



## Committee and Date

Transformation &  
Improvement Scrutiny  
8<sup>th</sup> September 2025

Cabinet  
10<sup>th</sup> September

Item

Public



# Financial Monitoring Quarter 1 2025/26

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**Cabinet Member (Portfolio Holder):** Roger Evans, Finance

## 1. Synopsis

Shropshire Council faces significant financial pressures with a forecasted £33.544m overspend, retaining only minimal reserves to guard against future variances. Urgent intervention is needed to improve the financial position and secure tighter control over spending.

## 2. Executive Summary

- 2.1. This report provides a detailed review of the Council's financial position as at the 30 June 2025. It covers the period from 1 April to 30 June and follows published reports for period 1 (April) and period 2 (May). It is the first quarterly report of the year and is presented in the same format as quarterly reports for previous years with more detailed information than monthly reports. Later reports in the current year will follow for subsequent quarters, supplemented by interim monthly reports.
- 2.2. The report shows that the Council continues to face significant financial pressures. The central forecast indicates anticipated expenditure £33.544m over budget by the end of the year, based on latest information. Considering that the forecast was made as at 30 June and that nine clear months of the year remain, it is inevitable that many parts of the forecast are estimates which are subject to change. If a 'favourable' and an 'adverse' scenario are considered in which either estimates are somewhat pessimistic, or are somewhat optimistic, a range outside the central

forecast can be identified. This is shown in the table below, and further information is shown at paragraph 8.3.

Table 1 - Forecast as at 30 June showing the central forecast and other possible scenarios.

Scenario	Potential variation to budget
Favourable	£27.344m
<b>Central</b>	<b>£33.544m</b>
Adverse	£98.689m

- 2.3. The range of outcomes indicates that the Council continues to face considerable pressures which could impact on the financial position of the Council. The range of outcomes is regularly reviewed and could change as the year progresses.
- 2.4. The General Fund Balance is currently £34.280m, i.e. marginally more than our central forecast variation. Based on current projections, the authority is, therefore, not in a position that indicates that the financial position, overall, is out of balance (which is unlawful). It remains clear, however, that several risks remain to be mitigated to secure and improve that overall position and thereby confirm financial security for this financial year. The impact of a confirmed decision on the North West Relief Road Project is the key determinant reflected in the Adverse Projection above.

### 3. Recommendations

#### Transformation & Improvement Overview and Scrutiny Committee

- 3.1. It is recommended that Transformation & Improvement Scrutiny Committee Members
  - A. Discuss the detailed position set out in this quarterly report which is a central forecast of £33.5m over budget in a range of between £27.3m (favourable scenario) and £98.7m (adverse scenario) over budget,
  - B. Consider the risks arising including the impact on the financial sustainability of the Council
  - C. Consider mitigating actions, that might be considered and communicated to Cabinet, noting the arrangements being put into place to secure tighter control over all aspects of spending, as set out in this report
  - D. Consider the implications of the reducing General Fund Balance over the last four years as shown in paragraph 11.3
  - E. Consider the updated summary position as set out in the Period 4 Monitoring Report also on this agenda.

#### Cabinet

- 3.2. It is recommended that Cabinet Members:
  - A. Note the arrangements being put into place to secure tighter control over all aspects of spending, as set out in this report
  - B. Note that the Quarter 1 position (as at the end of June) forecasts indicative savings delivery of £34.154m (57%)
  - C. Direct the Chief Executive to instruct all Officers to urgently take the necessary actions to improve the Quarter 1 forecast of a projected spend over budget of £33.544m (30th June 2025), by year end, predominantly focussing on remaining savings or mitigating actions to be delivered in 2025/26.
  - D. Consider the impact of the projected forecast on the General Fund Balance and note the risk of further service pressures (requiring additional savings) in the

future financial years if financial performance in the current year is not significantly improved.

- E. Consider the updated summary position as set out in the Period 4 Monitoring Report also on this agenda.

## Report

### 4. Risk Assessment and Opportunities Appraisal

- 4.1. A more regular review of the emerging financial position for the year is an essential part of the risk management approach of the council during the coming year. The level of savings delivery and financial pressures in the current year are a recognised risk for the 2025/26 budget and continued focus and action are being put in place to address this.

#### 4.2. Risk table

<i>Risk</i>	<i>Response</i>
Savings delivery is below the targeted level; mitigations to unachieved savings are not secured at reasonable levels. Savings of £59.9m were agreed for the 2025/26 budget including £7.7m new savings, £10.9m of demand management activity in social care, and £41.3m of savings carried forward from 2024/25.	Savings delivery is divided into two main areas of activity – service-led activity and organisational-wide initiatives – each with different approaches. Organisational savings are the bulk of the carried forward savings from 2024/25 and are subject to support from the Project Management Office with further, deeper, initiatives proposed to mitigate shortfalls. Some areas of savings proposed by service leads have not yet been wholly achieved (or mitigated). Action must be taken in these areas to secure the savings as planned, or to mitigate unachieved savings through other measures.
That management actions required to bring the budget into balance do not yield the results being targeted, leading to a larger pressure on the general fund balance.	Engagement and action planning through the Leadership Board and Service Director's respective teams will provide mitigation to this risk. This includes visibility and closer scrutiny of all spending decisions in both pay and non-pay areas. Implementation of operations boards to oversee spending and recruitment will help enforce management actions.
Insufficient reserves to cover projected overspending or other deficits	Improved budget preparation process with more analysis of current and future activity trends will help mitigate this risk. Modelling of current and future reserves levels, including both earmarked and unearmarked, against likely levels of pressure and impact on securing the desirable level of unearmarked (general) reserves. Review of ways in which further funds can be brought into unallocated general fund balances and reserves to support balance sheet repair and reserves improvement. The immediate aim is to retain a General Fund Balance of at least £5m by year

	end and then increase within the range of £15m to £30m.
Other unbudgeted risks arise before the end of the financial year	The general fund balance is reviewed as part of setting the budget each year and compared with known areas of local risks (such as the pay settlement for staff, supply chain inflation, resident need for different services). The assessment at the start of the year indicated that the balance at 1 April would be sufficient to cover a range of risks. The current forecast indicates that risks are exceeding this assessment and cannot be sustained,

- 4.3 The key opportunity is that the reporting period is to the end of June and this report will be considered in early September by Cabinet. There is therefore time left to take necessary action to secure an improved financial position in the second half of the financial year.

**Table 2 – Analysis of 3 Forecast Scenarios with commentary**

Survival factor	MTFS assumption	Period 3		
		Favourable	Central	Adverse
<b>1. Savings delivery</b>	Budget and MTFS assume 100% delivery of all savings on a recurrent basis. For 2025/26 a mitigation against in-year optimism bias was included in the GFB calculation at £11.5m (equating to c75% delivery against the 2025/26 target of £59.9m (excluding demand mitigations))	24.523 Tracker reds as at 30 June are £25.723m. Use of £11.5m General Fund Balance available to offset some of the shortfall. Assumed further delivery on Rightsizing of £1.2m.	25.723 Tracker reds as at 30 June are £25.723m. Use of £11.5m General Fund Balance available to offset some of the shortfall.	30.723 Tracker reds as at 30 June are £25.723m. Use of £11.5m General Fund Balance available to offset some of the shortfall. Potential risk around Third Party Spend savings that may not be realised in-year.
<b>2. Social care demand pressure beyond budget estimates</b>	Demand reduction measures assumed to support delivery within budget. Excess demand beyond that will impact overall financial performance.	18.322 No more favourable position currently identified.	18.322 Social Care Demand pressures in Adults and Childrens are not managed to available budget and General Fund Balance Contingency (£9m total) applied. Aim to mitigate against higher overspends in future months.	28.322 Social Care Demand pressures in Adults and Childrens are not managed to existing overspend, generating higher overspends in future months. More detailed analysis provided for Period 5.
<b>3. Other unbudgeted pressures (-benefits)</b>	The budget assumes all material considerations are included in the estimates. Other pressures outside those estimates are not included, hence the provision of a general fund balance (although other Councils include a revenue contingency budget).	-15.501 Assumes an improvement in one-off savings delivery.	-10.501 No material pressures identified beyond those in the two sections above. Significant one-off savings currently identified offsetting pressures in savings delivery and social care.	-5.501 Assumes a deterioration in one-off savings delivery.
<b>4. Capital receipts sufficiency</b>	Capital receipts are generated at a level that, when added to 'in-hand' and 'de-committed' amounts, will cover VR costs plus transformation costs (capitalised). Any shortfall in capital receipts generated or increase in transformation costs could cause an additional pressure	0.000 No more favourable position currently identified.	0.000 Transformation plans fully funded from existing capital receipt plans. Contingency in General Fund Balance is, however, applied elsewhere to offset overspending and under delivery of savings.	4.200 Transformation plans exceed available budget due to shortfall in capital receipt delivery. Contingency in General Fund Balance is applied elsewhere to offset overspending and under delivery of savings.
<b>5. External factors</b>	A number of factors are known to be able to impact the financial position indirectly, but the timing or likelihood of these is unknown at the time of setting the budget. The GFB level is set on the basis of being a fund of last resort in the face of such pressures.	0.000 No more favourable position currently identified.	0.000 Assume no in-year costs arising from external factors.	0.000 No more adverse position currently identified.
<b>6. Project risks</b>	No direct or indirect implications are assumed in the budget. Possible risks include the withdrawal of funding for major capital projects which may lead to revenue pressure as 'sunk' costs are written off.	0.000 No more favourable position currently identified.	0.000 Assumes no in-year costs arising from major capital funding withdrawals or reductions.	38.945 Decision to cancel NWRR taken and costs to date are written off to revenue with no Exceptional Financial Support obtained from Government.
<b>7. Cash position (Liquidity)</b>	The MTFS assumes that day-to-day liquidity is planned for an maintained. Failure to do this, or a rapid deterioration in the council's financial position may lead to unbudgeted finance costs, and reputational damage as staff and supplier payments are placed in jeopardy.	0.000 No more favourable position currently identified.	0.000 Detailed day-to-day cash forecast in place. MUFG (treasury advisors) engaged and advising on externalisation of previous internal borrowing. Clear management with £20m cash buffer.	2.000 Potential to require further borrowing which creates an additional revenue cost
		27.344	33.544	98.689

## 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,

where necessary in conjunction with Cabinet Members, 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 sets out the financial projections for the Council in the 2025/26 Financial Year as at Quarter 1. A summary of the key elements for managing the Council's budget are detailed elsewhere in this report.

## 6. Climate Change Appraisal

- 6.1. The Council's Financial Strategy supports its strategies for Climate Change and Carbon Reduction in several ways. A specific climate change revenue budget is held. The climate change schemes involving the Council's assets or infrastructure are included within the capital programme. These two areas of expenditure are anticipated to have a positive contribution towards climate change outcomes.
- 6.2. Securing a robust and sustainable financial base will help the Council meet the challenges of climate change – this is not separate to our budget management, but integral to it, as set out in the objectives of The Shropshire Plan and our aim to secure a Healthy Environment.

## 7. Background

- 7.1. Given that the financial position of the council remains highly challenging, summary budget monitoring reports highlighting the anticipated year end projection are produced monthly for Cabinet, with detailed updates reported quarterly to Cabinet.
- 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.
- 7.3. Council approved the Financial Strategy 2025/26 – 2029/30 on 27 February 2025 which outlined the revenue and capital budget for 2025/26.

## 8. Forecast Revenue Outturn Position as at Quarter 1

- 8.1. At Quarter 1 (April 1 – June 30), the Council is reporting a forecast overspend of £33.544m. This forecast is based on the current projections for savings delivery (as set out in Section 10) and levels of demand and pressures being catered for that exceed available budgets. While this report provides an update on the short-term position, it is important to reference the work being done alongside this to create a more sustainable financial position over the following three years. This aligns to the recently completed LGA Corporate Peer Challenge (July 2025) which is due to be published in the coming weeks and discussed by Council in September.



- 8.2. The position indicated by the current estimated spending to the end of the year would require the full extent of the General Fund Balance (GFB) to be applied to maintain balance between income and expenditure within the year. This is a high risk position, projected early in the year, and a balance of £5m is considered the minimum acceptable GFB to hold. Urgent intervention is required through all portfolio areas to secure improvements in the financial position – seeking out and correcting all areas where planned expenditure can be reduced, removed, or deferred. Simply – the current anticipated level of expenditure needs to be significantly reduced, and at great pace.
- 8.3. Officers are actively monitoring progress against seven direct financial risk areas that underpin the strategic risk "Inability to Contain overall committed Expenditure within the Current Available Resources within this Financial Year". This is set out within Section 4. This shows how the current forecast of spending exceeding available resources by £33.544m is a central forecast in a range between a more favourable outcome of £27.344m over budget to a more adverse outcome of £98.689m over budget.
- 8.4. In March 2025 the Council's senior leadership team was restructured to deliver significant savings and enable the Council to be reconfigured into a more sustainable model for the future. The move removed the previous directorates in a bid to remove 'silo' working and established eight new functional areas that, with Executive Directors and the Chief Executive would form a new Leadership Board. It was necessary, for Period 1 and 2 reporting, to maintain the previous Directorate Structure in reporting as this enabled the previous year accounts to be closed down in the correct format. From Period 3 (Quarter 1), reports will reflect the new structure where possible. Table 3 below summarises the position by functional area (see also Appendix 1A and 1B), including latest projections on funding. A breakdown of the projected outturn by portfolio holder is detailed in Appendix 1C.

**Table 3 – Projected Outturn by Service Area**

Service Area	Revised Budget (£'000)	Projected Outturn (£'000)	(Under)/Overspend (£'000)	RAGY Classification
Care & Wellbeing	133,086	148,061	14,975	R
Children & Young People	79,549	84,166	4,618	R
Commissioning	42,094	40,309	(1,784)	Y
Communities & Customer	14,808	13,019	(1,789)	Y
Enabling	9,260	8,101	(1,159)	Y
Executive Mgmt Team	5,256	5,045	(211)	Y
Infrastructure	39,375	43,468	4,093	R
Legal & Governance	4,826	4,212	(614)	Y
Pensions	18	9	(9)	Y
Strategy	(437)	(328)	109	R
<b>Service Delivery Budgets</b>	<b>327,835</b>	<b>346,063</b>	<b>18,229</b>	
Corporate	(39,249)	(21,419)	17,830	R
<b>Net Expenditure</b>	<b>288,586</b>	<b>324,644</b>	<b>36,059</b>	
Anticipated Operations Boards			(2,515)	
<b>Net Expenditure</b>			<b>33,544</b>	
<b>Funded By:</b>				
Council Tax	(219,283)	(219,283)	0	G
Business Rates	(46,683)	(46,683)	0	G
Top Up Grant	(11,025)	(11,025)	0	G
Revenue Support Grant	(8,668)	(8,668)	0	G

Collection Fund	(2,927)	(2,927)	0	G
(Surplus)/Deficit				
<b>Funding</b>	<b>(288,586)</b>	<b>(288,586)</b>	<b>0</b>	<b>G</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>33,544</b>	

8.5. The majority of the current forecast overspend can be summarised as:

- £25.723m of savings not yet identified or without a clear delivery plan in place. While savings are generally deliverable within service areas, several overarching savings, budget reduction and resulting overspend, are shown mostly within the 'Corporate' line in the table above. Work continues to agree the long term plan to reconfigure the Council and revise service delivery ambitions to create a sustainable financial position.
- £16.489m spend over budget against purchasing costs within Adult Social Care operations shown within the Care and Wellbeing line. Demand on the service continues to rise as we see increased complexity and cases transferring from health. The service is expecting to deliver mitigations of £7.1m as set out in the MTFS and are working to mitigate the growing costs from people being transferred from health services to the Local Authority and people that have funded care and fallen below the funding threshold. The service is also reviewing joint funded packages, client contributions and increasing delivery of some savings targets where possible.
- £8.393m spend over budget forecast on External Residential Placements shown within the Children and Young People line. We continue to see similar trends to the last financial year with an increase in number of placements including across the Disabled Children's Team where placement costs are higher due to the needs of the children and young people.
- In August, operations boards will be in place to ensure tight control over spending and recruitment decisions with further details provided in later reports. Initial estimates suggest the boards may deliver reductions in spend (in-year) of approximately £2.515m.

## 9. Income

9.1. The revenue budget is funded by £478m of income including specific government grants and retained local taxation receipts. Grant values are advised in the settlement before the start of the year and are unchanged. Income through discretionary fees and charges is included in budgets for service area net spending. Appendix 2 provides analysis of the current projection of specific government grant income by directorate including any new allocations and highlights the current delivery of income through fees and charges charged in services.

## 10. Savings

10.1. The Council has an overall savings target in 2025/26 of £59.876m made up of three principal elements; new savings identified for 2025/26 (£7.7m), Demand Mitigation proposals for 2025/26 (£10.9m), and the balance, being savings yet to be delivered and carried forward from 2024/25 (£41.3m). The summary position on savings delivery as at 30 June is that the Council anticipates delivery of 57% of targeted savings for the year. This is shown in Table 4 below.



**Table 4 – Summary of saving delivery forecast at 30 June, by service area**

Analysis by service area	Savings Target	30 June Forecast Delivery	30 June Forecast Delivery
	(£m)	(£m)	(%)
Care & Wellbeing	8.913	6.616	74
Children & Young People	8.218	8.133	99
Commissioning	1.599	1.083	68
Communities & Customer	(0.377)	(0.545)	145
Enabling	7.032	3.794	54
Executive Management Team	0	0	-
Infrastructure	5.475	3.701	68
Legal, Governance & Planning	0.229	0.164	72
Strategy	0.205	0.191	93
Corporate	28.581	11.016	39
<b>Total</b>	<b>59.876</b>	<b>34.154</b>	<b>57</b>

10.2. Service-led savings were proposed by individual service areas as part of the preparation of the 2025/26 budget. Delivery currently ranges from 39% in the Corporate budget line (which includes savings to be delivered across the Council but yet to be allocated as part of the longer term plan, hence the low levels of delivery) to 145%, with an average level of forecast delivery as at 30 June of 57%.

## 11. Reserves and General Fund Balance

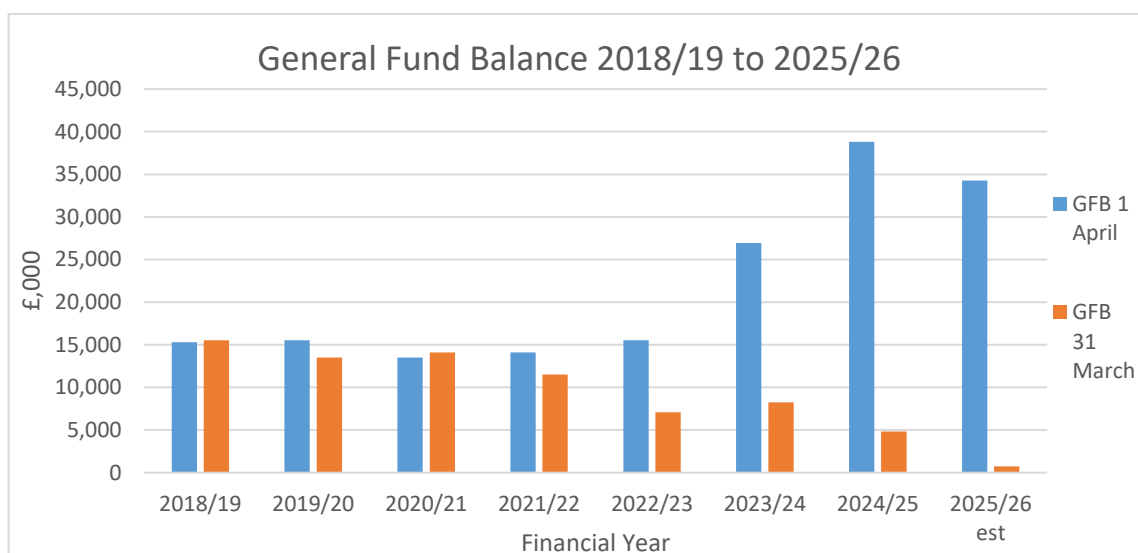
11.1. The Council holds earmarked reserves and a general reserve referred to as the General Fund Balance (GFB). Earmarked reserves are held for a specific purpose and cannot, generally, be used to cover the impact of overspends or non-delivery of savings proposals.

11.2. The 2024/25 year ended with a General Fund Balance (GFB) of £4.825m, which was brought forward into the new year. The 2025/26 budget included a contribution of £29.455m to the GFB. The total on hand in this reserve at the beginning of the year was therefore £34.280m. This was considered a safe level given the profile of financial risks as anticipated when the budget was set by Council in February and before the final outturn position for 2024/25 was established, at a significantly deteriorated position. As the current year is progressing, maintenance of our level of GFB appears, currently, impossible and it is of great concern that the Council has minimal resilience against any unforeseen variances which could appear over the coming periods. This position is under constant review with the aim to retain a higher GFB of at least £5m before year end. This is shown in the table below, and in Appendix 5.

**Table 5 – General Fund Balance**

General Fund	£'000
Balance as at 1 <sup>st</sup> April 2025	4,825
Budgeted Contribution in 2025/26	29,455
<b>Budgeted General Fund Balance as at 31<sup>st</sup> March</b>	<b>34,280</b>
Release of GF to fund high risk cost pressures (as set out in MTFS)	(22,000)
2025/26 estimated spending above budget (as projected at Q1)	(11,544)
<b>Balance as at 31 March 2026</b>	<b>736</b>

11.3. The chart below sets out Shropshire Council's General Fund balance at the beginning and end of each financial year from 2018/19 to the current estimated position for 2025/26. Post-covid, the decision to increase resilience through budgeted contributions to GFB from 2023/24 coincided with financial pressures through funding and demand levels. The outcome can be seen in the clear strategy to increase GFB levels from 2023/24 (the blue bars) but the erosion of available GFB (orange bars) from 2022/23. This shows a real terms decrease in the last and current financial year due to non-delivery of savings and overspending.



## 12. Capital

12.1. The current capital programme and actual spend is detailed in Table 4 below, including updated projections on financing of the programme. Further detail is provided in Appendix 6.

Service area	2025/26 Revised Capital Programme (£'000)	2025/26 Actual Spend (£'000)	2025/26 % Budget Spend %	2026/27 Capital Programme (£'000)	2027/28 Capital Programme (£'000)
Care & Wellbeing	414	59	14.34	0	0
Children & Young People	10,369	544	5.25	21,278	7,453
Commissioning	2,616	610	23.30	1,450	750
Communities & Customer	7,164	2,005	27.98	7,209	7,155
Enabling	17,728	1,846	10.41	13,852	5,479
Infrastructure	55,191	5,671	10.28	34,712	22,237
Legal & Governance	636	56	8.83	150	200
Strategy	3,004	343	11.43	2,000	1,745
<b>Total</b>	<b>97,123</b>	<b>11,134</b>	<b>11.46</b>	<b>80,652</b>	<b>45,020</b>
Housing Revenue Account	21,901	3,168	14.46	28,666	13,700
<b>Total Capital Programme</b>	<b>119,024</b>	<b>14,302</b>	<b>12.02</b>	<b>109,318</b>	<b>58,720</b>
<b>Financed By*:</b>					
Borrowing	24,119			27,004	9,412
Government Grants	67,322			58,968	40,362
Other Grants	504			12	0
Other Contributions	3,799			7,750	1,419
Revenue Contributions	1,329			347	0
Major Repairs Allowance	6,911			5,000	5,000

Capital Receipts	15,040	10,238	2,527
<b>Total Financing</b>	<b>119,024</b>	<b>109,318</b>	<b>58,720</b>

\* Actual financing of the capital programme is determined at closedown

12.2. Capital schemes within the capital programme are not only continually monitored in terms of current year actual expenditure against budget but also in terms of scheme forecast outturn compared to budget and scheme delivery against profile. At Quarter 1 forecast outturn against budget and scheme delivery against profile for schemes in the approved capital programme are within acceptable limits.

12.3. Eligible clients who need to make adaptations to their homes to maintain their independence are given interest free loans by the Council funded through the Disabled Facilities Grant (DFG). Legal charges are placed against the properties concerned and when the properties are sold the amount of the loan is repaid and the legal charges removed. These repayments are accounted for as capital receipts and current policy is to utilise these receipts to fund any future capital schemes. To maximise the benefit of the DFG monies, it is proposed that this policy is revised to ringfence these repayment receipts to fund further property adaptations.

12.4. The table below summarises the DFG loan repayments received since 2013-14. It is proposed that the repayments received in the last 6 years (2019-20 to 2024-25) totalling £0.353m and those received in the current and future years date are ringfenced within the capital receipts reserve to fund future property adaptations.

Financial Year	DFG Repayments		
	In Year Amount	Cumulative Amount	Cumulative Amount 2019-20 To 2024-25
	£	£	£
2013-14	67,731.81	67,731.81	
2014-15	66,156.86	133,888.67	
2015-16	62,060.78	195,949.45	
2016-17	45,143.78	241,093.23	
2017-18	55,529.12	296,622.35	
2018-19	56,716.78	353,339.13	
2019-20	43,707.16	397,046.29	43,707.16
2020-21	52,044.21	449,090.50	95,751.37
2021-22	38,014.69	487,105.19	133,766.06
2022-23	76,490.36	563,595.55	210,256.42
2023-24	43,266.80	606,862.35	253,523.22
2024-25	99,591.53	706,453.88	353,114.75
<b>Total</b>	<b>706,453.88</b>		

12.5. The current capital programme assumes a level of capital receipts to finance the capital programme. Without these, the council may need to borrow externally, which would be more costly. Appendix 7 summarises the current capital receipt position and highlights both opportunities to secure receipts and the risk of increased revenue costs in future years.

- 12.6. The capital receipt projections for 2025-26 include a significant requirement of £13.575m to fund the Council's transformational activities. This projection includes initial estimates of £3.875m for the continuing Voluntary Redundancy Programme, £6.700m for transformation projects and £3.000m for previously committed spend with the Council's Strategic Transformation Partner (PwC). No further commitments will be made without further Cabinet approval. The capital receipts requirement of actual voluntary redundancies is being updated on a monthly basis as redundancies actually occur. All of these capital receipts requirement estimates will be refined on an ongoing basis as further details on actual costs are determined.

### 13. Dedicated Schools Grant

- 13.1. There was a £15.096m in year deficit reported against the Central Dedicated Schools Grant (DSG) in 2024/25, leaving a cumulative DSG deficit of £17.639m at the end of the 2024/25 financial year. The majority of the in year deficit (c.£13m) covers three main areas of expenditure, namely a 64% increase in funding to mainstream schools (£3.318m), increases to state-funded special school funding through a review process for Severndale and Woodlands, plus Keystone phased opening reaching the planned full capacity (£3.748m) and further growth in children and young people placed with Independent Providers (£5.956m). All of these overspend factors follow the national trend and are a result of significant increases in requests for Education, Health and Care Plans (EHCPs).
- 13.2. In 2025/26, Shropshire continues to face many of the same budget pressures as other Councils, and there is a similar level of in-year deficit initially forecast against the High Needs Block of DSG, £15.348m due to the sustained high numbers of new requests for EHCPs combined with the ongoing duties for children and young people with existing EHCPs. This is against a 2025/26 High Needs Block DSG allocation of £45.800m. The forecast in-year deficit of £15.348m when added to the £17.639m deficit carried forward from 2024-25 gives an overall forecast cumulative DSG deficit position of £32.987m as at the end of 2025/26. This is considered a minimum figure and may increase before year end but is currently managed through a Statutory Override agreed nationally by government for DSG deficits through to March 2028.
- 13.3. As outlined in 13.2 with the increased funding levels to mainstream schools and state-funded special schools, the Council is striving to minimise the increase in demand in the independent sector by building capacity in our mainstream settings through investing in SEND Hubs attached to mainstream schools and increasing top-up funding to our state-funded Special Schools; Severndale School, Woodlands School and Keystones School. These strategies are providing successful as whilst spend on Independent Providers remains over budget, the strategies to build capacity the rate of increase has slowed from a 64% increase in usage during 23/24 to 31% increase during 24/25.
- 13.4. Council Officers continue to refine the DSG Management Plan which sets out a range of costed mitigations against the High Need Block DSG and illustrates how these mitigations will bring the DSG financial position back into balance over a number of years. A meeting took place with the Education and Skills Funding Agency to discuss this plan, and this DSG Management Plan will be presented to Schools Forum in the new academic year.

## 14. Financial Management

- 14.1. Key indicators of financial management can be examined through the management of routine financial transactions that the Council undertakes on a day-to-day basis.
- 14.2. In paying suppliers, the Council has adopted a no Purchase Order, no pay process which ensure that transactions are only processed with a valid, authorised purchase order, thereby ensuring prompt payments to suppliers on receipt of invoice.
- 14.3. Another key indicator of financial management is the level of aged debt that the Council is managing. These indicators are tracked over the course of the financial year to monitor progress. The indicators as at Quarter 1 are detailed in Appendix 8.

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

Financial Strategy 2025/26 – 2029/30

Financial Rules

**Local Member:** All

### Appendices

Appendix 1A – 2025/26 Projected Revenue Outturn by Service

Appendix 1B – 2025/26 Detailed Projected Revenue Outturn by Service

Appendix 1C – 2025/26 Projected Revenue Outturn by Portfolio Holder

Appendix 2 – 2025/26 Income Projections

Appendix 3 – Delivery of 2025/26 Savings Proposals

Appendix 4 – Amendments to Original Budget 2025/26

Appendix 5 – Reserves 2025/26

Appendix 6 – Projected Capital Programme Outturn 2025/26 – 2027/28

Appendix 7 – Projected Capital Receipts

Appendix 8 – Financial Management Indicators

## APPENDIX 1A

### 2025/26 PROJECTED REVENUE OUTTURN BY SERVICE

#### Service Area Summary

Service Area		Budget	Outturn	Controllable Variance	RAGY
A2R045	Care & Wellbeing	133,086,340.00	148,060,867.99	14,974,527.99	R
A2R043	Children & Young People	79,548,600.00	84,166,200.19	4,617,600.19	R
A2R042	Commissioning	42,093,700.00	40,309,282.87	(1,784,417.13)	Y
A2R048	Communities & Customer	14,807,910.00	13,019,028.54	(1,788,881.46)	Y
A2R029	Corporate Budgets	(39,248,860.00)	(21,418,786.00)	17,830,074.00	R
A2R047	Enabling	9,260,410.00	8,101,124.52	(1,159,285.48)	Y
A2R049	Executive Management Team	5,256,110.00	5,045,225.84	(210,884.16)	Y
A2R046	Infrastructure	39,374,870.00	43,468,298.91	4,093,428.91	R
A2R041	Legal & Governance	4,825,980.00	4,212,413.04	(613,566.96)	Y
A2R034	Pensions	17,850.00	8,580.00	(9,270.00)	Y
A2R040	Strategy	(437,210.00)	(327,758.11)	109,451.90	R
<b>Grand Total:</b>		<b>288,585,700.00</b>	<b>324,644,477.78</b>	<b>36,058,777.78</b>	

NOTE: The anticipated impact of operation board spend reductions is expected to be £2.515m which has not been included in the figures above and reduce the anticipate overspend to £33.544m.

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)



## APPENDIX 1B

### DETAIL BY SERVICE AREA

#### Service Detail

A2R045: Care & Wellbeing		Portfolio Holder	Budget	Outturn	Controllable Variance	RAG Y	Period 3 Narrative - variance to Budget
RSA002	Adult Social Care Management	Social Care	925,950.00	652,846.80	(273,103.20)	Y	• (£0.335m) capitalisation of posts offset by small variances
RSA003	Adult Social Care Provider Services	Social Care	5,335,620.00	4,845,549.60	(490,070.40)	Y	• (£0.315m) Internal providers Day Services decrease in forecast spend due to vacancies • (£0.174m) Four Rivers increase in forecasted income through client contributions
RSA005	Adult Social Care Operations	Social Care	126,197,580.00	141,809,277.20	15,611,697.20	R	• £16.489m spend over budget purchasing made up of: - £10.882m SPOT purchasing - £6.557m Residential care due to capital reductions, £4.769m ISF and £3.390m Nursing due to increased complexity of cases transferring from health to local authority, an underspend of (£3.118m) in Other Spot purchasing reduction in spend forecast due to Direct Payments and ISF clawbacks, (£0.306m) decrease in spend under budget on college placements - £9.865m BLOCK purchasing increase in spend over available budget on supported living and supported living ISF due to an increase in complexity of care and agreed uplifts - (4.379m) increase income from client contributions and part funded packages

							<ul style="list-style-type: none"> <li>• (£0.162m) decrease in forecast spend on Occupational Therapists Team due to vacancies</li> <li>• (£0.250m) increased delivery of savings target related to nighttime care and support service enabling people to stay at home</li> <li>• (£0.450m) increased delivery of savings target related to telecare</li> </ul>
RSA039	Professional Development Unit	Social Care	344,690.00	225,528.76	(119,161.24)	Y	• (£0.119m) Professional Development Unit decrease in forecast spend due to vacancies.
RSA040	Care & Wellbeing Projects	Social Care	(7,080.00)	(7,080.00)	(0.00)	Y	No variance to budget as at Period 3
RSA041	Enable	Social Care	289,580.00	534,745.63	245,165.63	R	• £0.080m reduction in forecast income and £0.165m other variances
<b>Total A2R045: Care &amp; Wellbeing</b>			<b>133,086,340.00</b>	<b>148,060,867.99</b>	<b>14,974,527.98</b>		

<b>A2R043/A2R044 : Children &amp; Young People</b>		<b>Portfolio Holder</b>	<b>Budget</b>	<b>Outturn</b>	<b>Controllable Variance</b>	<b>RAG Y</b>	<b>Period 3 Narrative - variance to Budget</b>
RSA017	Shire Services	Finance	(0)	(1,878)	(1,878)	Y	Minor variance to budget as at Period 3
RSA021	Learning and Skills	Children & Education	5,071,780	4,857,333	(214,447)	Y	<ul style="list-style-type: none"> <li>• £0.131m forecast spend over budget relates to the fully-traded Schools Library Service</li> <li>• (£0.030m) one-off efficiencies across both staffing and non-staffing budgets within NEETs data tracking team</li> <li>• (£0.061m) relating to the capitalisation of a post as a one-off working on transformational projects within Learning &amp; Skills Business Support</li> <li>• (£0.099m) one-off efficiencies across both staffing and non-staffing budgets within</li> </ul>

							Learning & Skills Business Support. • (£0.155m) savings across the Education Access service.
RSA070	Children & Young People Management	Children & Education	213,280	(17,470)	(230,750)	Y	• £0.225m forecast spend under budget relates to the restructure savings target
RSA018	Children's Social Care and Safeguarding	Social Care	23,057,090	25,118,732	2,061,642	R	<ul style="list-style-type: none"> <li>• £1.251m forecast spend over budget relates to Disabled Children's budget area with £0.972m of the value explained by Disabled Children's Team (DCT) prevention and Support payments, and a further £0.274m explained by spend over budget on DCT Short Breaks Contracts.</li> <li>• £0.679m spend over budget forecast on staffing budgets across the service. The majority of this relates to Agency Social Workers covering vacancies, but in 2025/26 there is another budget pressure resulting from permanent additional staffing implemented following the Ofsted Staff Improvement plan</li> <li>• £0.330m forecast spend over budget relates to Adoption Services. There is a £0.301m spend over budget on Adoption Allowances, the remainder relates to the Together4Children permanency hub where the percentage contribution from other another Local Authority has reduced in 2025/26.</li> <li>• (£0.034m) forecast spend under budget within the Leaving Care Social Work Team relating to the Council's Council Tax Discretionary Relief budget for Care Leavers</li> <li>• (£0.164m) forecast under spend against</li> </ul>

								budget on Public Law Outline support packages.
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RSA019	Children's Placements	Social Care	48,880,800	52,592,737	3,711,937	R	<ul style="list-style-type: none"> <li>• £8.393m spend over budget forecast on External Residential Placements. £5.400m is an increase in External Residential Spot/Framework placements (28% increase between 31/3/24 and 31/3/25) leading to an increase in expenditure in 2025/26. £2.522m relates to the Disabled Children's Team residential expenditure budget where we have had 3 new high-cost placements since January. The remaining £0.471m of this £9.868m pressure relates to a shortfall in contributions from other partners towards joint funded social care led residential placements.</li> <li>• £0.079m spend over budget forecast on staffing budgets across the Children's Placement service. The majority of this relates to Agency Social Workers covering vacancies and Social Worker retention payments</li> <li>• £0.059m spend over budget forecast on Supported Accommodation or Supported Lodgings Placements for 16-18 year olds.</li> <li>• (£0.391m) spend under budget against Internal Residential Children's Homes due to Devonian being temporarily closed until late 2025.</li> <li>• There is a credit of (£1.926m) relating to the capitalisation of posts as a one-off working on transformational projects (Stepping Stones Project).</li> <li>• (£2.514m) forecast spend under budget relates to Fostering placements budgets (£2.104m External Fostering and £0.409m Internal Fostering) where the expenditure growth has not been as high as budgeted for in the 2025/26 growth modelling</li> </ul>
RSA080	Children's Early Help	Health	1,658,410	1,073,897	(584,513)	Y	<ul style="list-style-type: none"> <li>• (£0.285m) spend under budget against Early Help staffing and non-staffing budgets, as well as the maximisation of grants in this area.</li> </ul>

							• (£0.300m) additional Public Health substitution
RSA081	Youth Support Services	Deputy Leader & Communities	667,240	542,850	(124,390)	Y	• (£0.124m) forecast under spend against budget on Youth Support Team due to temporary vacancy management savings
<b>Total A2R043/A2R044 : Children &amp; Young People</b>			<b>79,548,600</b>	<b>84,166,200</b>	<b>4,617,600</b>		

<b>A2R042: Commissioning</b>		<b>Portfolio Holder</b>	<b>Budget</b>	<b>Outturn</b>	<b>Controllable Variance</b>	<b>RAG Y</b>	<b>Period 3 Narrative - variance to Budget</b>
RSA001	Adult Social Care Business Support	Social Care	4,351,870.00	4,342,359.06	(9,510.94)	Y	Minor variance to budget as at Period 3
RSA006	Bereavement Services	Health	(251,360.00)	(267,152.75)	(15,792.75)	Y	Minor variance to budget as at Period 3
RSA034	Leisure	Housing & Leisure	1,874,150.00	2,078,030.38	203,880.38	R	• £0.520m Shortfall on Savings Targets • £0.081m other minor variances • (£0.397m) Savings on Utility costs
RSA038	Waste Management	Highways & Environment	34,796,020.00	33,118,485.65	(1,677,534.35)	Y	• (£1.277m) Contract Savings; • (£1.000m) Energy Share contribution • £0.600m shortfall on Green Waste Income
RSA048	Insurance	Finance	-	(25,810.00)	(25,810.00)	Y	Minor variance to budget as at Period 3
RSA051	Commissioning Development and Procurement	Finance	133,190.00	(80,675.42)	(213,865.42)	Y	• (£0.190m) spend under budget relating to staffing • minor one-off efficiencies across supplies and services budgets
RSA065	Housing Development and HRA	Housing & Leisure	35,550.00	35,550.00	-	G	No variance to budget as at Period 3



RSA068	Armed Forces Support	Housing & Leisure	8,990.00	8,990.00	(0.00)	Y	No variance to budget as at Period 3
RSA069	Community Services	Social Care	497,220.00	475,899.29	(21,320.71)	Y	Minor variance to budget as at Period 3
RSA071	Quality Assurance & Independent Review Unit	Social Care	457,250.00	442,396.70	(14,853.30)	Y	Minor variance to budget as at Period 3
RSA077	Child Placement Service	Social Care	190,820.00	181,209.96	(9,610.04)	Y	Minor variance to budget as at Period 3
<b>Total A2R042: Commissioning</b>			<b>42,093,700.00</b>	<b>40,309,282.87</b>	<b>(1,784,417.13)</b>		

<b>A2R048: Communities &amp; Customer</b>		<b>Portfolio Holder</b>	<b>Budget</b>	<b>Outturn</b>	<b>Controllable Variance</b>	<b>RAG Y</b>	<b>Period 3 Narrative - variance to Budget</b>
RSA004	Housing Services	Housing & Leisure	4,125,420.00	4,207,274.44	81,854.44	A	Minor variance to budget as at Period 3
RSA007	Regulatory Services	Health	1,860,500.00	1,752,535.05	(107,964.96)	Y	<ul style="list-style-type: none"> <li>• £0.049m savings through vacancy management</li> <li>• £0.059m savings through management charges regarding grant funded activity</li> </ul>
RSA008	Business and Consumer Protection	Health	2,171,840.00	1,766,899.31	(404,940.70)	Y	<ul style="list-style-type: none"> <li>• £0.405m payroll savings through the VR programme and vacancy management</li> </ul>
RSA010	Ring Fenced Public Health Services 2	Health	1,214,340.00	1,214,340.00	0.00	G	No variance to budget as at Period 3
RSA030	Culture, Leisure & Tourism Development	Housing & Leisure	61,120.00	24,313.88	(36,806.12)	Y	Minor variance to budget as at Period 3
RSA035	Libraries	Housing & Leisure	3,268,690.00	3,074,210.90	(194,479.10)	G	<ul style="list-style-type: none"> <li>• (£0.200m) additional income</li> </ul>

RSA036	Museums and Archives	Housing & Leisure	1,129,960.00	1,054,263.78	(75,696.22)	Y	Minor variance to budget as at Period 3
RSA037	Theatre Services	Housing & Leisure	221,200.00	(268,200.62)	(489,400.62)	Y	• £0.489m increased income generation
RSA060	Head of Culture, Leisure & Tourism	Housing & Leisure	218,120.00	155,961.42	(62,158.58)	Y	Minor variance to budget as at Period 3
RSA076	Customer Services	Deputy Leader & Communities	536,720.00	37,430.39	(499,289.61)	Y	• (£0.408m) Net Vacancy Management Savings identified across Customer Services budgets • (£0.092m) Income above budget in relation to CCTV
<b>Total A2R048: Communities &amp; Customer</b>			<b>14,807,910.00</b>	<b>13,019,028.54</b>	<b>(1,788,881.46)</b>		

<b>A2R029: Corporate Budgets</b>		<b>Portfolio Holder</b>	<b>Budget</b>	<b>Outturn</b>	<b>Controllable Variance</b>	<b>RAG Y</b>	<b>Period 3 Narrative - variance to Budget</b>
RSA057	Corporate Budgets	Finance	(39,248,860.00)	(21,418,786.00)	17,830,074.00	R	<ul style="list-style-type: none"> <li>• £15.835m savings currently unachieved, to be reallocated across services.</li> <li>• £2.817m pressures against interest payable relating to borrowing costs</li> <li>• (£0.865m) savings against Minimum Revenue Provision</li> </ul>
<b>Total A2R029: Corporate Budgets</b>			<b>(39,248,860.00)</b>	<b>(21,418,786.00)</b>	<b>17,830,074.00</b>		

<b>A2R047: Enabling</b>		<b>Portfolio Holder</b>	<b>Budget</b>	<b>Outturn</b>	<b>Controllable Variance</b>	<b>RAG Y</b>	<b>Period 3 Narrative - variance to Budget</b>
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RSA013	Corporate Landlord, Property and Development	Finance	3,521,150.00	4,060,075.01	538,925.01	R	<ul style="list-style-type: none"> <li>• £0.745m Shirehall (Income shortfall and unachieved savings targets)</li> <li>• £0.350m shortfall in capitalised works in Property Services Group</li> <li>• £0.320m shortfall on Corporate landlord Income (Mardol House Student Accommodation)</li> <li>• £0.240m Unrealised Income Castle Court Oswestry (Wilko)</li> <li>• (£0.297m ) savings on Corporate landlord Rates &amp; Utility Costs (Ludlow Resource Centre, Weeping Cross depot &amp; Car parks)</li> <li>• (£0.319m) Savings on Property &amp; Development (Staffing)</li> <li>• (£0.500m) increased delivery of savings target relating to asset rationalisation.</li> </ul>
RSA042	Technology	Finance	340,190.00	(819,291.51)	(1,159,481.51)	Y	<ul style="list-style-type: none"> <li>• (£0.092m) spend under budget relating to rental costs.</li> <li>• (£0.401m) capitalisation of staff working on transformation activity</li> <li>• (£0.569m) spend under budget relating to the IT restructure which is currently being implemented as part of rightsizing.</li> </ul>
RSA045	Human Resources and Organisational Development	Finance	627,590.00	333,679.21	(293,910.79)	Y	<ul style="list-style-type: none"> <li>• (£0.331m) Net vacancy efficiencies across service.</li> <li>• £0.041 income below budget relating to SLA income</li> </ul>
RSA046	Health & Safety	Finance	18,060.00	(96,126.29)	(114,186.29)	Y	<ul style="list-style-type: none"> <li>• (£0.142m) spend under budget relating to Vacancy Management and the Voluntary Redundancy Programme</li> <li>• £0.028m income under budget due to lost SLAs within service.</li> </ul>
RSA047	Finance	Finance	2,264,720.00	1,797,044.13	(467,675.87)	Y	<ul style="list-style-type: none"> <li>• (£0.467m) spend under budget against vacancy management and Voluntary Redundancy programme</li> </ul>

RSA049	Revenues and Benefits	Finance	2,327,880.00	2,935,546.59	607,666.59	R	<ul style="list-style-type: none"> <li>• £1.100m relating to income not to be achieved against overpayments recovery of Housing Benefits, unrealistic when compared to last years actuals</li> <li>• £0.065m relating to unachieved savings</li> <li>• (£0.600m) relating to spend under budget against vacancy management and Voluntary Redundancy programme</li> </ul>
RSA056	Personal Assistants	Finance	160,820.00	(109,802.62)	(270,622.62)	Y	<ul style="list-style-type: none"> <li>• Saving target met through vacancies and Voluntary Redundancies but budget to be vired against the corporate target.</li> </ul>
<b>Total A2R047: Enabling</b>			<b>9,260,410.00</b>	<b>8,101,124.52</b>	<b>(1,159,285.48)</b>		

<b>A2R049: Executive Management Team</b>		<b>Portfolio Holder</b>	<b>Budget</b>	<b>Outturn</b>	<b>Controllable Variance</b>	<b>RAG Y</b>	<b>Period 3 Narrative - variance to Budget</b>
RSA079	Executive Management Team	Leader	5,256,110.00	5,045,225.84	(210,884.16)	Y	<ul style="list-style-type: none"> <li>• (£0.201m) relating to vacancy management.</li> </ul>
<b>Total A2R049: Executive Management Team</b>			<b>5,256,110.00</b>	<b>5,045,225.84</b>	<b>(210,884.16)</b>		

<b>A2R046: Infrastructure</b>		<b>Portfolio Holder</b>	<b>Budget</b>	<b>Outturn</b>	<b>Controllable Variance</b>	<b>RAG Y</b>	<b>Period 3 Narrative - variance to Budget</b>
RSA012	Assistant Director Commercial Services	Finance	(2,953,540.00)	46,460.00	3,000,000.00	R	<ul style="list-style-type: none"> <li>• £3.000m Asset rationalisation savings target unachieved</li> </ul>
RSA024	Assistant Director	Transport & Economic Growth	219,160.00	215,445.77	(3,714.23)	Y	Minor variance to budget as at Period 3

	Economy & Place						
RSA026	Partnerships & Economic Development	Transport & Economic Growth	1,567,090.00	1,517,192.97	(49,897.03)	Y	Minor variance to budget as at Period 3
RSA031	Highways & Transport	Highways & Environment	11,667,000.00	14,479,839.20	2,812,839.20	R	<ul style="list-style-type: none"> <li>• £1.135m shortfall on Parking Income</li> <li>• £0.970m shortfall of Highways staff capitalisation &amp; Repair Gangs</li> <li>• £0.600m shortfall on New Year Parking savings target.</li> <li>• £0.240m Overspend Ash Die back</li> <li>• £0.175m Additional Kier overheads partly offset by efficiency savings</li> <li>• (£0.261m) additional Streetworks Income</li> <li>• (£0.046m) other minor variances</li> </ul>
RSA032	Shropshire Hills National Landscape	Housing & Leisure	55,720.00	55,720.00	0.00	G	Minor variance to budget as at Period 3
RSA033	Outdoor Partnerships	Housing & Leisure	979,730.00	1,138,580.44	158,850.44	R	• £0.158m unachieved savings target
RSA058	Assistant Director Infrastructure	Highways & Environment	(562,590.00)	(192,202.32)	370,387.69	R	• £0.370m unachieved savings target
RSA063	Highway Policy & Strategic Infrastructure	Highways & Environment	1,731,840.00	1,716,069.49	(15,770.51)	Y	Minor variance to budget as at Period 3
RSA064	Assistant Director Homes and Communities	Housing & Leisure	(160,990.00)	(83,170.00)	77,820.00	A	Minor variance to budget as at Period 3
RSA075	Public Transport	Highways & Environment	7,273,830.00	4,755,230.00	(2,518,600.00)	Y	• (£2.518m) Additional Department for Transport Grant draw down

RSA078	Care & Wellbeing Transport	Social Care	1,422,420.00	1,441,080.00	18,660.00	G	Minor variance to budget as at Period 3
RSA082	Home to School Transport	Highways & Environment	18,135,200.00	18,378,053.36	242,853.36	A	• £0.243m additional SEND transport costs
<b>Total A2R046: Infrastructure</b>			<b>39,374,870.00</b>	<b>43,468,298.91</b>	<b>4,093,428.91</b>		

<b>A2R041: Legal &amp; Governance</b>		<b>Portfolio Holder</b>	<b>Budget</b>	<b>Outturn</b>	<b>Controllable Variance</b>	<b>RAG Y</b>	<b>Period 3 Narrative - variance to Budget</b>
RSA009	Registrars and Coroners	Health	592,510.00	551,746.03	(40,763.97)	Y	Minor variance to budget as at Period 3
RSA025	Planning Services	Planning	313,760.00	114,335.53	(199,424.47)	Y	• (£0.094m) Building Control (high level of commercial activity estimated for 2025/26) • (£0.083m) Development Management additional (net) income
RSA028	Policy and Environment	Planning	1,890,070.00	1,820,359.37	(69,710.63)	Y	Minor variance to budget as at Period 3
RSA053	Democratic Services	Leader	9,620.00	(71,881.94)	(81,501.94)	Y	Minor variance to budget as at Period 3
RSA054	Elections	Leader	1,288,110.00	1,301,662.01	13,552.01	G	Minor variance to budget as at Period 3
RSA055	Legal Services	Finance	465,880.00	459,897.63	(5,982.37)	Y	Minor variance to budget as at Period 3
RSA066	Policy and Governance	Finance	60,040.00	(145,637.18)	(205,677.18)	Y	• (£0.205m) net spend under budget against staffing in Audit Service.
RSA073	Overview & Scrutiny	Leader	197,230.00	196,700.95	(529.05)	Y	Minor variance to budget as at Period 3
RSA074	Feedback and Insights	Leader	8,760.00	(14,769.35)	(23,529.35)	Y	Minor variance to budget as at Period 3
<b>Total A2R041: Legal &amp; Governance</b>			<b>4,825,980.00</b>	<b>4,212,413.04</b>	<b>(613,566.96)</b>		



A2R034: Pensions		Portfolio Holder	Budget	Outturn	Controllable Variance	RAG Y	Period 3 Narrative - variance to Budget
RSA050	Pensions	Finance	17,850.00	8,580.00	(9,270.00)	Y	Minor variance to budget as at Period 3
Total A2R034: Pensions			17,850.00	8,580.00	(9,270.00)		

A2R040: Strategy		Portfolio Holder	Budget	Outturn	Controllable Variance	RAG Y	Period 3 Narrative - variance to Budget
RSA011	Ring Fenced Public Health Services 1	Health	(1,214,340.00)	(1,214,339.98)	0.02	G	No variance to budget as at Period 3
RSA014	Adult Social Care Training	Social Care	238,170.00	222,365.24	(15,804.76)	Y	Minor variance to budget as at Period 3
RSA015	Children & Young People Learning & Development	Children & Education	171,330.00	149,037.24	(22,292.76)	Y	Minor variance to budget as at Period 3
RSA016	Partnerships & Economic Development	Transport & Economic Growth	-	(0.00)	(0.00)	Y	No variance to budget as at Period 3
RSA020	Emergency Planning	Leader	30,710.00	62,100.21	31,390.21	G	Minor variance to budget as at Period 3
RSA027	Broadband	Transport & Economic Growth	99,410.00	88,052.07	(11,357.93)	Y	Minor variance to budget as at Period 3
RSA029	Domestic Abuse	Health	16,290.00	16,290.00	(0.00)	Y	No variance to budget as at Period 3
RSA043	Communications	Deputy Leader & Communities	275,610.00	(41,795.48)	(317,405.48)	Y	<ul style="list-style-type: none"> <li>• (£0.278m) Vacancy Management efficiencies achieved.</li> <li>• (£0.039m) Spend under budget relating to IT costs.</li> </ul>
RSA044	Business Improvement:	Leader	46,790.00	111,589.36	64,799.36	A	Minor variance to budget as at Period 3

	Data, Analysis and Intelligence						
RSA052	Risk Management	Finance	(24,570.00)	(20,686.73)	3,883.27	G	Minor variance to budget as at Period 3
RSA059	Commercial Services Business Development	Finance	(67,610.00)	(69,960.00)	(2,350.00)	Y	Minor variance to budget as at Period 3
RSA062	Climate Change	Transport & Economic Growth	(193,730.00)	68,349.15	262,079.15	R	• £0.262m shortfall on Pyrolysis Income due to a delay in delivering the second scheme at Ludlow while also awaiting the build-up and sale of carbon credits.
RSA067	Programme Management	Deputy Leader & Communities	184,730.00	301,240.82	116,510.82	R	• £0.117m spend over budget against staffing costs with plans to address this through rightsizing activity planned during this calendar year.
<b>Total A2R040: Strategy</b>			<b>(437,210.00)</b>	<b>(327,758.11)</b>	<b>109,451.90</b>		

NOTE: The anticipated impact of operation board spend reductions is expected to be £2.515m which has not been included in the figures above and reduce the anticipate overspend to £33.544m.

## APPENDIX 1C

### 2025/26 PROJECTED REVENUE OUTTURN BY PORTFOLIO HOLDER

**Portfolio  
Holder  
Summary**

Portfolio Holder			Budget	Outturn	Controllable Variance	RAGY
PH001	Social Care		212,181,980.00	232,877,646.90	20,695,666.90	R
PH002	Transport & Economic Growth		1,691,930.00	1,889,039.96	197,109.96	R
PH003	Deputy Leader & Communities		1,664,300.00	839,725.43	(824,574.57)	Y
PH004	Children & Education		23,591,590.00	23,366,953.25	(224,636.75)	Y
PH005	Finance [including Corporate]		(32,357,210.00)	(13,147,370.85)	19,209,839.15	R
PH006	Housing & Leisure		11,817,660.00	11,481,524.61	(336,135.39)	Y
PH007	Health		6,048,190.00	4,894,214.49	(1,153,975.51)	Y
PH008	Highways & Environment		54,906,100.00	53,877,422.02	(1,028,677.98)	Y
PH009	Leader		6,837,330.00	6,630,627.07	(206,702.93)	Y
PH010	Planning		2,203,830.00	1,934,694.89	(269,135.11)	Y
<b>Grand Total:</b>			<b>288,585,700.00</b>	<b>324,644,477.78</b>	<b>36,058,777.78</b>	

NOTE: The anticipated impact of operation board spend reductions is expected to be £2.515m which has not been included in the figures above and reduce the anticipate overspend to £33.544m.

## APPENDIX 2

### 2025/26 INCOME PROJECTIONS Specific Government Grants

The original revenue budget for 2025/26 included specific Government Grants of £324.274m. The majority of these budgets will be based on known allocations that the Government has announced for Shropshire Council. During the year, however, the Council will also bid for additional grant funding to support activities. This table tracks the overall position as it emerges.

Government Grants	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
<b>Strategy</b>			
Public Health Grant	(14,410)	(14,410)	0
Other Grants	(2,851)	(3,044)	(193)
<b>Total Strategy Budgets</b>	<b>(17,261)</b>	<b>(17,454)</b>	<b>(193)</b>
<b>Legal, Governance &amp; Planning</b>			
Other Grants	(103)	(86)	17
<b>Total Legal, Governance &amp; Planning</b>	<b>(103)</b>	<b>(86)</b>	<b>17</b>
<b>Commissioning</b>			
Extended Producer Responsibility Grant	(5,578)	(5,578)	0
SWP PFI	(3,186)	(2,988)	198
Other Grants	(181)	(358)	(177)
<b>Total Commissioning</b>	<b>(8,945)</b>	<b>(8,924)</b>	<b>21</b>
<b>Children &amp; Young People</b>			
Dedicated Schools Grant	(146,880)	(146,880)	0
Pupil Premium Grant	(6,177)	(6,177)	0
Unaccompanied Asylum Seeking Children Grant	(3,608)	(3,093)	515
Children's and Families Grant	(1,775)	(1,382)	393
Other Grants	(967)	(863)	104
<b>Total Children &amp; Young People</b>	<b>(159,407)</b>	<b>(158,395)</b>	<b>1,012</b>
<b>Care &amp; Wellbeing</b>			
Market Sustainability and Fair Cost Fund	(6,098)	(6,098)	0
Improved Better Care Fund	(1,786)	(1,786)	0
Other Grants	(756)	(801)	(45)
<b>Total Care &amp; Wellbeing</b>	<b>(8,640)</b>	<b>(8,685)</b>	<b>(45)</b>
<b>Infrastructure</b>			
UK Shared Prosperity Fund (Levelling Up)	(2,893)	(3,093)	(200)
Other Grants	(1,792)	(7,107)	*(5,315)
<b>Total Infrastructure</b>	<b>(4,685)</b>	<b>(10,200)</b>	<b>(5,515)</b>
<b>Enabling</b>			
Mandatory Rent Allowances: Subsidy	(38,000)	(38,000)	0
Rent Rebates: Subsidy	(8,100)	(8,100)	0
Other Grants	(1,064)	(1,108)	(44)
<b>Total Enabling</b>	<b>(47,164)</b>	<b>(47,208)</b>	<b>(44)</b>

<b>Government Grants</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
<b>Government Grants</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
<b>Communities &amp; Customer</b>			
Homeless Prevention Grant	(1,542)	(1,542)	0
Other Grants	(1,281)	(2,409)	(1,128)
<b>Total Communities &amp; Customer</b>	<b>(2,823)</b>	<b>(3,951)</b>	<b>(1,128)</b>
<b>Corporate Budgets</b>			
Social Care Support Grant	(32,675)	(32,675)	0
Business Rate Retention Scheme – s31 Grants	(21,170)	(21,170)	0
Improved Better Care Fund	(12,668)	(12,668)	0
Household Support Fund	(3,760)	(3,760)	0
Employers NICs	(2,504)	(2,504)	0
New Homes Bonus	(2,034)	(2,034)	0
Other Grants	(1,523)	(1,523)	0
<b>Total Corporate Budgets</b>	<b>(76,334)</b>	<b>(76,334)</b>	<b>0</b>
<b>Total</b>	<b>(325,361)</b>	<b>(331,237)</b>	<b>(5,876)</b>

\* Additional grants in Infrastructure relate to an increased allocation of the Bus Service Improvement Plan Plus of £4.791m.

## Income from Fees and Charges

The forecast income from discretionary sales, fees and charges is showing a projected shortfall, including car park income within Infrastructure and income shortfalls in Property as a result of decisions made around building operations. Further work will be undertaken within these services to generate additional income to offset these projected shortfalls, or expenditure will be reduced accordingly.

<b>Fees and Charges Income</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
Strategy	(247)	(411)	(164)
Legal, Governance & Planning	(470)	(467)	3
Commissioning	(233)	(311)	(78)
Children & Young People	(9,772)	(9,317)	455
Care & Wellbeing	(3,644)	(3,496)	148
Infrastructure	(6,822)	(5,876)	946
Enabling	(11,785)	(10,451)	1,334
Communities & Customer	(5,489)	(6,111)	(622)
Corporate	0	0	0
<b>Total</b>	<b>(38,462)</b>	<b>(36,440)</b>	<b>2,022</b>

## APPENDIX 3

### DELIVERY OF 2025/26 SAVINGS PROPOSALS

#### 2.1 Summary

The savings projections for 2025/26 are being tracked monthly with savings delivery being mapped against projected delivery during the course of the year.

The table below summarises the position as at 30th June 2025.

Savings Target	Delivered	Projected Delivery	Indicative Plans	Delivery to be Confirmed
<b>£59,876,040</b>	<b>£20,274,249</b>	<b>£23,531,713</b>	<b>£10,621,549</b>	<b>£25,722,778</b>
	% Delivered	% Projected Delivery	% Indicative Plans	% Delivery to be Confirmed
	<b>33.86%</b>	<b>39.30%</b>	<b>17.74%</b>	<b>42.96%</b>

Despite projected delivery and indicative plans being in place for over 57% of the savings identified as at Period 3, several of these may be being achieved through one off means, rather than an ongoing basis. Further work is to be progressed to ensure that savings proposals can be delivered on an ongoing basis in order to reduce any further savings pressures into 2026/27.

### Shropshire Council 25/26 Individual Savings List



Individual Savings List 25/26											
Savings Name	Savings Target	Delivered to Date (One-off)	Delivered to Date (Ongoing)	Delivered to Date Total	Projected Delivery (One-off)	Projected Delivery (Ongoing)	Projected Delivery Total	Indicative Plans in Place	Not Yet Planned	2026/27 Full Year Savings Delivery (Ongoing)	26/27 Savings Outstanding
EFF45 - Charge staffing costs to capital budgets where possible and appropriate (capital project support or transformation of revenue services).	£1,790,350	£1,718,910	£0	£1,718,910	£1,790,350	£0	£1,790,350	£0	-£0	£0	£1,790,350
EFF81 - New Operating Model - Charge staffing costs delivering transformation to capital budgets where possible and appropriate (Workforce and Improvement).	£645,220	£455,690	£176,460	£632,150	£455,690	£176,460	£632,150	£0	£13,070	£176,460	£468,760
EFF83 - New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Legal and Democratic).	£57,330	£57,330	£0	£57,330	£57,330	£0	£57,330	£0	£0	£0	£57,330
EFF84 - New Operating Model - Charge staffing costs to capital budgets where possible and appropriate (Finance and IT).	£20,740	£20,740	£0	£20,740	£20,740	£0	£20,740	£0	-£0	£0	£20,740
MD001 - Further increase funding of public health reserves to support preventative initiatives at the children's, adults and customer front-door (earliest point of contact). Was included in the 2024/25 budget for one year only and is shown here as being removed.	-£200,000	£0	-£200,000	-£200,000	£0	-£200,000	-£200,000	£0	-£0	£0	-£200,000

MD012 - Supported living - Reduce the need for 24 hour provision and increase independence through alternative resources such as technology	£873,190	£0	£345,794	£345,794	£0	£345,794	£345,794	£0	£527,396	£0	£873,190
MD016 - ASC - nighttime care and support service enabling people to stay at home	£520,000	£0	£0	£0	£0	£0	£0	£250,000	£270,000	£0	£520,000
MD019 - The council would need to encourage more people to foster across the county	£1,375,000	£0	£125,497	£125,497	£0	£774,293	£774,293	£600,707	-£0	£864,268	£510,732
MD020 - Stepping Stones	£3,758,000	£0	£791,217	£791,217	£0	£2,883,765	£2,883,765	£874,235	£0	£0	£3,758,000
MD021 - Increase in income from care contributions	£1,000,000	£0	£249,999	£249,999	£0	£249,999	£249,999	£750,001	£0	£0	£1,000,000
MD022 - Increase in in-house provider charges	£60,000	£0	£60,000	£60,000	£0	£60,000	£60,000	£0	£0	£0	£60,000
MD023 - Partnership working CHC and 117	£650,000	£0	£650,000	£650,000	£0	£650,000	£650,000	£0	-£0	£0	£650,000
MD026 - Shared lives cost avoidance delivered through increase in capacity	£300,000	£0	£15,354	£15,354	£0	£15,354	£15,354	£284,646	£0	£0	£300,000
MD027 - Supporting independence through Reviews (including LDSL/DPs and Tech etc)	£1,610,000	£0	£1,610,000	£1,610,000	£0	£1,610,000	£1,610,000	£0	£0	£0	£1,610,000
MD028 - Fee uplift review	£1,500,000	£0	£0	£0	£0	£0	£0	£0	£1,500,000	£0	£1,500,000
MD029 - ASC contracts and performance management	£600,000	£0	£600,000	£600,000	£0	£600,000	£600,000	£0	£0	£0	£600,000
MD030 - Home to school transport - academic days	£178,900	£0	£178,900	£178,900	£0	£178,900	£178,900	£0	-£0	£0	£178,900
NI003 - ASC Telecare	£500,000	£0	£50,000	£50,000	£0	£50,000	£50,000	£450,000	-£0	£0	£500,000
NI004 - Expand the Handy Person service to a wider range of customers, including fee payers, supporting independent living	£10,000	£0	£0	£0	£0	£10,000	£10,000	£0	-£0	£0	£10,000
NI006 - Increase income from Museums and Archives services	£100,000	£0	£18,560	£18,560	£0	£18,560	£18,560	£0	£81,440	£0	£100,000
NI007 - Increase income from an enhanced memorial and ceremony offer at Council sites	£10,000	£0	£10,000	£10,000	£0	£10,000	£10,000	£0	-£0	£0	£10,000

NI008 - Increase income from an improved range of wedding and partnership ceremony packages	£2,000	£0	£2,000	£2,000	£0	£2,000	£2,000	£0	£0	£0	£2,000
PPR0 - Rightsizing	£11,723,400	£0	£0	£0	£0	£0	£0	£0	£11,723,400	£0	£11,723,400
PRF&C0 - Income	£3,848,740	£0	£3,892,102	£3,892,102	£0	£3,892,102	£3,892,102	£0	£43,362	£0	£3,848,740
PRR1 - Legal & Governance Resizing	£100,000	£0	£0	£0	£0	£0	£0	£0	£65,320	£0	£100,000
PRR2 - Enabling Resizing	£1,256,000	£0	£0	£0	£0	£0	£0	£876,960	£379,040	£0	£1,256,000
PRR4 - Children's Rightsizing	£2,000,000	£0	£0	£0	£0	£0	£0	£2,000,000	£0	£0	£2,000,000
PRR5 - Infrastructure Resizing	£850,000	£0	£0	£0	£0	£0	£0	£0	£850,000	£0	£850,000
PRR6 - Care & Wellbeing Rightsizing	£1,300,000	£0	£0	£0	£0	£0	£0	£1,300,000	£0	£0	£1,300,000
PRTPS0 - Third Party	£12,991,240	£0	£5,106,876	£5,106,876	£0	£5,106,876	£5,106,876	£2,000,000	£5,884,364	£0	£12,991,240
RC003 - Further increase allocation of the public health grant to support preventative initiatives at the children's, adults and customer front-door.	£70,000	£0	£70,000	£70,000	£0	£70,000	£70,000	£0	£0	£0	£70,000
RC004 - Capitalisation of reserves as one off for staff and projects relating to transformation work to further increase funding of public health reserves to support preventative initiatives. This is for 2024/25, in addition to 1,000,000 in 23/24. This is being removed in 2025/26.	£1,000,000	£0	£1,000,000	£1,000,000	£0	£1,000,000	£1,000,000	£0	£0	£0	£1,000,000
RC011/19 - Review and right size business support function	£312,500	£0	£312,500	£312,500	£0	£312,500	£312,500	£0	£0	£0	£312,500
RC016 - Agency Staff - reducing use of agency staff; promote permanent staffing.	£85,000	£0	£0	£0	£0	£0	£0	£0	£85,000	£0	£85,000
RC025 - Review and resize the Housing Services team	£64,000	£64,000	£0	£64,000	£64,000	£0	£64,000	£0	£0	£0	£64,000
RC026 - Review and potential reduction of some leisure provision to achieve cost reductions.	£100,000	£0	£70,000	£70,000	£0	£70,000	£70,000	£0	£30,000	£0	£100,000
RC029 - Review staffing and resize the Rights of Way team	£6,460	£0	£6,460	£6,460	£0	£6,460	£6,460	£0	£0	£0	£6,460



RC030 - Review staffing and resize the Outdoor Partnerships team	£13,840	£0	£13,840	£13,840	£0	£13,840	£13,840	£0	-£0	£0	£13,840
RC032 - Review Library Services to ensure maximum efficiencies including funding reviews and reshaping/reductions of services	£220,540	£0	£151,200	£151,200	£0	£151,200	£151,200	£0	£69,340	£151,200	£69,340
RC040 - Dispose of Shirehall quicker and relocate services	£1,300,000	£0	£1,005,540	£1,005,540	£0	£1,005,540	£1,005,540	£0	£294,460	£0	£1,300,000
RC074 - Anticipated cost reductions in Revenues & Benefits arising from improvement of in-house Temporary Accommodation provision.	£1,000,000	£0	£0	£0	£0	£0	£0	£935,000	£65,000	£0	£1,000,000
RC078 - New model for future delivery of the Council's Out of Hours calls triage and Shrewsbury Town Centre CCTV monitoring	£47,310	£0	£30,000	£30,000	£0	£30,000	£30,000	£0	£17,310	£0	£47,310
RC083 - Review and secure cost reductions in the pooled training budget	£17,270	£0	£17,270	£17,270	£0	£17,270	£17,270	£0	£0	£0	£17,270
RC087 - DSG funding of SEND pressures	£500,000	£0	£500,000	£500,000	£0	£500,000	£500,000	£0	-£0	£0	£500,000
RC088 - Increased charges for car parking in Shrewsbury and Ludlow but retaining Park and Ride Services.	£250,000	£0	£250,000	£250,000	£0	£250,000	£250,000	£0	-£0	£0	£250,000
RC089 - Increased charges for car parking across the County.	£500,000	£0	£0	£0	£0	£0	£0	£0	£500,000	£0	£500,000
RC090 - Residents' only parking will be enforced for an annual residents fee.	£100,000	£0	£0	£0	£0	£0	£0	£0	£100,000	£0	£100,000
RC091 - More fixed penalties issued for dog fouling, littering and illegal parking.	£300,000	£0	£0	£0	£0	£0	£0	£300,000	£0	£0	£300,000
RC092 - Large scale switch off of street lights to reduce energy costs and carbon emissions.	£150,000	£0	£226,000	£226,000	£0	£226,000	£226,000	£0	-£76,000	£0	£150,000

RC094 - Waste contract efficiencies across the waste service including review of garden waste collection costs and HRC opening times to be delivered through negotiated changes to the contract.	£987,000	£0	£700,000	£700,000	£0	£700,000	£700,000	£0	£287,000	£0	£987,000
RC096 - Asking other organisations (commercial companies) to manage our leisure centres for us.	£200,000	£0	£0	£0	£0	£0	£0	£0	£200,000	£0	£200,000
RC097 - Management of green spaces and areas of outstanding natural beauty will be passed to town or parish councils, where they choose to take that on.	£200,000	£0	£200,000	£200,000	£0	£200,000	£200,000	£0	£0	£0	£200,000
SC002 - Review education transport arrangements - changes to policy and delivery models (mainstream and SEND)	£400,000	£0	£0	£0	£0	£400,000	£400,000	£0	£0	£0	£400,000
SC008 - Review staffing and resize the Empty Homes service	£47,010	£0	£47,010	£47,010	£0	£47,010	£47,010	£0	£0	£0	£47,010
SC013 - Rationalise property and buildings to secure revenue savings (e.g. utilities, security, repairs and maintenance etc). Use reductions to secure additional capital receipts.	£3,000,000	£0	£500,000	£500,000	£0	£500,000	£500,000	£0	£2,500,000	£0	£3,000,000
TO001 - Explore shared emergency planning resource and resilience with partners.	£15,000	£0	£15,000	£15,000	£0	£15,000	£15,000	£0	£0	£0	£15,000
TO002 - Review the use of the UK Shared Prosperity Fund (UKSPF) to maximise grant funding	£60,000	£0	£60,000	£60,000	£0	£60,000	£60,000	£0	£0	£0	£60,000
TO004 - Review funding arrangements and contributions from external sources to higher cost placements	£500,000	£0	£500,000	£500,000	£0	£500,000	£500,000	£0	-£0	£0	£500,000
TO009 - Review service synergies to secure cost reductions across Highways, Maintenance, and Outdoors services.	£1,000,000	£0	£600,000	£600,000	£0	£600,000	£600,000	£0	£400,000	£0	£1,000,000
<b>Total</b>	<b>£59,876,040</b>	<b>£2,316,670</b>	<b>£17,957,579</b>	<b>£20,274,249</b>	<b>£2,388,110</b>	<b>£21,108,923</b>	<b>£23,497,033</b>	<b>£10,621,549</b>	<b>£25,722,778</b>	<b>£1,191,928</b>	<b>£58,684,112</b>

## APPENDIX 4

### AMENDMENTS TO ORIGINAL BUDGET 2025/26

£'000	Total	People	Place	Health & Wellbeing	Resources	Strategic Management Board	Corporate
<b>Original Budget as Agreed by Council</b>	<b>288,586</b>	<b>253,376</b>	<b>55,146</b>	<b>9,097</b>	<b>4,771</b>	<b>871</b>	<b>(34,676)</b>
<b>Structure Changes:</b>							
<b>Quarter 1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Virements:</b>							
<b>Quarter 1</b>	<b>0</b>	<b>10,099</b>	<b>8,002</b>	<b>393</b>	<b>6,451</b>	<b>579</b>	<b>(25,524)</b>
Creation of Corporate Landlord budget for new facility	0	(29)	29				
Pooling of organisation-wide savings targets for reallocation	0	10,128	7,973	393	6,451	579	(25,524)
<b>Quarter 1 Revised Budget</b>	<b>288,586</b>	<b>263,475</b>	<b>63,148</b>	<b>9,490</b>	<b>11,222</b>	<b>1,450</b>	<b>(60,200)</b>

**NOTE: ORGANISATION WIDE STRUCTURE CHANGES WERE IMPLEMENTED IN JULY 2025 – THESE WILL BE SHOWN IN THE QUARTER 2 REPORT AGAINST THE NEW STRUCTURE**

## APPENDIX 5

### RESERVES 2025/26

#### General Fund

The general fund reserve at 31st March 2025 stood at £4.825m, significantly below its optimum desired balance.

The 2025/26 budget strategy included a contribution of £29.455m to the General Fund balance which would then reach £34.280m, which is a safer level given the current profile of financial risks.

It is essential that the council maintains the General Fund Balance as assumed within the medium term financial strategy, otherwise it would limit the ability of the council to mitigate any further 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 (or 2%-4% of gross revenue).

In the Adequacy of Reserves assessment within the Financial Strategy approved by Council in February 2025, the Council identified potential high risk areas that the General Fund may need to contribute to in 2025/26. £9m of this related to Social Care, and the current P2 position has highlighted a projected pressure in this area, therefore it is anticipated that this will need to be released. Also £11.5m was earmarked for potential non delivery of savings based on historical levels of non-achievement. Given the projected position on savings, this balance is anticipated to be required for 2025/26.

As the current year is progressing, maintenance of our level of GFB appears, currently, impossible and it is of great concern that the Council has minimal resilience against any unforeseen variances. This position is under constant review with the aim to retain a higher GFB of at least £5m before year end.

General Fund	£'000
Balance as at 1 <sup>st</sup> April 2025	4,825
Budgeted Contribution in 2025/26	29,455
<b>Budgeted General Fund Balance as at 31<sup>st</sup> March</b>	<b>34,280</b>
Release of GF to fund high risk cost pressures	(22,000)
2025/26 estimated spending above budget (as projected at Q1)	(11,544)
<b>Estimated Balance as at 31 March 2026</b>	<b>736</b>

#### Earmarked Reserves

The council held balances of £25.455m (excluding school balances) in earmarked reserves as at 1st April 2025. There are a number of transactions planned from earmarked reserves during the course of the year. The current projections for the year end balance in earmarked reserves is detailed in the table below.

<b>Earmarked Reserves</b>	<b>1<sup>st</sup> April 2025</b>	<b>Forecast Net Contribution to/from Reserve</b>	<b>31<sup>st</sup> March 2025</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations	4,904	(922)	3,982
Insurance reserves	1,450	(233)	1,217
Reserves of trading and business units	0	0	0
Reserves retained for service departmental use	10,844	1,643	12,486
Reserves held for schools	8,257	0	8,257
<b>Total</b>	<b>25,455</b>	<b>488</b>	<b>25,942</b>

## APPENDIX 6

### PROJECTED CAPITAL PROGRAMME OUTTURN 2025/26 – 2027/28

The capital budget for 2025/26 is continuously being monitored and changed to reflect the nature of capital projects which can be profiled for delivery over several years. In Quarter 1 there has been a net budget decrease of £19.736m for 2025/26, compared to the original budget reported in the 2025/26 Budget Book in February 2025. The budget decrease is due to reprofiling of £23.300m as a result of the 2024/25 close down, further reprofiling of -£21.003m and virements of -£22.033m.

Virements in Quarter 1 arose primarily due to temporary removal of the NWRR scheme from the Capital Programme until the future of the scheme has been determined, resulting in a virement of the remaining DfT Large Local Majors grant funding budget of £34.003m, grant award notifications of £7.877m (Warm Homes Wave 3 of £6.717m, with £1.353m profiled to 2025/26, Bus Grant of £1.398, Schools grants of £5.126m, Environment Agency funding of £0.135m for a Flood & Water Management scheme at Attingham Park, Active Travel grants of £0.630m, Public Sector Decarbonisation Scheme (PSDS) grant award of £2.254m in relation to the Bishops Castle SpARC scheme, with £0.254m profiled in 2025/26) and a budget increase of £3.536m for various HRA schemes.

Capital schemes were also reprofiled during Quarter 1: HRA New Build Programme -£2.322m, Whitchurch Swimming & Fitness Centre £0.633m, Oxon Relief Road -£6.128m, Phase 7 of the Broadband Programme -£0.500m, Levelling Up Fund (LUF) Project 1 (Riverside Enabling & Park) -£3.020m, Corporate Landlord Suitability Programme -£0.500m, Regeneration Investment schemes -£2.532m and Schools grants totalling -£6.634m.

A further budget virement of £0.287m will be required in Period 4 as additional borrowing is required to fund the increased costs of the Coton Hill refurbishment scheme within the Single Homelessness Accommodation Programme (SHAP). This scheme was approved in March 2023 with a total cost of £2.479m to be funded through SHAP grant £1.064m, S106 contributions £0.744m and PWLB borrowing £0.671m. Further works that could not have been realistically foreseen at the time of the original approval have arisen with additional costs of £0.287m. This extra budget will be funded by borrowing and the additional financing costs met from the revenue savings arising from provision of this facility.

The tables below summarise the overall movement, between the budget approved in February and changes up to Quarter 1.

Shropshire Council - Capital Programme 2025/26 - 2027/28Capital Programme Summary - Quarter 1 2025/26

Service Area	Initial Budget 2025/26 £	Budget Virements Quarter 1 £	Revised Budget Quarter 1 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2026/27 Revised Budget £	2027/28 Revised Budget £
<b>General Fund</b>										
Care & Wellbeing	414,280	0	414,280	59,427	354,853	14.34%	414,280	0	0	0
Children & Young People	12,461,244	(2,091,976)	10,369,268	543,913	9,825,355	5.25%	10,369,268	0	21,278,294	7,452,676
Commissioning	1,521,681	1,094,624	2,616,305	609,671	2,006,634	23.30%	2,616,305	0	1,450,000	750,000
Communities & Customer	5,808,244	1,355,932	7,164,176	2,004,793	5,159,383	27.98%	7,164,176	0	7,209,483	7,154,651
Enabling	23,750,985	(6,023,146)	17,727,839	1,845,580	15,882,259	10.41%	17,727,839	0	13,851,930	5,479,479
Infrastructure	93,375,981	(38,184,586)	55,191,395	5,671,067	49,520,328	10.28%	55,191,395	0	34,712,476	22,237,000
Legal & Governance	635,605	0	635,605	56,094	579,511	8.83%	635,605	0	150,000	200,346
Strategy	3,404,484	(400,388)	3,004,096	343,361	2,660,735	11.43%	3,004,096	0	2,000,000	1,745,485
<b>Total General Fund</b>	<b>141,372,504</b>	<b>(44,249,540)</b>	<b>97,122,964</b>	<b>11,133,906</b>	<b>85,989,058</b>	<b>11.46%</b>	<b>97,122,964</b>	<b>0</b>	<b>80,652,183</b>	<b>45,019,637</b>
<b>Housing Revenue Account</b>	<b>20,686,973</b>	<b>1,214,075</b>	<b>21,901,048</b>	<b>3,167,982</b>	<b>18,733,066</b>	<b>14.46%</b>	<b>21,901,048</b>	<b>0</b>	<b>28,666,079</b>	<b>13,700,001</b>
<b>Total Approved Budget</b>	<b>162,059,477</b>	<b>(43,035,465)</b>	<b>119,024,012</b>	<b>14,301,888</b>	<b>104,722,124</b>	<b>12.02%</b>	<b>119,024,012</b>	<b>0</b>	<b>109,318,262</b>	<b>58,719,638</b>

The actual capital expenditure at Quarter 1 is £14.302, which represents 12.02% of the revised capital budget at Quarter 1, 25% of the year. This is slightly low in comparison to the total budget, but in line with the average expenditure percentage at this period in previous years. All budgets are fully allocated to projects and will be monitored for levels of spend throughout the remainder of the year. Based on recent years, the capital programme has out turned at around 85% of the outturn budget, which on average has been around 20% lower than the budget at this point in the year, due to further re-profiling later in the year.

The level of spend is slightly low across the programme in some areas, but equal to the level of spend in the previous year at this period. In terms of the major areas the spend position is as follows: Care & Wellbeing 14.34% (budget £0.414m), Children & Young People 5.25% (budget £10.369m), Commissioning 23.30% (budget £2.616m), Communities & Customer 27.98% (budget £7.164m), Enabling 10.41% (budget £17.728m), Infrastructure 10.28% (budget £55.192m), Legal & Governance 8.83% (budget £0.636m), Strategy 11.43% (budget £3.004m) and HRA Major Repairs & New Build Programme 14.46% (budget £21.901m).

**Shropshire Council - Capital Budget Monitoring Report Quarter 1 2025/26**

Service Area	Initial Budget 2025/26 £	Budget Virements Quarter 1 £	Revised Budget Quarter 1 £	Actual Spend £	Spend to Budget Variance £	% Budget Spend	Outturn Projection £	Outturn Projection Variance £	2026/27 Revised Budget £	2027/28 Revised Budget £
<b>General Fund</b>										
<b>Care &amp; Wellbeing</b>	<b>414,280</b>	<b>0</b>	<b>414,280</b>	<b>59,427</b>	<b>354,853</b>	<b>14.34%</b>	<b>414,280</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adult Social Care Operations Capital	414,280	0	414,280	59,427	354,853	14.34%	414,280	0	0	0
<b>Children &amp; Young People</b>	<b>12,461,244</b>	<b>(2,091,976)</b>	<b>10,369,268</b>	<b>543,913</b>	<b>9,825,355</b>	<b>5.25%</b>	<b>10,369,268</b>	<b>0</b>	<b>21,278,294</b>	<b>7,452,676</b>
Children's Residential Care Capital	240,428	0	240,428	374	240,054	0.16%	240,428	0	0	0
Non Maintained Schools Capital	1,238,062	1,429,559	2,667,621	96,916	2,570,705	3.63%	2,667,621	0	0	0
Primary School Capital	3,031,556	196,739	3,228,295	360,583	2,867,712	11.17%	3,228,295	0	800,000	0
Secondary School Capital	782	0	782	0	782	0.00%	782	0	0	0
Special Schools Capital	0	13,303	13,303	1,189	12,114	8.94%	13,303	0	0	0
Unallocated School Capital	6,666,972	(3,897,885)	2,769,087	0	2,769,087	0.00%	2,769,087	0	20,466,546	7,452,676
Primary School Managed Capital	1,132,307	145,128	1,277,435	79,787	1,197,648	6.25%	1,277,435	0	0	0
Secondary School Managed Capital	45,410	12,826	58,236	0	58,236	0.00%	58,236	0	0	0
Special Schools Managed Capital	0	8,354	8,354	0	8,354	0.00%	8,354	0	0	0
Shropshire Music Service Capital	105,727	0	105,727	5,064	100,663	4.79%	105,727	0	11,748	0
<b>Commissioning</b>	<b>1,521,681</b>	<b>1,094,624</b>	<b>2,616,305</b>	<b>609,671</b>	<b>2,006,634</b>	<b>23.30%</b>	<b>2,616,305</b>	<b>0</b>	<b>1,450,000</b>	<b>750,000</b>
Leisure Capital	1,521,681	1,094,624	2,616,305	609,671	2,006,634	23.30%	2,616,305	0	1,450,000	750,000
Waste Capital	0	0	0	0	0	0.00%	0	0	0	0
<b>Communities &amp; Customer</b>	<b>5,808,244</b>	<b>1,355,932</b>	<b>7,164,176</b>	<b>2,004,793</b>	<b>5,159,383</b>	<b>27.98%</b>	<b>7,164,176</b>	<b>0</b>	<b>7,209,483</b>	<b>7,154,651</b>
Housing Services Capital	5,530,859	1,355,932	6,886,791	1,991,461	4,895,330	28.92%	6,886,791	0	7,209,483	7,154,651
Community Hubs & Libraries Capital	279,189	0	279,189	7,404	271,785	2.65%	279,189	0	0	0
Museums & Archives Capital	(1,804)	0	-1,804	5,928	-7,732	-328.58%	-1,804	0	0	0
Theatre Services Capital	0	0	0	0	0	0.00%	0	0	0	0
<b>Enabling</b>	<b>23,750,985</b>	<b>(6,023,146)</b>	<b>17,727,839</b>	<b>1,845,580</b>	<b>15,882,259</b>	<b>10.41%</b>	<b>17,727,839</b>	<b>0</b>	<b>13,851,930</b>	<b>5,479,479</b>
Property & Assets Capital	23,750,985	(6,023,146)	17,727,839	1,845,580	15,882,259	10.41%	17,727,839	0	13,851,930	5,479,479
ICT Digital Transformation - CRM Capital	0	0	0	0	0	0.00%	0	0	0	0
<b>Infrastructure</b>	<b>93,375,981</b>	<b>(38,184,586)</b>	<b>55,191,395</b>	<b>5,671,067</b>	<b>49,520,328</b>	<b>10.28%</b>	<b>55,191,395</b>	<b>0</b>	<b>34,712,476</b>	<b>22,237,000</b>
Highways Capital	84,900,656	(39,407,688)	45,492,968	4,922,950	40,570,018	10.82%	45,492,968	0	29,712,476	22,237,000
Environment & Transport (Public Transport) Capital	0	1,398,474	1,398,474	0	1,398,474	0.00%	1,398,474	0	0	0
National Landscapes & Outdoor Partnerships Capital	610,399	11,832	622,231	9,005	613,226	1.45%	622,231	0	0	0
Growth & Development Capital	7,864,926	(187,204)	7,677,722	739,111	6,938,611	9.63%	7,677,722	0	5,000,000	0
<b>Legal &amp; Governance</b>	<b>635,605</b>	<b>0</b>	<b>635,605</b>	<b>56,094</b>	<b>579,511</b>	<b>8.83%</b>	<b>635,605</b>	<b>0</b>	<b>150,000</b>	<b>200,346</b>
Planning Policy Capital	516,613	0	516,613	0	516,613	0.00%	516,613	0	150,000	200,346
Development Management	118,992	0	118,992	56,094	62,898	47.14%	118,992	0	0	0
<b>Strategy</b>	<b>3,404,484</b>	<b>(400,388)</b>	<b>3,004,096</b>	<b>343,361</b>	<b>2,660,735</b>	<b>11.43%</b>	<b>3,004,096</b>	<b>0</b>	<b>2,000,000</b>	<b>1,745,485</b>
Climate Change & Waste Capital	0	0	0	0	0	0.00%	0	0	0	325,000
Communications & Engagement Capital	0	76,029	76,029	76,029	0	100.00%	76,029	0	0	0
Broadband Capital	3,404,484	(476,417)	2,928,067	267,332	2,660,735	9.13%	2,928,067	0	2,000,000	1,420,485
<b>Total General Fund</b>	<b>141,372,504</b>	<b>(44,249,540)</b>	<b>97,122,964</b>	<b>11,133,906</b>	<b>85,989,058</b>	<b>11.46%</b>	<b>97,122,964</b>	<b>0</b>	<b>80,652,183</b>	<b>45,019,637</b>
<b>Housing Revenue Account</b>	<b>20,686,973</b>	<b>1,214,075</b>	<b>21,901,048</b>	<b>3,167,982</b>	<b>18,733,066</b>	<b>14.46%</b>	<b>21,901,048</b>	<b>0</b>	<b>28,666,079</b>	<b>13,700,001</b>
HRA Dwellings Capital	20,686,973	1,214,075	21,901,048	3,167,982	18,733,066	14.46%	21,901,048	0	28,666,079	13,700,001
<b>Total Approved Budget</b>	<b>162,059,477</b>	<b>(43,035,465)</b>	<b>119,024,012</b>	<b>14,301,888</b>	<b>104,722,124</b>	<b>12.02%</b>	<b>119,024,012</b>	<b>0</b>	<b>109,318,262</b>	<b>58,719,638</b>



## APPENDIX 7

### PROJECTED CAPITAL RECEIPTS

The current 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. The table below summarises the current allocated and projected capital receipt position across 2025/26 to 2028/29. A RAG analysis has been included for capital receipts projected, based on the current likelihood of generating them by the end of each financial year. Disposals rated marked “Green” are highly likely to be completed by the end of the financial year, those rated “Amber” are achievable but challenging and thus there is a risk of slippage, and those rated “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 any financial year as there may be delays between exchanging contracts and completing.

	2024/25	2025/26	2026/27	2027/28
Corporate Resources Allocated in Capital Programme	15,039,973.67	10,237,814	2,527,267	-
Capital Programme Ring-fenced receipt requirements	13,794,133	1,911,464	-	-
Transformation activities	13,574,595	-	-	-
<b>Total Commitments</b>	<b>42,408,702</b>	<b>12,149,278</b>	<b>2,527,267</b>	<b>-</b>
<b>Capital Receipts in hand/projected:</b>				
Brought Forward in hand	24,432,326	764,274	- 11,320,004	- 13,782,271
Generated 2025/26 YTD	1,456,566	-	-	-
Projected - 'Green'	17,284,083	65,000	65,000	-
<b>Total in hand/projected</b>	<b>43,172,975</b>	<b>829,274</b>	<b>- 11,255,004</b>	<b>- 13,782,271</b>
<b>Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward</b>	<b>- 764,274</b>	<b>11,320,004</b>	<b>13,782,271</b>	<b>13,782,271</b>
Further Assets Being Considered for Disposal (Amber/Red)	15,071,372	12,550,750	8,931,170	-

In 2025/26 there is currently a projected surplus of capital receipts of £0.764m and in 2026/27, 2027/28 and 2028/29 there are currently projected cumulative shortfalls of capital receipts of £11.320m, £13.782m and £13.782 respectively.

These surpluses are generated and shortfalls mitigated by the capital receipts surplus position in relation to the Housing Revenue Account (HRA). Analysis of the General Fund and HRA requirement for capital receipts is shown in the tables below.

<b>General Fund</b>	2025/26	2026/27	2027/28	2028/29
Corporate Resources Allocated in Capital Programme	14,062,064	9,016,494	2,527,267	-
Capital Programme Ring-fenced receipt requirements	1,411,464	1,911,464	-	-
Transformation activities	13,574,595	-	-	-
<b>Total Commitments</b>	<b>29,048,123</b>	<b>10,927,958</b>	<b>2,527,267</b>	<b>-</b>
<b>Capital Receipts in hand/projected:</b>				
Brought Forward in hand	10,477,979	- 916,686	- 11,779,644	- 14,241,911
Generated 2025/26 YTD	1,332,566	-	-	-
Projected - 'Green'	16,320,891	65,000	65,000	-
<b>Total in hand/projected</b>	<b>28,131,437</b>	<b>- 851,686</b>	<b>- 11,714,644</b>	<b>- 14,241,911</b>
<b>Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward</b>	<b>916,685.67</b>	<b>11,779,644</b>	<b>14,241,911</b>	<b>14,241,911</b>
Further Assets Being Considered for Disposal (Amber/Red)	15,071,372	12,550,750	8,931,170	-

HRA	2025/26	2026/27	2027/28	2028/29	2029/30
Corporate Resources Allocated in Capital Programme	977,910	1,221,320	-	-	-
Capital Programme Ring-fenced receipt requirements	12,382,670	-	-	-	-
Transformation activities					
<b>Total Commitments</b>	<b>13,360,579</b>	<b>1,221,320</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Receipts in hand/projected:</b>					
Brought Forward in hand	13,954,346	1,680,959	459,639	459,639	459,639
Generated 2025/26 YTD	124,000	-	-	-	-
Projected - 'Green'	963,192	-	-	-	-
<b>Total in hand/projected</b>	<b>15,041,538</b>	<b>1,680,959</b>	<b>459,639</b>	<b>459,639</b>	<b>459,639</b>
<b>Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward</b>	<b>- 1,680,959.22</b>	<b>- 459,639</b>	<b>- 459,639</b>	<b>- 459,639</b>	<b>- 459,639</b>
Further Assets Being Considered for Disposal (Amber/Red)	-	-	-	-	-

These tables demonstrate that capital receipts for the HRA are in a comparatively healthy surplus position over the period, however, there is significant pressure arising from the capital receipts requirement of the General Fund. In 2025/26, 2026/27, 2027/28 and 2028/29 there are currently projected cumulative shortfalls of capital receipts of £0.917m, £11.780m, £14.242m and £14.242m respectively.

The General Fund capital receipts projections for 2025/26 include a significant requirement of £13.575m to fund the Council's transformational activities. This projection includes initial estimates of £3.875m for the continuing Voluntary Redundancy Programme, £6.700m for transformation projects and £3.000m for the Council's Strategic Transformation Partner. These estimates will be refined on an ongoing basis as further details on actual costs are determined.

Assets currently being considered for disposal total £36.553m which if realised will be more than sufficient to resolve the currently projected shortfall in capital receipts peaking at £14.242m in 2027/28. Of these disposals £2.190m and £34.363m are currently RAG rated "Amber" and "Red" respectively, meaning that they are either achievable but challenging or highly unlikely to complete within the relevant financial years.

There is a significant and urgent pressure, therefore, to progress the disposals programmed for both the current and future years, to ensure that 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 time of at least 12 to 18 months on larger disposals.

## APPENDIX 8

### FINANCIAL MANAGEMENT INDICATORS

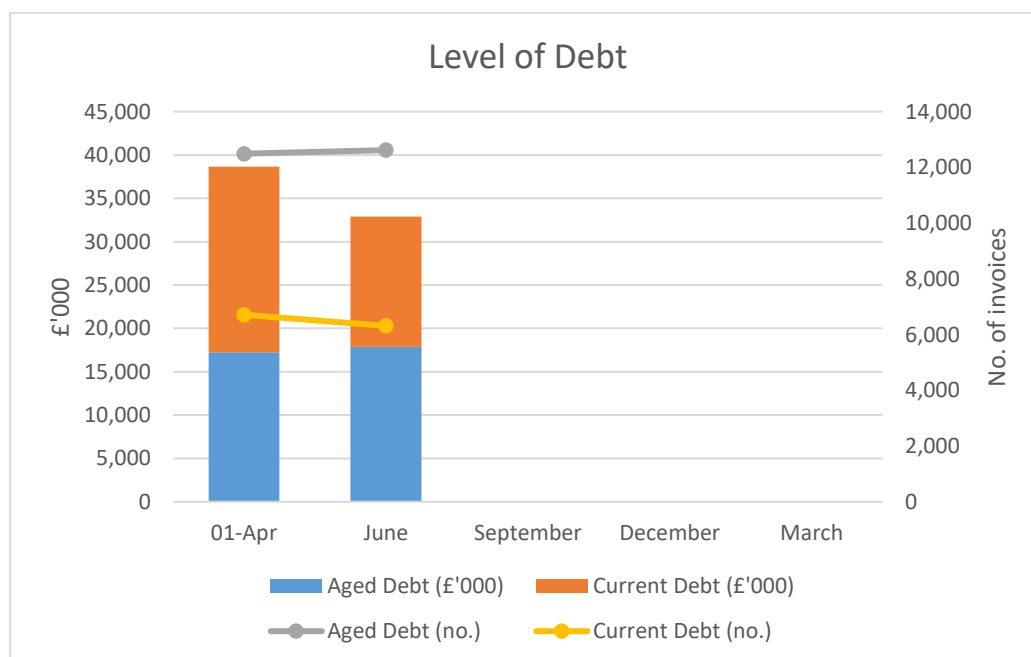
The two financial indicators detailed below will be tracked during the course of the financial year to provide assurance on the Council's financial management processes.

#### Payment of Invoices

April – June 2025	% of invoices	No. of invoices
Paid within 30 days	79.93	32,761
Invoices not paid within 30 days	20.07	8,228
<b>Total</b>	<b>100.00</b>	<b>40,989</b>

#### Aged Debt

As at 30 <sup>th</sup> June 2025	Value (£'000)	No. of invoices
Aged Debt	17,890	12,620
Current Debt	14,998	6,313
<b>Total</b>	<b>32,888</b>	<b>18,933</b>



The payment of invoices indicator demonstrates that the council is paying just under 80% of invoices to suppliers within 30 days. This indicator has improved from 2024/25 however there is still progress that could be made. Ideally, invoices should be raised for payments due to the council within 30 days, and purchase orders for

all new supplies should be raised ahead of delivery. Statistics on late submission of invoices and production of retrospective orders are produced all budget holders and available to the Leadership Board to scrutinise.

The value of aged debt has increased marginally during the first quarter in terms of value and number of invoices. Work continues within the Council to improve internal processes to try to prevent debtors converting to aged status and improve recovery processes.