludes £1.155m of transformational programmes delivered by Public Health to deliver efficiency savings in other directorates budgets.*